APPENDIX DATED 10 APRIL 2019

This Appendix (as defined herein) is circulated to the shareholders of Union Gas Holdings Limited (the "**Company**") together with the Annual Report 2018. Its purpose is to provide shareholders of the Company with information relating to, and to seek Shareholders' approval for the proposed (i) modifications to the Summit Dealership Agreement as an interested person transaction; (ii) entry into the Semgas Dealership Agreement as an interested person transaction; (iii) entry into the Manifold Purchase Agreement as an interested person transaction; and (iv) adoption of the new interested person transaction general mandate, to be tabled at the AGM (as defined herein) of the Company to be held on 25 April 2019 at 9 a.m. at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Function Room 1 & 2, Singapore 308409.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Ordinary Resolutions (as defined herein) proposed to be passed in respect of the above matter is set out in the Notice of the AGM enclosed with the Annual Report 2018.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**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 "**Catalist Rules**"). The Sponsor has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

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



UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201626970Z)

APPENDIX TO NOTICE OF THE ANNUAL GENERAL MEETING

IN RELATION TO:

(A) THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(B) THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(C) THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION; AND

(D) THE PROPOSED ADOPTION OF THE NEW INTERESTED PERSON TRANSACTION GENERAL MANDATE

Independent Financial Adviser to the Independent Directors in relation to (1) the Proposed Modifications to the Summit Dealership Agreement, (2) the Proposed Entry into the Semgas Dealership Agreement, (3) the Proposed Entry into the Manifold Purchase Agreement, and (4) the Proposed Adoption of the New IPT General Mandate



XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200002789M)

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

COMPANIES AND PERSONS IN THE GROUP

"**Company**"	:	Union Gas Holdings Limited
"**Group**"	:	The Company, its subsidiaries and associated companies (if any)
"**Ms. Alexis Teo**"	:	Ms. Teo Soak Theng Alexis
"**U-Gas**"	:	U-Gas Pte. Ltd.
"**Union Energy**"	:	Union Energy Pte. Ltd.
"**Union Gas**"	:	Union Gas Pte. Ltd.
"**Union LPG**"	:	Union LPG Pte. Ltd.

COMPANIES IN THE UEC GROUP

"**Choon Hin**"	:	Choon Hin Gas Supply Pte. Ltd.
"**Gasmart**"	:	Gasmart Pte. Ltd.
"**Health Domain**"	:	Health Domain Pte. Ltd.
"**Sembas**"	:	Sembas (Asia) Trading Pte. Ltd.
"**Semgas Supply**"	:	Semgas Supply Pte. Ltd.
"**Semgas (S)**"	:	Semgas (S) Pte. Ltd.
"**Summit**"	:	Summit Gas Systems Pte. Ltd.
"**UEC**"	:	Union Energy Corporation Pte. Ltd.
"**UEC Group**"	:	UEC and its subsidiaries
"**Union Power**"	:	Union Power Pte. Ltd.
"**United Gas**"	:	United Gas Pte. Ltd.

GENERAL

"**Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time

"**Acquired LPG Business**"	:	The LPG business in Singapore acquired by Semgas Supply pursuant to an asset purchase agreement entered into between Semgas Supply and an unrelated third party on 31 August 2017
"**Acquisition**"	:	The acquisition of certain non-contractual domestic customer relationships with domestic customers from Semgas Supply
"**AGM**"	:	Annual general meeting
"**Appendix**"	:	This appendix to Shareholders dated 10 April 2019 in relation to the Proposed Modifications to the Summit Dealership Agreement; the Proposed Entry into the Semgas Dealership Agreement; the Proposed Entry into the Manifold Purchase Agreement; and the Proposed Adoption of the New IPT General Mandate
"**Amended and Restated Dealership Agreement**"	:	The amended and restated Summit Dealership Agreement appended in the Deed of Amendment and Restatement in relation to the Proposed Modifications to the Summit Dealership Agreement
"**Audit Committee**"	:	The audit committee of the Company as at the date of this Appendix comprising Mr. Loo Hock Leong, Mr. Heng Chye Kiou and Mr. Lim Chwee Kim
"**Board**"	:	The board of directors of the Company as at the date of this Appendix
"**CAO**"	:	Chief Accounting Officer or equivalent of the Company
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	The SGX-ST Listing Manual Section B: Rules of Catalist as may be amended from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Chief Executive Officer or equivalent of the Company
"**CFO**"	:	Chief Financial Officer or equivalent of the Company
"**CPF**"	:	Central Provident Fund
"**Dealer Shortfall Quantity**"	:	The difference in volume between: the Minimum Volume and the volume of bottled LPG cylinders purchased by the Group from Summit in a certain month

