
PROPOSED PARTIAL DISPOSAL OF KEY OPERATING SUBSIDIARIES
- UNITED OIL COMPANY PTE LTD AND PT PACIFIC LUBRITAMA INDONESIA

1. INTRODUCTION

- 1.1.** The Board of Directors ("**Board**" or "**Directors**") of United Global Limited ("**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 23 October 2018 and 23 April 2019 in relation to the non-binding memorandum of understanding with Repsol Lubricantes Y Especialidades, S.A. The Board wishes to announce that the Company has on 30 September 2019 entered into a share purchase agreement ("**SPA**") with Repsol Downstream Internacional S.A. ("**Purchaser**") for the proposed disposal of 14,959,600 shares ("**Sale Shares**") in United Oil Company Pte Ltd ("**UOC**"), comprising 40% of the issued and paid-up share capital of UOC ("**Proposed Disposal**"). Upon completion of the Proposed Disposal ("**Completion**"), the Company will hold 60.0% of the issued and paid up share capital of UOC.

2. THE PROPOSED DISPOSAL

2.1. Information relating to UOC

UOC was incorporated in Singapore on 13 March 1999, and has an issued and paid-up share capital of S\$14,019,700, comprising 37,399,000 ordinary shares, all of which are held collectively by the Company.

UOC holds 100.0% of the total issued share capital of Ichiro Corporation Co., Ltd and 95.0% of the total issued share capital of PT Pacific Lubritama Indonesia ("**PLI**") (but excluding that of Taiwan United Oil Co. Ltd ("**Taiwan United Oil**") (台灣油力特股份有限公司) and United Oil Australia Pty Ltd ("**United Oil Australia**") following the divestment of Taiwan United Oil and deregistration of United Oil Australia) (each a "**Group Company**" and collectively, the "**UOC Group**"). The Company's Non-Executive Chairman, Mr Edy Wiranto, and Mr Hartanto Budidharma hold the remaining 4.99% and 0.01% of PLI respectively.

As at the date of the SPA, the UOC Group is principally engaged in the manufacturing and distribution of lubricants.

Based on the Group's latest audited financial statements for the financial year ended 31 December 2018 ("**FY2018**") and the latest announced unaudited consolidated financial statements for the six-month financial period ended 30 June 2019 ("**6M2019**"):

- (a) The net book value of the UOC Group as at 31 December 2018 and 30 June 2019 was US\$26,962,000 and US\$29,128,000 respectively;
- (b) the net tangible asset value of the UOC Group as at 31 December 2018 and 30 June 2019 was US\$26,384,000 and US\$29,603,000, respectively; and
- (c) the net profit attributable to the UOC Group for FY2018 and 6M2019 was US\$7,484,000 and US\$4,756,000, respectively.

2.2. Information relating to the Purchaser

The Purchaser is a company incorporated under the laws of Spain with registered tax identification number A28165314. It is a subsidiary of Repsol S.A. ("**Repsol**"), an international oil and gas company listed on the Madrid Stock Exchange (Bolsa de Madrid). The Purchaser is principally engaged in the production and marketing of oil derivatives.

The Purchaser is an independent and unrelated third party. The Company and its Directors and controlling shareholders are not related to the Purchaser.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 (a) Consideration

The total consideration for the Sale Shares ("**Consideration**") is calculated based on the Initial Consideration (as defined below) less the Completion Estimated Net Debt (as defined below), as adjusted ("**Adjustments**") to take into account (i) the variation in the position between the Final Net Debt (as defined below) and the Completion Estimated Net Debt, and (ii) the variation in the position between the Final Working Capital (as defined below) from the Reference Working Capital (as defined below), plus the Earnout Amount or the Anticipated Earnout Amount, as the case may be (as defined in Paragraph 3.2 below).

