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## LETTER TO SHAREHOLDERS

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**RH PETROGAS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198701138Z)

### Directors

Dato' Sri Dr Tiong Ik King (*Non-Executive and Non-Independent Chairman*)  
Mr Chang Cheng-Hsing Francis (*Group CEO and Executive Director*)  
Mr Tiong Kiong King (*Non-Executive Non-Independent Director*)  
Mr Yeo Yun Seng Bernard (*Independent Director*)  
Mr Lee Hock Lye (*Independent Director*)  
Mr Achmad Lukman Kartanegara (*Independent Director*)  
Ms Kuan Li Li (*Independent Director*)

### Registered Office

20 Harbour Drive  
#06-03  
Singapore 117612

13 April 2022

**To: The Shareholders** (the “Shareholders”) of RH Petrogas Limited (the “Company”)

Dear Sir/Madam

### The Proposed Grant of Options Under the RHP Share Option Scheme 2011 to Dato' Sri Dr Tiong Ik King (“Dr Tiong”)

#### 1. Introduction

We refer to the Notice of the Annual General Meeting (“AGM”) of the Company dated 13 April 2022 (the “Notice”), accompanying the Annual Report for the financial year ended 31 December 2021, convening the forthcoming AGM of the Company to be held by way of electronic means on 28 April 2022 at 10.00 a.m. and Ordinary Resolution 7 in the Notice (“**Ordinary Resolution 7**”) relating to the proposed grant of options under the RHP Share Option Scheme 2011 (the “Scheme”) to Dr Tiong on the following terms:

- (a) Proposed date of grant:
  - Within 5 business days from the date of the forthcoming AGM
- (b) Number of shares in the capital of the Company (the “Shares”) comprised in the proposed options:
  - Up to 1,000,000 Shares (representing approximately 0.12% of the total issued Shares as at 4 April 2022)
- (c) Exercise price per Share:
  - Up to 20% discount to the market price
- (d) Exercise period of options:
  - The period from the day after the second anniversary of the date of grant to the day falling before the fifth anniversary of the date of grant.

The Scheme was approved by shareholders at the Company's Extraordinary General Meeting held on 8 July 2011. The Scheme was extended by the shareholders at the Company's AGM held on 28 April 2021 (“**2021 AGM**”) for a period of 10 years up to 28 April 2031 (please refer to resolution 12 set out in the notice of the 2021 AGM dated 13 April 2021 (“**2021 AGM Notice**”) (SGXNET Announcement No. SG210412MEETEWZV) and the Company's announcement on 28 April 2021 (SGXNET Announcement No. SG210412MEETEWZV) in relation to the results of the 2021 AGM).

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At the 2021 AGM, shareholders' approval was given for options to be granted under the Scheme for the subscription of Shares at subscription prices which may, at the discretion of the committee administering the Scheme, be subject to a discount to the market price for the Shares prevailing at the date of grant of the respective options (such market price to be determined in accordance with the rules of the Scheme), provided that the maximum discount which may be given shall not exceed 20% of the relevant market price for the Shares applicable to that option (please refer to resolution 13 set out in the 2021 AGM Notice (SGXNET Announcement No. SG210412MEETEWZV) and the Company's announcement on 28 April 2021 (SGXNET Announcement No. SG210412MEETEWZV) in relation to the results of the 2021 AGM).

The rules of the Scheme may be found in the letter to shareholders dated 13 April 2021 (the "**2021 Letter**") (please refer to Company's announcement on 13 April 2021 (SGXNET Announcement No. SG210412MEETEWZV)).

### 2. Participation of Controlling Shareholders and their Associates in the Scheme

In the 2021 Letter, it was explained that pursuant to Rule 853 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the specific grant of options or awards under the Scheme to the Controlling Shareholders (as defined in the Listing Manual of the SGX-ST) and their Associates (as defined in the Listing Manual of the SGX-ST) will have to be approved by independent Shareholders in a general meeting of the Company in separate resolutions. It was further explained that persons who are Controlling Shareholders and their Associates shall not participate in the Scheme unless (a) written justification has been provided to shareholders for their participation at the introduction of the Scheme or prior to the first grant of options to them; (b) the actual number and terms of any options to be granted to them have been specifically approved by shareholders of the Company who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder; and (c) all conditions for their participation in the Scheme as may be required by the regulation of the SGX-ST from time to time are satisfied.