"**Dealership Period**"	:	Each consecutive period of one (1) year during the term of the Summit Dealership Agreement (or the Amended and Restated Dealership Agreement if approved by the Shareholders), or the Semgas Dealership Agreement (if approved by Shareholders) as the case may be, starting from 1 April of each year
"**Deed of Amendment and Restatement**"	:	The Deed of Amendment and Restatement proposed to be entered into between (i) Summit, as company, and (ii) the Company, Union Energy, U-Gas, and Union LPG, as dealers, in relation to the Proposed Modifications to the Summit Dealership Agreement
"**Differences in Material Terms**"	:	The material differences between the terms of the Semgas Dealership Agreement and the Summit Dealership Agreement as set out in Section 4.5.1.
"**Directors**"	:	Directors of the Company as at the date of this Appendix
"**EGM**"	:	Extraordinary General Meeting
"**Existing IPT General Mandates**"	:	The existing IPT general mandates (renewed at the AGM of the Company on 23 April 2018 and one adopted at the EGM of the Company on 23 April 2018), permitting the Group to enter into certain mandated transactions with the Mandated Interested Persons
"**IFA**"	:	Xandar Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors on the Proposed Modifications to the Summit Dealership Agreement, the Proposed Entry into the Semgas Dealership Agreement, the Proposed Entry into the Manifold Purchase Agreement, and the Proposed Adoption of the New IPT General Mandate
"**IFA Letter**"	:	The letter from the IFA dated 10 April 2019 addressed to the Independent Directors as set out in Annex A of this Appendix
"**Independent Directors**"	:	The Directors who are considered to be independent for the purposes of making a recommendation to the Shareholders in respect of the Proposed Transaction comprising Mr. Loo Hock Leong, Mr. Heng Chye Kiou and Mr. Lim Chwee Kim
"**interested person transaction(s)**" or "**IPT(s)**"	:	Interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) entered or to be entered between an entity at risk and an interested person

"**IPT Register**"	:	The IPT register maintained by the Company, containing the names and details of both the Mandated Interested Person(s) and the interested person transaction(s), including any quotations obtained from unrelated parties to support the terms of the interested person transaction(s)
"**IRAS**"	:	Inland Revenue Authority of Singapore
"**IT**"	:	Information Technology
"**Latest Practicable Date**"	:	28 March 2019, being the latest practicable date prior to the printing of this Appendix
"**LPG Products**"	:	Bottled LPG cylinders and LPG-related accessories
"**LPG**" or "**liquefied petroleum gas**"	:	A generic name for a family of hydrocarbons or their mixtures which are in liquid form under moderate pressure
"**Mandated Interested Person**"	:	UEC Group, including Choon Hin, Gasmart, Health Domain, Sembas, Semgas (S), Semgas Supply, Summit, United Gas, and Union Power
"**Mandated Transactions**"	:	Transactions with the Mandated Interested Persons which will be covered by the New IPT General Mandate as described in Section 6.3 below
"**Manifold Purchase Agreement**"	:	The LPG manifold master purchase agreement for the sale and purchase of LPG manifolds and pipings from time to time by the Group proposed to be entered into by (i) the Company, U-Gas and Union LPG, as purchasers, and (ii) the Manifold Suppliers, as vendors
"**Manifold Suppliers**"	:	UEC, Sembas, Semgas (S), Gasmart, United Gas, Semgas Supply and Choon Hin
"**Minimum Volume**"	:	The minimum volume of bottled LPG cylinders to be supplied by Summit to the Group every month during a Dealership Period which shall be subject to agreement in writing at the commencement of each Dealership Period
"**New IPT General Mandate**"	:	The general mandate from Shareholders proposed to be obtained by the Company at the 2019 AGM pursuant to Chapter 9 of the Catalist Rules, permitting the Group to enter into the certain transactions with the Mandated Interested Persons
"**NTA**"	:	Net tangible assets

