UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201626970Z)

NON-BINDING MEMORANDUM OF UNDERSTANDING

---

1. THE PROPOSED ACQUISITION

1.1 Introduction

The board of directors (the "**Board**" or the "**Directors**") of Union Gas Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 29 December 2017 entered into a non-binding memorandum of understanding (the "**MOU**") with Semgas Supply Pte. Ltd. (the "**Vendor**") to acquire certain assets (the "**Assets**") from the Vendor (the "**Proposed Acquisition**"). The Assets refer to the business of the retail distribution of bottled liquefied petroleum gas ("**LPG**") cylinders and sale of LPG-related accessories to domestic households in Singapore.

The MOU is not intended to be legally binding between the Company and the Vendor (together, the "**Parties**"), except for the Vendor's agreement to sell the Assets, the Vendor's undertakings, exclusivity and confidentiality. As such, the Company's obligations to purchase the Assets shall be subject to the definitive agreements relating to the purchase of the Assets (the "**Definitive Agreements**") to be entered into between the Parties.

1.2 Information on the Assets and the Vendor

The Vendor, a wholly-owned subsidiary of Union Energy Corporation Pte. Ltd. ("**UEC**"), had on 31 August 2017 entered into an asset purchase agreement ("**APA**") with an unrelated third party, in relation to the acquisition of a LPG business in Singapore ("**LPG Business**"). The Assets, which comprise the business of the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to domestic households in Singapore, forms a small part of the LPG Business acquired by the Vendor. Pursuant to the APA, the transaction between the Vendor and the unrelated third party was completed on 29 December 2017.

Arising from the above acquisition, Mr. Teo Kiang Ang ("**Mr. Teo**"), who is the director of UEC, had notified the Company of the Assets which the Vendor had acquired from the unrelated third party. This was made pursuant to the non-competition deed which Mr. Teo had executed on 27 June 2017 in favour of the Company, as set out on page 182 of the offer document of the Company dated 13 July 2017.

1.3 Rationale of the Proposed Acquisition

The Company is engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore (the "**Retail LPG Business**"). The Company intends to further grow the distribution network and reach of its Retail LPG Business, and the Company believes that the Proposed Acquisition will allow the Company to expand its distribution network and customer base.

2. SALIENT TERMS OF THE MOU

2.1 Binding Effect

The Parties agree and acknowledge that the MOU is <u>not</u> intended to create legally binding obligations, except for, *inter alia,* the following which shall be legally binding:

2.1.1 the Vendor's agreement to sell the Assets;

2.1.2 the Vendor shall allow the Company to conduct legal and financial due diligence on the Assets (the "**Due Diligence Exercise**") to the satisfaction of the Company; and

2.1.3 the confidentiality undertakings by each of the Vendor and the Company, as set out in the MOU.

2.2 Exclusivity

The Vendor agrees that, during the period of three (3) months from the date of the Company's acceptance of the MOU (or such longer period as the Company may require for the purposes of the Due Diligence Exercise) (the "**Exclusivity Period**"), the Vendor will procure the person or persons controlling the Vendor or controlled by the Vendor directly or indirectly, to refrain from engaging in any discussions or negotiations with any person with respect to the sale and purchase of the Assets that will or is likely to impair, prevent or be competitive with, the Proposed Acquisition.

2.3 Conditions Precedent

The Proposed Acquisition is conditional upon, *inter alia,* the following conditions precedent and such other conditions precedent as the Company and the Vendor may require and agree on in the Definitive Agreements:

2.3.1 satisfactory results of the Due Diligence Exercise;

2.3.2 any approval of all relevant authorities and/or agencies, including the Singapore Exchange Securities Trading Limited, for the Proposed Acquisition; and

2.3.3 approval from the Board and, if applicable, the holders of the ordinary shares in the issued and paid-up share capital of the Company (the "**Shareholders**") for the Proposed Acquisition.

3. FURTHER ANNOUNCEMENT

The Company will make further announcement(s), in compliance with the requirements of Chapter 9 and Chapter 10 of Section B: Rules of Catalist of the Listing Manual (the "**Catalist Rules**"), when there are material developments in respect of the Proposed Acquisition.

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As mentioned in Paragraph 1.2 above, the Vendor is a wholly-owned subsidiary of UEC. UEC is a company which the Non-executive Chairman of the Company, Mr. Teo, and the Executive Director and Chief Executive Officer of the Company, Teo Soak Theng Alexis ("**Alexis Teo**") have shareholding interests in; and Mr. Teo is the director of UEC. Therefore, save for Mr. Teo and Alexis Teo, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorships and shareholdings in the Company.

5. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company as there is no certainty or assurance at the date of this Announcement that the Definitive Agreements will be entered into, or the Proposed Acquisition will be undertaken at all.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

6. RESPONSIBILITY STATEMENT

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

By Order of the Board

Teo Soak Theng Alexis
Executive Director and Chief Executive Officer
29 December 2017

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Announcement.*

This Announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Announcement, including the correctness of any of the statements or opinions made or reports contained in this Announcement.

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalist, Investment Banking, Singapore and Mr Lee Chee Cheong, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.