On the rationale and justification for participation of Controlling Shareholders and their Associates in the Scheme, the Company believes that as the Scheme is designed to reward, motivate and retain employees and directors who contribute to the growth and profits of the Company, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other employees and should not be excluded from benefiting under the Scheme solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. It is in the Group's interest that these participants who are actively contributing to the Group's progress and development are given the incentives to continue to remain with the Company and contribute towards the Group's future progress and development. In respect of the determination as to eligibility and grant of options or awards under the Scheme, the terms of the Scheme do not differentiate between employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other Directors and employees who are not such persons. As such, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other employees.

At the 2021 AGM, shareholders' approval was given for Dr Tiong to participate in the Scheme (please refer to resolution 14 set out in the 2021 AGM Notice (SGXNET Announcement No. SG210412MEETEWZV) and the Company's announcement on 28 April 2021 (SGXNET Announcement No. SG210412MEETEWZV) in relation to the results of the 2021 AGM).

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### 3. Rationale for Grant of Options under the Scheme to Dr Tiong

On the rationale for the grant of options under the Scheme to Dr Tiong, Dr Tiong was appointed a director of the Company on 7 March 1997 and Non-Executive Chairman since 31 March 2005 and was re-designated as Executive Director on 13 March 2008. On 2 March 2017, he was re-designated as a Non-Executive and Non-Independent Director and on 29 March 2018, he was appointed as Deputy Chairman. On 26 April 2019, Dr Tiong was appointed Non-Executive and Non-Independent Chairman of the Company. Dr Tiong is a medical doctor by training. The Rimbunan Hijau group is controlled by the Tiong family. Dr Tiong is also the Non-Executive Director and Chairman of the Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, and a Non-Independent Non-Executive Director of Jaya Tiasa Holdings Berhad, a publicly listed oil palm and timber company in Malaysia.

The Remuneration Committee and the Board (both excluding Dr Tiong and Mr Tiong Kiong King) are of the view that as the Scheme is designed to reward, motivate and retain employees and directors who contribute to the growth and profits of the Company, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other employees and should not be excluded from benefiting under the Scheme solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. It is in the Group's interest that these participants who are actively contributing to the Group's progress and development are given the incentives to continue to remain with the Company and contribute towards the Group's future progress and development. In respect of the determination as to eligibility and grant of options or awards under the Scheme, the terms of the Scheme do not differentiate between employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other Directors and employees who are not such persons. As such, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other employees.

The Remuneration Committee and the Board (both excluding Dr Tiong and Mr Tiong Kiong King) are of the view that with Dr Tiong's business acumen and finance experience, Dr Tiong provides leadership, management skills, business networks and market contacts to the Group as well as advice and directions to the Group on matters relating to the business proposals, prospective acquisition targets and financial policies. As a Non-Executive and Non-Independent Chairman of the Company, Dr Tiong plays a crucial role in setting and aligning the strategic directions and supporting major decisions concerning the Group's policies with regard to the business development, as well as its corporate development and future plans.

The Remuneration Committee and the Board (both excluding Dr Tiong and Mr Tiong Kiong King) are of the view that the grant of options under the Scheme to Dr Tiong is consistent with the Company's objectives to motivate its employees and Directors to achieve and maintain a high level of performance and contribution which are vital to the success of the Company. Although Dr Tiong already has a controlling shareholding interest in the Company, the extension of the Scheme to him will ensure that he is equally entitled, as with other employees and Directors who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his long term commitment to the Company. For the above reasons, the Remuneration Committee and the Board (both excluding Dr Tiong and Mr Tiong Kiong King) believe that Dr Tiong deserves, and should be granted the options under the Scheme as proposed under Ordinary Resolution 7.

As at 4 April 2022, Dr Tiong is deemed to be interested in 302,073,086 Shares by virtue of his shareholding in Woodsville International Limited, the holding company of Surreyville Pte Ltd., representing approximately 36.25% of the total number of issued Shares.

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### 4. Potential Cost of Issuing the Options

Singapore Financial Reporting Standards (International) 2 (“**SFRS(I) 2**”) relating to share-based payments for all listed companies took effect from 1 January 2005. Under SFRS(I) 2, the recognition of an expense in respect of options granted under the Scheme is required.

The expense will be based on the fair value of an option at each date of grant of the option under the Scheme and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the date of grant of an option under the Scheme, taking into account the terms and conditions of the grant of the option under the Scheme and recognised as a charge to the Company’s consolidated profit and loss statement over the period from the date of grant of the option under the Scheme to the vesting date (the “**Vesting Period**”), with a corresponding credit to the Company’s reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimated number of options under the Scheme that are expected to vest in each participant by the vesting date will be revised, and the impact of the revised estimate is recognised in the consolidated profit and loss statement with a corresponding adjustment to the Company’s reserve account. After the vesting date, no adjustment of the charge to the consolidated profit and loss account is made.