"**Offer Document**"	:	The offer document dated 13 July 2017 issued by the Company in respect of the invitation by the Company to the public in Singapore to subscribe for and/or purchase Shares, subject to and on the terms and conditions set out in the offer document
"**Ordinary Resolution**"	:	A resolution proposed and passed as such by a majority consisting more than 50% of the total number of votes cast for and against such resolution at a meeting of Shareholders
"**Proposed Adoption of the New IPT General Mandate**"	:	The proposed adoption of the New IPT General Mandate
"**Proposed Entry into the Manifold Purchase Agreement**"	:	The proposed entry into the Manifold Purchase Agreement as an interested person transaction
"**Proposed Entry into the Semgas Dealership Agreement**"	:	The proposed entry into the Semgas Dealership Agreement as an interested person transaction
"**Proposed Modifications to the Summit Dealership Agreement**"	:	The proposed modifications to be made to the Summit Dealership Agreement as an interested person transaction
"**Register of Directors' Shareholdings**"	:	The register maintained by the Company setting out details of the Directors and their respective shareholdings
"**Retail LPG Business**"	:	The retail distribution of bottled LPG cylinders and sale of LPG-related accessories to domestic households, commercial entities and businesses in Singapore
"**Saudi Aramco Contract Price**"	:	The contract price for LPG derived from the contract prices for propane and butane published by the Saudi Arabian Oil Company (Saudi Aramco) on the first working day of each month and applicable to all purchases of LPG throughout the particular month
"**Semgas Dealership Agreement**"	:	The dealership agreement proposed to be entered into between (i) Semgas Supply, as company, and (ii) the Company, Union Energy, U-Gas and Union LPG, as dealers, to sell bottled LPG cylinders and LPG-related accessories
"**Semgas Premium**"	:	The mark-up charged by Semgas Supply on the supply of bottled LPG cylinders to the Group which takes into account various commercial factors such as material, manpower and logistics costs of Semgas Supply
"**Semgas Suppliers Premium**"	:	The premium that Semgas Supply pays its third party LPG producers and suppliers

"**Semgas % Change**"	:	The increase or decrease in the Semgas Premium for a particular year compared to the prior year
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the register of members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Ordinary shares in the issued share capital of the Company
"**Share Registrar**"	:	Boardroom Corporate & Advisory Services Pte Ltd
"**Summit Dealership Agreement**"	:	The dealership agreement dated 1 April 2017 entered into between (i) Summit, as company, and (ii) Union Energy as dealer, for Union Energy to sell bottled LPG cylinders and LPG-related accessories
"**Summit Premium**"	:	The mark-up charged by Summit on the supply of bottled LPG cylinders to the Group which takes into account various commercial factors such as material, manpower and logistics costs of Summit
"**Summit Suppliers Premium**"	:	The premium that Summit pays its third party LPG producers and suppliers
"**Summit % Change**"	:	The increase or decrease in the Summit Premium for a particular year compared to the prior year
"**Supplier Shortfall Quantity**"	:	The difference in volume between the Minimum Volume and the volume of bottled LPG cylinders supplied to the Group by Summit in a certain month.
"**2019 AGM**"	:	The annual general meeting of the Company to be held on 25 April 2019 at 9 a.m.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**%**" or "**per cent**."	:	Percentage or per centum

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively in Section 81 SF of the SFA.

The terms "**associates**" and "**controlling shareholders**" shall have the meanings ascribed to them respectively in the Catalist Rules.

The terms "**subsidiaries**", "**Substantial Shareholders**" and "**related corporations**" shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms "**we**", "**us**" and "**our**" in this Appendix refer to the Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Appendix is made by reference to Singapore time and date unless otherwise stated.

