

CIRCULAR DATED 10 DECEMBER 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Capitalised terms appearing on the cover of this Circular shall have the same meanings as defined herein. If you have sold or transferred all your shares in the capital of Union Gas Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“**EGM**”) and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The legal advisers appointed by the Company for the purpose of the corporate actions set out in this Circular is Morgan Lewis Stamford LLC.

This Circular has been made available on SGXNet (www.sgx.com). A printed copy of this Circular will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, the EGM would be held by electronic means and therefore Shareholders will not be able to attend the EGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching or listening to the EGM proceedings through a “live” webcast comprising both video (audiovisual) and audio feeds, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy for resolutions tabled at the EGM.

Please refer to Section 10 of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM.



UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201626970Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) **THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF THE TARGET COMPANIES (AS DEFINED HEREIN) AND COMMERCIAL VEHICLES (AS DEFINED HEREIN) AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE LISTING RULES (“PROPOSED ACQUISITION”)**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 88,649,905 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.6881 FOR EACH SHARE TO THE SELLER AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION (“PROPOSED ALLOTMENT”)**

Independent Financial Adviser in relation to the Proposed Acquisition



XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200002789M)

Important Dates and Times

Last date and time for lodgement of Proxy Form	:	24 December 2021 at 9 a.m.
Date and time of Extraordinary General Meeting	:	27 December 2021 at 9 a.m.
Place of Extraordinary General Meeting	:	By way of electronic means

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“AGM”	:	The annual general meeting of the Company held on 29 April 2021
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular
“Board”	:	The board of directors of the Company as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 10 December 2021
“Choon Hin”	:	Choon Hin Gas Supply Pte. Ltd.
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Commercial Vehicles”	:	A fleet of 71 commercial vehicles owned by Sengas (S) and Choon Hin
“Company”	:	Union Gas Holdings Limited
“Completion”	:	The completion of the Proposed Acquisition in accordance with the terms and conditions set out in the Sale and Purchase Agreement
“Completion Date”	:	The date of Completion
“Consideration”	:	The aggregate consideration for the Proposed Acquisition of S\$75,000,000
“Consideration Shares”	:	88,649,905 new Shares to be issued as part satisfaction of the Consideration for the Proposed Acquisition
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of all voting Shares (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
“Directors”	:	Directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Transactions as set out in the Notice of EGM

DEFINITIONS

“Enlarged Share Capital”	:	The enlarged share capital of the Company comprising 317,618,297 Shares on a fully-diluted basis, assuming the allotment and issue of all 88,649,905 Consideration Shares pursuant to the Proposed Acquisition
“EPS”	:	Earnings per Share
“Existing Share Capital”	:	The issued share capital of the Company as at the Latest Practicable Date comprising 228,968,392 Shares.
“FY2020”	:	The financial year ended 31 December 2020
“Group”	:	The Company and its subsidiaries, collectively
“IFA” or “Independent Financial Adviser”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition
“IFA Letter”	:	The letter dated 10 December 2021 issued by the IFA containing the advice of the IFA to the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition, as reproduced in Appendix B to this Circular
“Incident”	:	Has the meaning ascribed to it at Section 2.2(h) of this Circular
“Independent Shareholders”	:	Shareholders who are independent for the purpose of approving the Proposed Transactions, namely Shareholders other than Mr. Teo Kiang Ang and parties not independent of them
“Independent Valuer”	:	Mazars LLP, the independent valuer engaged to prepare the Valuation Report and the Valuation Summary Letter
“Interested Person”	:	A director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder
“Interested Person Transaction” or “IPT”	:	A transaction between an entity at risk and an Interested Person
“Latest Practicable Date”	:	6 December 2021, being the latest practicable date prior to the issuance of this Circular
“Listing Rules”	:	The rules of the listing manual of the SGX-ST applicable to issuers listed on the Mainboard, as amended, modified or supplemented from time to time
“LPG”	:	Liquefied petroleum gas
“LPG Business”	:	The retail and commercial distribution of bottled LPG cylinders and sale of LPG-related accessories in Singapore
“LPG Bottling Business”	:	The business of operating LPG bottling plants to receive and fill bulk LPG into LPG cylinders of various volumes for onward storage or distribution
“LPG Storage Business”	:	The business of storing of bottled LPG cylinders at certified locations for subsequent distribution

DEFINITIONS

“Mainboard”	:	The mainboard of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Non-Interested Directors”	:	The Directors of the Company who are independent for the purposes of the Proposed Transactions, being Mr. Loo Hock Leong, Mr. Lim Chwee Kim, and Mr. Heng Chye Kou
“No Non-Trade Debts Condition”	:	Has the meaning ascribed to it at Section 2.3(c)(iii) of this Circular
“Notice of EGM”	:	The notice of EGM which is as set out on pages N-1 to N-3 of this Circular
“NTA”	:	Net tangible asset value
“Proposed Acquisition”	:	The proposed acquisition of all the issued and fully-paid shares in the capital of the Target Companies and the Commercial Vehicles pursuant to the Sale and Purchase Agreement
“Proposed Allotment”	:	The proposed allotment and issue of the Consideration Shares to the Seller as part satisfaction of the Consideration for the Proposed Acquisition
“Proposed Transactions”	:	Collectively, the Proposed Acquisition and the Proposed Allotment
“Register of Directors’ Shareholdings”	:	The register maintained by the Company setting out details of the Directors and their respective shareholdings
“Register of Members”	:	The principal register of members (duly registered holders of shares)
“Registration Deadline”	:	9 a.m. on 24 December 2021
“Remaining Cash Consideration”	:	Has the meaning ascribed to it at Section 2.3(a)(ii) of this Circular
“Sale and Purchase Agreement”	:	The sale and purchase agreement dated 24 August 2021 entered into between the Company, as purchaser, and the Seller, as seller, in respect of the Proposed Acquisition
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Seller”	:	Union Energy Corporation Pte. Ltd.
“Seller Group”	:	The Seller and its subsidiaries
“Sembas”	:	Sembas (Asia) Trading Pte. Ltd.
“Semgas”	:	Semgas Supply Pte. Ltd.
“Semgas Bottling Plant Facility”	:	Has the meaning ascribed to it at Section 2.2(f) of this Circular
“Semgas (S)”	:	Semgas (S) Pte. Ltd.

DEFINITIONS

“Shareholders”	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the register of members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the issued share capital of the Company
“SPA Announcement Date”	:	25 August 2021
“SRS”	:	Supplementary Retirement Scheme
“Summit”	:	Summit Gas Systems Pte. Ltd.
“Summit Bottling Plant Facility”	:	Has the meaning ascribed to it at Section 2.2(f) of this Circular
“Target Companies”	:	Sembas, Semgas, and Summit
“Upfront Cash Consideration”	:	Has the meaning ascribed to it at Section 2.3(a)(i) of this Circular
“Valuation Report”	:	The valuation report dated 29 November 2021 issued by the Independent Valuer in relation to the valuation of 100% equity interest in the capital of Target Companies and the Commercial Vehicles, a summary of which is set out in Appendix C to this Circular
“Valuation Summary Letter”	:	The independent valuation summary letter dated 29 November 2021 prepared by the Independent Valuer in relation to the valuation of 100% equity interest in the capital of Target Companies and the Commercial Vehicles, as set out in Appendix C to this Circular
“VWAP”	:	Volume weighted average price
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**entity at risk**”, “**associates**” and “**controlling shareholders**” shall have the meanings ascribed to them respectively in the Listing Rules.

The terms “**subsidiaries**”, “**Substantial Shareholders**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to the Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

DEFINITIONS

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to, those using words such as “expect”, “seek”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements for any reasons, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201626970Z)

Directors:

Mr. Teo Kiang Ang (Non-Executive Chairman)
Mr. Teo Hark Piang (Executive Director and Chief Executive Officer)
Mr. Loo Hock Leong (Lead Independent Director)
Mr. Lim Chwee Kim (Independent Director)
Mr. Heng Chye Kiou (Independent Director)

Registered Office:

89 Defu Lane 10,
Union Gas House,
Singapore 539220

10 December 2021

To: **Shareholders of Union Gas Holdings Limited**

Dear Sir / Madam,

- (1) **THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF THE TARGET COMPANIES (AS DEFINED HEREIN) AND THE COMMERCIAL VEHICLES (AS DEFINED HEREIN) AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE LISTING RULES (“PROPOSED ACQUISITION”); AND**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 88,649,905 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.6881 FOR EACH SHARE TO THE SELLER AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION (“PROPOSED ALLOTMENT”).**

1. INTRODUCTION

1.1 Background

On 25 August 2021, the Company announced that it had entered into a Sale and Purchase Agreement with the Seller in respect of the Proposed Acquisition, pursuant to which the Seller has agreed to sell the entire issued and fully-paid share capital of the Target Companies, as well as to procure the sale of 71 commercial vehicles from Sengas (S) and Choon Hin (both wholly-owned subsidiaries of the Seller), to the Company for an aggregate Consideration of S\$75,000,000, on the terms and conditions of the Sale and Purchase Agreement. Following Completion, the Target Companies will become wholly-owned subsidiaries of the Company.

The Proposed Acquisition constitutes:

- (a) a major acquisition as defined under Chapter 10 of the Listing Rules and is subject to, *inter alia*, approval of Shareholders at the EGM pursuant to Rule 1015 of the Listing Rules; and
- (b) an Interested Person Transaction and is subject to, *inter alia*, approval of the Shareholders at the EGM pursuant to Rule 906 of the Listing Rules.

1.2 Opinion of the IFA

The IFA has been appointed to advise the Non-Interested Directors in relation to the Interested Person Transaction in connection with the Proposed Acquisition. The IFA Letter is set out in **Appendix B** to this Circular.

LETTER TO SHAREHOLDERS

1.3 Purpose of this Circular and Conditionality of the Resolutions

The purpose of this Circular is to provide Shareholders with relevant information relation to the Proposed Transactions and to seek the approval of Shareholders for the following proposals at the EGM:

- (a) the Proposed Acquisition (Resolution 1); and
- (b) the Proposed Allotment (Resolution 2).

Shareholders should note that the Resolutions are inter-conditional upon each other. Accordingly, in the event that any of these Resolutions is not approved, the other Resolutions will not be passed.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

2. THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT

2.1 Rationale for the Proposed Acquisition

The Board believes that the Proposed Acquisition is in the interests of the Company for the following reasons:

(a) Expansion of the Group's LPG Business

The Group sees the Proposed Acquisition both as strategic and complementary to its existing business of distributing bottled LPG cylinders. Currently, the customers for the Group's LPG Business comprises mainly domestic households (mainly using the 12.7 kg cylinders) and commercial and industrial users (mainly using the 50 kg cylinders). By acquiring the LPG Business from the Seller Group, the Group will be able to substantially increase its base of commercial and industrial customers. This is expected to generate revenue growth and enhance the quality of the profits of the Group's LPG Business.

The Proposed Acquisition of new businesses and assets could also lead to new opportunities for the Group to expand its business in the future, especially those pertaining to the distribution of bottled LPG cylinders in the wholesale space, or the provision of bottling and refilling of LPG cylinders services to non-Union affiliated entities.

The Proposed Acquisition could also see the Group acquiring a sizeable amount of support infrastructure, which includes an entire sales team and an additional fleet of 71 delivery vehicles. With a larger team and fleet, the Group will be able to strengthen its sales and delivery capabilities and be in a stronger position to optimize the operational assets, thereby improving productivity and operational efficiency as a whole. Presently, the Group relies on the distribution capabilities of Seller Group to fulfil its delivery orders under a general interested person mandate which it has sought and obtained on 29 April 2021. Without the acquisition of the distribution fleet, the Group will need to rely on the distribution fleet owned by Semgas (S) and Choon Hin of the Seller Group to fulfil its orders.

(b) Vertical integration of our supply chain and reduced dependence on the Seller Group

As an authorised dealer of bottled LPG cylinders for the Seller Group, the Group is currently dependent on the Seller Group for the supply of bottled LPG cylinders. Furthermore, there is a limited number of suppliers of bottled LPG cylinders in Singapore and alternative sources of supply of bottled LPG cylinders may not be able to meet the Group's business volume requirements at prices which are competitive. By acquiring the LPG Bottling Business and LPG Storage Business from the Seller, the Group will be able to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to maintain its cost-competitiveness over the long run and at the same time, reducing the Group dependence on other parties for its supply of bottled LPG cylinders.

LETTER TO SHAREHOLDERS

- (c) Maintain the Group's competitiveness, and improve the breadth and scale of its service offerings

Overall, by owning and operating a holistic integrated LPG supply chain and acquiring an enlarged base of customers, the Group believes that it will be able maintain its competitiveness and improve the breadth and scale of its service offerings to all its customers. Upon a successful execution, barring any unforeseen circumstances, the Proposed Acquisition is also expected to improve the Group's business performance and financial results, and increase the Group's scale and operational efficiencies with resilience to tide through different economic cycles.

2.2 Information on the Seller, the Target Companies and the Commercial Vehicles

- (a) The Seller, Semgas (S), Choon Hin and each of the Target Companies are companies incorporated in Singapore. The Semgas (S) and Choon Hin and each of the Target Companies are wholly-owned subsidiaries of the Seller.
- (b) Mr. Teo Kiang Ang, the Non-Executive Chairman of the Company, is a 61.89% shareholder and director of the Seller, while Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company, is a 12.55% shareholder and a director of the Seller. Together with their immediate family members, Mr. Teo Kiang Ang and Mr. Teo Hark Piang controls 100% of the shareholding of the Seller.
- (c) The Seller Group is involved in LPG Business, LPG Storage Business and LPG Bottling Business. The Seller Group's LPG Bottling Business consists primarily of the distribution of LPG to commercial and industrial customers, such as hotels and food establishments (including restaurants and coffee shops).
- (d) Semgas (S) and Choon Hin own and operate a distribution fleet of 71 Commercial Vehicles¹ consisting of light to medium-duty cab over trucks of various registration dates for the purpose of distributing bottled LPG cylinders to customers of the Group and the Seller Group.
- (e) All the Target Companies are involved in the LPG Business and the LPG Storage Business and each of them are parties to LPG distribution contracts with commercial and industrial customers of varying profile. Collectively, the Target Companies operate six (6) storage depots in Singapore to store bottled LPG cylinders for distribution to wholesalers, dealers, or end consumers. The Target Companies also operates a sales team of approximately 24 employees who are responsible for managing orders and collections from customers for LPG. The sales team is also responsible for managing relationships, requests and complaints with customers.
- (f) In addition, Semgas and Summit are in the LPG Bottling Business. Semgas owns a bottling plant facility located at 2D Pesawat, Singapore ("**Semgas Bottling Plant Facility**"), while Summit owns a bottling plant facility at 43 Jalan Buroh, Singapore ("**Summit Bottling Plant Facility**"). These cylinders are subsequently sold under the "Union" and "Sungas" brands pursuant to dealership agreements and a trademark licence. The Group currently obtains its supply of bottled LPG cylinders solely from the Seller Group.

¹ The 71 Commercial Vehicles comprise 34 motor vehicles which are registered after 2012 and 37 motor vehicles who are registered before 2012. Save for one Hino truck, the remaining 70 motor vehicles are all Toyota lorries of the same model. Semgas (S) owns 70 Commercial Vehicles while Choon Hin owns a single Commercial Vehicle. All the Commercial Vehicles are registered in Singapore. Semgas (S) and Choon Hin own the certificate of entitlements to these Commercial Vehicles, and they will be transferred to the Group upon completion.

