

UNION GAS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201626970Z)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF (I) SEMBAS (ASIA) TRADING PTE. LTD.; (II) SEMGAS SUPPLY PTE. LTD.; AND (III) SUMMIT GAS SYSTEMS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Union Gas Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 17 June 2020 regarding a non-binding memorandum of understanding entered into with Union Energy Corporation Pte. Ltd. (the “**Seller**” or “**UEC**”). The Board wishes to update that the Company has, on 24 August 2021, entered into a sale and purchase agreement (the “**SPA**”) with the Seller, pursuant to which the Seller has agreed to sell, and the Company and agreed to acquire, all the issued and paid up share capital of in Sembas (Asia) Trading Pte. Ltd., Semgas Supply Pte. Ltd., and Summit Gas Systems Pte. Ltd. (collectively, the “**Target Companies**”). Pursuant to the SPA, the Seller has also agreed to procure the sale of 71 commercial vehicles (the “**Commercial Vehicles**”) legally and beneficially owned by Semgas (S) Pte. Ltd. (“**Semgas (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 SPA (collectively, the “**Proposed Acquisition**”).
- 1.2. As at the date of this announcement (this “**Announcement**”), the Seller is a substantial shareholder of the Company with a 12.6% shareholding interest (inclusive of both direct and deemed interests) in the Company. It is also an associate of Mr. Teo Kiang Ang (Non-executive Chairman of the Company) and Mr. Teo Hark Piang (Executive Director and Chief Executive Officer of the Company) by virtue of their respective 61.89% and 12.55% equity interests in the Seller¹.
- 1.3. Accordingly, the Seller is an “interested person” for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), Section A: Rules of Mainboard (the “**Listing Rules**”) and the Proposed Acquisition is classified as an “interested person transaction” for the purposes of Chapter 9 of the Listing Rules and the Proposed Acquisition shall be subject to, *inter alia*, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened (the “**EGM**”).
- 1.4. The Board intends to convene an EGM in due course to seek approval and/or ratification from Shareholders for the Proposed Acquisition.

2. PROPOSED ACQUISITION

2.1. Information on the Seller and the Target Companies

- (a) Each of the Seller and the Target Companies are companies incorporated in Singapore. The Target Companies, Semgas (S) and Choon Hin are wholly-owned subsidiaries of the Seller.
- (b) The Seller and its subsidiaries (the “**UEC Group**”) are involved in the business of supplying and distributing liquefied petroleum gas (“**LPG**”) primarily to commercial and industrial customers, such as hotels, food establishments (such as restaurants and coffee shops) and factories (the “**LPG Distribution Business**”). They are also involved in the business of supplying bottled LPG cylinders (the “**LPG Bottling Business**”) and

¹ Mr. Teo Hark Piang is the son of Mr. Teo Kiang Ang and is accordingly his immediate family member for the purposes of the definition of “associate” under the Listing Rules.

the storage of LPG (the “**LPG Storage Business**”). The Group currently obtains its supply of bottled LPG cylinders solely from the UEC Group. These cylinders subsequently sold under the “Union” and “Sungas” brands pursuant to dealership agreements and a trademark licence.

By acquiring the entire equity interest in the Target Companies, it is intended that the Company will acquire the bottling plants and land at 43 Jalan Buroh Singapore 619490 and 2D Jalan Pesawat Singapore 619360, as well as substantially all LPG Distribution Business (as defined herein), and support infrastructure relating to the LPG Distribution Business (as defined herein) (including vehicles and storage depots)= currently owned by the Target Companies.

2.2. **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 Distribution 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 distribution 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 Distribution Business from UEC 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 distribution 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 refiling of LPG cylinders to non-Union affiliated entities.

The Proposed Acquisition could also see the Group acquiring a sizeable amount of support infrastructure, which may include an entire sales team or additional fleets of 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.