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201626970Z)

Directors:

Mr. Teo Kiang Ang (Non-Executive Chairman)
Ms. Teo Soak Theng Alexis (Executive Director and CEO)
Mr. Teo Hark Piang (Executive Director and Director of Sales (Commercial and Industrial))
Mr. Loo Hock Leong (Lead Independent Director)
Mr. Lim Chwee Kim (Independent Director)
Mr. Heng Chye Kiou (Independent Director)

Registered Office:

3 Lorong Bakar Batu #07-04
Union Industrial Center
Singapore 348741

10 April 2019

To: The Shareholders of Union Gas Holdings Limited

(A) THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(B) THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(C) THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION; AND

(D) THE PROPOSED ADOPTION OF THE NEW INTERESTED PERSON TRANSACTION GENERAL MANDATE

(THE "ORDINARY RESOLUTIONS").

1. INTRODUCTION

1.1 The Company has issued a Notice of AGM dated 10 April 2019 in relation to the 2019 AGM. Items 12, 13, 14 and 15 appearing under the heading "Special Business" in the Notice of AGM are Ordinary Resolutions for:–

(a) the proposed Modifications to the Summit Dealership Agreement as an interested person transaction, ("**Proposed Modifications to the Summit Dealership Agreement**"). Please refer to Section 3 of this Appendix for further details on the Summit Dealership Agreement;

(b) the proposed entry into Semgas Dealership Agreement as an interested person transaction ("**Proposed Entry into the Semgas Dealership Agreement**"). Please refer to Section 4 of this Appendix for further details on the Semgas Dealership Agreement;

(c) the proposed entry into the Manifold Purchase Agreement by the Company as an interested person transaction ("**Proposed Entry into the Manifold Purchase Agreement**"). Please refer to Section 5 of this Appendix for further details on the Manifold Purchase Agreement; and

(d) the proposed adoption of the New IPT General Mandate pursuant to Chapter 9 of the Catalist Rules to enter into the categories of transactions as set out in Section 6.3 of this Appendix ("**New IPT General Mandate**"), with the persons set out in Section 6.2 of this Appendix who are considered "interested persons" under Chapter 9 of the Catalist Rules ("**Proposed Adoption of the New IPT General Mandate**").

1.2 The purpose of this Appendix is to provide Shareholders with information relating to, and to seek specific approval of Independent Shareholders for, the Ordinary Resolutions for:–

(a) the Proposed Modifications to the Summit Dealership Agreement as an interested person transaction;

(b) the Proposed Entry into the Semgas Dealership Agreement as an interested person transaction;

(c) the Proposed Entry into the Manifold Purchase Agreement as an interested person transaction; and

(d) the Proposed Adoption of the New IPT General Mandate,

(collectively, the "**Proposed Transactions**").

2. CHAPTER 9 OF THE CATALIST RULES

2.1 Chapter 9 of the Catalist Rules governs transactions between a listed company or any of its subsidiaries or associated companies (which is an entity at risk) and interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

2.2 **Main terms used in Chapter 9 of the Catalist Rules**

Under the Catalist Rules:

(a) an "**entity at risk**" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules;

(d) an "**interested person**" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(e) an "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "**associate**" in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.3 **Materiality thresholds**

2.3.1 Save for transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and which are therefore excluded from the ambit of Chapter 9 of the Catalist Rules, an immediate announcement and/or approval of shareholders would be required in respect of transactions with interested persons if certain materiality thresholds (which are based on the value of the transaction as compared with the listed group's latest audited consolidated NTA), are reached or exceeded.

In particular, an immediate announcement is required where:

(a) the value of a proposed transaction is equal to or more than 3% of the listed group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, amounts to 3% or more of the listed group's latest audited consolidated NTA, and an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

2.3.2 Shareholders' approval (in addition to an immediate announcement) is required where:

(a) the value of a proposed transaction is equal to or more than 5% of the listed group's latest audited consolidated NTA; or

(b) the value of a proposed transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

2.3.3 Chapter 9 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons which are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

3. THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

3.1 **Background**

3.1.1 Prior to 1 April 2017, the Group, through Union Energy, had purchased all its bottled LPG cylinders from Sembas. Pursuant to the Summit Dealership Agreement dated 1 April 2017, Union Energy commenced purchasing bottled LPG cylinders from Summit and ceased purchasing its bottled LPG cylinders from Sembas thereafter. By entering into the Summit Dealership Agreement, Union Energy was able to formalise the terms of the purchase and ensure an assured supply of bottled LPG cylinders.