Total consideration:

	US\$	
Initial Consideration or Enterprise Value at 40%	36,500,000	(as defined in this Paragraph 3.1) and subject to net debts and working capital adjustments at completion
Deferred Consideration or Earnout Amount	10,000,000	(as defined in Paragraph 3.2 below)
Total	46,500,000	

As at the date of completion of the Proposed Disposal ("**Completion**") ("**Completion Date**"), the completion amount ("**Completion Amount**") to be paid by the Purchaser is derived by subtracting an amount equal to 40% of the estimated net debt of UOC Group as at Completion ("**Completion Estimated Net Debt**") from the "**Initial Consideration**" of US\$36,500,000, (which is calculated based on 40% of the Enterprise Value of UOC Group) as shown below:

<div>Completion Amount</div> <div>= Enterprise Value at 40% [US\$36,500,000] - Completion Estimated Net Debt</div>
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In accordance with terms of the SPA, the Consideration shall be satisfied as follows:

- (i) the Completion Amount shall be paid to the Company at Completion;

- (ii) any Adjustments to the Completion Amount (as to which, see Paragraph 3.1(b) below), based on the consolidated management accounts of the UOC Group as at Completion, shall be paid to either the Company (by the Purchaser) or to the Purchaser (by the Company), within five (5) days after the Adjustments are determined in accordance with the terms of the SPA; and
- (iii) the Earnout Amount or the Anticipated Earnout Amount shall be paid in accordance with Paragraph 3.2 below.

All payments shall be effected by crediting for same day value to the relevant payee's account as specified in the SPA by way of irrevocable telegraphic transfer on the due date for payment.

The Consideration was arrived at after arms' length negotiations, on a willing-buyer, willing-seller basis, after taking into consideration *inter alia*, the net assets value of the UOC Group, the strategic value of the UOC Group to Repsol and *vice versa*, and the potential earnings quality of the UOC Group.

Repsol has performed feasibility studies, and due diligence investigations, into the UOC Group's existing business and operations. The Repsol in-house merger & acquisition team has also explored with the Company the potential synergies between Repsol and the UOC Group on an extended basis. The parties then negotiated the valuation and terms to derive the disposal consideration. No independent formal valuation was conducted on UOC Group by the Company for the purpose of the Proposed Disposal.

(b) Adjustments to Completion Amount

Pursuant to the SPA, the Completion Amount will be subject to Net Debt Adjustment and Working Capital Adjustment (as shown in the formula below), in view that any excess or deficit may arise from the net debt component and working capital component as at Completion Date.

$\begin{aligned} \text{Consideration} &= \text{Completion Amount} - \text{Final Net Debt at 40\%} \\ &+ \\ &\text{Final Working Capital at 40\%} - \text{Reference Working Capital at 40\%} \end{aligned}$
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For the purpose of computing the Adjustments,

"Adjustments" means the difference between the Working Capital Adjustment and the Net Debt Adjustment.

"Completion Estimated Net Debt" has the meaning ascribed to it above.

"Final Net Debt" refers to the net debt as at Completion, calculated by summing the bank borrowings and debt-like items which includes, *inter alia*, dividend payable, pension liabilities etc less total cash and cash-equivalents.

"Final Working Capital" refers to the working capital as at Completion, and shall be determined as at the Completion Date based on the Current Assets less the Current Liabilities, where:

- **"Current Assets"** means the amount equivalent to the sum of, amongst others, trade receivables, allowance for doubtful debts, other receivables, other deposits, prepayments and deferred payment, non-corporate tax income tax receivables, and inventory, in the consolidated management accounts of the UOC Group to be prepared at the end of a calendar month, including (1) statement of profit or loss and other comprehensive income; (2) statement of financial position; (3) statement of changes in equity; and (4) statement of cash flow ("**Completion Accounts**"); and
- **"Current Liabilities"** means the amount equivalent to the sum of, amongst others, trade payables, other payables, accruals, non-corporate tax payables in the Completion Accounts.

"Net Debt Adjustment" means the difference between the Final Net Debt and the Completion Estimated Net Debt.

"Reference Working Capital" refers to the expected working capital of the UOC Group of US\$21,100,000 as at the Completion Date.

"Working Capital Adjustment" means the difference between the Final Working Capital and the Reference Working Capital.