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

As an authorised dealer of bottled LPG cylinders for the UEC Group, the Group is also dependent on the UEC 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 our Group’s business volume requirements at prices which are competitive. By acquiring the LPG Bottling Business and LPG Storage Business, 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.

(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.

2.3. Salient terms of the SPA

A summary of the principal terms of the SPA is set out below:

Consideration : Subject to the adjustment provision below, S\$75,000,000 (the "**Consideration**") to be satisfied in the following manner:

- (a) 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 SPA;
- (b) 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);
- (c) S\$61,000,000 to be satisfied through the allotment of 88,649,905 ordinary shares of the Company (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 ("**Consideration Shares**"); and
- (d) 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 (as defined herein).

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 distribution business.

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 Company's shares done on the SGX-ST on 24 August 2021 (being the last full market day prior to which the SPA 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 Upfront Cash Consideration and the Remaining Cash Consideration shall be funded from the Company's internal resources.

Conditions Precedent : Completion of the Proposed Acquisition ("**Completion**") is subject to, *inter alia*, the following conditions precedent (the "**Conditions**"):

- (a) 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;

- (b) all necessary licences required to operate the bottling plant facility at 43 Jalan Buroh, Singapore 619490 being obtained by Summit Gas Systems Pte. Ltd. to the satisfaction of the Company (and not being withdrawn or revoked by third parties);
- (c) 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**”);
- (d) 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 this 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;
- (e) the delivery to the Company of a deed of discharge from DBS in relation to a charge over the shares of Sengas Supply;
- (f) the delivery to the Company the duly signed and executed vehicle purchase agreement in relation to the Commercial Vehicles;
- (g) the approval of the Shareholders, having been obtained at an extraordinary general meeting to be convened in respect of, amongst others:
 - i. the Proposed Acquisition;
 - ii. the interested person transaction contemplated herein;
 - iii. the issuance and allotment of the Consideration Shares for the Proposed Acquisition;
 - iv. a whitewash resolution which, when passed by independent Shareholders, would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Seller and parties acting in concert with them pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the “**Code**”) in connection with the issue of the Consideration Shares under the Proposed Acquisition (the “**Whitewash Resolution**”); and

and all other transactions contemplated herein and in connection therewith;

- (h) the Securities Industry Council (the “**SIC**”) having granted Mr. Teo Kiang Ang and his concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a

mandatory general offer under Rule 14 of the Code for the shares of the Company (the “**Shares**”) not held by them and their concert parties and from having to comply with the requirements of Rule 14 of the Code, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to Mr. Teo Kiang Ang; and (ii) the independent Shareholders approving at a general meeting of the Company, the Whitewash Resolution (as defined hereinafter); and

- (i) the receipt of the listing and quotation notice in respect of the Consideration Shares on the SGX-ST being obtained.

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.

Completion : The date of Completion shall be 28 February 2022 (the “**Completion Date**”), unless:

- (a) 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:
 - i. the third business day after all of the Conditions have been fully satisfied (or waived); or
 - ii. any other date agreed by Seller and the Company in writing; or
- (b) 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 (as the case may be and at its sole discretion and without prejudice to any other rights or remedies it has, including the right to claim damages for breach of this Agreement):

- (a) proceed to Completion;
- (b) defer Completion to a date no more than 60 days after the date on which Completion would otherwise have taken place; or
- (c) terminate the SPA 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).

Adjustment : In the event that the consideration for the Target Companies is not supported by the Valuation report which is based on the financial statements of the Companies for the half-year ended 30 June 2021 (“**Valuation Report**”), the consideration for the Target Companies shall be reduced proportionately to match the highest supported valuation

for the Target Companies stated in the Valuation report in the following manner and order:

- (a) first, through a reduction in the S\$61,000,000 to be satisfied through the allotment of Shares, further to which the number of Consideration Shares to be allotted and issued shall be reduced accordingly based on the issue price of S\$0.6881 per Consideration Share;
- (b) second, if the reduction in sub-paragraph (a) is insufficient, through a reduction in the Remaining Cash Consideration; and
- (c) third, if the reductions in sub-paragraphs (a) and (b) are insufficient, through a refund of the relevant proportion of the Upfront Cash Consideration.