3.1.2 The terms of the Summit Dealership Agreement were deemed to have been specifically approved as an interested person transaction by the Shareholders upon their subscription and/or purchase of the Shares in connection with the invitation by the Company to the public in Singapore to subscribe for and/or purchase Shares, subject to and on the terms and conditions set out in the offer document published by the Company dated 13 July 2017 in connection with its listing on the Catalist Board of the SGX-ST on 20 July 2017.

3.2 **The Proposed Modifications to the Summit Dealership Agreement as an interested person transaction**

3.2.1 Following an internal review by the Company, the Company is proposing to modify the terms of the Summit Dealership Agreement by entering into the Amended and Restated Dealership Agreement, which shall be appended as a schedule in the Deed of Amendment and Restatement.

3.2.2 **Additional parties**: In addition to Union Energy, the following members of the Group shall also be a party to the agreement:

(a) the Company;

(b) U-Gas;

(c) Union LPG

(together with Union Energy, the "**Dealers**").

3.2.3 **Accession to agreement**: In addition to the Dealers, any subsidiary of the Company may, from time to time, become party to the Amended and Restated Dealership Agreement as a dealer by executing an accession letter in the form set out in the Amended and Restated Dealership Agreement.

3.2.4 **Validity Period:** The Amended and Restated Dealership Agreement shall commence on 1 May 2019 (instead of 1 April 2017) and shall be valid for an indefinite period of time until it is terminated by either the Company or Summit upon giving prior written notice of at least six (6) months.

3.2.5 **Delegation of Payment and Delivery**: Any Dealer may, by notice to Summit, inform it that the Dealer has appointed a third party to make orders and/or pay bills and/or receive delivery of products on its behalf.

3.2.6 **Withdrawal**: Any Dealer other than the Company may withdraw from the Amended and Restated Dealership Agreement by giving to Summit not less than six (6) months' notice writing of its intention to do so, by executing and delivering the withdrawal letter in the form set out in the Amended and Restated Dealership Agreement, but without prejudice to the rights of any party against any other party in respect of any antecedent breach of the provisions of the Amended and Restated Dealership Agreement.

3.2.7 **Termination**: The Amended and Restated Dealership Agreement may be terminated by either the Company or Summit giving to each other not less than six (6) months' notice in writing of its intention to do so but without prejudice to the rights of any party against any other party in respect of any antecedent breach of the provisions of the Amended and Restated Dealership Agreement.

3.3 **Rationale for the Proposed Modifications to the Summit Dealership Agreement**

3.3.1 The rationale for the Proposed Modifications to the Summit Dealership Agreement is to provide increased flexibility for the Group to conduct internal reorganisation and to enable the Group companies to purchase LPG Products directly from Summit so as to provide administrative efficiency and convenience for the Group.

3.4 **The Proposed Modifications to the Summit Dealership Agreement as an interested person transaction**

Approval of the Shareholders is being obtained for the Proposed Modifications to the Summit Dealership Agreement as a requirement pursuant to Chapter 9 of the Catalist Rules. Given that:

(a) UEC is the holding company of the Summit;

(b) Mr. Teo Kiang Ang is the non-Executive Chairman and Director of the Company and owns 61.89% equity interest in UEC;

(c) Ms. Alexis Teo is an Executive Director and the CEO, owns 5.28% equity interest in UEC and is the daughter of Mr. Teo Kiang Ang; and

(d) Mr. Teo Hark Piang is an Executive Director and a Director of Sales (Commercial and Industrial) of the Company, owns 12.55% equity interest in UEC and is the son of Mr. Teo Kiang Ang and brother of Ms. Alexis Teo,

UEC is an interested person in relation to the Proposed Modifications to the Summit Dealership Agreement. Accordingly, Summit is an "interested person" under Chapter 9 of the Catalist Rules and the Proposed Modifications to the Summit Dealership Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

3.5 **Salient terms of the Summit Dealership Agreement**

3.5.1 Save as provided in Section 3.2 above, the salient terms of the Summit Dealership Agreement shall remain the same in the Amended and Restated Dealership Agreement.