LETTER TO SHAREHOLDERS

- (g) After the completion of the Proposed Acquisition, the Group will need to maintain the necessary licences on each of their storage depots and their bottling plant facilities as part of their ordinary course of business. These licences include fire safety certificates as well as petroleum and flammable material storage licences from the Singapore Civil Defence Force.
- (h) On 21 June 2019, a fire broke out at the Summit Bottling Plant Facility which caused extensive damage to the premises and resulted in one fatality and burn injuries to two others (“**Incident**”). An investigation was conducted by the Ministry of Manpower of Singapore and following the Incident, a learning report was prepared by the Commissioner for Workplace Safety and Health under the Workplace Safety and Health Act (Cap. 354A).²
- (i) As at the date of this Circular, two (2) summons relating to the Incident have been issued by the Ministry of Manpower of Singapore to Summit under Section 11(a) of the Workplace Safety and Health Act (Chapter 354A), which carries a maximum penalty of S\$500,000 each. The Seller Group will continue to assist Summit on investigations by the relevant authorities. All liabilities of Summit under the aforesaid summons are fully indemnified by the Seller under the Sale and Purchase Agreement, which is not subject to any maximum cap. Please refer to Section 2.3(d) and Section 2.3(h) for more information on the material terms of the Sale and Purchase Agreement.
- (j) As at the date of this Circular, Summit has rebuilt the Summit Bottling Plant Facility, and has obtained the relevant licences and permits for the Summit Bottling Plant Facility, being (i) a temporary occupation permit from the Building and Construction Authority of Singapore; (ii) a fire safety certificate from the Singapore Civil Defence Force; and (iii) and petroleum and flammable material storage licence from the Singapore Civil Defence Force. It is also in the process of implementing the recommendations and learning points under the learning report.
- (k) Under the terms of the Sale and Purchase Agreement, it is a condition that all necessary licences required to operate the Summit Bottling Plant Facility must be obtained by Summit prior to Completion. The Seller shall also fully indemnify the Company from any compositions, fines or payments imposed by any relevant authority on Summit in respect of the Incident. Please refer to Section 2.3 for further details on the material terms of the Sale and Purchase Agreement.
- (l) By acquiring the entire equity interest in the Target Companies, it is intended that the Company will acquire both the Sengas Bottling Plant Facility and the Summit Bottling Plant Facility in working and operable condition, as well as all LPG Business, LPG Storage Business and support infrastructure currently owned by the Target Companies.

2.3 Material Terms of the Proposed Acquisition

(a) Consideration

The Consideration for the Proposed Acquisition shall be S\$75,000,000 to be satisfied in the following manner:

- (i) S\$10,000,000 to satisfied in cash by electronic transfer of immediately available funds to the Seller’s bank account (the “**Upfront Cash Consideration**”) on the date of the Sale and Purchase Agreement;
- (ii) S\$2,400,000 to satisfied in cash by electronic transfer of immediately available funds to the Seller’s bank account (the “**Remaining Cash Consideration**”) on the Completion Date (as defined herein);
- (iii) S\$61,000,000 to be satisfied through the allotment of 88,649,905 Shares (i.e. at the issue price of S\$0.6881 per share) to the Seller’s Central Depository Account, issued and allotted as fully-paid up on the Completion Date; and

² The learning report is available for public inspection at <<https://www.mom.gov.sg/-/media/mom/documents/safety-health/learning-reports/learning-report-fatal-fire-at-summit-gas.pdf>>.

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- (iv) S\$1,600,000 (in respect of the Commercial Vehicles owned by Semgas (S) and Choon Hin) to satisfied in cash by electronic transfer of immediately available funds to the either of Semgas (S)'s or Choon Hin's bank account on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Company and the Seller, taking into account, *inter alia*, the assets of the Target Companies, the future revenue and growth of the Target Companies as well as the potential synergies and strategic opportunities between the Target Companies and the Group's LPG Business.

The Upfront Cash Consideration has been satisfied by the Company on 24 August 2021, and the Remaining Cash Consideration and the consideration for the Commercial Vehicles shall be funded from the Company's internal resources.

(b) **Consideration Shares**

The issue price of S\$0.6881 per Consideration Share represents a discount of approximately 9.99% to the volume weighted average price of S\$0.7645 per Share, based on trades in the Shares done on the SGX-ST on 24 August 2021 (being the last full market day prior to which the Sale and Purchase Agreement was signed).

The Consideration Shares, when issued and fully-paid, shall rank *pari passu* in all respects with the existing ordinary shares of the Company save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issue of the Consideration Shares.

The Consideration Shares will represent approximately 27.91% of the Enlarged Share Capital, assuming no new Shares are issued by the Company between the Latest Practicable Date and the Completion Date (both dates inclusive).

(c) **Conditions Precedent**

Completion is subject to certain conditions precedent being satisfied or waived in accordance with the Sale and Purchase Agreement, including, *inter alia*, the following.

- (i) the completion of the legal, business and financial due diligence review on the Target Companies conducted by the Company and/or its appointed advisors and the rectification, or the procurement of such rectification, to the satisfaction of the Company by the Seller, of all issues or irregularities uncovered by the Company and/or its appointed advisors during the due diligence review;
- (ii) all necessary licences required to operate Summit Bottling Plant Facility being obtained by Summit to the satisfaction of the Company (and not being withdrawn or revoked by third parties);
- (iii) all of the Target Companies having repaid all non-trade debts³ and there are no non-trade debts owing by the Target Companies whatsoever, which shall be determined by the Company in its sole and absolute discretion (the "**No Non-Trade Debts Condition**");
- (iv) the delivery to the Company of written consents, approvals, waivers and/or notifications (in terms of reasonably satisfactory to the Company) from and/or to the counterparties in respect of any agreements entered into by any Company to the effect that the counterparties consent to the transactions contemplated under the Sale and Purchase Agreement and agree not to exercise any right of termination arising by reason of such transactions, and such consents, approvals, waivers not having been amended or revoked before Completion;

³ Non-trade debts are debts which are not "trade" in nature (i.e. debts which are not incurred for the working capital). For example, a bank loan taken out for the purpose of funding the reconstruction of the Summit Bottling Plant will be classified as a "Non-Trade" debt.

LETTER TO SHAREHOLDERS

- (v) the delivery to the Company of a deed of discharge from DBS Bank Ltd. in relation to a charge over the shares of Semgas;
- (vi) the delivery to the Company of the duly signed and executed vehicle purchase agreement in relation to the Commercial Vehicles;
- (vii) the approval of the Shareholders, having been obtained at an extraordinary general meeting to be convened in respect of, amongst others:
 - (A) the Proposed Acquisition;
 - (B) the interested person transaction contemplated in the Sale and Purchase Agreement;
 - (C) the issue and allotment of the Consideration Shares for the Proposed Acquisition; and
 - (D) and all other transactions contemplated herein and in connection therewith; and
- (viii) the receipt of the listing and quotation notice in respect of the Consideration Shares on the SGX-ST.

The Company and the Seller shall co-operate fully in all actions necessary to procure the satisfaction of the conditions including (but not limited to) the provision by the parties of all information reasonably necessary to make any notification or filing that the Company deems to be necessary or as required by any relevant authority, keeping the other party informed of the progress of any notification or filing and providing such other assistance as may reasonably be required.

(d) **Indemnities**

The Seller shall defend, indemnify and hold harmless the Company from and against any losses, whether directly or indirectly, which the Company or the Target Companies incurs, and resulting from or arising out of:

- (i) any event, action, omission or transaction that the Target Companies are involved in any ways, directly or indirectly, in relation to an employee's tax reporting and work pass application, due to any reason that occurred on or before the Completion Date;
- (ii) the Seller and/or any of the Target Companies' infringement of the Trade Marks Act (Cap 332), Trade Marks Rules, and other applicable Singapore laws in relation to their use of the Target Companies' trade mark(s), due to any reason that occurred on or before the Completion Date⁴;
- (iii) non-compliance by the Target Companies of the Employment Act (Cap 91), and/or the Employment of Foreign Manpower Act (Cap 91A), and the relevant laws and regulations in relation to the contract of employment with each employee, obtaining, maintaining and renewing any work pass or visa of foreign employees (where applicable), any operation manuals and/or policy manuals in the Target Companies, due to any reason that occurred on or before the Completion Date; and
- (iv) any compositions, fines or payments imposed by any relevant authority on Summit in respect of the Incident.⁵

⁴ The Target Companies use the trademarks owned by the Seller Group under the "Union" brand. After completion, the Target Companies will continue to use the same trademarks under an irrevocable and perpetual licence previously granted by the Seller to the Group. There will be no transfer of trademarks under the Proposed Acquisition, and the Target Companies do not own any trademarks. Accordingly, these trademarks are not taken into account in determining the Consideration for the Proposed Agreement.

⁵ Two (2) summonses relating to the Incident have been issued by the Singapore Ministry of Manpower to Summit under Section 11(a) of the Workplace Safety and Health Act (Chapter 354A), which carries a maximum penalty of S\$500,000 each. Please refer to paragraph 2.2(i) for further details.

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(e) **Completion**

The date of Completion shall be 31 December 2021, unless:

- (i) the conditions have not been fully satisfied (or waived by the Company) on or before that date, in which event the Completion Date shall be:
 - (A) the third business day after all of the conditions have been fully satisfied (or waived); or
 - (B) any other date agreed by Seller and the Company in writing; or
- (ii) Completion is deferred by the Company (only once), in which event the Completion Date shall be the date to which Completion is so deferred.

If the Seller or the Company does not comply with its obligations above in any material respect, the Company or the Seller may:

- (i) proceed to Completion subject to mutual agreement;
- (ii) subject to mutual agreement, defer Completion to a date no more than 60 days after the date on which Completion would otherwise have taken place; or
- (iii) terminate the Sale and Purchase Agreement by notice in writing to the defaulting party (without prejudice to any rights, remedies, obligations or liabilities of the Company or the Seller that have accrued before termination).

(f) **Long-Stop Date**

If any condition is not fully satisfied (or waived by the Company in accordance with the Sale and Purchase Agreement), then except for:

- (i) any provision of the Sale and Purchase Agreement that expressly or by implication is intended to come into or continue in force on or after termination, each of which shall remain in full force and effect; and
- (ii) any rights, remedies, obligations or liabilities of the parties that have accrued before termination,

the Sale and Purchase Agreement shall automatically terminate with immediate effect, at 6.00 pm on 30 April 2022, being the Long-Stop Date.

(g) **No Outstanding Debts Condition**

If the only condition that is not fully satisfied (or waived by the Company by the Long-Stop Date) is the No Non-Trade Debts Condition, the provisions set out in (i) to (iv) below shall apply:

- (i) the No Non-Trade Debts Condition shall be waived by the Company;
- (ii) the Company shall be entitled to deduct a sum equivalent to the total outstanding Non-Trade Debts of the Target Companies (as at the Completion Date) ("**Outstanding Debts**") from the Remaining Cash Consideration;
- (iii) if the Remaining Cash Consideration is insufficient to cover the Outstanding Debts, the Seller shall be liable to pay to the Company an amount equivalent to the Outstanding Debts minus the Remaining Cash Consideration ("**Short-fall Amount**"); and

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- (iv) the Company shall be entitled to interest on the Short-fall Amount at a late interest rate of eight (8) per cent per annum, accruing daily and computed on the basis of a year of 365 days, calculated from and including the Completion Date until and including the date of actual payment of the outstanding amount.

Based on the unaudited financial statements of the Seller Group for the half year ended 30 June 2021, the amount of Non-Trade Debts in the Target Companies is approximately S\$0.18 million.

- (h) **Limitation on liability**

Subject to the terms of the Sale and Purchase Agreement, the aggregate liability of the Seller for all claims under the Sale and Purchase Agreement (except for claims in relation to the Consideration or the indemnities set out in Section 2.3(d) above), shall not exceed an amount equal to the Consideration.

The Seller shall not be liable for a claim unless:

- (i) the Seller's liability in respect of such claim (together with any connected claims) exceeds S\$10,000; and
- (ii) the amount of the Seller's liability in respect of such claim, either individually or when aggregated with the Seller's liability for all other claims (other than those excluded under (i) in the above) and all claims under the tax covenants in the Sale and Purchase Agreement, exceeds S\$30,000, in which case the Seller shall be liable for the whole amount (of the claim and not just the amount above the threshold specified in this paragraph).

- (i) **Termination**

- (i) **Company's right to terminate**

The Company may by written notice given to the Seller any time only prior to the Completion terminate the Sale and Purchase Agreement if any fact, matter or event whether existing or occurring on or before the date of the Sale and Purchase Agreement or arising or occurring afterwards comes to the notice of the Company at any time prior to the Completion which:

- (A) constitutes a breach by the Seller of the Sale and Purchase Agreement including any breach of the covenants or other obligations of the Seller contained or referred to in the Sale and Purchase Agreement;
- (B) would constitute a breach of any of the warranties given by the Seller; or
- (C) affects or is likely to affect in an adverse manner the business, financial position or prospects of the Target Companies taken as a whole.

- (ii) **Seller's right to terminate**

The Seller may by written notice given to the Company any time only prior to the Completion terminate the Sale and Purchase Agreement if any fact, matter or event whether existing or occurring on or before the date of the Sale and Purchase Agreement or arising or occurring afterwards comes to the notice of the Seller at any time prior to the Completion which:

- (A) constitutes a breach by the Company of the Sale and Purchase Agreement including any breach of the covenants or other obligations of the Company contained or referred to in the Sale and Purchase Agreement; or
- (B) would constitute a breach of any of the warranties given by the Company.

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(j) **Governing Law**

The laws of the Republic of Singapore shall apply to the Sale and Purchase Agreement.

2.4 **Financial information on the Proposed Acquisition**

(a) **Net asset value of the Target Companies and the Commercial Vehicles**

Based on the unaudited financial statements of the Seller Group for the half year ended 30 June 2021, the net asset value of the Target Companies and the Commercial Vehicles was approximately S\$32,612,000.

(b) **Net profit of the Target Companies and the Commercial Vehicles**

Based on the unaudited financial statements of the Seller Group for the half year ended 30 June 2021, the net profits (being profits before income tax and non-controlling interests) attributable to the Target Companies and the Commercial Vehicles, is approximately S\$10,489,000.

(c) **Independent Valuation**

The Company has appointed Mazars LLP as an Independent Valuer to determine the market value of the 100% equity interest in the capital of the Target Companies and the Commercial Vehicles for the Proposed Acquisition.

A Valuation Report has been issued by the Independent Valuer in respect of the independent valuation on the market value of the 100% equity interest in the capital of Target Companies and the Commercial Vehicles, and the Valuation Summary Letter is set out in **Appendix C** to this Circular.

Based on the methodology and analysis as detailed in the Valuation Report, as at 30 June 2021, (i) the market value of the 100% equity interest in the capital of the Target Companies is estimated to be approximately S\$72.3 million to S\$80.2 million and (ii) the Market Value of the Commercial Vehicles is estimated to be approximately S\$2.2 million.

Shareholders are advised to read and consider the Valuation Summary Letter issued by the Independent Valuer in respect of the independent valuation on the Target Companies and the Commercial Vehicles carefully, in particular the terms of reference, valuation approach and methodology and conclusion of value. The Valuation Summary Letter is set out in Appendix C to this Circular.

2.5 **Proposed Acquisition as a Major Transaction**

(a) **Requirements under the Listing Rules**

The Proposed Acquisition is governed by the rules of Chapter 10 of the Listing Rules. Based on the unaudited consolidated financial statements of the Group as at 30 June 2021, the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Rules are as follows:

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Rule 1006	Bases of calculation	Relative figure (%)
(a)	Net asset value of the assets to be disposed of or aggregate value of the financial assistance given, compared with the Group's net asset value.	N.A. ⁽¹⁾
(b)	Net profits/losses attributable to the assets acquired, compared with the Group's net profits/losses.	167.37% ⁽²⁾
(c)	Aggregate value of the consideration given or aggregate value of the financial assistance given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	46.72% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	38.72% ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A. ⁽⁵⁾

Notes:

- (1) Not applicable as the Proposed Acquisition is in relation to an acquisition.
- (2) Based on the net profits attributable to the Target Companies and the Commercial Vehicles amounting to S\$10,489,000 for the half year ended 30 June 2021 and net profits of the Group of approximately S\$6,267,000, for the half year ended 30 June 2021.
- (3) In accordance with Listing Rule 1003(3), the value of the Consideration Shares used for the purpose of calculating the relative figure under Listing Rule 1006(c) is S\$67,772,852, computed based on 88,649,905 Consideration Shares multiplied by the VWAP of S\$0.7645 as at 24 August 2021. Accordingly, having taken into account the value of the Consideration other than the Consideration Shares of S\$14,000,000, the value of the Consideration for the purpose of calculating the relative figure under Listing Rule 1006(c) is S\$81,772,852.
- (4) Computed based on 88,649,905 Consideration Shares to be issued as partial satisfaction of the Consideration for the Proposed Acquisition and the 228,968,392 Shares in issue.
- (5) Not applicable as the Proposed Acquisition is not of a mineral, oil or gas assets by a mineral, oil and gas company.