Long-stop Date

: If any Condition is not fully satisfied (or waived by the Company in accordance with the SPA), then except for:

- (a) any provision of the SPA 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
- (b) any rights, remedies, obligations or liabilities of the parties that have accrued before termination,

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

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 (a) to (d) below shall apply:

- (a) the No Non-Trade Debts Condition shall be waived by the Company;
- (b) 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 Completion Date) ("**Outstanding Debts**") from the Remaining Cash Consideration;
- (c) 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
- (d) the Company shall be entitled to interest on the Short-fall Amount at a late interest rate of six (6) 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.

Limitation on liability

: The aggregate liability of the Seller for all Claims (as defined under the SPA), shall not exceed an amount equal to the Consideration.

The Seller shall not be liable for a Claim unless:

- (a) the Seller's liability in respect of such Claim (together with any connected Claims) exceeds S\$10,000; and
- (b) 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 (a) in the above) and all claims under the Tax Covenant, 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).

Termination : **Company's right to terminate**

The Company may by written notice given to the Seller any time only prior to the Completion terminate the SPA if any fact, matter or event whether existing or occurring on or before the date of the SPA 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 SPA including any breach of the covenants or other obligations of the Seller contained or referred to in the SPA;
- (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.

Seller's right to terminate

The Seller may by written notice given to the Company any time only prior to the Completion terminate the SPA if any fact, matter or event whether existing or occurring on or before the date of the SPA 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 SPA including any breach of the covenants or other obligations of the Company contained or referred to in the SPA; or
- (b) would constitute a breach of any of the warranties given by the Company.

Governing Law : Laws of Singapore.

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 UEC 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 UEC Group for the half year ended 30 June 2021, the net profits attributable to the Target Companies and the Commercial Vehicles, is approximately S\$8,705,000.

(c) Independent Valuation

As at the date of this Announcement, there is no available open market value of the Sale Shares as they are not publicly traded. The Company has commissioned an independent valuer (the "Valuer") to ascertain the market value of the Sale Shares (the "Valuation"). The finalised report for the Valuation will be issued by the Valuer and included in the circular to be issued in due course.

3. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING RULES

3.1. Relative Figures under Listing Rule 1006 and Classification of the Proposed Acquisition

- (a) The relative figures for the Proposed Acquisition computed on the bases set out in Listing Rule 1006 are as follows:

Rule 1006	Bases of calculation	Relative figure for the Proposed Acquisition
(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.	1.66% ⁽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 of shares.
(2) Computed based on the net profits attributable to the Target Companies and the Commercial Vehicles amounting to S\$8,705,000 for the half year ended 30 June 2021 and net profits of the Group of approximately S\$5,251,000, for the half year ended 30 June 2021.
(3) In accordance with Listing Rule 1003(3), the consideration used for the purpose of calculating the relative figure under Listing Rule 1006(c) is S\$81,772,852, computed based on the 88,649,905 Consideration Shares to be issued multiplied by the weighted average price of S\$0.7645 as at 24 August 2021 (the "Market Value"), being the last full market day prior to the execution of the SPA,

and the Upfront Cash Consideration, the Remaining Cash Consideration and consideration in respect of the Commercial Vehicles amounting to an aggregate of S\$14,000,000. The market capitalisation of the Company used is S\$175,046,000, which is computed based on the 228,968,392 Shares in issue multiplied by the Market Value.

- (4) Computed based on 88,649,905 Consideration Shares to be issued as partial satisfaction 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.

(b) 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..

4. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

- 4.1. The Company is an entity at risk within the meaning of Chapter 9 of the Listing Rules. As set out in paragraphs 1.2 and 1.3 above, as the Seller is an associate of Mr. Teo Kiang Ang (Non-executive Chairman of the Company) and Mr. Teo Hark Piang (Executive Director and Chief Executive Officer of the Company) by virtue of their respective 61.89% and 12.55% equity interests in the Seller, the Seller is an “interested person” for the purposes of Chapter 9 of the Listing Rules.
- 4.2. The value of this interested person transaction (“IPT”) is equivalent to the Consideration for the Sale Shares and the Commercial Vehicles, being S\$75,000,000, and is approximately 1.97% of the net tangible assets (“NTA”) of the Group as at 30 June 2021 (based on the latest unaudited consolidated NTA of the Group of S\$38,125,000 as at 30 June 2021).
- 4.3. As the value at risk of the Proposed Acquisition as an IPT exceeds 5.0% of the NTA of the Group, the Company is required to seek Shareholders’ approval for the Proposed Acquisition. Pursuant to Listing Rule 919, the UEC and its associates are required to abstain from voting on the resolution approving the Proposed Acquisition the EGM to be convened.
- 4.4. The Company had, at its annual general meeting held on 7 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 UEC Group (including the provision of maintenance and support services by the UEC 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). The current total for all the IPTs entered into with the UEC Group in the current financial year ending 31 December 2021 is S\$25,579,000 and the current total of all IPTs entered into by the Group for the same financial year is S\$25,725,000.
- 4.5. All members of the audit committee of the Board do not have any interests in the Proposed Acquisition and are accordingly deemed to be independent for the purposes of the Proposed Acquisition. The audit committee will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its independent minority Shareholders after considering the opinion of the independent financial adviser (the “IFA”) appointed in relation to the Proposed Acquisition, which will be set out in the circular to shareholders to be despatched to the Shareholders in due course.

5. DISPOSAL OF SUBSIDIARY SHAREHOLDING

The Company has been informed by Semgas Supply Pte. Ltd, a Target Company which directly holds 4,533,434 Shares representing 1.98% of the shareholding of the Company, that it intends to dispose all of its Shares in the Company so as to ensure that there will not be any subsidiary holdings after Completion pursuant to Section 21 of the Companies Act, Chapter 50 of Singapore, prior to Completion of the Proposed Acquisition.

6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 6.1. The *pro forma* financial effects of the Proposed Acquisition on the Company's share capital and the Group's NTA and earnings per Share ("EPS") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Acquisition.
- 6.2. The pro forma financial effects have been prepared based on the latest audited financial results of the Group for the financial year ended 31 December 2020, on the following bases and assumptions:
- (a) the computation takes into account estimated professional fees, costs and expenses that have been and/or will be incurred in relation to the Proposed Acquisition, amounting to S\$263,000;
 - (b) the Proposed Acquisition had been completed on 31 December 2020 for the purpose of illustrating the financial effects on the NTA; and
 - (c) the Proposed Acquisition had been completed on 1 January 2021 for the purpose of illustrating the financial effects on the EPS.

6.3. Share capital

	Number of Shares (excluding treasury shares)
As at 31 December 2020	228,929,780
Arising from transactions between 31 December 2020 and the date of this announcement	228,968,392
After the issuance of the Consideration Shares pursuant to completion of the Proposed Acquisition	317,618,297

6.4. NTA per Share

Assuming that the Proposed Acquisition was completed on 31 December 2020, the pro forma financial effects on the Group's NTA per Share would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ attributable to owners of the Company (S\$'000)	38,249	50,024
Number of issued ordinary shares in the capital of the Company	228,929,780	317,618,297

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA per Share (Singapore cents)	16.71	15.75

Note:

- (1) NTA means total assets less the sum of total liabilities and intangible assets.