The Adjustment mechanism is as follows:

- (i) if the Adjustment is positive, the Purchaser shall pay to the Company an amount equal to 40% of the difference between the Working Capital Adjustment and the Net Debt Adjustment; or
- (ii) if the Adjustment is negative, the Company shall pay to the Purchaser an amount equal to 40% of the difference between the Working Capital Adjustment and the Net Debt Adjustment; or
- (iii) if the Adjustment is zero, no further payment shall be required by either party.

As at the date of the announcement, no Adjustments to the Completion Amount have been determined. For the purpose of the computation of the relative figures under Rule 1006 of the Catalist Rules, the Company estimates (based on the unaudited announced financial results for the 6 months period ended 30 June 2019) that the Adjustments attributable to the Sale Shares may be a positive US\$109,000.

3.2 Deferred Consideration or Earnout Amount

The Purchaser will pay the Company a deferred consideration with payment of up to US\$10,000,000 (the **"Deferred Consideration"** or the **"Earnout Amount"**), if the UOC Group achieves a contribution margin near to or exceeding US\$34,200,000 (the **"Earnout Contribution Margin Target"**) for the financial period between 1 January 2023 to 31 December 2023 (the **"Earnout Period"**), as follows:

- (i) US\$10,000,000, if the contribution margin of the UOC Group at the end of the Earnout Period as determined in accordance with the SPA (the **"Final Earnout**

Contribution Margin") is equal to or greater than 110% of the Earnout Contribution Margin Target;

- (ii) US\$5,000,000, if the Final Earnout Contribution Margin of the UOC Group during the Earnout Period is equal to 100% of the Earnout Contribution Margin Target; and
- (iii) nothing, if the Final Earnout Contribution Margin of the UOC Group during the Earnout Period is equal to or below 90% of the Earnout Contribution Margin Target.

The Earnout Amount shall be calculated in accordance with the thresholds set out above on a sliding-scale basis if the Final Earnout Contribution Margin of the UOC Group falls between 90.01% to 109.99% of the Earnout Contribution Margin Target during the Earnout Period. In no circumstances may the Earnout Amount exceed US\$10,000,000 or be a negative number.

Deadlock Situation

If a Deadlock Situation arises between 1 January 2022 and 31 December 2023 that cannot be resolved within sixty (60) days of the service of the Deadlock Notice, resulting in the termination of the Shareholders' Agreement (as defined in Paragraph 3.5 below), the Earnout Amount shall be revised (such revised Earnout Amount being the "**Anticipated Earnout Amount**") and determined as follows:

- (a) if the Deadlock Situation arises between 1 January 2022 and 31 December 2022, the Anticipated Earnout Amount shall be:
 - i. US\$5,000,000, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 1 is equal to or greater than 110% of the Anticipated Earnout Target 1;
 - ii. US\$2,500,000, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 1 is equal to 100% of the Anticipated Earnout Target 1; and
 - iii. nothing, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 1 is equal to or below 90% of the Anticipated Earnout Target 1,

as determined in accordance with the SPA and with reference to the consolidated audited accounts of the UOC Group for the UOC Group's financial year 2021, which shall be delivered by the Company to the Purchaser along with a Proposed Final Earnout Contribution Margin and the proposed Anticipated Earnout Amount to be paid ("**Proposed Anticipated Earnout Amount**"), or

- (b) if the Deadlock Situation arises between 1 January 2023 and 31 December 2023, the Anticipated Earnout Amount shall be:
 - i. US\$7,500,000, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 2 is equal to or greater than 110% of the Anticipated Earnout Target 2;
 - ii. US\$3,750,000, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 2 is equal to 100% of the Anticipated Earnout Target 2; and

- iii. nothing, if the Final Earnout Contribution Margin of the UOC Group during the Anticipated Earnout Period 2 is equal to or below 90% of the Anticipated Earnout Target 2,

as determined in accordance with the SPA and with reference to the consolidated audited accounts of the UOC Group for the UOC Group's financial year 2022, which shall be delivered by the Company to the Purchaser along with a proposed Final Earnout Contribution Margin and the Proposed Anticipated Earnout Amount.