In accordance with Listing Rule 1015(7), as the Proposed Acquisition involves the acquisition of profitable assets and the only relative figure computed on the bases set out in Listing Rule 1006 which exceeds 100% is that calculated under Listing Rule 1006(b), Listing Rule 1015 does not apply to the Proposed Acquisition. Nevertheless, as the relative figures computed under Rules 1006(c) and (d) exceed 20% but do not exceed 100%, the Proposed Acquisition constitutes a major transaction under Rule 1014 and shall be subject to the approval of Shareholders.

2.6 Proposed Acquisition as an Interested Person Transaction

(a) Requirements under the Listing Rules

Chapter 9 of the Listing Rules governs transactions between a listed company or any of its subsidiaries or associated companies (which is an entity at risk) and interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

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Under the Listing Rules:

- (i) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (ii) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (iii) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (iv) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and
- (v) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

Under Rule 906 of the Listing Rules, Shareholders’ approval is required for an interested person transaction of a value which is equal to or greater than 5.0% of the Group’s latest audited NTA or when aggregated with other interested person transactions entered into during the same financial year, the value is equal to or more than 5.0% of the Group’s latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Listing Rules, the interested person and its associates are required to abstain from voting on the resolution approving the interested person transaction

(b) **The Proposed Acquisition as an Interested Person Transaction**

The Proposed Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Rules as:

- (i) An “**interested person transaction**” is a transaction between an entity at risk and an interested person pursuant to Rule 904(5) of the Listing Rules.
- (ii) As the Company is an “**issuer**” on the Mainboard, the Company is an “**entity at risk**” pursuant to Rule 904(2) of the Listing Rules.
- (iii) As Mr. Teo Kiang Ang is the Non-Executive Director and Chairman of the Company and a controlling Shareholder, he is an “**interested person**” under Rule 904(4)(a) of the Listing Rules.
- (iv) As Mr. Teo Kiang Ang and his immediate family together (directly or indirectly) have an interest of 30% or more in the Seller, the Seller is an “**associate**” of Mr. Teo Kiang Ang and is accordingly an “**interested person**” under Rule 904(4)(a) of the Listing Rules.

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(v) As the Proposed Acquisition involves the acquisition of shares in the Target Companies and the Commercial Vehicles as well as the issue of Consideration Shares, it is a “**transaction**” under Rule 904(6)(b) of the Listing Rules.

(c) **Materiality thresholds under Chapter 9 of the Listing Rules**

The Consideration for the Proposed Acquisition is S\$75,000,000. The audited consolidated NTA of the Group as at 31 December 2020 is S\$38,249,000. As the Consideration represents approximately 196% of the NTA of the Group, which is equal to or greater than 5.0% of the Group’s latest audited NTA, the Proposed Acquisition is an interested person transaction and is therefore subject to the approval of Shareholders (other than the Seller and its associates) at the EGM. Pursuant to Listing Rule 919, the Seller and its associates are required to abstain from voting on the resolution approving the Proposed Acquisition and the Proposed Allotment.

Please refer to Section 4 of this Circular and **Appendix B** to this Circular for the advice provided by the IFA.

(d) **Other interested person transactions**

The Company had, at its AGM held on 29 April 2021, sought and obtained the approval of its Shareholders for the renewal of a general mandate to enable the Company, its subsidiaries and associates, to enter into certain mandated transactions with the Seller Group (including the provision of maintenance and support services by the Seller Group to any member of the Group, in respect of equipment necessary in the course of business of the Group, such as the LPG manifold systems, cylinders, stoves and pipes).

As at the Latest Practicable Date, the current total for all the IPTs entered into with the by the Group with the Seller Group in the current financial year ending 31 December 2021 is S\$41,438,000 and the current total of all IPTs entered into by the Group for the same financial year is \$41,583,000.

3. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition on the Company presented below are strictly for illustrative purposes only and do not reflect the actual financial results or the future financial performance and condition of the Company or the Group after Completion. The pro forma financial effects below were prepared on the basis of the audited consolidated financial statements of the Group for FY2020.

3.1 Assumptions

The pro forma financial effects of the Proposed Acquisition set out below are subject to the following assumptions:

- (a) that the Proposed Acquisition had completed on 31 December 2020, for the purposes of illustrating the financial effects on share capital and NTA;
- (b) that the Proposed Acquisition had completed on 1 January 2020 for the purposes of illustrating the financial effects on the EPS; and
- (c) the number of Shares in issue before the Proposed Acquisition includes 38,612 Shares issued under the Union Gas Performance Share Plan on 7 June 2021.

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3.2 Share Capital

	Number of Shares (excluding treasury shares)
Before the Proposed Acquisition	228,968,392
After the Proposed Acquisition	317,618,297

3.3 NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	38,249	50,024
Number of issued ordinary shares in the capital of the Company	228,968,392	317,618,297
NTA per Share (Singapore cents)	16.70	15.75

3.4 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings after income tax (S\$'000)	13,864	28,674
Number of issued ordinary shares in the capital of the Company	228,968,392	317,618,297
EPS (Singapore cents)	6.05	9.03

4. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

4.1 Appointment of the IFA

Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Non-Interested Directors as to whether the financial terms of the Interested Person Transaction in connection with the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter is set out in **Appendix B** to this Circular.

4.2 Opinion of the IFA

An extract from Section 6 of the IFA Letter in respect of the Proposed Acquisition as an interested person transaction and its opinion is set out in italics below.

“Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.”

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We set out below a summary of the key factors we have taken into our consideration when assessing the Proposed Acquisition:

- (a) *the Companies Consideration is within the market value range of the Target Companies as opined by the Independent Valuer and the Vehicles Consideration is below the market value of the Commercial Vehicles as opined by the Independent Valuer;*
- (b) *the Companies Consideration represents a discount of S\$6.8 million (or 8.5%) to the highest market value range of the Target Companies as opined by the Independent Valuer and the Vehicles Consideration represents a discount of S\$0.6 million (or 27.3%) to the market value of the Commercial Vehicles as opined by the Independent Valuer;*
- (c) *the Issue Price represents a significant premium to the VWAPs of the Shares for the periods prior to and including the MOU Announcement Date as set out in paragraph 5.2 of this IFA Letter;*
- (d) *while the Issue Price represents discounts of between 7.2% and 31.9% to the VWAPs of the Shares for the 12 months periods prior to the SPA Announcement Date, Shareholders should note that the Shares have outperformed the Straits Times Index for the same period and continued to outperform the Straits Times Index for the period between the SPA Announcement Date and the Latest Practicable Date;*
- (e) *based on the assets-related ratios, the Proposed Acquisition is asset accretive to the Group;*
- (f) *based on the EV/EBITDA ratios, the Proposed Acquisition is earnings accretive to the Group;*
- (g) *while the P/NAV ratio of the Target Companies as implied by the Consideration is higher than the mean and median of the Selected Comparable Companies, the P/E ratio and EV/EBITDA ratio of the Target Companies (before earnings adjustments) as implied by the Consideration are lower than the range of the corresponding ratios of the Selected Comparable Companies. The P/E ratio and EV/EBITDA ratio of the Target Companies (after earnings adjustments) as implied by the Consideration are within the range of the corresponding ratios of the Selected Comparable Companies;*
- (h) *the higher percentage of upfront cash payment to the Seller has taken into consideration the advances extended by the Seller Group to Summit to fund the re-construction of the Summit Bottling Plant Facility after the Incident. With the support of the Seller Group, as at the Latest Practicable Date, Summit has completed the re-construction of the Summit Bottling Plant Facility and commenced operations at a reduced capacity, with plans to increase its production gradually;*
- (i) *the Group expects to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to maintain its cost-competitiveness over the long run and at the same time, reducing the Group dependence on the Seller Group for the supply of bottled LPG cylinders. In particular, we note that a substantial portion of the Group's interested person transactions with the Seller Group will be eliminated upon completion of the Proposed Acquisition and the profits of the Target Companies attributable to the purchases by the Group will also be consolidated to the Group;*
- (j) *based on the pro forma financial effects of the Proposed Acquisition as set out in Section 4 of the Circular, the NTA per Share as at 31 December 2020 will decrease slightly by 5.7% while the earnings per Share for FY2020 will increase significantly by 49.1%; and*
- (k) *other considerations set out in paragraph 5.8 of this IFA Letter.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition, is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders."

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A copy of the IFA Letter is set out in **Appendix B** to this Circular. **Shareholders are advised to read the IFA Letter in its entirety, including, *inter alia*, the opinion and matters to highlight, which is set out in Appendix B to this Circular.**

5. **OPINION OF THE AUDIT COMMITTEE ON THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION**

The Audit Committee of the Company have considered, *inter alia*, the terms and rationale for the Proposed Acquisition and after considering the advice of the IFA as set out in **Appendix B** to this Circular, concur with the advice of the IFA and is of the opinion that the Interested Person Transaction in connection with the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

6. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Please refer to the **Appendix A** to this Circular for a breakdown of the shareholding interests of Directors and substantial shareholders of the Company both prior to and immediately after completion of the Proposed Transactions.

7. **DIRECTORS' RECOMMENDATIONS**

Independent Shareholders should read and consider carefully the recommendation of the Non-Interested Directors and the advice of the IFA as set out in **Appendix B** to this Circular in its entirety before giving their approvals pertaining to the Proposed Transactions. Independent Shareholders are also urged to read carefully the terms and conditions of, rationale for and financial effects of the Proposed Transactions, as set out in this Circular.

Mr. Teo Kiang Ang and Mr. Teo Hark Piang, being interested persons under Chapter 9 of the Listing Rules, will abstain from making any recommendation to the Independent Shareholders on the Proposed Transactions.

The Non-Interested Directors, having considered and reviewed, among other things, the terms of, rationale for and financial effects of the Proposed Transactions, the opinion of the IFA contained in the IFA Letter, and all the other relevant information set out in this Circular, concur with the advice of the IFA given in the IFA Letter. Accordingly, they recommend that Shareholders vote in favour of the resolutions relating to the Proposed Transactions at the EGM.

In giving the above recommendations, the Non-Interested Directors have not had regard to the specific investment objectives and profiles, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Please refer to Section 4 of this Circular and the IFA Letter reproduced in **Appendix B** to this Circular for the advice from the IFA.

8. **EXTRAORDINARY GENERAL MEETING**

8.1 **Extraordinary General Meeting**

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held by way of electronic means (via live webcast and audio only means) on 27 December 2021 at 9.00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modification) the resolutions set out in the Notice of EGM.

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8.2 Inter-Conditionality of the Resolutions to be Passed

In voting for the resolutions set out in the Notice of EGM, Shareholders should note that each of the resolutions are inter-conditional, and none of the resolutions will be proceeded with in the event any such resolution is not passed.

9. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Listing Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

In view of the foregoing, Mr. Teo Kiang Ang, the Non-Executive Director and Chairman of the Company, and Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company, will abstain and shall procure that their respective associates will abstain, from voting on the Proposed Transactions, nor accept any nominations to act as proxy for any Shareholder in approving the Proposed Transactions at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

In light of the current COVID-19 measures in Singapore, the EGM would be held by electronic means and therefore Shareholders will NOT be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM through a “live” webcast or “live” audio feed as set out below:

10.1 Watching the EGM proceedings via Webinar

Shareholders must pre-register at the pre-registration website at the URL <http://forms.uniongas.com.sg/board/EGM2021/egm-registration.html> from now till 9.00 a.m. on 24 December 2021 to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by 5.00 p.m. on 25 December 2021. The email will contain login credentials and instructions to access the live audio-visual webcast of the EGM proceedings. Shareholders who do not receive an email by 5.00 p.m. on 25 December 2021, but have registered by 9.00 a.m. on 24 December 2021, should contact the Company at srs.teamc@boardroomlimited.com.

10.2 Submitting questions in advance of the EGM

Shareholders will not be able to ask questions during the live audio-visual webcast of the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

Shareholders who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the EGM to <http://forms.uniongas.com.sg/board/EGM2021/egm-registration.html>. All questions must be submitted by 9.00 a.m. on 22 December 2021 and the Company will not be able to address questions received after the cut-off time and date. The Company shall address substantial and relevant questions (as may be determined by the Company) received from the Shareholders relating to the Proposed Acquisition prior to the EGM via SGXNet and/or during the EGM proceedings.

The Company will publish the minutes as well as responses to the questions received of the EGM on the SGXNet within one (1) month after the EGM.

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10.3 Submitting Proxy Form

Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Shareholder Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the Proxy Form to the Company in the following manner:

- (a) If submitted by post, be deposited at the Share Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
- (b) If submitted electronically, be submitted via email to the Company at srs.teamc@boardroomlimited.com,

in either case not later than seventy-two (72) hours before the time fixed for holding the EGM, which is by 9.00 a.m. on 24 December 2021.

In appointing the Chairman of the EGM as Proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

In view of the current COVID-19 measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by the CDP at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such Shareholder deposits his/her proxy form seventy-two (72) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by 9.00 a.m. on 16 December 2021), to ensure that their votes are submitted.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the Circular in its proper form and context.

12. CONSENTS

12.1 Independent Financial Adviser, Xandar Capital Pte. Ltd.

Xandar Capital Pte. Ltd., the Independent Financial Adviser to the Company in relation to the Proposed Acquisition and the Proposed Allotment, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and references to its name in the form and context in which they appear in the Circular and to act in such capacity in relation to this Circular, and the inclusion of its letter as set out in Appendix B to this Circular.

12.2 Independent Valuer, Mazars LLP

Mazars LLP, the Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Summary Letter as set out in **Appendix C** to this Circular and all references to the Valuation Report, in the form and context in which it appears in this Circular, and to act in such capacity in relation to this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 89 Defu Lane 10, Union Gas House, Singapore 539220 during normal business hours from 9.00 a.m. to 5.00 p.m. for three (3) months from the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2020;
- (c) the Sale and Purchase Agreement;
- (d) the IFA Letter set out **Appendix B** to this Circular; and
- (e) the Valuation Summary Letter set out in **Appendix C** to this Circular.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to ir@uniongas.com.sg to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

LETTER TO SHAREHOLDERS

14. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

Yours faithfully
For and on behalf of
the Board of Directors of
UNION GAS HOLDINGS LIMITED

Teo Hark Piang
Executive Director and Chief Executive Officer

10 December 2021

APPENDIX A – INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders of the Company as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders (as the case may be) and (assuming there is no change to the issued share capital of the Company other than the issue of the Consideration Shares) immediately after the Completion, and the dilution effect of the issue of the Consideration Shares to the existing Shareholders of the Company, is set out below:

	Prior to Completion				Upon Completion			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<u>DIRECTORS</u>								
Mr. Teo Kiang Ang ^{(1), (2)}	67,813,500	29.62	30,456,530	13.30	67,813,500	21.35	119,106,435	37.50
Mr. Teo Hark Piang ⁽³⁾	25,479,500	11.13	–	–	25,479,500	8.02	–	–
Mr. Loo Hock Leong	800,000	0.35	–	–	800,000	0.25	–	–
Mr. Lim Chwee Kim	200,000	0.09	–	–	200,000	0.06	–	–
Mr. Heng Chye Kiou	–	–	–	–	–	–	–	–
<u>SUBSTANTIAL SHAREHOLDERS (OTHER THAN DIRECTORS)</u>								
Seller ⁽⁴⁾	24,329,430	10.62	–	–	112,979,335	35.57	–	–
Other Shareholders	110,345,962	48.19	–	–	110,345,962	34.75	–	–
TOTAL	228,968,392	100.00	–	–	317,618,297	100.00	–	–

Notes:

- (1) Mr. Teo Kiang Ang, who is the non-executive Chairman of the Company, is the father of Mr. Teo Hark Piang, who is an Executive Director and the Chief Executive Officer of the Company.
- (2) Mr. Teo Kiang Ang is deemed interested in (i) 6,127,100 Shares held by LK Tang Pte. Ltd., which is 100% owned by Mr. Teo Kiang Ang; and (ii) 24,329,430 Shares held by the Seller, which is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Holdings Pte. Ltd., which is in turn 100% owned by Mr. Teo Kiang Ang.
- (3) Mr. Teo Hark Piang who is the Executive director and Chief Executive Officer of the Company, is the son of Mr. Teo Kiang Ang.
- (4) The Seller is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Holdings Pte. Ltd, which is in turn 100% owned by Mr. Teo Kiang Ang.