6.5. EPS

Assuming that the Proposed Acquisition was completed on 1 January 2021, the pro forma financial effects on the Group's EPS would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings after income tax (S\$'000)	13,864	28,936
Number of issued ordinary shares in the capital of the Company	228,929,780	228,929,780
EPS (Singapore cents)	6.06	12.64

7. SHAREHOLDERS' APPROVALS AND EXTRAORDINARY GENERAL MEETING TO BE CONVENED

7.1. The Company will convene an EGM in due course to seek the approval from the independent Shareholders for the Proposed Acquisition as:

- (a) the Proposed Acquisition is an IPT pursuant to Chapter 9 of the Listing Rules, the value at risk of which is greater than 5% of the Group's NTA for the purposes of Listing Rule 906;
- (b) there will be an issuance of 88,649,905 Consideration Shares to the Seller, which is a substantial Shareholder and a corporation in whose shares the Company's directors (Mr. Teo Kiang Ang and Mr. Teo Hark Piang) have an aggregate interest of more than 10% for the purposes of Listing Rules 812(a) and (d);
- (c) the Proposed Acquisition is a major transaction pursuant to Chapter 10 of the Listing Rules, as the relative figures computed under Listing Rules 1006(c) and (d) exceed 20%, but do not exceed 100%; and
- (d) Mr. Teo Kiang Ang, as at the date of this Announcement, has a total effective shareholding interest of 44.9% in the Company. Pursuant to Rule 14 of the Code, Mr. Teo Kiang Ang, would be obliged to make a general offer under the Code for the Shares not owned by him if his interests in the Shares of the Company increase by more than 1% within a six (6) month period. As Mr. Teo Kiang Ang is deemed interested in the shareholding interests of the Seller by virtue of his 61.89% shareholding in the Seller, his effective shareholding interest would increase to 60.28% pursuant to the issuance of the Consideration Shares upon Completion. Accordingly, Mr. Teo Kiang Ang will be

seeking a whitewash waiver from the SIC of his obligation to make a mandatory general offer for the Shares not held by him further to issuance of the Consideration Shares to the Seller. The whitewash waiver will be subject to the approval of independent Shareholders at a general meeting of the Company and accordingly, the Whitewash Resolution will be put forth to the independent Shareholders for their consideration and approval at the EGM.

7.2. Listing Rule 919 requires that interested persons and their associates must not vote on any Shareholders' resolutions relating to the proposed interested person transactions. In view of the foregoing, Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and UEC will abstain and shall procure that their respective associates will abstain from voting on the resolutions relating to the Proposed Acquisition and the Whitewash Resolution at the EGM.

7.3. A circular which meets the disclosure requirements of the Listing Rules, setting out, amongst others, the terms of the Proposed Acquisition, the Valuation report, the opinion and recommendation of the IFA, together with a notice of the EGM to be convened, will be despatched to Shareholders in due course.

8. APPLICATION AND LISTING QUOTATION

8.1. The Company will be making an application to the SGX-ST for permission to deal in and for the listing and quotation of the Consideration Shares.

8.2. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the aforesaid securities on the Mainboard of the SGX-ST will be made in due course.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement and save for their respective shareholdings in the Company, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Proposed Acquisition.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition and accordingly, no service contracts in relation thereto will be entered into by the Company.

11. DOCUMENTS AVAILABLE FOR INSPECTION

11.1. Copies of the SPA will be available for inspection by Shareholders during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 89 Defu Lane 10, Union Gas House, Singapore 539220.

11.2. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at ir@uniongas.com.sg prior to making any visits to arrange for a suitable time slot for the inspection.

12. FURTHER ANNOUNCEMENTS

The Company will release such further announcements, in compliance with the requirements of the Listing Rules, as and when appropriate.

13. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Acquisition remain subject to, amongst others, the fulfilment of the conditions precedent under the SPA. There is no certainty or assurance that the conditions precedent for the Proposed Acquisition can be fulfilled, that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof.

Shareholders and potential investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with the shares of the Company.

BY ORDER OF THE BOARD
UNION GAS HOLDINGS LIMITED

Teo Hark Piang
Executive Director and Chief Executive Officer
25 August 2021