Each of the Anticipated Earnout Amount in paragraphs (a) and (b) above shall be calculated in accordance with the above on a sliding-scale basis if the Final Earnout Contribution Margin of the UOC Group falls between 90.01% to 109.99% of the Anticipated Earnout Target 1 or Anticipated Earnout Target 2 (as may be applicable) during the Anticipated Earnout Period 1 or Anticipated Earnout Period 2 (as may be applicable). In no circumstances may the Anticipated Earnout Amount exceed US\$5,000,000 in the case of the Anticipated Earnout Amount in paragraph (a) and US\$7,500,000 in the case of the Anticipated Earnout Amount in paragraph (b), or be a negative number in either case.

Where:

"Deadlock Situation" refers to either of the following situations:-

- (a) when a resolution is proposed at two (2) separate consecutive duly convened meetings of the Shareholders or the Board of Directors, as the case may be and in each instance, either the Purchaser (or a director appointed by the Purchaser) or the Company (or a director appointed by the Company) votes against or abstains from voting on the resolution (unless one of their number proposed the resolution in question); or
- (b) when a Shareholder refuses to ensure that the necessary quorum for a meeting of the Shareholders is achieved pursuant to the procedures set out in the Shareholders' Agreement or the Directors appointed by that Shareholder refuse to ensure that the necessary quorum for a Board Meeting is achieved pursuant to the procedures set out in the Shareholders' Agreement (such that in each case the relevant meeting has been adjourned twice with no quorum being present).

"Anticipated Earnout Period 1" means the period between 1 January 2021 to 31 December 2021

"Anticipated Earnout Period 2" means the period between 1 January 2022 to 31 December 2022

"Anticipated Earnout Target 1" means US\$25,800,000

"Anticipated Earnout Target 2" means US\$30,900,000

"Deadlock Notice" refers to the notice that any Shareholder shall be entitled to serve on the other Shareholder a notice within fifteen (15) days of a Deadlock Situation having arisen, a copy of such notice to be given to the Board, to declare that a Deadlock Situation has arisen.

"Earnout Contribution Margin" shall be determined based on the total sales generated by the UOC Group, less the costs of goods sold and selling and distribution expenses, and adding the amortization of research and development and depreciation of plant, property

and equipment utilized for the manufacturing operations of the UOC Group. Certain items are excluded in the computation of the Final Earnout Contribution Margin. These items include, *inter alia*, sales generated outside the normal course of business and non-core business sales for instance rental income, non-recurring income, profit from opportunity trading business and revenues generated from commercialization of Repsol products in countries other than Indonesia, Singapore, Malaysia or Vietnam.

"Final Earnout Contribution Margin" means the Earnout Contribution Margin determined as at the end of the Earnout Period (or Anticipated Earnout Period 1 or Anticipated Earnout Period 2, as may be applicable).

3.3 Payment of the Earnout Amount

Within thirty (30) days of the issuance of the consolidated audited accounts of the UOC Group for the financial year 2023, the Company shall deliver them to the Purchaser along with a proposed Final Earnout Contribution Margin ("**Proposed Final Earnout Contribution Margin**") and the proposed Earnout Amount (if any) to be paid ("**Proposed Earnout Amount**").

The Purchaser shall have a period of sixty (60) days, after delivery of the Proposed Final Earnout Contribution Margin and the Proposed Earnout Amount by the Company (the "**Earnout Review Period**"), to review the same and to notify the Company of any dispute or disagreement it may have indicating, with a reasonable level of detail, the reasons, elements and amounts in relation to which the Purchaser disagrees or maintains a certain position in respect of any item (the "**Earnout Dispute Notice**"). During the Earnout Review Period, the Company shall provide access to all information required by the Purchaser or its advisors.