APPENDIX B – IFA LETTER



10 December 2021

Union Gas Holdings Limited
89 Defu Lane 10
Union Gas House
Singapore 539220

Attention: The Non-Interested Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF UNION GAS HOLDINGS LIMITED (THE "COMPANY") IN RESPECT OF THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF THE TARGET COMPANIES (AS DEFINED HEREIN) AND THE COMMERCIAL VEHICLES (AS DEFINED HEREIN) FROM UNION ENERGY CORPORATION PTE. LTD. (THE "SELLER") AS AN INTERESTED PERSON TRANSACTION (THE "PROPOSED ACQUISITION") PURSUANT TO CHAPTER 9 OF THE LISTING MANUAL (THE "LISTING RULES") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

Unless otherwise defined or the context otherwise requires, all terms applied in this letter (this "IFA Letter") shall have the same meaning as defined in the Company's circular dated 10 December 2021 (the "Circular").

1. INTRODUCTION

On 17 June 2020 (the "**MOU Announcement Date**"), the Company announced that it has on 17 June 2020 entered into a memorandum of understanding ("**MOU**") with the Seller setting out a framework for a potential acquisition of various assets by the Company from the Seller.

On 25 August 2021 (the "**SPA Announcement Date**"), the Company announced that it has entered into a sale and purchase agreement dated 24 August 2021 (the "**Sale and Purchase Agreement**") with the Seller, pursuant to which the Seller has agreed to sell, and the Company has agreed to acquire, all the issued and paid-up share capital in Sembas (Asia) Trading Pte. Ltd. ("**Sembas**"), Sengas Supply Pte. Ltd. ("**Sengas**"), and Summit Gas Systems Pte. Ltd. ("**Summit**") (Sembas, Sengas and Summit shall be collectively referred hereinafter as the "**Target Companies**"). Pursuant to the Sale and Purchase Agreement, the Seller has also agreed to procure the sale of 71 commercial vehicles (the "**Commercial Vehicles**") legally and beneficially owned by Sengas (S) Pte. Ltd. ("**Sengas (S)**") and Choon Hin Gas Supply Pte. Ltd. ("**Choon Hin**") (both wholly-owned subsidiaries of the Seller), on the terms and subject to the conditions of the Sale and Purchase Agreement.

The total consideration for the Target Companies and the Commercial Vehicles is S\$75,000,000 (the "**Consideration**").

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The Consideration shall be satisfied as follows:

- (i) S\$61,000,000 by the allotment and issue of 88,649,905 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) at the issue price of S\$0.6881 for each Consideration Share (the “**Issue Price**”) to the Seller, fractional Consideration Share disregarded; and
- (ii) the balance S\$14,000,000 in cash over two (2) milestones, of which S\$10,000,000 has been paid upfront upon the signing of the Sale and Purchase Agreement and the remaining S\$4,000,000 payable on the completion date of the Proposed Acquisition.

1.1 THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

Mr. Teo Kiang Ang (“**Mr. Teo**”), (a controlling Shareholder and the Non-Executive Chairman of the Company) and Mr. Teo Hark Piang (the Executive Director and Chief Executive Officer of the Company), together with their immediate family members, control 100% of the shareholding of the Seller. Accordingly, the Seller is an “associate” of Mr. Teo and is an “interested person” under Rule 904(4)(a) of the Listing Rules, and the Proposed Acquisition constitutes an ‘interested person transaction’ under Chapter 9 of the Listing Rules.

The Consideration represents 196% of the latest audited consolidated net tangible assets (“**NTA**”) Company and its subsidiaries (collectively, the “**Group**”) as at 31 December 2020. As the Consideration, being the value at risk of the Proposed Acquisition, exceeds 5.0% of the Group’s latest audited consolidated NTA, pursuant to Rule 906 of the Listing Rules, the Proposed Acquisition is an ‘interested person transaction’ which is subject to the approval of the shareholders of the Company (“**Shareholders**”) other than Mr. Teo, Mr. Teo Hark Piang and their associates (the “**Independent Shareholders**”). Pursuant to Rule 921 of the Listing Rules, the Company is required to obtain an opinion from an independent financial adviser (“**IFA**”) on whether the Proposed Acquisition is on normal commercial terms, and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

1.2 APPOINTMENT OF THE IFA

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the IFA to advise the directors of the Company (the “**Directors**”) who are considered to be independent for the purpose of the Proposed Acquisition, namely Mr. Loo Hock Leong, Mr. Lim Chwee Kim, and Mr. Heng Chye Kou (collectively, the “**Non-Interested Directors**”) as to whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

This letter, which is prepared pursuant to Rule 921(4)(a) of the Listing Rules, sets out our evaluation of, and our opinion to, the Proposed Acquisition (the “**IFA Letter**”), and forms part of the Circular issued by the Company in connection with the Proposed Acquisition.



2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Non-Interested Directors on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Acquisition. Our evaluation is limited to the terms of the Proposed Acquisition and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Acquisition.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Acquisition.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition, are solely the responsibility of the Board. Likewise, we are not expressing herein as to the prices at which the Shares may trade upon with the receipt of Non-Interested Shareholders' approval for the Proposed Acquisition. We are also not addressing the relative merits of the Proposed Acquisition, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

We have not made any independent evaluation and appraisal on the assets and liabilities of the Target Companies and we have also not made any independent evaluation and appraisal of the Commercial Vehicles. The Company has appointed Mazars LLP as the independent valuer (the "**Independent Valuer**") to perform an independent valuation exercise to estimate the market value range of the Target Companies and the Commercial Vehicles as at 30 June 2021 and issue a valuation report of the same (the "**Valuation Report**"). A summary of the Valuation Report dated 29 November 2021 (the "**Valuation Summary Letter**") is reproduced as Appendix C to the Circular and will be made available for inspection at the Company's registered office for three (3) months from the date of the extraordinary general meeting ("**EGM**"). Save for the Valuation Report (and the Valuation Summary Letter), we have not been furnished with any other evaluation or appraisal of the Target Companies and the Commercial Vehicles. With respect to the Valuation Report (and the Valuation Summary Letter), we are not experts in the evaluation or appraisal of the subject concerned and we have placed sole reliance on the Valuation Report (and the Valuation Summary Letter) for such appraisal.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Acquisition, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

APPENDIX B – IFA LETTER



We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition as well as the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Proposed Acquisition and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us in the Circular as at 6 December 2021, being the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

This IFA Letter has been prepared pursuant to Rule 921(4)(a) of the Listing Rules, and is for the use and benefit of the Non-Interested Directors in their deliberation of the Proposed Acquisition, and the recommendations made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Non-Interested Directors advise Shareholders to read these pages carefully.

3. THE PROPOSED ACQUISITION

Details of the Proposed Acquisition are set out in Section 2 of the Circular. Shareholders are advised to read the information carefully.

3.1 ABOUT THE TARGET COMPANIES AND THE COMMERCIAL VEHICLES

3.1.1 Background information about the Target Companies and the Commercial Vehicles

(a) The Target Companies

The Target Companies comprise the following:

- (i) Sembas is a company incorporated in Singapore on 6 August 2002. It is principally engaged in the retail and commercial distribution of liquefied petroleum gas (“LPG”). It acts as the distribution arm for Semgas and Summit. The Company is purchasing the 2,044,000 ordinary shares representing 100% equity interest in the capital of Sembas;
- (ii) Semgas is a company incorporated in Singapore on 6 August 2002. It is principally engaged in the retail and commercial distribution of LPG. It operates a LPG bottling plant at 2D Jalan Pesawat Singapore 619360. The Company is purchasing 70,000 ordinary shares representing 100% equity interest in the capital of Semgas; and
- (iii) Summit is a company incorporated in Singapore on 14 August 1969. It is principally engaged in the retail and commercial distribution of LPG. Summit used to operate a LPG bottling plant at 43 Jalan Buroh, Singapore 619490 (the “**Summit Bottling Plant Facility**”) which ceased operations due to a fire in June 2019. As at the Latest Practicable Date, Summit has completed the re-construction of the new bottling plant at 43 Jalan Buroh, Singapore 619490 and commenced operations at a reduced capacity, with plans to increase its production capacity gradually. The Company is purchasing 8,055,727 ordinary shares representing 100% equity interest in the capital of Summit.

(b) The Commercial Vehicles

Pursuant to the Sale and Purchase Agreement, the Seller has also agreed to procure the sale of 71 Commercial Vehicles to the Company on the terms and subject to the conditions of the Sale and Purchase Agreement.

The 71 Commercial Vehicles comprise 34 motor vehicles which are registered after 2012 and 37 motor vehicles who are registered before 2012. Save for one Hino truck, the remaining 70 motor vehicles are all Toyota lorries of the same model. These 71 Commercial Vehicles are utilised for the purpose of distributing bottled LPG cylinders to customers of the Group and the Seller Group.

APPENDIX B – IFA LETTER



3.1.2 The pro forma financial performance of the Target Companies

The following are extracted from the pro forma financial statements of the Target Companies for the financial year ended 31 December (“FY”) 2018, FY2019 and FY2020, and the six-month ended 30 June (“HY”) 2021 as prepared by the Seller:

S\$'000	FY2018	FY2019	FY2020	HY2021
Revenue	81,475	71,004	63,722	34,219
Gross profit	19,947	19,685	20,160	8,533
(Loss) / Profit before income tax	(5,127)	4,175	16,330 ⁽¹⁾	10,489 ⁽²⁾
(Loss) / Profit after income tax	(5,774)	5,210	15,092	8,705
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	(1,083)	9,698	20,963 ⁽¹⁾	12,800 ⁽²⁾
Gross profit margin (%)	24.48	27.72	31.64	24.94
(Loss) / Profit before income tax margin	(6.29)	5.88	25.63 ⁽¹⁾	30.65 ⁽²⁾

Notes:

- (1) The Target Companies had write-back of allowance for trade receivables amounting to S\$7.85 million in FY2020. These receivables were provided in FY2018 but were fully collected by FY2020. Had the writeback been excluded, the Target Companies would have profit before income tax of S\$8.48 million for FY2020 and its profit before income tax margin for FY2020 would be 13.3%. On the same basis, the Target Companies would have EBITDA of S\$13.11 million for FY2020.
- (2) In HY2021, the Target Companies had other income amounting to S\$5.67 million arising from the insurance compensation for a fire at the Summit Bottling Plant Facility in June 2019 (the “Incident”) as well as S\$1.59 million gain from a disposal. Had the compensation and gain been excluded, the Target Companies would have profit before income tax of S\$3.23 million for HY2021 and its profit before income tax margin for HY2021 would be 9.4%. On the same basis, the Target Companies would have EBITDA of S\$5.54 million for HY2021.

Revenue of the Target Companies decreased from S\$81.48 million in FY2018 to S\$71.00 million in FY2019 and further reduced to S\$63.72 million in FY2020. We understand that this was due mainly to a decrease in Saudi Aramco Contract Price (a monthly contract price published by the Saudi Arabian Oil Company for its sale of LPG) which is the basis for LPG prices in Singapore. We understand that the Saudi Aramco Contract Price has increased in HY2021 which contributed to the higher revenue in HY2021. Revenue in HY2021 represents 53.7% of the revenue of the Target Companies for FY2020.

3.1.3 The pro forma financial position of the Target Companies

The following pro forma balance sheet numbers of the Target Companies are prepared by the Seller:

S\$'000	As at 30 June 2021
Current assets	26,238
Current liabilities	<u>(13,632)</u>
Net working capital	12,606
Non-current assets	31,547
Non-current liabilities	<u>(13,142)</u>
Net asset value (" NAV ")	<u>31,011</u>
Less: Intangible assets	<u>(1,873)</u>
NTA	<u><u>29,138</u></u>

The current assets of the Target Companies as at 30 June 2021 comprised mainly trade receivables of S\$10.45 million, other receivables of S\$8.71 million and cash and cash equivalents of S\$5.56 million. Other receivables comprised mainly amounts due from the Seller and the related companies of the Target Companies which aggregated S\$7.87 million as at 30 June 2021.

The current liabilities of the Target Companies as at 30 June 2021 comprised trade payables of S\$5.28 million, other payables of S\$5.71 million and income tax payable of S\$2.64 million. Other payables comprised mainly amounts due to the related companies and related party of the Target Companies which aggregated S\$5.25 million as at 30 June 2021.

The non-current assets of the Target Companies as at 30 June 2021 comprised mainly property, plant and equipment of S\$6.85 million, right-of-use assets of S\$4.46 million, other investments of S\$2.33 million and goodwill of S\$1.87 million. Right-of-use assets were in relation to lease agreements entered into by the Target Companies for its operating premises. Other investments of S\$2.33 million included 4,533,434 Shares held by Semgas which Semgas had sold for S\$4.35 million on 31 August 2021. Goodwill arose from an acquisition of LPG business by Semgas from a third party in 2017.

The non-current liabilities of the Target Companies as at 30 June 2021 comprised mainly bank loans and overdraft of S\$7.68 million and lease liabilities (including hire purchase, finance lease liabilities, lease liabilities under right-of-use assets and other lease liabilities) aggregating S\$5.29 million.

APPENDIX B – IFA LETTER



Potential adjustments to the pro forma NAV and NTA of the Target Companies as at 30 June 2021

As mentioned above, in August 2021, Semgas sold 4,533,434 Shares for S\$4.35 million. After deducting the carrying value of such Shares amounting to S\$2.33 million as at 30 June 2021, Semgas would have recognised a gain of S\$2.02 million. However, we understand that the Sale and Purchase Agreement has provided that the Seller may distribute the proceeds prior to the completion of the Proposed Acquisition. Accordingly, the NAV and NTA of the Target Companies as at 30 June 2021 would have reduced by S\$2.33 million (being the carrying value of the 4,533,434 Shares as at 30 June 2021) to S\$28.68 million and S\$26.80 million respectively.

In addition, the Sale and Purchase Agreement provided for certain adjustments to the balance sheet of the Target Companies, including the non-trade debts clause set out in Section 2.3(c)(iii) of the Circular. Pursuant to the non-trade debts clause, the Company will not take over receivables and payables which are non-trade in nature upon the completion of the Proposed Acquisition. Assuming that the Proposed Acquisition was completed on 30 June 2021, based on the pro forma balance of the Target Companies as at 30 June 2021, upon repayment of all bank loans, overdrafts, hire purchase liabilities, finance lease liabilities and other payables due from related parties after offsetting non-trade receivables and loans receivables, the remaining non-trade debts after the adjustments amounted to S\$0.18 million. This amount will be deducted from the remaining cash consideration as further detailed in paragraph 3.2 of this IFA Letter. Based on the above adjustments, there is no impact to the NAV and NTA of the Target Companies arising from the non-trade debts clause.

Saved as disclosed above, the Company confirms that it has enquired with the Seller Group and the Company is not aware of any event between 1 July 2021 and the Latest Practicable Date which would materially affect the NAV or NTA of the Target Companies.



3.2 THE CONSIDERATION

The breakdown of the Consideration is as follows:

Subject	The Consideration (S\$)	Mode of settlement
The consideration for the Target Companies (the “ Companies Consideration ”)	73,400,000	(a) S\$61,000,000 by way of allotment and issue of the Consideration Shares; (b) S\$10,000,000 by way of cash upon the signing of the Sale and Purchase Agreement; and
The consideration for the Commercial Vehicles (the “ Vehicles Consideration ”)	1,600,000	(c) S\$4,000,000 in cash ⁽¹⁾ upon completion of the Proposed Acquisition.
Consideration	75,000,000	

Note:

- (1) Comprising S\$1,600,000 (in respect of the Commercial Vehicles) to be transferred to the bank account of Semgas (S) or Choon Hin on the completion date of the Proposed Acquisition and S\$2,400,000 to be transferred to the bank account of the Seller on the completion date of the Proposed Acquisition.