3.5.2 **LPG Products:** Bottled LPG cylinders comprising of the standard 4.5 kg, 11.0 kg, 12.7 kg, 14.kg and 50kg cylinders, as well as LPG-related accessories.

3.5.3 **Price of LPG Products:** The price for the supply of bottled LPG cylinders to the Group shall be based on the aggregate of:

(a) the Saudi Aramco Contract Price;

(b) the premium that Summit pays its third-party LPG producers and suppliers; and

(c) the mark-up charged by Summit which takes into account various commercial factors such as material, manpower and logistics costs of Summit (the "**Summit Premium**").

Due to the bulk volume purchased by the Group, the prices paid by the Group for the bottled LPG cylinders are lower than those charged by Summit to the rest of its customers whose purchase volumes are smaller. Summit has had no other customers besides the Group who purchased such bulk volumes of bottled LPG cylinders during the period commencing from 1 January 2019 up to the Latest Practicable Date.

3.5.4 **Adjustment:** For the period commencing from the date of the Amended and Restated Dealership Agreement to 31 March 2020, the Summit Premium shall be at the fixed rate agreed between the Company and Summit prior to the date of commencement of the Amended and Restated Dealership Agreement.[1] For the subsequent years, subject to negotiation and agreement in writing between the Company and Summit and after taking into account market conditions and pricing competitiveness vis-à-vis other bottled LPG brands in the same market segment, the Summit Premium for a particular year may increase or decrease compared to the prior year ("**Summit % Change**"). In the event of an increase, the Summit Premium may increase by up to 20% over the preceding year's Summit Premium. At the commencement of each Dealership Period during the term of the Amended and Restated Dealership Agreement, Summit and the Company shall agree in writing on the Summit % Change of the Summit Premium.

3.5.5 **Minimum Volume:** Summit and the Company shall agree in writing at the commencement of each Dealership Period, the minimum volume of bottled LPG cylinders to be supplied by Summit to the Group every month during the particular upcoming Dealership Period.[2]

The volume of bottled LPG cylinders may change during the course of the year due to, amongst others, changes in economic conditions and government policies.

3.5.6 **Supplier Shortfall:** If the Minimum Volume is not met by Summit in a certain month, Summit shall be invoiced for the Supplier Shortfall Quantity based on the difference between the price agreed with Summit and the price paid by the Company to third party LPG suppliers for the Supplier Shortfall Quantity for the month.

3.5.7 **Dealer Shortfall:** If the Minimum Volume is not met by the Group in a certain month, the Company shall compensate Summit for the Dealer Shortfall Quantity based on the Dealer Shortfall Quantity and the agreed price for the month.

3.6 **Materiality Thresholds under Chapter 9 of the Catalist Rules**

3.6.1 In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Company's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

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1 It was agreed in the Summit Dealership Agreement that the Summit Premium was to be reviewed on a yearly basis on the first day of April of each year. Following a review 31 March 2019, parties to the Summit Dealership Agreement agreed on a fixed rate for the Summit Premium for the period commencing 1 April 2019 and ending 31 March 2020 ("Previous Summit Premium"). Upon entry into the Deed of Amendment and Restatement, Summit Premium for the period commencing on the date of the Deed of Amendment and Restatement and ending 31 March 2020 shall remain the same as the Previous Summit Premium.

2 For the period commencing on the date of the Deed of Amendment and Restatement and ending 31 March 2020, the applicable Minimum Volume shall be the volume agreed between Union Energy and the Summit under the Summit Dealership Agreement for the period commencing 1 April 2019 and ending on 31 March 2020. All supply of LPG Products by Summit to Union Energy between 1 April 2019 and the date of the date of the Deed of Amendment and Restatement shall be counted towards the satisfaction of the Minimum Volume for this period.

3.6.2 The aggregate values of the purchases of bottled LPG cylinders from Summit (and the UEC Group) based on the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018 are as follows:

	FY2016*	FY2017*	FY2018
Total purchase of bottled LPG cylinders by the Group from Summit* (S$000)	11,701	10,556	15,501
As a percentage of the Group's latest audited consolidated NTA (%)	126.0	53.2	78.4

* Prior to 1 April 2017, purchases of bottled LPG cylinders by the Group were made from Sembas, which is a member of the UEC Group.