If, by the expiry of the Earnout Review Period, no Earnout Dispute Notice is received by the Company, or the Purchaser has notified the Company that there are no items it wishes to dispute, then the Proposed Final Earnout Contribution Margin and the Proposed Earnout Amount shall be final and binding on the Company and the Purchaser.

If an Earnout Dispute Notice is notified by the Purchaser to the Company, as to any item in dispute, the Company and the Purchaser shall negotiate in good faith in order to come to an agreement as to the amount of the Final Earnout Contribution Margin and the Earnout Amount within twenty (20) days of receipt of the Earnout Dispute Notice by the Company (the "**Earnout Dispute Period**"). Any agreement or resolution arising from the negotiations shall be final and binding on the Company and the Purchaser.

If, by the expiry of the Earnout Dispute Period, any items under dispute remain unresolved, either the Company or the Purchaser may, upon delivery of written notice to the other party (the "**Earnout Resolution Request**"), within five (5) days after the expiration of the Earnout Dispute Period, require that such unresolved items be submitted to an independent auditor (the "**Earnout Auditing Firm**") and submit the same to the Earnout Auditing Firm for resolution.

Within ten (10) days after (i) the date in which the Proposed Final Earnout Contribution Margin has been considered as final and binding as pursuant to the SPA or (ii) the date as agreed by the Company and the Purchaser or (iii) the Earnout Auditing Firm's decision, the Purchaser shall prepare and send to the Company a statement (the "**Final Earnout Contribution Margin Statement**") comprising the figures (either as agreed or as determined by the Earnout Auditing Firm) of: (a) the Final Earnout Contribution Margin, and (b) the Earnout Amount.

Within fifteen (15) days following the delivery of the Final Earnout Contribution Margin Statement by the Purchaser to the Company, the Purchaser shall pay the Earnout Amount (if any) to the Company (subject to any right of set-off that the Purchaser may have accrued under the SPA).

3.4 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, *inter alia*, the following conditions ("**Conditions**") being satisfied or waived in accordance with the SPA:

- a. there being no material breach of any representation and warranty made by the Company contained in the SPA as of the date of the SPA and as of the Completion Date. "**Material breach**" means a breach of any representation and warranty made by the Company contained in the SPA which results, as at Completion, in a reduction or prospective reduction of the net asset value of the UOC Group of US\$250,000 or more;
- b. provision of evidence satisfactory to the Purchaser of the valid and effective winding up and liquidation and/or disposal of (i) Taiwan United Oil Co. Ltd (台灣油力特股份有限公司) and (ii) United Australia Pty Ltd or the transfer of these companies from UOC to the Company on terms satisfactory to the Purchaser that no accrued or contingent liabilities relating to those companies remain with UOC;
- c. the Company having obtained the shareholders' approval at an extraordinary general meeting to be held and having complied with all legal and regulatory requirements (including the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the Proposed Disposal;
- d. provision of evidence satisfactory to the Purchaser of the complete and effective unwinding, termination or rescission by UOC, PLI and any subsidiary of the UOC Group of any commercial dealings (whether in writing or otherwise) with any Sanctioned Person or Sanctioned Country;
- e. there being no event of Force Majeure (as defined in the SPA) occurring between the date of SPA and the Completion Date which has a material adverse effect on any company within the UOC Group. "Material adverse effect" means any circumstances or events which results in or is likely to result in a material adverse effect on the business, or the assets, or operations of any company within the UOC Group, not being a circumstance or event affecting generally all companies carrying on similar businesses in countries in which a company within the UOC Group carries on business to a like extent, which in the reasonable opinion of the Purchaser individually or in the aggregate causes or is likely to cause the net asset value of the UOC Group to decrease by more than US\$800,000 over three (3) years;
- f. evidence of renewal and/or extension of all distribution agreements to which PLI is a party that have expired but where PLI is continuing to distribute products through such distributor; and evidence of registration of these distribution agreements and all other distribution agreements to which PLI are party with the Ministry of Trade in Indonesia, along with the signed statement letter from each agent and/or distributor stating that it is the appointed agent and/or distributor for the principal;
- g. evidence of cancellation of and/or full satisfaction of the debt amounting to US\$7,167,000 owing from UOC to the Company; and

- h. copies of the duly executed management services agreements between the Company and UOC and PLI respectively reflecting the revised management fees payable to the Company as agreed between the Company and the Purchaser.