As set out in Section 2.3(a) of the Circular, the Consideration was arrived at after arm’s length negotiations between the Company and the Seller, taking into account, *inter alia*, the assets of the Target Companies, the future revenue and growth of the Target Companies as well as the potential synergies and strategic opportunities between the Target Companies and the Group’s business relating to the retail and commercial distribution of bottled LPG cylinders and sale of LPG-related accessories in Singapore.

Potential adjustments to the Companies Consideration

As mentioned in Section 2.3(c)(iii) of the Circular, a condition precedent for the completion of the Proposed Acquisition is that all of the Target Companies having repaid all non-trade debts and there are no non-trade debts owing by the Target Companies whatsoever, which shall be determined by the Company in its sole and absolute discretion.

Assuming that the Proposed Acquisition was completed on 30 June 2021, based on the pro forma balance sheet of the Target Companies as at 30 June 2021, upon repayment of all bank loans, overdrafts, hire purchase liabilities, finance lease liabilities and other payables due from related parties after offsetting non-trade receivables and loans receivables, the remaining non-trade debts amounted to S\$0.18 million.

The Sale and Purchase Agreement provided that the Company shall be entitled to deduct a sum equivalent to the total outstanding debts and/or indebtedness of the Target Companies as at the date of completion of the Proposed Acquisition from the remaining cash consideration payable

APPENDIX B – IFA LETTER



upon completion. Accordingly, had the Proposed Acquisition been completed on 30 June 2021, the remaining cash payment payable to the Seller upon completion of the Proposed Acquisition may be reduced from S\$4 million to S\$3.82 million.

As the deficit of S\$0.18 million represents only 0.2% of the Consideration, no adjustment to the Consideration will be made in this IFA Letter.

3.3 THE CONSIDERATION SHARES

The Issue Price of S\$0.6881 for each Consideration Share was determined based on a discount of approximately 9.99% to the volume weighted average price (“VWAP”) of S\$0.7645 per Share, based on trades in the Shares done on the SGX-ST on 24 August 2021 (being the last full market day prior to which the Sale and Purchase Agreement was signed).

The Consideration Shares, when issued and fully-paid, shall rank *pari passu* in all respects with the existing ordinary shares of the Company save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issue of the Consideration Shares.

Based on the Company’s issued share capital comprising 228,968,392 Shares as at the Latest Practicable Date, the 88,649,905 Consideration Shares will, upon allotment and issue, represent 27.91% equity interest in the enlarged share capital of the Company comprising 317,618,297 Shares upon the completion of the Proposed Acquisition.

3.4 OTHER MATERIAL TERMS OF THE PROPOSED ACQUISITION

The other material terms of the Proposed Acquisition can be found in Section 2.3 of the Circular.

We extract and set out the following in italics:

Conditions precedent	<p>(i) <i>the completion of the legal, business and financial due diligence review on the Target Companies conducted by the Company and/or its appointed advisors and the rectification, or the procurement of such rectification, to the satisfaction of the Company by the Seller, of all issues or irregularities uncovered by the Company and/or its appointed advisors during the due diligence review;</i></p> <p>(ii) <i>all necessary licences required to operate Summit Bottling Plant Facility being obtained by Summit to the satisfaction of the Company (and not being withdrawn or revoked by third parties);</i></p> <p>(iii) <i>all of the Target Companies having repaid all non-trade debts and there are no non-trade debts owing by the Target Companies whatsoever, which shall be determined by the Company in its sole and absolute discretion (the “No Non-Trade Debts Condition”);</i></p>
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Indemnities	Please refer to Section 2.3(d) of the Circular for indemnities provided by the Seller to the Company.
Key dates	Date of completion of the Proposed Acquisition shall be 31 December 2021, unless otherwise agreed. The long-stop date shall be 30 April 2022.

3.5 RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition can be found in Section 2.1 of the Circular. We summarise as follows:

- (a) the Group sees the Proposed Acquisition both as strategic and complementary to its existing business of distributing bottled LPG cylinders. With a larger team and fleet, the Group will be able to strengthen its sales and delivery capabilities and be in a stronger position to optimize the operational assets, thereby improving productivity and operational efficiency as a whole;
- (b) the Group will be able to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to maintain its cost-competitiveness over the long run and at the same time, reducing the Group dependence on other parties, in particular the Seller and its subsidiaries (the “**Seller Group**”) for the supply of bottled LPG cylinders; and
- (c) barring any unforeseen circumstances, the Proposed Acquisition is also expected to improve the Group’s business performance and financial results, and increase the Group’s scale and operational efficiencies with resilience to tide through different economic cycles.

3.6 AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS

Pursuant to Rule 921(4)(a) of the Listing Rules, the IFA needs to opine on whether the Proposed Acquisition and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Rules are on normal commercial terms, and whether the Proposed Acquisition and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Rules is prejudicial to the interest of the Company and its minority Shareholders.

We note from the Company’s announcement in relation to its consolidated results for HY2021 that the Group had interested person transactions aggregating S\$19.53 million for HY2021. All these interested person transactions are mandated interested person transactions under the general mandate for interested person transactions (“**IPT Mandate**”) renewed and approved during the Company’s annual general meeting held on 29 April 2021.

These interested person transactions which were conducted pursuant to the IPT Mandate are deemed transactions approved by Shareholders, are not subject of aggregation pursuant to Rule 906(2) of the Listing Rules. Accordingly, our opinion on the Proposed Acquisition does not include the abovementioned transactions.

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4. EFFECTS ON THE SHAREHOLDING OF MR. TEO AND HIS ASSOCIATES

The changes to the shareholdings of Mr. Teo and his associates upon the allotment and issue of the Consideration Shares are as follows:

	As at the Latest Practicable Date		Upon the allotment and issue of the Consideration Shares	
	Number of Shares	Percentage interest in the Company	Number of Shares	Percentage interest in the Company
Mr. Teo Kiang Ang ⁽¹⁾⁽²⁾	67,813,500	29.62	67,813,500	21.35
Mr. Teo Hark Piang ⁽²⁾	25,479,500	11.13	25,479,500	8.02
The Seller ⁽¹⁾	24,329,430	10.62	112,979,335	35.57
Mr. Teo Woo Yang ⁽²⁾	11,200,000	4.89	11,200,000	3.53
Ms. Ellen Teo Soak Hoon ⁽²⁾⁽³⁾	10,483,202	4.58	10,483,202	3.30
Ms. Teo Soak Theng Alexis (Zhang Shuting) ⁽²⁾	7,302,400	3.19	7,302,400	2.30
LK Tang Pte. Ltd ⁽¹⁾	6,127,100	2.68	6,127,100	1.93
Ms. Alice Teo Soak Imn (Alice Zhang Shuying) ⁽²⁾	4,215,100	1.84	4,215,100	1.33
BCGM Limited ⁽³⁾	44,498	0.02	44,498	0.01
Grand total	156,994,730	68.57	245,644,635	77.34

Notes:

- (1) Mr. Teo Kiang Ang holds, directly and indirectly, 61.89% interest in the capital of the Seller, and is the sole shareholder of LK Tang Pte. Ltd..
- (2) Mr. Teo Hark Piang, Mr. Teo Woo Yang, Ms. Ellen Teo Soak Hoon, Ms. Teo Soak Theng Alexis (Zhang Shuting) and Ms. Alice Teo Soak Imn (Alice Zhang Shuying) are the children of Mr. Teo Kiang Ang.
- (3) Ms. Ellen Teo Soak Hoon holds 50% interest in the capital of BCGM Limited.



5. EVALUATION OF THE PROPOSED ACQUISITION

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Acquisition:

- (a) the Valuation Report;
- (b) the Issue Price;
- (c) the financial ratios of the Proposed Acquisition;
- (d) the valuation statistics represented by the Companies Consideration as compared to listed companies comparable to the Target Companies;
- (e) the upfront cash payment;
- (f) the Company's rationale for the Proposed Acquisition;
- (g) the pro forma financial effects of the Proposed Acquisition; and
- (h) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 THE VALUATION REPORT

The Company has commissioned Mazars LLP to perform an independent business valuation exercise to estimate the market value range of the 100% share capital in the Target Companies and the Commercial Vehicles as at 30 June 2021. The Valuation Summary Letter is appended as Appendix C to the Circular and will be made available for inspection at the Company's registered office for three (3) months from the date of the EGM. Shareholders are advised to read the Valuation Summary Letter carefully, in particular, the valuation methodology as well as the key assumptions and risk factors which may materially affect the indicative valuation of the Target Companies and the Commercial Vehicles.

5.1.1 Valuation of the Target Companies

Valuation approaches adopted by the Independent Valuer

We note that the Independent Valuer has adopted the income approach and the market approach for the Target Companies. We extract certain details from the Valuation Report *in italics* as follows:

The Income Approach

The Income Approach provides an indication of value by the income generating potential of the subject asset. The premise of the Income Approach is that no investor would pay more for an asset than the present value of the income expected to be generated by the asset. The value of an asset is thus arrived at from the present value, at the valuation date, of the future income generated over the asset's expected useful life.



We note that the Independent Valuer has relied on the forecast provided by the management of the Company and the Seller for the period from FY2021 to FY2024 under the income approach.

The Market Approach

The Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The premise of the Market Approach is that a prudent investor would pay no more for an asset than the price to purchase similar assets in the marketplace. The process essentially involves comparison of the subject asset with other similar assets. Considerations such as location and time of sale are to be analysed for comparable assets, and adjustments to the prices observed are to be made to indicate a Market Value for the subject assets.

We note that the Independent Valuer has valued the Target Companies based on enterprise value-to-EBITDA (“**EV/EBITDA**”) multiple and a normalised EBITDA under the market approach.

Certain critical assumptions highlighted by the Independent Valuer

We set out certain key assumptions highlighted by the Independent Valuer in the Valuation Summary Letter in *italics* as follows:

The Income Approach

- *Target Companies will be able to achieve the projected revenue growth rate and profit margins. We note that forecast for the period from 1 July 2021 to 31 December 2024 has been provided.*
- *Expected remaining capital expenditure to complete the reconstruction of the Summit bottling plant at 43 Jalan Buroh will remain within budget and Successful completion of reconstruction of Summit bottling plant at 43 Jalan Buroh (which was still undergoing reconstruction as of Valuation Date) and resumption of its operations by end of FY21. We understand that, as at the Latest Practicable Date, Summit has completed the reconstruction of the Summit Bottling Plant Facility and commenced operations at a reduced capacity, with plans to increase its production capacity gradually.*

The Market Approach

- (i) EV/EBITDA multiple was selected as it focuses on operating performance and is least sensitive to differences in capital structures. EBITDA is also not affected by differences in depreciation and amortisation policies.
- (ii) The Independent Valuer has normalised the EBITDA of the Target Companies for FY2020 adjusting the staff cost and rental expenses of the Target Group. Remuneration in respect of staff of the Target Companies not transferred to the Group upon the completion of the Proposed Acquisition were removed while remuneration for additional staff required by the Group for the operations of the Target Companies (including addition headcount to operate the Summit Bottling Plant Facility when it resumes operations in fourth quarter of FY2021) were added. Rental expenses were adjusted based on the latest rental arrangement.



The Company confirms that the financial information provided by the management of the Company and the Seller to the Independent Valuer for the valuation analysis are accurate and complete.

Conclusion of value

Based on the Valuation Report, the 100% equity value range of the Target Companies as at 30 June 2021 is between S\$72.3 million and S\$80.2 million.

The Companies Consideration of S\$73,400,000 is within the market value range of the Target Companies as opined by the Independent Valuer.

The Companies Consideration represents a premium of S\$1.1 million (or 1.5%) to the lowest market value range of the Target Companies and a discount of S\$6.8 million (or 8.5%) to the highest market value range of the Target Companies as opined by the Independent Valuer.

5.1.2 Valuation of the Commercial Vehicles

Valuation approach adopted by the Independent Valuer

We note that the Independent Valuer has adopted the market approach and the cost approach for the Commercial Vehicles. We extract the following from the Valuation Summary Letter in *italics* as follows:

We have relied on the market approach to derive the Market Value of 34 Commercial Vehicles which were registered after 2012 (i.e., less than 10 years old).

As it is very difficult to sell a motor vehicle which is 10 years old or more in Singapore and sellers will usually get the remaining value of their COE, we have relied on the cost approach for 37 Commercial Vehicles that were registered before 2012 (i.e., more than 10 years old).

Certain critical assumptions highlighted by the Independent Valuer

We have assumed the Commercial Vehicles to be in working condition. We have not performed any site inspection or tests to determine the actual working condition of the Commercial Vehicles.

Conclusion of value

Based on the Valuation Report, the market value of the Commercial Vehicles as at 30 June 2021 is approximately S\$2.2 million.

The Vehicles Consideration of S\$1,600,000 represents a discount of S\$0.6 million (or 27.3%) to the market value of the Commercial Vehicles as opined by the Independent Valuer.



5.2 THE ISSUE PRICE

5.2.1 The basis for the determination of the Issue Price

Rule 811(1) of the Listing Rules requires an issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed.

The discount of approximately 9.99% to the VWAP of the Shares represented by the Issue Price is within the threshold under Rule 811(1) of the Listing Rules.

5.2.2 The Issue Price as compared to the market prices of the Shares

(a) The closing prices of the Shares

The Company announced the intention for the Proposed Acquisition on 17 June 2020, being the MOU Announcement Date. The Company subsequently announced the Sale and Purchase Agreement in the morning, prior to the trading hours, of the SPA Announcement Date. Accordingly, we set out a chart on the closing price of the Shares for the period commencing from the 24-month period prior to and including the MOU Announcement Date, up to the Latest Practicable Date as follows:



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As set out in the chart above, the closing prices of the Shares commenced its upward trend after the MOU Announcement Date. We set out the other events as announced by the Company between the MOU Announcement Date and the SPA Announcement Date which may have a bearing on the prices of the Shares as follows:

<u>Date</u>	<u>Announcement</u>
13 August 2020	The Company announced its results for HY2020, reporting a 27.2% increase in revenue from S\$33.96 million for HY2019 to S\$43.19 million for HY2020 and its profit, net of tax and total comprehensive income, increased by 76.7% from S\$3.96 million for HY2019 to S\$6.99 million for HY2020. The Company also declared an interim dividend of 0.5 cent for each Share.
1 September 2020	The Company announced that the record date for the interim dividend of 0.5 cent is 10 September 2020 and that the interim dividend will be paid on 24 September 2020.
26 November 2020	The Company announced that it has entered into agreements for the supply of piped and liquified natural gas which has a value of approximately S\$2 million annually.
21 January 2021	The Company announced that its wholly-owned subsidiary, U-Global Pte. Ltd., has subscribed for S\$1,000,000 convertible bonds issued by ADERA AI Pte. Ltd. Under the terms of the subscription agreement, ADERA AI Pte. Ltd. shall redeem the convertible bonds at their principal amount and an amount which would give U-Global Pte. Ltd. an internal rate of return of ten (10) per cent per annum, calculated from the closing date of the subscription agreement to the date falling one (1) year from the closing date (the " Maturity Date "). If ADERA AI Pte. Ltd. undergoes a public offering and listing on certain stock exchanges prior to the Maturity Date, the convertible bonds shall be converted into shares of ADERA AI Pte. Ltd. at a 20% discount to the offering price in such public offering.
25 February 2021	The Company announced its results for FY2020, reporting a 9.4% increase in revenue from S\$78.80 million for FY2019 to S\$86.19 million for FY2020 and its profit, net of tax and total comprehensive income, increased by 64.7% from S\$8.42 million for FY2019 to S\$13.86 million for FY2020. The Company also declared a final dividend of 2.53 cents for each Share.
3 March 2021	The Company announced that it has entered into a consultancy services agreement with Surbana Jurong Infrastructure Pte. Ltd. to collaborate and evaluate the potential redevelopment of the existing compressed natural gas fuel station at 50 Old Toh Tuck Road.

