

R H ENERGY LTD.

(Incorporated in Singapore)
(Company Registration No. 200610437K)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CHIWAYLAND GROUP (SINGAPORE) PTE. LTD. – RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of R H Energy Ltd. (the “**Company**”) refers to the announcements dated 25 January 2013, 27 March 2013, 1 June 2013, and 25 March 2014 (the “**Previous Announcements**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) by the Company of the entire issued and paid-up share capital of Chiwayland Group (Singapore) Pte. Ltd. (“**Chiwayland**”) from Sinway Investment Co., Ltd (the “**Vendor**”) pursuant to a sale and purchase agreement dated 26 March 2013 entered into between the Company, the Vendor, Chiwayland and Petchem Holdings Pte. Ltd. (collectively, the “**Parties**”), as supplemented by an agreement dated 25 March 2014 entered into between the Parties (the “**SPA**”).
- 1.2 Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings and construction as ascribed to them in the announcement dated 27 March 2013.

2. RECEIPT OF APPROVAL IN-PRINCIPLE

- 2.1 Further to the Previous Announcements, the Board wishes to announce that the SGX-ST has on 28 March 2014 granted its approval in-principle for the Proposed Acquisition, subject to the following conditions:
- (a) compliance with the listing requirements of the SGX-ST;
 - (b) Shareholders' approval being obtained for the Proposed Acquisition, and for all other necessary and relevant proposals to be put forth at the forthcoming EGM;
 - (c) no material adverse change in the financial position and performance of the Chiwayland Group for the financial year ended 31 December 2013 and compliance with Rule 210(2) of the Listing Manual;
 - (d) compliance with Rules 113(2) and Rule 210(5) of the Listing Manual which require:
 - (i) for two years after listing or such other time frame imposed by the SGX-ST, the Company must prominently include a statement that the reverse takeover of its Shares was sponsored by UOB Kay Hian Private Limited in all announcements

made by the Company (on SGXNET or otherwise) and in all information documents issued by it to Shareholders; and

- (ii) as a pre-quotation disclosure requirement, the Company must release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company;
- (e) a written undertaking from the Company that reviews by the Board or the relevant committee of the Company's key financial, operational and compliance risk areas and the outcome of these reviews must be disclosed in the annual report of the Company or where the findings are material, immediately announced via the SGXNET;
- (f) for any new trust financing arrangements, the risk management and compliance committee of the Company will review the adequacy of the disclosure in the Enlarged Group's quarterly, half-yearly, and full-year financial results announcements and annual reports (including the need for illustrative financial statements);
- (g) a written undertaking by the Company in relation to the following:
 - (i) an annual internal controls audit by a suitable and qualified professional accounting firm shall be commissioned, until such time the audit committee of the Company is satisfied that the Enlarged Group's internal controls are robust and effective enough to mitigate the Enlarged Group's internal control weaknesses. Prior to the decommissioning of such annual audit, the Board is required to report to the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit;
 - (ii) thereafter, such audits may be initiated by the audit committee of the Company as and when it deems fit to satisfy itself that the Enlarged Group's internal controls remain robust and effective; and
 - (iii) upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up actions to be taken by the Board; and
- (h) compliance with the shareholding spread requirements and distribution guidelines under Rules 210(1)(a) and 1015(3)(c) of the Listing Manual (in determining the minimum spread required, the market capitalisation will be computed by multiplying the number of issued shares comprised in the enlarged share capital with the issue price of the new Consolidated Shares pursuant to the Compliance Placement);
- (i) confirmation by the Company, to be submitted before the issue of the Circular that the Chiwayland Group has obtained all the material licences, permits, approvals and certificates for its business operations and has complied with all relevant laws and

regulations that would materially affect its business operations prior to the issue of the Circular;

- (j) submission of the following documents:
- (i) a written confirmation by UOB Kay Hian Private Limited that the signed moratorium agreements with the relevant parties pursuant to Rule 227 of the Listing Manual are in accordance with the requirements of Rules 228 and 229 of the Listing Manual;
 - (ii) a written confirmation by UOB Kay Hian Private Limited that Rules 232, 233, 234 and 240 of the Listing Manual have been complied with;
 - (iii) a written confirmation from the Enlarged Group that Rules 735 and 736 of the Listing Manual have been complied with;
 - (iv) a written undertaking from the Company that (A) it will seek the approval of the Board on the policy for entering into any foreign exchange hedging transactions; (B) it will put in place adequate procedures which must be reviewed and approved by the audit committee of the Company; and (C) the audit committee of the Company will monitor the implementation of the policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board;
 - (v) a written undertaking from each of the directors of the Enlarged Group in the form set out in Appendix A to the approval in-principle letter by the SGX-ST and an undertaking from the Company to procure the same written undertaking from any new director appointed to the Board after the Proposed Acquisition;
 - (vi) the documents mentioned in Rule 248 (before the date of issue of the Circular), Rule 249 (by the date of allotment of the new Shares) and Rule 250 (on the market day before the trading suspension is lifted) of the Listing Manual, where applicable;
 - (vii) a duly signed undertaking in the format set out in Appendix 2.3.1 of the Listing Manual; and
 - (viii) a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of proceeds from the Compliance Placement and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the announcements and annual reports of the Company.

2.2 Please note that the approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Acquisition, the Company and/or its subsidiaries.

3. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SGX-ST has granted its approval in-principle for the Proposed Acquisition, there is no assurance that completion of the Proposed Transactions will take place. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the shares of the Company. Shareholders who are in any doubt about this announcement should consult their legal, financial, tax or other professional adviser.

BY ORDER OF THE BOARD

Tan Eng Ann
Executive Director

31 March 2014