3.5 Shareholders' Agreement

On Completion, the Purchaser and the Company will also enter into a shareholders' agreement in connection with their rights and obligations in UOC ("**Shareholders' Agreement**"). In particular, the Shareholders' Agreement provides that:

- (a) The Company and the Purchaser shall procure that UOC distributes each year a minimum amount of thirty percent (30%) of the audited after-tax net profits for the previous financial year, provided that UOC has satisfied its programmed, due and payable debt-payments for the current financial year at the time such dividend or distribution is made and has made appropriate and prudent reserve for capital expenditures and other future investments as contemplated in its annual business plan and strategic business plan, working capital and similar purposes, and reimbursement of any shareholder loans, as may be proposed by the directors of UOC and decided by the Company and the Purchaser at a general meeting of UOC;
- (b) Neither the Company nor the Purchaser shall transfer, whether directly or indirectly, any of its shares in UOC for a period of four (4) years from the Completion Date, unless the prior written consent of the other party has been obtained; and
- (c) In the event Mr Wiranto, Mr Jacky Tan Thuan Hor and Ms Ety Wiranto collectively hold fifty percent (50%) or less of the total issued share capital of the Company (subject to certain specified exemptions), or if Mr Jacky Tan Thuan Hor ceases to be the Chief Executive Officer of the UOC for any reason other than death, incapacity or repudiatory conduct of UOC within 5 years from the Completion Date, or if any of the controlling shareholders of the Company is convicted of any offence involving dishonesty, fraud or corruption, the Company shall compulsorily transfer all its shares in UOC to the Purchaser at a selling price which shall be the reasonable value as determined by an independent expert chosen by the Company from a list of three experts provided by the Purchaser. This is subject, amongst others, to the requirements of the Catalist Rules and the Company will seek shareholders' approval in accordance with the Catalist Rules if required.

4 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The proforma financial effects of the Company after the Proposed Disposal set out below are for illustrative purposes only and do not reflect the actual future financial position and performance of the Company or the Group following the Completion of the Proposed Disposal.

The financial effects of the Proposed Disposal on the Group are prepared based on the Group's audited consolidated financial statements for FY2018 and the estimated Consideration of approximately US\$36,500,000. The estimated Consideration was calculated based on the Initial Consideration of US\$36,500,000, assuming no Adjustments and excluding the Earnout Amount.

For the purpose of computing the earnings per share (“**EPS**”) of the Group after the Proposed Disposal, it is assumed that the Proposed Disposal was completed on 1 January 2018. For the purpose of computing the net tangible assets (“**NTA**”) per share and gearing of the Group, it is assumed that the Proposed Disposal was completed on 31 December 2018.

For avoidance of doubt, such financial effects do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 1 January 2019 and (ii) the expenses incurred in relation to the Proposed Disposal.

4.1 Share Capital

As at the date of this announcement, the issued and paid-up capital of the Company is S\$28,720,112 comprising 316,211,360 issued ordinary shares in the capital of the Company (“**Shares**”). The Company does not hold any treasury shares. As the Proposed Disposal does not involve the issue and allotment of any new Shares, the Proposed Disposal will have no effect on the share capital of the Company.

4.2 NTA

Assuming that the Proposed Disposal was completed on 31 December 2018, the effect of the Proposed Disposal on the NTA per Share of the Group for FY2018 would be as follows:

As at 31 December 2018	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ attributable to the owners of the Company (US\$' 000)	35,828	100,740 ⁽²⁾
Number of Shares	316,211,360	316,211,360
NTA per Share (US cents)	11.33	31.86

Note:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests).
- (2) NTA Includes (i) estimated gain on disposal of the Sale Shares of US\$27.2 million; and (ii) gain on remeasurement of the remaining 60.0% UOC shares of US\$40.7 million due to de-consolidation.