Under the Scheme, options are granted to grantees at a nominal consideration of S\$1.00 upon acceptance of the offer of the options under the Scheme.

Subject as aforesaid, as and when options under the Scheme are exercised, the cash inflow will add to the net tangible assets (“**NTA**”) of the Company and its share capital will grow. Since options under the Scheme may be granted with subscription prices set at a discount to the market price of the Shares prevailing at the time of the grant of such options under the Scheme, the amount of cash inflow to the Company on the exercise of options under the Scheme would be lower by the quantum of the discount given, as compared with the cash inflow which would have been received by the Company had the said options been granted at the market price of the Shares prevailing at the time of grant.

In the event that options under the Scheme are granted with subscription prices below the prevailing market price of the Shares, there will be a cost to the Company should the Options subsequently be exercised. On the assumption that all such options under the Scheme granted at a discount to the market price of the Shares are exercised, the costs to the Company are anticipated to be as follows:

- (a) the subscription price of an option under the Scheme at a discount to the market price of the Shares would translate to a reduction of the proceeds from the exercise of such options under the Scheme, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the market price of the Shares. Such a reduction of the exercise proceeds would represent the monetary cost of granting options under the Scheme;
- (b) as the monetary cost of granting options under the Scheme is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from a subscription price with no discount versus the discounted subscription price. Such a reduction would, accordingly, result in the dilution of the Company’s earnings per Share; and
- (c) the effect of the issue of new Shares upon the exercise of options under the Scheme on the Company’s NTA per Share is accretive if the subscription price is above the NTA per Share, but dilutive otherwise. The dilutive effect is greater if the subscription price is at a discount to the market price.

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5. Abstention from Voting and Action to be Taken by Shareholders

Specific Shareholders' approval will be sought at the forthcoming AGM for the grant of options under the Scheme to Dr Tiong, a Controlling Shareholder, of the Company, as set out in Ordinary Resolution 7. Dr Tiong is therefore interested in Ordinary Resolution 7.

Dr Tiong will abstain from making any recommendation as a Director and will abstain from voting on the Ordinary Resolution 7. Dr Tiong shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 7 unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which the votes are to be cast in respect of Ordinary Resolution 7.

As explained in the Notice, the forthcoming AGM is convened and is to be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended. In view of the COVID-19 restrictions imposed by the Government of Singapore, **members will not be able to attend the forthcoming AGM in person**. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the forthcoming AGM as his/her/its proxy to vote on his/her/its behalf at the forthcoming AGM. A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions. The instrument appointing a proxy must either be deposited at the Registered Office of the Company at 20 Harbour Drive, #06-03, Singapore 117612, or submitted to the Company by email to [info@rhpetrogas.com](mailto:info@rhpetrogas.com), by **10.00 a.m. on Tuesday 26 April 2022** (that is, not less than 48 hours before the time appointed for holding the forthcoming AGM). Members are strongly encouraged to submit the completed and signed PDF copies of their proxy forms to the Company via email.

6. Directors' Recommendation

The Directors (excluding Dr Tiong and Mr Tiong Kiong King) are of the opinion that the grant of options under the Scheme to Dr Tiong is in the best interests of the Company and Shareholders and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 7.

7. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given under this Letter to Shareholders and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter to Shareholders constitutes full and true disclosure of all material facts about the proposed grant of options under the Scheme to Dr Tiong, and the Directors are not aware of any facts the omission of which would make any statement in this Letter to Shareholders misleading. Where information in this Letter to Shareholders 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 this Letter to Shareholders in its proper form and context.

The SGX-ST assumes no responsibility for the contents of this Letter to Shareholders, including the correctness of any statements made or opinions expressed or reports contained in this Letter to Shareholders.

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8. Inspection of Documents

The following documents are available for inspection at the registered office of the Company at 20 Harbour Drive, #06-03, Singapore 117612 during normal business hours from the date of this Letter to Shareholders up to the date of the forthcoming AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for financial year ended 31 December 2021; and
- (c) the rules of the RHP Share Option Scheme 2011.

Yours faithfully

For and on behalf of the Board of Directors

Dato' Sri Dr Tiong Ik King  
Non-Executive and Non-Independent Chairman