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<u>Date</u>	<u>Announcement</u>
10 March 2021	The Company announced that it has entered into a non-binding letter of intent in relation to a proposed joint venture with Worldbridge Industrial Developments Ltd for the distribution and supply of liquefied petroleum gas in Cambodia. No updates on this joint venture as at the Latest Practicable Date.
1 April 2021	The Company announced the completion of the purchase of the property at 89 Defu Lane 10.
31 May 2021	The Company announced the proposed transfer of listing from SGX-ST Catalist to SGX-ST Main Board.
10 June 2021	The Company announced the receipt of the SGX-ST's approval in-principle for the proposed transfer of listing from SGX-ST Catalist to SGX-ST Main Board.
14 July 2021	The Company announced the transfer of its listing from SGX-ST Catalist to SGX-ST Main Board with effect from 19 July 2021.
12 August 2021	<p>The Company announced its results for HY2021, reporting a 4.3% increase in revenue from S\$43.19 million for HY2020 to S\$45.06 million for HY2021, and its profit, net of tax and total comprehensive income, decreased by 24.9% from S\$6.99 million for HY2020 to S\$5.25 million for HY2021. The Company also declared an interim dividend of 1.0 cent for each Share. The interim dividend was paid on 15 October 2021. Accordingly, the Consideration Shares are not entitled to the interim dividend.</p> <p>In the same results announcement, the Company updated that it has received the report from Surbana Jurong Infrastructure Pte. Ltd. and will continue working with Surbana Jurong Infrastructure Pte. Ltd. for the lease renewal and potential redevelopment of the existing compressed natural gas fuel station at 50 Old Toh Tuck Road.</p>
25 August 2021	The Company announced the SPA in the morning, before trading hours.

We also note from the chart above that the closing prices of the Shares commenced a downwards trend after the SPA Announcement Date. Despite the downwards trend, we note that the market performance of the Shares continued to outperform the Straits Times Index and the listed comparable companies of the Company as set out in paragraphs 5.2.3 and 5.4 of this IFA Letter.

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(b) The historical VWAPs of the Shares

We also tabulate the VWAPs of the Shares for the period commencing from the 24-month period prior to and including the MOU Announcement Date, up to the Latest Practicable Date as follows:

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of the Issue Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)
<u>Periods prior to and including the MOU Announcement Date</u>				
Last 24 months	0.2454	180.40	0.290	0.200
Last 12 months	0.2446	181.32	0.285	0.205
Last 6 months	0.2449	180.97	0.285	0.205
Last 3 months	0.2480	177.46	0.285	0.205
Last 1 month	0.2623	162.33	0.285	0.245
The MOU Announcement Date	0.2650	159.66	0.265	0.265
<u>Periods after the MOU Announcement Date up to the market day prior to the SPA Announcement Date</u>				
Between 18 June 2020 and 24 August 2021 (both dates inclusive)	0.6618	3.97	1.240	0.270
Last 12 months	0.7414	(7.19)	1.240	0.270
Last 6 months	0.9235	(25.49)	1.240	0.340
Last 3 months	1.0108	(31.93)	1.240	0.660
Last 1 month	0.9551	(27.96)	1.240	0.710
The market day prior to the SPA Announcement Date	0.7645	(9.99)	1.240	0.710
<u>Periods on and after the SPA Announcement Date</u>				
Up to the Latest Practicable Date	0.9110	(24.47)	1.020	0.73
On the Latest Practicable Date	0.7564	(9.03)	0.765	0.750

Source: Bloomberg L.P.

Notes:

- (1) Rounded to four (4) decimal places.
- (2) The highest trading price of S\$1.240 of the Shares occurred on 28 July 2021.

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We note the following with regard to the trading prices of the Shares:

- (i) the trading prices of the Shares fluctuated within a thinner spread of between S\$0.20 per Share and S\$0.290 per Share prior to the MOU Announcement Date;
- (ii) the trading prices of the Shares fluctuated within a much wider spread of between S\$0.27 per Share and S\$1.240 per Share between the MOU Announcement Date and the SPA Announcement Date;
- (iii) the Issue Price represents a significant premium to the VWAPs of the Shares for the periods prior to the MOU Announcement Date but at discounts of between 7.19% and 31.93% to the VWAPs of the Shares for the periods between the MOU Announcement Date and the SPA Announcement Date;
- (iv) the trading prices of the Shares fluctuated within a narrower range of between S\$0.73 per Share and S\$1.02 per Share between the SPA Announcement Date and the Latest Practicable Date; and
- (v) the Issue Price represents a discount of 24.47% to the VWAP of the Shares for the period on and after the SPA Announcement Date to the Latest Practicable Date and a discount of 9.03% to the VWAP of the Shares traded on the Latest Practicable Date.

Trading liquidity of the Shares

In our review of the market prices of the Shares, we have also considered the liquidity of the Shares. We tabulate as follows:

	Total volume traded	Average daily traded volume ("ADTV")⁽¹⁾	ADTV as a percentage of the Company free float⁽²⁾
<u>Periods prior to and including the MOU Announcement Date</u>			
Last 24 months	34,371,700	100,797	0.14%
Last 12 months	23,383,500	110,822	0.16%
Last 6 months	16,720,100	149,287	0.21%
Last 3 months	10,870,500	184,246	0.26%
Last 1 month	5,682,900	258,314	0.37%
The MOU Announcement Date	20,000	20,000	0.03%
<u>Periods after the MOU Announcement Date up to the market day prior to the SPA Announcement Date</u>			
Between 18 June 2020 and 24 August 2021 (both dates inclusive)	193,821,700	652,598	0.92%
Last 12 months	157,216,700	623,876	0.88%

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	Total volume traded	Average daily traded volume ("ADTV") ⁽¹⁾	ADTV as a percentage of the Company free float ⁽²⁾
Last 6 months	94,778,000	764,339	1.08%
Last 3 months	61,563,400	977,197	1.38%
Last 1 month	26,706,000	1,271,714	1.80%
The market day prior to the SPA Announcement Date	3,659,900	3,659,900	5.19%
<u>Periods on and after the SPA Announcement Date</u>			
Up to the Latest Practicable Date	36,287,800	497,093	0.70%
On the Latest Practicable Date	58,400	58,400	0.08%

Notes:

- (1) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total days where the Shares were traded ("**Trading Days**") during that period.
- (2) Calculated based on 70,573,662 Shares, being the difference between (i) the Company's issued share capital of 228,968,392 Shares; and (ii) 156,994,730 Shares being the sum of Shares held by Mr. Teo and his associates as set out in paragraph 4 of this IFA Letter and the 1,400,000 Shares held by the other directors of the Group and their associates.

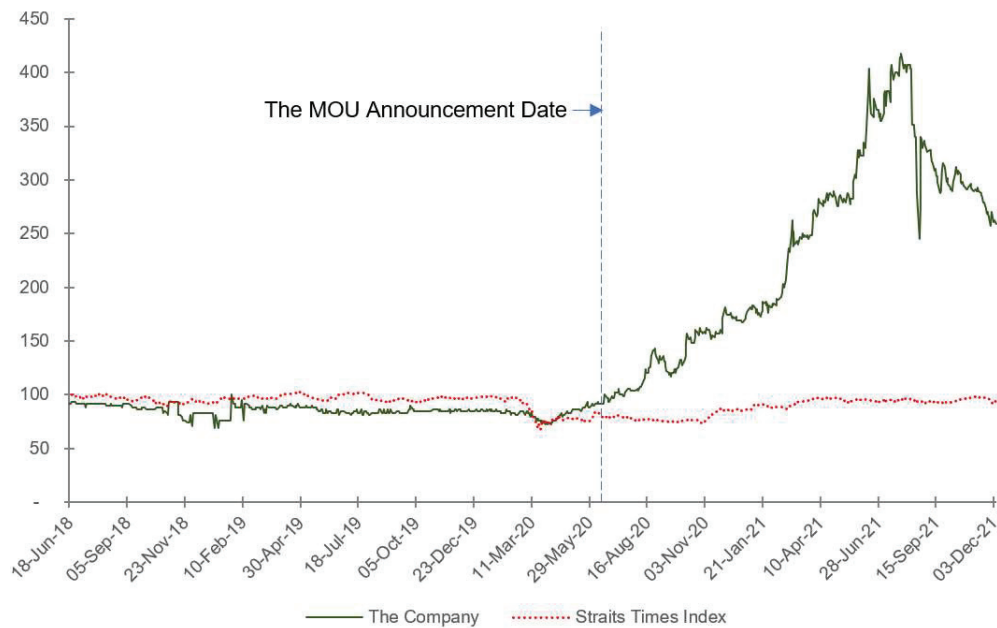
We note the following with regard to the liquidity of the Shares:

- (A) the liquidity of the Shares shown significant improvement after the MOU Announcement Date;
- (B) we also noted that the Shares were traded on every market day where the SGX-ST is open for securities trading after the MOU Announcement Date as compared to 341 days out of the 502 markets days for the 24 months prior to and including the MOU Announcement Date;
- (C) the improved liquidity of the Shares is likely to have contributed to the upward trend of the market prices of the Shares for the period between the MOU Announcement Date and the SPA Announcement Date; and
- (D) while the average daily trading volume of the Shares for the period between the SPA Announcement Date and the Latest Practicable Date is lower than the average daily trading volume of the Shares for the periods between the MOU Announcement Date and the SPA Announcement Date, the average daily trading volume of the Shares for the period between the SPA Announcement Date and the Latest Practicable Date is still higher than the average daily trading volume of the Shares for the periods before the MOU Announcement Date.



5.2.3 The market performance of the Shares as compared to the Straits Times Index

We also compare the relative performance of the Shares against the Straits Times Index, which is a market capitalisation weighted index that tracks the performance of the top 30 companies listed on SGX-ST, for the period commencing from the 24-month period prior to and including the MOU Announcement Date, up to the Latest Practicable Date as follows:



Source: Bloomberg L.P.

As set out in the chart above, the Shares have outperformed the Straits Times Index since the MOU Announcement Date.



5.2.4 The Issue Price as compared to the NAV, revalued net asset value (“RNAV”) and NTA for each Share

(a) The NAV per Share

The NAV of a group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the group, and after deducting net assets attributable to non-controlling interests. The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders.

Shareholders should note that such an analysis provides only an estimate of the value of the Group based on a hypothetical scenario, which does not take into account factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers for the assets, which would have an impact on the realisable value of the NAV.

Based on the latest financial results of the Group for HY2021 announced by the Company on 12 August 2021, the NAV attributable to equity holders of the Company as at 30 June 2021 is S\$39.65 million. On 12 August 2021, the Company also announced an interim dividend of S\$0.01 for each Share (“HY2021 Dividend”) which has been paid on 15 October 2021.

Based on the Company’s total issued share capital comprising 228,968,392 Shares and after adjusting for the HY2021 Dividend, the adjusted NAV per Share is S\$0.1632.

The Issue Price represents a premium of S\$0.52 to the NAV per Share or a price-to-NAV (“P/NAV”) ratio of 4.2 times.

(b) The RNAV per Share

In our evaluation of the NAV of the Group, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial position of the Group and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV per Share.

The Company confirms that, save for the HY2021 Dividend, there is no factor which may materially affect the NAV per Share between 1 July 2021 and the Latest Practicable Date. Accordingly, there is no RNAV per Share.

(c) The NTA per Share

The Group had intangible assets of approximately S\$1,524,000 as at 30 June 2021. After excluding these intangible assets, the NTA attributable to equity holders of the Company as at 30 June 2021 is S\$38.13 million.

Based on the Company’s total issued share capital comprising 228,968,392 Shares and after adjusting for the HY2021 Dividend, the adjusted NTA per Share is S\$0.1565.

The Issue Price represents a premium of S\$0.53 to the NTA per Share or a price-to-NTA (“P/NTA”) ratio of 4.4 times.



5.3 THE FINANCIAL RATIOS IMPLIED BY THE COMPANIES CONSIDERATION

5.3.1 The Assets-related Ratios

Assets-related ratios are P/NAV and P/NTA ratios.

As set out in paragraph 3.2 of this IFA Letter, the pro forma NAV and NTA of the Target Companies after adjusting for the sale of the 4,533,434 Shares by Semgas amounted to S\$28.68 million and S\$26.80 million respectively.

Based on the Companies Consideration of S\$73.40 million and the pro forma adjusted NAV of the Target Companies of S\$28.68 million as at 30 June 2021, the P/NAV ratio implied by the Companies Consideration is 2.6 times.

This is lower than the P/NAV ratio of the Company of 4.2 times as implied by the Issue Price. Please refer to paragraph 5.2.4(a) of this IFA Letter for the P/NAV ratio of the Company.

Based on the Companies Consideration of S\$73.40 million and the pro forma adjusted NTA of the Target Companies of S\$26.80 million as at 30 June 2021, the P/NTA ratio implied by the Companies Consideration is 2.7 times.

This is lower than the P/NTA ratio of the Company of 4.4 times as implied by the Issue Price. Please refer to paragraph 5.2.4(c) of this IFA Letter for the P/NTA ratio of the Company.

As the P/NAV ratio and the P/NTA ratio for the Target Companies as implied by the Companies Consideration are lower than the Company's P/NAV ratio and P/NTA ratio as implied by the Issue Price, the Proposed Acquisition is asset accretive to the Group.

5.3.2 The Earnings-related Ratios

The earnings-related ratios are price-to-earnings ("P/E") ratio and EV/EBITDA ratio.

P/E ratio

Based on the Target Companies' pro forma profit after income tax of S\$15.09 million for FY2020, the P/E ratio implied by the Companies Consideration for the Target Companies is 4.9 times. As mentioned in paragraph 3.1.2 of this IFA Letter, the pro forma profit after income tax of the Target Companies for FY2020 includes a write-back of allowances for trade receivables. After excluding this write-back, the Target Companies would have profit after income tax amounting to approximately S\$7.24 million. The P/E ratio implied by the Companies Consideration for the Target Companies after excluding the write-back for FY2020 is 10.1 times.

Based on the results of the Target Companies for HY2020 and HY2021, we calculate the pro forma profit after income tax of the Target Companies for the last twelve months ended 30 June 2021 ("LTM2021") to be S\$17.31 million. Based on the pro forma profit after income tax of the Target Companies for LTM2021, the P/E ratio implied by the Companies Consideration for the Target Companies is 4.2 times. As mentioned in paragraph 3.1.2 of this IFA Letter, the pro forma profit after income tax of the Target Companies for HY2021 includes the insurance compensation in relation to the Incident and a gain on disposal of subsidiary. In addition, the Target Companies also had write-back of allowances for trade receivables amount to S\$2.91 million in HY2020.

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After excluding these items, the Target Companies would have profit after income tax amounting to approximately S\$5.11 million and the P/E ratio implied by the Companies Consideration for the Target Companies for LTM2021 is 14.4 times.

The P/E ratio for the Company as implied by the Issue Price for FY2020 and LTM2021 are 11.4 times and 13.0 times respectively.

The Proposed Acquisition is earnings accretive to the Group based on the earnings of the Company and the Target Companies prior to adjustments. After the adjustments as aforesaid, the Proposed Acquisition is still earnings accretive to the Group based on the adjusted earnings for FY2020. Given that the P/E ratio of the Target Companies based on the adjusted earnings for LTM2021 is higher than the Group's, we also calculate the EV/EBITDA ratio as set out below.

EV/EBITDA ratio

As the Proposed Acquisition will be carried out on a debt-free basis, the Companies Consideration of S\$73.40 million will be its EV.

Based on the EV of S\$73.40 million and the EBITDA of the Target Companies of S\$20.96 million for FY2020, the EV/EBITDA ratio of the Proposed Acquisition for FY2020 is 3.5 times. After adjusting for the write-back of allowances for trade receivables, the adjusted EBITDA of the Target Companies for FY2020 amounted to S\$13.11 million. The EV/EBITDA ratio of the Company based on the adjusted EBITDA for FY2020 is 5.6 times.

Based on the EV of S\$73.40 million and the EBITDA of the Target Companies of S\$24.42 million for LTM2021, the EV/EBITDA ratio of the Proposed Acquisition for FY2020 is 3.0 times. After adjusting for the write-back of allowances for trade receivables, insurance compensation and gains as mentioned above, the adjusted EBITDA of the Target Companies for LTM2021 amounted to S\$12.22 million. The EV/EBITDA ratio of the Company based on the adjusted EBITDA for LTM2021 is 6.0 times.