4.3 EPS

Assuming that the Proposed Disposal was completed on 1 January 2018, the effect of the Proposed Disposal on the EPS of the Group for FY2018 would be as follows:

FY2018	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to owners of the Company (US\$'000)	7,599	75,032 ⁽¹⁾
Weighted average number of Shares	316,211,360	316,211,360
EPS (US cents)	2.40	23.73

Note:

- (1) Includes (i) estimated gain on disposal of the Sale Shares of US\$27.2 million; and (ii) gain on remeasurement of the remaining 60.0% UOC shares of US\$40.7 million due to de-consolidation.

4.4 Gearing

This is not meaningful as the Group is in a net cash position both before and after the Proposed Disposal.

5 **RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES**

The Proposed Disposal is governed by Chapter 10 of the Catalist Rules. The relative figures for the Proposed Disposal is computed on the bases set out in Rule 1006 of the Catalist Rules based on the Group's latest announced unaudited consolidated financial statements for 6M2019, are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	29.2%
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits ⁽²⁾	41.3%
(c)	The aggregate value of the Consideration received, compared with the Company's market capitalisation ⁽³⁾	43.3%
(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	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Pursuant to Rule 1002(3)(a) of the Catalist Rules, "net assets" is defined as total assets less total liabilities. The Group's net assets as at 30 June 2019 was US\$41.2 million and UOC Group's net assets attributable to the Sale Shares as at 30 June 2019 was US\$12.0 million.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profits before income tax, minority interests and extraordinary items. The Group's profit before tax for 6M2019 was US\$5.5 million and UOC Group's profit before tax attributable to the Sale Shares for 6M2019 was US\$2.3 million.
- (3) Based on the Consideration of US\$46,609,000 which includes the Initial Consideration of US\$36,500,000 and the aggregate of a positive Net Debt Adjustment and Working Capital Adjustment attributable to the Sale Shares of US\$109,000 as of 30 June 2019 and maximum Earnout Amount of US\$10,000,000 (being approximately S\$64,404,000 based on an exchange rate of US\$1:S\$1.3818) and the Company's market capitalisation of approximately S\$148,619,000 on 23 September 2019 (being the last market day preceding the date of the SPA), computed based on the Company's volume weighted average price of S\$0.47 per Share and the Company's issued and paid-up capital of 316,211,360 Shares.
- (4) This is not an acquisition.
- (5) The Company is not a mineral, oil and gas company.

As the relative figures computed on the basis set out above exceed 5% but does not exceed 50%, the Proposed Disposal is a "discloseable transaction" under Rule 1010 of the Catalist Rules.

6 EXTRAORDINARY GENERAL MEETING

6.1 Extraordinary General Meeting

Following the Proposed Disposal, the Company will account for the UOC Group as a joint venture in their financial statements, as UOC will be considered an entity jointly controlled by the Company and Repsol. Upon Completion, the Company will report its interests in the UOC Group in its quarterly financial results announcements as a line item in its profit and loss statements as "Share of profits of joint venture" and a corresponding entry in its balance sheet as "Investment in joint venture". Additional disclosures may also be made to provide more clarity on the business performance of the UOC Group, at the reasonable discretion of the Board. The Company will also report its interests in the UOC Group in accordance with the Singapore Financial Reporting Standards (International) in its annual report, which provides guidance on the disclosure in the notes to the financial statements.

As such, the Company will convene an extraordinary general meeting ("**EGM**") to obtain shareholders' approval for the Proposed Disposal, taking into account (a) the Sale Shares, being 40.0% of a principal subsidiary, is a substantial portion of the Group's core business; and (b) the resultant changes to the accounting treatment of the UOC Group upon Completion.

A circular to shareholders ("**Circular**") setting out the information on the Proposed Disposal, together with a notice of EGM, will be despatched to shareholders in due course.