The EV/EBITDA ratio for the Company as implied by the Issue Price for FY2020 and LTM2021 are 5.9 times and 7.3 times respectively.

As the EV/EBITDA ratios of the Target Companies for FY2020 and LTM2021 are lower than the Group's, the Proposed Acquisition is earnings accretive to the Group.



5.4 THE VALUATION STATISTICS IMPLIED BY THE COMPANIES CONSIDERATION AS COMPARED TO LISTED COMPANIES COMPARABLE TO THE TARGET COMPANIES

In assessing the Companies Consideration, we have made comparison to companies principally involved the wholesale, retailing and distribution of LPG and/or liquefied natural gas (“LNG”) and are listed on the stock exchanges in Asia (the “**Selected Comparable Companies**”). For better comparison, we have only companies which reported net profits of between S\$5 million and S\$20 million and with market capitalisation of between S\$70 million and S\$200 million as at the Latest Practicable Date.

We recognise that that the list of Selected Comparable Companies is not exhaustive and there is no listed company that is directly comparable to the Target Companies in terms of, *inter alia*, business activities, size and scale of operations, risk profile, operating and financial position, track record and future prospects. As most of the Selected Comparable Companies are listed on foreign stock exchanges, the accounting policies and tax factors may differ. As such, any comparison merely serves as an illustrative purpose. In assessing the Companies Consideration, we have used the following valuation parameters in our analysis:

Valuation ratio	General description
EV/EBITDA	“EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/E	The P/E ratio illustrates the ratio of the market price of a company’s share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
P/NAV	P/NAV ratio illustrates the ratio of the market price of a company’s share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

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We set out in the table below the list of Selected Comparable Companies, together with brief information on these companies.

Selected Comparable Companies	Listing Location	Description	Market Capitalisation (\$'million)
Daimaruenawin Co Ltd ("Daimaruenawin")	Tokyo	Daimaruenawin distributes fuel products such as LPG, kerosene, light oil, and heavy oil. The company also sells air conditioning equipment, housing equipment, industrial machine parts, and industrial and medical gas.	135.9
GSE Co Ltd ("GSE")	KOSDAQ	GSE wholesales, and distributes liquefied natural gas (LNG) and LPG. The company also develops Internet infrastructure software for e-business.	82.7
Petrolimex Gas Corporation Joint Stock Company ("Petrolimex")	Ho Chi Minh	Petrolimex provides energy solutions. The company focuses on importing and trading in liquefied petroleum and other liquefied gas. Petrolimex operates in Vietnam.	73.9
Southern Gas Trading Joint Stock Company ("Southern Gas")	Hanoi	Southern Gas exports, imports, and distributes liquefied petroleum gas.	71.5
The Company	SGX-ST	The Company, through its subsidiaries, supplies liquefied petroleum, compressed natural, and natural gas, as well as diesel in Singapore	157.6 ⁽¹⁾
WP Energy Public Company Limited ("WP Energy")	Bangkok	WP Energy distributes and supplies petroleum products. The company provides liquefied petroleum gas to filling plants, gas retail shops, and gas users in both commercial and household sectors, as well as offers consultation on the safety device and gas supply systems. WP Energy serves customers in Thailand.	101.3

Note:

(1) Based on the Issue Price of S\$0.6881 for one Consideration Share.

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We set out in the table below the financial ratios of the Selected Comparable Companies as at the Latest Practicable Date.

Selected Comparable Companies	Net Profit (S\$'million)	EV/EBITDA (times)	P/E (times)	P/NAV (times)
Daimaruawin	7.7	4.4	18.2	0.9
GSE	6.1	7.3	13.8	0.9
Petrolimex	6.3	6.1	11.5	1.5
Southern Gas	5.7	4.4	12.2	1.2
The Company	12.1	7.3 ⁽¹⁾	13.0 ⁽¹⁾	4.2 ⁽¹⁾
WP Energy	5.3	3.9	20.3	1.9
Maximum		7.3	20.3	4.2
Minimum		3.9	11.5	0.9
Mean		5.6	14.8	1.8
Median		5.3	13.4	1.4
The Target Companies (Based on the Companies Consideration)	17.3	3.0 ⁽²⁾	4.2 ⁽²⁾	2.6 ⁽²⁾
The Target Companies (Based on the Companies Consideration and the adjusted earnings)	5.1	6.0 ⁽²⁾	14.4 ⁽²⁾	2.6 ⁽²⁾

Notes:

- (1) Based on the Issue Price of S\$0.6881 for one Consideration Share.
- (3) Please refer to paragraph 5.3 of this IFA Letter for the EV/EBITDA ratio, P/E ratio and P/NAV ratio of the Target Companies.



Based on the above table, we note that:

- (a) the EV/EBITDA ratio and P/E ratio of the Target Companies as implied by the Companies Consideration are lower than the mean and median EV/EBITDA ratios of the Selected Comparable Companies;
- (b) had the earnings and EBITDA of the Target Companies been adjusted to exclude other income such as write-back on allowances for trade receivables, insurance compensation and gain on disposal of subsidiaries, the P/E ratio and EV/EBITDA ratio of the Target Companies as implied by the Companies Consideration are still within the range of the comparable ratios of the Selected Comparable Companies. The P/E ratio of the Target Companies as implied by the Companies Consideration is still below the mean ratio of the Selected Comparable Companies while the EV/EBITDA ratio of the Target Companies as implied by the Companies Consideration is slightly above the mean ratio of the Selected Comparable Companies; and
- (c) the P/NAV ratio of the Target Companies as implied by the Companies Consideration is within the range and higher than the mean and median P/NAV ratios of the Selected Comparable Companies.

Based on the above table, we also note that:

- (i) the EV/EBITDA ratio of the Company as implied by the Issue Price is one of the highest amongst the Selected Comparable Companies;
- (ii) the P/E ratio of the Company as implied by the Issue Price is within the range of the P/E ratios of the Selected Comparable Companies; and
- (iii) the P/NAV ratio of the Company as implied by the Issue Price is the highest amongst the Selected Comparable Companies. The P/NAV ratio of the Company as implied by the Issue Price is also much higher than the P/NAV ratio of the Target Companies as implied by the Companies Consideration.

5.5 UPFRONT CASH PAYMENT

As set out in Section 2.3 of the Circular and paragraph 3.2 of this IFA Letter, the Company has paid the Seller an upfront cash consideration of S\$10,000,000, representing 13.3% of the Consideration, upon the signing of the Sale and Purchase Agreement.

We compare this upfront cash payment with acquisitions completed by other companies listed on the SGX-ST with upfront cash payment and were announced since 1 January 2020 (“**Precedent Upfront Cash Payments**”).

We wish to highlight that the Precedent Upfront Cash Payments are not exhaustive. Further, Shareholders should note that circumstances leading to the Precedent Upfront Cash Payments may not be identical to the Proposed Acquisition. As such, any comparisons made with respect to the Precedent Upfront Cash Payments merely serve an illustrative purpose only.

In making the comparison herein, we wish to highlight that the figures used in our assessment have been extracted where available and/or applicable from the relevant announcements,

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circulars and other publicly available sources. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We set out the key information of the Precedent Upfront Cash Payments as follows:

Name of company	Date of announcement or circular	Description of the acquisition	Upfront cash payments
United Overseas Insurance Limited	22 January 2020	Acquisition of 146 Robinson Road	S\$2,600,000, being 5% of the total purchase consideration
Chasen Holdings Limited	3 September 2020	Acquisition of industrial land for RM40,000,000	RM4,000,000, being 10% of the total purchase consideration
Raffles Education Corporation Limited	8 September 2020	Acquisition of 35.9% shareholding interests in Langfang Hezhong Real Estate Development Co., Ltd.,	RMB25,400,000, being 10% of the total purchase consideration
Cortina Holdings Limited	5 February 2021	Acquisition of the entire issued and paid-up share capital of Sincere Watch Limited.	S\$8,450,000, being 10% of the total purchase consideration
First Sponsor Group Limited	10 February 2021	Acquisitions of Double Wealthy Company Limited and Guangzhou Kaixiang Property Management Co., Ltd	RMB100,000,000, being 6.4% of the total purchase consideration
The Company	25 August 2021	The Proposed Acquisition	S\$10,000,000, being 13.3% of the Consideration

Source: The announcements and circulars published by the companies.

While the percentage of upfront cash payment for the Proposed Acquisition is higher than the percentage represented by the Precedent Upfront Cash Payments, we understand that this was because the Company has taken into consideration that the Seller Group had from time-to-time extended advances to Summit to fund the re-construction of the Summit Bottling Plant Facility after the Incident. As at the date of the Sale and Purchase Agreement, the re-construction of the Summit Bottling Plant Facility was still in progress. With the support of the Seller Group, as at the Latest Practicable Date, Summit has completed the re-construction of the Summit Bottling Plant Facility and commenced operations at a reduced capacity, with plans to increase its production capacity gradually. This reduces the risk to the Group as the Group now has assurance that it

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will be acquiring an operating bottling plant from the Seller. Had the re-construction not been completed as at the date of completion of the Proposed Acquisition, the Company would be acquiring a construction in progress bottling plant which (a) may not be completed in accordance with the indicative schedule (especially given the shortage of manpower in the Singapore construction industry due to COVID-19); (b) may not obtain the relevant permits and licences to commence operations; and (c) may not generate revenue for the Group upon completion of the Proposed Acquisition. Accordingly, the Company has agreed to a 13.3% upfront payment which is slightly higher than the 10% upfront payment for three (3) out of (5) Precedent Upfront Cash Payments as set out above.

5.6 THE COMPANY'S RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.1 of the Circular and we have also summarised the rationale in paragraph 3.5 of this IFA Letter.

In particular, we note that the Group expects to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to maintain its cost-competitiveness over the long run and at the same time, reducing the Group dependence on the Seller Group for the supply of bottled LPG cylinders.

We note from the Company's annual reports for FY2019 and FY2020 as well as its results announcement for HY2021 that the Group had purchases amounting to S\$23.16 million, S\$28.88 million and S\$16.90 million from the Target Companies in FY2019, FY2020 and HY2021 respectively.

The Group would have eliminated a substantial portion of its interested person transactions with the Seller Group upon completion of the Proposed Acquisition and profits of the Target Companies attributable to the purchases by the Group will also be consolidated to the Group.

5.7 PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The full text of the pro forma financial effects of the Proposed Acquisition is set out in Section 4 of the Circular and Shareholders are advised to read them carefully.

In summary, we note the following:

- (a) had the Proposed Acquisition been completed on 31 December 2020, the NTA per Share as at 31 December 2020 will decrease slightly by 5.7% from 16.70 cents to 15.75 cents. This was due mainly to merger reserves arising from the Proposed Acquisition; and
- (b) had the Proposed Acquisition been completed on 1 January 2020, the earnings per Share for FY2020 will increase significantly by 49.1% from 6.05 cents to 9.03 cents.



5.8 OTHER CONSIDERATIONS

In determining whether the Proposed Acquisition is on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders, we have also considered the following:

5.8.1 Control by Mr. Teo and his associates

Upon the completion of the Proposed Acquisition, Mr. Teo and his associates will collectively hold more than 75% of the Company's issued share capital and will be able to pass all ordinary and special resolutions on matters in which Mr. Teo and his associates do not have an interest and which are tabled for Shareholders' approval at a general meeting.

We also wish to highlight that, as set out in paragraph 4 of this IFA Letter, the collective shareholdings of Mr. Teo and his associates already exceed 50% of the Company's issued share capital as at the Latest Practicable Date and are able to pass all ordinary resolutions on matters in which Mr. Teo and his associates do not have an interest and which are tabled for Shareholders' approval at a general meeting.

5.8.2 Dilution to Independent Shareholders

The existing Independent Shareholders who hold 70,573,662 Shares, representing 30.8% interest in the capital of the Company as at the Latest Practicable Date, will have their shareholdings diluted to approximately 22.2% after the completion of the Proposed Acquisition.

5.8.3 Inter-conditionality

Shareholders should note that the resolutions in relation to the Proposed Acquisition and the proposed allotment and issue of the Consideration Shares to be tabled at the EGM are inter-conditional upon each other. Accordingly, in the event that any of the resolutions is not approved, the other resolutions will not be passed.

5.8.4 Abstention from recommendation and voting

Mr. Teo Kiang Ang and Mr. Teo Hark Piang, being interested persons under Chapter 9 of the Listing Rules, have abstained from making any recommendation to the Independent Shareholders on the resolutions in relation to the Proposed Acquisition and the proposed allotment and issue of the Consideration Shares.

Mr. Teo Kiang Ang and Mr. Teo Hark Piang will also abstain and shall procure that their respective associates will abstain, from voting on the on the resolutions in relation to the Proposed Acquisition and the proposed allotment and issue of the Consideration Shares, nor accept any nominations to act as proxy for any Shareholder in approving the resolutions in relation to the Proposed Acquisition and the proposed allotment and issue of the Consideration Shares at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.



6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the Proposed Acquisition:

- (a) the Companies Consideration is within the market value range of the Target Companies as opined by the Independent Valuer and the Vehicles Consideration is below the market value of the Commercial Vehicles as opined by the Independent Valuer;
- (b) the Companies Consideration represents a discount of S\$6.8 million (or 8.5%) to the highest market value range of the Target Companies as opined by the Independent Valuer and the Vehicles Consideration represents a discount of S\$0.6 million (or 27.3%) to the market value of the Commercial Vehicles as opined by the Independent Valuer;
- (c) the Issue Price represents a significant premium to the VWAPs of the Shares for the periods prior to and including the MOU Announcement Date as set out in paragraph 5.2 of this IFA Letter;
- (d) while the Issue Price represents discounts of between 7.2% and 31.9% to the VWAPs of the Shares for the 12 months periods prior to the SPA Announcement Date, Shareholders should note that the Shares have outperformed the Straits Times Index for the same period and continued to outperform the Straits Times Index for the period between the SPA Announcement Date and the Latest Practicable Date;
- (e) based on the assets-related ratios, the Proposed Acquisition is asset accretive to the Group;
- (f) based on the EV/EBITDA ratios, the Proposed Acquisition is earnings accretive to the Group;
- (g) while the P/NAV ratio of the Target Companies as implied by the Consideration is higher than the mean and median of the Selected Comparable Companies, the P/E ratio and EV/EBITDA ratio of the Target Companies (before earnings adjustments) as implied by the Consideration are lower than the range of the corresponding ratios of the Selected Comparable Companies. The P/E ratio and EV/EBITDA ratio of the Target Companies (after earnings adjustments) as implied by the Consideration are within the range of the corresponding ratios of the Selected Comparable Companies;
- (h) the higher percentage of upfront cash payment to the Seller has taken into consideration the advances extended by the Seller Group to Summit to fund the re-construction of the Summit Bottling Plant Facility after the Incident. With the support of the Seller Group, as at the Latest Practicable Date, Summit has completed the re-construction of the Summit Bottling Plant Facility and commenced operations at a reduced capacity, with plans to increase its production capacity gradually;

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- (i) the Group expects to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to maintain its cost-competitiveness over the long run and at the same time, reducing the Group dependence on the Seller Group for the supply of bottled LPG cylinders. In particular, we note that a substantial portion of the Group's interested person transactions with the Seller Group will be eliminated upon completion of the Proposed Acquisition and the profits of the Target Companies attributable to the purchases by the Group will also be consolidated to the Group;
- (j) based on the pro forma financial effects of the Proposed Acquisition as set out in Section 4 of the Circular, the NTA per Share as at 31 December 2020 will decrease slightly by 5.7% while the earnings per Share for FY2020 will increase significantly by 49.1%; and
- (k) other considerations set out in paragraph 5.8 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition, is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is prepared pursuant to Rule 921(4)(a) of the Listing Rules, and addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition, and the recommendation made by them to the Shareholders shall remain the responsibility of the Non-Interested Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Acquisition, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

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APPENDIX C – VALUATION SUMMARY LETTER



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29 November 2021

The Board of Directors
Union Gas Holdings Limited
89 Defu Lane 10
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Singapore 539220

**INDEPENDENT VALUATION SUMMARY LETTER
IN RELATION TO PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES
IN THE CAPITAL OF THE TARGET COMPANIES (AS DEFINED HEREIN) AND COMMERCIAL
VEHICLES (AS DEFINED HEREIN) AS A MAJOR TRANSACTION AND AN INTERESTED
PERSON TRANSACTION UNDER THE LISTING RULES (“PROPOSED ACQUISITION”)**

Dear Sirs/Madames,

1. Introduction

Mazars LLP (“Mazars” or “we”) have been engaged by Union Gas Holdings Limited (“UGH” or the “Client”) to perform an independent valuation exercise to estimate the Market Value range of the 100% share capital in Sembas (Asia) Trading Pte. Ltd. (“Sembas”), Sengas Supply Pte. Ltd. (“Sengas”), and Summit Gas Systems Pte. Ltd. (“Summit”) (collectively, the “Target Companies”) and 71 motor vehicles relating to the LPG Business (the “Commercial Vehicles”). The valuation exercise was performed as of 30 June 2021 (the “Valuation Date”).

This letter is addressed strictly to UGH and has been prepared solely for the purpose of disclosure as an appendix in the Client’s Circular to be issued in relation to the Proposed Acquisition. All capitalised terms used in this letter shall have the same meanings as ascribed to them in the Circular. This is a summary of the information contained in our independent business valuation report dated 29 November 2021 (the “**Valuation Report**”). Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

Our Valuation Report was prepared in accordance with the requirements of International Valuation Standards (“IVS”).

2. Terms of Reference

This letter and the Valuation Report do not constitute any opinion or an advice concerning the merits of any potential acquisition or investment and the fairness of the contemplated terms thereof. The decision to proceed with any acquisition, investment or divestment or otherwise based on the information contained in this letter and the Valuation Report belongs entirely to the Client. We assume no responsibility or liability for any loss suffered by any party as a result of their reliance on information contained in this letter and the Valuation Report.

Our valuation analysis is based on financial statements, management accounts and other inputs provided by the management of UGH (the “Management”). We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. The accuracy of such information is the sole responsibility of the Management. Our conclusion of value is conditional upon the completeness, accuracy and fair presentation of the information from the Management.

Mazars LLP
玛泽有限责任会计师事务所
Chartered Accountants of Singapore

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Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information. We assume no responsibility for the accuracy and the reasonableness of such information.

3. Valuation Approach and Methodology

This valuation exercise was performed on Market Value basis. Market Value is defined by the International Valuation Standards Council ("IVSC") as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

We have considered all three generally accepted valuation approaches, namely the income approach, the market approach and the cost approach.

Target Companies

On the basis that the Target Companies' operations are expected to continue for the foreseeable future, we have relied on the income approach and the market approach to estimate the Market Value range of the 100% equity interest in the Target Companies.

The value of the Target Companies is dependent on its ongoing operations rather than the current net book value of its tangible assets and liabilities. As such, we have not relied on the cost approach in this engagement.

We did not rely on the Guideline Transaction Method as the transaction multiples typically include deal specific synergy and conditions. We did not rely on the cost approach as it fails to capture the income-generating potential of the Target Companies.

Commercial Vehicles

We have relied on the market approach to derive the Market Value of 34 Commercial Vehicles which were registered after 2012 (i.e., less than 10 years old).

As it is very difficult to sell a motor vehicle which is 10 years old or more in Singapore and sellers will usually get the remaining value of their COE, we have relied on the cost approach for 37 Commercial Vehicles that were registered before 2012 (i.e., more than 10 years old).

4. Reliance on Information

In conducting our Valuation, we have held discussions with the Management and we have read information provided by them and other publicly available information, upon which our valuation analyses is based. Further, we have relied upon representations of UGH that all material information available to them with respect to Target Companies and Commercial Vehicles that is relevant for the purpose of our Valuation, has been disclosed to us.

In undertaking the Valuation, we considered, inter alia, the following:

- a) Financial forecast and supporting information for Target Companies for the period 1 July 2021 to 31 December 2024 (the "Projections"), as provided by Management.
- b) Audited financial statements of Target Companies for FY17 to FY20, as provided by Management.
- c) Unaudited management accounts of Target Companies for 6M21, as provided by Management.
- d) Financial Due Diligence Report on Target Companies dated 27 May 2021.



- e) Discussions with Management on Target Companies' business and Projections.
- f) List of motor vehicles to be acquired by UGH.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

5. Critical Assumptions

Our conclusions are primarily dependent on the following assumptions:

Target Companies

- Target Companies will be able to achieve the projected revenue growth rate and profit margins.
- Expected remaining capital expenditure to complete the reconstruction of the Summit bottling plant at 43 Jalan Buroh will remain within budget.
- The operations of the Target Companies will not be affected by unforeseen disaster (such as fire), disruptive technology, unforeseen competition or adverse government policies during the forecast period.
- Target Companies will continue to have sufficient liquidity and funding to continue its operations for the foreseeable future.
- Target Companies will maintain their operating rights to bottle and distribute LPG in Singapore.
- Relevant lease agreements will be extended upon its expirations and rental expenses reflected in the terminal value will be the Target Companies' rental expenses in FY24 increasing by inflation rate per annum.
- Successful completion of reconstruction of Summit bottling plant at 43 Jalan Buroh (which was still undergoing reconstruction as of Valuation Date) and resumption of its operations by end of FY21.
- There are no material undisclosed or contingent liabilities that have not been brought to our attention during the course of the engagement.

Commercial Vehicles

- We have assumed the Commercial Vehicles to be in working condition. We have not performed any site inspection or tests to determine the actual working condition of the Commercial Vehicles.
- We have assumed that all the Commercial Vehicles exists and the reported quantity for each item is accurate. Accordingly, our results are reported as indicative and the actual values could be materially different should the actual quantity of the items be materially different from that which we have assumed.



6. Key Risks and Limitations

We note the following key risks and limitations in our Valuation:

- We did not perform a site visit nor a stock count as part of the valuation exercise. As such, we do not give an opinion on the accuracy of the motor vehicle listing or the existence of the Commercial Vehicles.
- We have not performed any technical or operational due diligence on Target Companies.
- We have prepared this Valuation Report on the assurance that the operating rights to bottle and distribute LPG in Singapore are currently in good standing. We have not attempted to establish the legal status of the operating rights.
- We are not expressing an opinion on the commercial merits or structure of the Proposed Acquisition and neither are we required to nor have we conducted a comprehensive review of the business, operational or financial condition of Target Companies. Hence, this letter does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition.
- In arriving at our Valuation conclusion, we have not had regard to any general or specific investment objectives, financial situation or individual circumstances of any investor or potential investor and, accordingly, it may not be relied upon as such by any person.
- Our results depend on the Projections for Target Companies. However, when events and circumstances do not occur as expected, there may be differences between predicted and actual results, and those differences may be material.
- Our Valuation conclusion is based upon the information available as at the Valuation Date. Economic conditions, market factors and changes in the performance of Target Companies may result in our conclusions becoming outdated.
- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we have expressed our analysis as falling within a likely range.

7. Conclusion of Value

Based on the methodology and analysis as detailed in the Valuation Report, as of Valuation Date (i) the Market Value of the 100% share capital of Target Companies is estimated to be approximately **S\$72.3 million to S\$80.2 million** and (ii) the Market Value of the Commercial Vehicles is estimated to be approximately **S\$2.2 million**.

Our conclusion is based upon prevailing market, economic, industry, monetary and other conditions and information made available to us as of the date of the Valuation Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion to reflect events or developments subsequent to the issue of our final Valuation Report.

Yours sincerely

Mazars LLP

NOTICE OF EXTRAORDINARY GENERAL MEETING

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201626970Z)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Union Gas Holdings Limited (the “**Company**”) will be held by way of electronic means on 27 December 2021 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

Please refer to the paragraph titled “IMPORTANT INFORMATION” below for details.

*All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 10 December 2021 (the “**Circular**”).*

ORDINARY RESOLUTIONS

RESOLUTION 1 – THE PROPOSED ACQUISITION OF ALL THE ISSUED AND FULLY-PAID SHARES IN THE CAPITAL OF THE TARGET COMPANIES AND THE COMMERCIAL VEHICLES AS A MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION UNDER THE LISTING RULES (“PROPOSED ACQUISITION”)

THAT, subject to and contingent upon the passing of all other Resolutions set out herein, for the purposes of Chapter 9 and Chapter 10 of the Listing Rules:

- (a) approval be and is hereby given for the acquisition by the Company of the Target Companies and the Commercial Vehicles from the Seller, upon the terms and conditions of the Sale and Purchase Agreement entered into by the Company and the Seller, as the same may be or has been amended from time to time; and
- (b) the Directors of the Company and each of them be and is hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Acquisition) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed Acquisition.

RESOLUTION 2 – THE PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES TO THE SELLER AT THE ISSUE PRICE OF \$0.6881 PURSUANT TO THE PROPOSED ACQUISITION (“PROPOSED ALLOTMENT”)

THAT, subject to and contingent upon the passing of all other Resolutions set out herein and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore):

- (a) approval be and is hereby given for the proposed allotment and issue of 88,649,905 new Shares at the issue price of S\$0.6881 per Share, upon the terms and conditions of the Sale and Purchase Agreement;
- (b) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary or expedient for the purposes of or in connection with and to give effect to this resolution (including any execution of any agreement or documents and procurement of third party consents for the Shares).

BY ORDER OF THE BOARD

Ms Wong Yoen Har
Company Secretary
Singapore
10 December 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT INFORMATION

Shareholders of the Company (“**Shareholders**”) should take note of the following arrangements for the EGM:

- (a) **Participation in the EGM via Live EGM Webcast and Live EGM Audio Feed:** The EGM will be conducted by electronic means and Shareholders will not be able to attend the EGM physically. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the EGM proceedings by watching a “live” webcast (the “**Live EGM Webcast**”) or listen to a “live” audio feed (the “**Live EGM Audio Feed**”). Shareholders/Investors holding shares through relevant intermediaries (**other than SRS investors**) will not be able to pre-register for the “live” broadcast of the EGM. Such Shareholders/investors who wish to participate in the EGM proceedings should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.
- (b) **Live EGM Webcast and Live EGM Audio Feed:** All Shareholders who wish to follow the proceedings of the EGM will need to pre-register at <http://forms.uniongas.com.sg/board/EGM2021/egm-registration.html> (the “**Pre-registration Link**”) from now till 9.00 a.m. on 24 December 2021 (the “**Registration Deadline**”) for verification of their status as Shareholders (or the corporate representatives of such Shareholders) of the Company. Following successful verification, each Shareholder or its corporate representative(s) will receive an email confirmation (“**Confirmation Email**”) by 5.00 p.m. on 25 December 2021 containing instructions to access the live EGM proceedings.

Shareholders or their corporate representative(s) must not forward the abovementioned information to any other persons who are not shareholders and who are not eligible to attend the EGM. This is also to avoid any technical disruptions to the Live EGM Webcast or Live EGM Audio Feed due to overloading.

Shareholders or their corporate representatives who have registered by the Registration Deadline but do not receive the Confirmation Email by 5.00 p.m. on 25 December 2021 may contact the Company’s Share Registrar at email address srs.teamc@boardroomlimited.com.

- (c) **Submission of Questions in advance of the EGM:** Shareholders will not be able to ask questions “live” via the Live EGM Webcast. Shareholders who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the EGM to <http://forms.uniongas.com.sg/board/EGM2021/egm-registration.html>. Questions must be submitted by 9.00 a.m. on 22 December 2021 so that they may be addressed during the EGM proceedings. Shareholders or their representatives (in the case of shareholders which are legal entities) must state his/her full name and whether he/she is a shareholder or a representative of a shareholder which is a legal entity. Any question without the identification details will not be addressed. The Company shall address relevant and substantial questions (as may be determined by the Company in its sole discretion) received by 9.00 a.m. on 22 December 2021 prior to the EGM via SGXNet and/or during the EGM proceedings. The Company will publish the minutes of the EGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the EGM, and responses from the Company, on SGXNet within one (1) month after the date of EGM.
- (d) **Voting solely via appointing Chairman of the Meeting as Proxy:** Shareholders may only exercise their voting rights at the EGM via proxy voting. Shareholders who wish to vote on the resolution at the EGM must appoint the Chairman of the EGM as their proxy to do so on their behalf. In the Proxy Form, a shareholder should specifically direct the Chairman on how he is to vote for or vote against (or abstain from voting on) the resolution to be tabled at the EGM, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid. The instrument appointing the Chairman of the EGM as proxy must be deposited to the Share Registrar’s office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 or sent by email to srs.teamc@boardroomlimited.com not less than seventy-two (72) hours (i.e. by 9.00 a.m. on 24 December 2021), before the time appointed for holding the EGM. The Proxy Form can be downloaded from SGXNet (www.sgx.com). **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to srs.teamc@boardroomlimited.com.**
- (e) **Investors who hold through Relevant Intermediaries (including SRS Investors):** A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited (the “**CDP**”) at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Future Act, Chapter 289 of Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his proxy form seventy-two (72) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote at the EGM. SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by 9.00 a.m. on 16 December 2021), to ensure that their votes are submitted.

Access to documents or information relating to the EGM

In accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all documents and information relating to the business of the EGM (including the Circular and the Proxy Form) have been published on SGXNet (www.sgx.com). Printed copies will not be sent to Shareholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Further Updates

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the EGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the EGM. The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue holding its EGM amidst the COVID-19 situation.

Personal Data Privacy

By (a) submitting an instrument appointing the Chairman of the EGM as a proxy to vote at the EGM and/or any adjournment hereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the EGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholders' personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as a proxy for the EGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the EGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Shareholders received before the EGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201626970Z)

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this
Proxy Form)

IMPORTANT:

1. Shareholders who wish to vote on the resolution at the Extraordinary General Meeting ("EGM") must appoint the Chairman of the EGM as their proxy to do so on their behalf.
2. For investors who have used their SRS monies to buy Union Gas Holdings Limited's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. SRS investors who wish to appoint Chairman of the EGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the EGM to specify voting instructions and to ensure that their votes are submitted.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the EGM as Proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Proxy Form and Notice of Extraordinary General Meeting dated 10 December 2021.

*I/We, _____ (Name) _____ (NRIC/Passport/Co Reg No.)
of _____ (Address)

being a shareholder/shareholders* of **UNION GAS HOLDINGS LIMITED** (the "Company"), hereby appoint the Chairman of the EGM as *my/our *proxy to vote for *me/us on *my/our behalf at the EGM to be held by electronic means on 27 December 2021 at 9.00 a.m..

No.	Ordinary Resolutions relating to	No. of Votes For ⁽¹⁾	No. of Votes Against ⁽¹⁾	No. of Votes Abstain ⁽²⁾
1.	The Proposed Acquisition			
2.	The Proposed Allotment			

⁽¹⁾ Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (✓) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

⁽²⁾ If you wish the Chairman of the EGM as your proxy to abstain from voting a resolution, please tick (✓) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the EGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

Dated this _____ day of _____ 2021

Total Number of Shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM would be held by electronic means and therefore shareholders will not be able to attend the EGM in person. A shareholder (whether individual or a legal entity) must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM if such shareholder wishes to exercise his/her/its voting rights at the EGM. This proxy form has been made available on SGXNet (www.sgx.com). A printed copy of this proxy form will NOT be despatched to shareholders.
3. A shareholder who is a relevant intermediary entitled to vote at the EGM must appoint the Chairman of the EGM to attend and vote at the EGM instead of the shareholder. SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators at least seven (7) working days before the EGM (i.e. by 9.00 a.m. on 16 December 2021), to ensure that their votes are submitted. Where a shareholder (whether individual or a legal entity) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing the Chairman of the EGM as proxy must be deposited to the Share Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 or sent by email to srs.teamc@boardroomlimited.com not less than seventy-two (72) hours (i.e. by 9.00 a.m. on 24 December 2021), before the time appointed for holding the EGM. In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In the case of shareholder of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholder are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the EGM as a proxy to vote at the EGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with the Notice of EGM, or (c) submitting any question(s) prior to the EGM in accordance with the Notice of EGM a shareholder of the Company consents to the collection, use and disclosure of the shareholders' personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as a proxy for the EGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the EGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from shareholders received before the EGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.