6.2 Irrevocable Undertakings

The Company's controlling shareholder and director, Mr Jacky Tan Thuan Hor, and the Company's controlling shareholder, Mr Wiranto, have each irrevocably undertaken to the Purchaser that, *inter alia*, subject to any prohibition or restriction under any applicable law, regulation, code, rule, policy, condition, ruling, guideline or requirement, including but not limited to those of or imposed by the SGX-ST and the Securities Industry Council, he will (in respect of all shares owned by him in the Company as at the date of the EGM), in person or by representative or proxy, vote in favour of all resolutions which are proposed at the EGM, which may include but not be limited to the Proposed Disposal, and all other matters associated with the Proposed Disposal ("**Irrevocable Undertakings**").

As at the date of this Announcement, Mr Jacky Tan Thuan Hor holds 98,166,250 shares representing 31.04% of the issued and paid up share capital of the Company, and is deemed interested in the 12,714,200 shares held by his spouse and the Company's Director, Ms Ety Wiranto, representing 4.02% of the issued and paid up share capital of the Company. Mr Wiranto holds 126,007,410 shares, representing 39.85% of the issued and paid up share capital of the Company.

7 RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

7.1 Upon completion of the Proposed Disposal, the UOC Group will become a joint-control entity of Repsol, a company listed on the Madrid Stock Exchange, and be part of one of the top companies in the oil and gas industry. The Company believes that it is in a good position to enter into a strategic partnership with Repsol in order to seek new growth opportunities together.

- 7.2** The Company believes that the UOC Group will be able to leverage on Repsol's international brand presence to enhance its production and distribution under various brands, both quantitatively, and also on a qualitative level. The Company believes the Group will benefit from Repsol's enhanced brand development, quality-control know-how and overall management expertise. Further, the synergies between the UOC Group and Repsol, and the UOC Group's ability to manufacture and supply Repsol's brand of products in Singapore, Indonesia, Malaysia and Vietnam (where the Group will have exclusivity to sell the Repsol products into), will accelerate the growth of the UOC Group in this region and increase its business volume.
- 7.3** As a 60% shareholder of the UOC Group, the Company believes that such development is expected to bring significant economic value to the Company.
- 7.4** The Proposed Disposal will also enable the Company to partially realise the value of its investments in the UOC Group, which will in turn allow the Company to diversify into other activities to fund the future expansion of the Group into sustainable long-term businesses through entering into mergers and acquisitions, and joint ventures as well as establishing new lines of businesses.

8 USE OF PROCEEDS

Based on the Initial Consideration, assuming no Adjustments and excluding the Earnout Amount, the Proposed Disposal will result in an estimated gain of US\$24.9 million over the book value of the Sale Shares of US\$11.6 million as at 30 June 2019. The estimated net cash proceeds from the Proposed Disposal (based on the Initial Consideration, assuming no Adjustments and excluding the Earnout Amount), and after deducting the estimated expenses to be incurred in connection with the Proposed Disposal, is approximately US\$36.3 million.

The Company intends for the net proceeds raised to fund future business expansions, investments and acquisitions when suitable opportunities arise.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short term money markets and/or marketable securities, or used for any other purpose on a short term basis, as the Directors may deem appropriate in the interests of the Group.

9 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Saved as disclosed, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, directly or indirectly, in the Proposed Disposal other than through their respective shareholding interests in the Company.

No person is proposed to be appointed as a director of the Company pursuant to or in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person pursuant to or in connection with the Proposed Disposal.

10 DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of the Company at 14 Tuas Drive 2 Singapore 638647 during normal business hours for a period of three (3) months commencing from the date of this announcement:

- (i) the SPA;
- (ii) the annual report of the Company for FY2018; and
- (iii) the Irrevocable Undertakings.

11 FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal, the SPA and other matters contemplated by this announcement.

12 DIRECTORS' 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 enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, 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 such sources and/or reproduced in this announcement in its proper form and context.

13 CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their securities in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the Shares, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Tan Thuan Hor, Jacky
Executive Director and Chief Executive Officer
30 September 2019

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Tay Sim Yee, at 1 Robinson Road #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.