3.6.3 Shareholders should note that the computation set out above is for illustrative purposes only and does not imply that the Group will be purchasing similar volume of bottled LPG cylinders annually from or paying similar amounts to Summit in the future.

3.6.4 In addition, the Company has also paid the sum of S$52,000, S$16,000, and S$6,000 in FY2016, FY2017 and FY2018 respectively, for LPG-related accessories or the rental of LPG-related accessories.

3.6.5 As the value at risk of the Proposed Modifications to the Summit Dealership Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018 exceeds 5.0%, pursuant to Rule 906 of the Catalist Rules, the Proposed Modifications to the Summit Dealership Agreement is an interested person transaction which is subject to the approval of the Shareholders.

3.6.6 In accordance with the above, the Company will be seeking Shareholders' approval for the Proposed Modifications to the Summit Dealership Agreement at the 2019 AGM.

3.7 **Review Procedures for the Amended and Restated Dealership Agreement**

3.7.1 The review procedures for the Amended and Restated Dealership Agreement shall be identical to the review procedures for the Summit Dealership Agreement.

3.7.2 All Interested Person Transactions under the Amended and Restated Summit Dealership Agreement shall be recorded in the IPT Register. The Company's Audit Committee shall also on a quarterly basis carry out a review of the Interested Person Transactions under the Amended and Restated Dealership Agreement to ensure that the continued performance of the Amended and Restated Dealership Agreement will not be prejudicial to the interests of the Company and its minority Shareholders. In addition, the Audit Committee shall review the terms of the Amended and Restated Dealership Agreement every three (3) years (commencing on 1 April 2022) with the assistance from independent advisers, to ensure that the Amended and Restated Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3.7.3 All Interested Person Transactions under the Amended and Restated Dealership Agreement shall be subject to the review by internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained. The internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all Interested Person Transactions are carried out on normal commercial terms, and relevant approvals have been obtained.

3.7.4 The Audit Committee will review the Minimum Volume and % of the Summit Premium (including the basis for Summit % Change and Minimum Volume) negotiated between the Group and Summit and approve the Summit % Change and Minimum Volume on an annual basis. The Audit Committee may request for additional information pertaining to the Amended and Restated Dealership Agreement as they deem fit. In addition, the Audit Committee shall also review each amendment proposed to be made to the Amended and Restated Dealership Agreement so as to ensure that such proposed amendment will not be prejudicial to the interests of the Company and its minority Shareholders. Any future variation or amendment or renewal of the terms of the Amended and Restated Dealership Agreement shall be subject to the approval of the Audit Committee and the relevant Catalist Rules.

3.8 **Advice of the Independent Financial Adviser**

3.8.1 Chapter 9 of the Catalist Rules provides that where shareholders' approval is required for an interested person transaction, the shareholders' circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

3.8.2 The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser to advise the Independent Directors on whether the Proposed Modifications to the Summit Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3.8.3 A copy of the IFA Letter, containing its opinion in full, is set out in Annex A to this Appendix. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:–

10.1 OUR OPINION ON THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the Proposed Modifications to the Summit Dealership Agreement were primarily to facilitate the Group's inclusion of its subsidiaries as parties to the Summit Dealership Agreement;

(b) save as provided in Section 3.2 of the Appendix, the salient terms of the Summit Dealership Agreement shall remain the same in the Amended and Restated Dealership Agreement;

(c) that there were no amendments to the pricing formula for the bottled LPG cylinders supplied to the Group by Summit, and that the maximum Summit % Change remains capped at 20%; and

(d) that the review procedures for the Amended and Restated Dealership Agreement will be identical to the review procedures for the Summit Dealership Agreement.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Modifications to the Summit Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3.9 **The Audit Committee's Statement**

The Audit Committee, having considered, *inter alia*, the rationale for and the terms of the Proposed Modifications to the Summit Dealership Agreement and the benefits to the Group that may be obtained therefrom, and taking into consideration the opinion of the IFA, the Audit Committee concurs with the opinion of the IFA, and is of the view (i) that the Proposed Modifications to the Summit Dealership Agreement is on normal commercial terms; and (ii) will not be prejudicial to the interests of the Company and its minority Shareholders.

4. THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

4.1 **Background**

4.1.1 Semgas Supply is a wholly-owned subsidiary of UEC and had, on 31 August 2017, entered into an asset purchase agreement with an unrelated third party in relation to the acquisition of an LPG business in Singapore (the "**Acquired LPG Business**").

4.1.2 Semgas Supply also owns one (1) bottling plant and two (2) LPG storage depots where bottled LPG cylinders are stored for distribution to wholesalers.

4.1.3 On 19 March 2018, the Company had entered into an asset purchase agreement to acquire certain non-contractual domestic customer relationships with domestic customers from Semgas Supply ("**Acquisition**") to grow its distribution network and reach in relation to its Retail LPG Business. The non-contractual domestic customer relationships which the company has acquired from Semgas Supply forms a small part of the Acquired LPG Business.

4.1.4 Following the Acquisition, the Company is proposing to enter into a dealership agreement with Semgas Supply to acquire LPG Products from Semgas Supply.

4.2 **The Proposed Entry into the Semgas Dealership Agreement as an interested person transaction**

Approval of the Shareholders is being obtained for the Proposed Entry into the Semgas Dealership Agreement as a requirement pursuant to Chapter 9 of the Catalist Rules. Given that:

(a) UEC is the holding company of the Semgas Supply;

(b) Mr. Teo Kiang Ang is the non-Executive Chairman and Director of the Company and owns 61.89% equity interest in UEC;

(c) Ms. Alexis Teo is an Executive Director and the CEO, owns 5.28% equity interest in UEC and is the daughter of Mr. Teo Kiang Ang; and

(d) Mr. Teo Hark Piang is an Executive Director and a Director of Sales (Commercial and Industrial) of the Company, owns 12.55% equity interest in UEC and is the son of Mr. Teo Kiang Ang and brother of Ms. Alexis Teo,

UEC is an interested person in relation to the Proposed Entry into the Semgas Dealership Agreement. Accordingly, Semgas Supply is an "interested person" under Chapter 9 of the Catalist Rules and the Proposed Entry into the Semgas Dealership Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

4.3 **Rationale for the Proposed Entry into the Semgas Dealership Agreement**

4.3.1 As a wholly-owned subsidiary of UEC, Semgas Supply is part of the UEC Group which is one of the largest wholesale suppliers of LPG in Singapore. As the operator of one (1) bottling plant and (2) LPG storage depots where bottled LPG cylinders are stored for distribution to wholesalers or dealers, Semgas Supply is well-positioned to provide a steady and consistent supply of LPG Products.

4.3.2 Conversely, the Group is one of the leading suppliers of bottled LPG cylinders to domestic households in Singapore with a diverse distribution network of customer relationships, including those obtained pursuant to the Acquisition. Since the commencement of the Summit Dealership Agreement, the Group has only been purchasing bottled LPG cylinders from Summit for sale to its customers. As such, the Group is well positioned to take advantage of the ready and steady supply of LPG Products from Semgas Supply.

4.3.3 By entering into the Semgas Dealership Agreement, the Group will be able to purchase LPG Products from Semgas Supply at pre-agreed terms and conditions set out in the Semgas Dealership Agreement. This will enable the Group to diversify the source of its supply of LPG products.

4.4 **Salient terms of the Semgas Dealership Agreement**

4.4.1 **Validity Period:** The Semgas Dealership Agreement shall commence on 1 May 2019 subject to Shareholders' approval and shall be valid for an indefinite period of time until it is terminated by either party upon giving prior written notice of at least three (3) months.

4.4.2 **LPG Products:** Bottled LPG cylinders comprising of the standard 4.5 kg, 9kg, 11.0 kg, 12.7 kg, 14kg and 50kg cylinders, as well as LPG-related accessories.

4.4.3 **Price of LPG Products:** The price for the supply of bottled LPG cylinders to the Group shall be based on the aggregate of:

(a) the Saudi Aramco Contract Price;

(b) a premium based on the price which Semgas Supply pays to its highest-charging third-party LPG producer and/or supplier; and

(c) the mark-up charged by Semgas Supply which takes into account various commercial factors such as material, manpower and logistics costs of Semgas Supply (the "**Semgas Premium**").

4.4.4 **Adjustment:** For the period commencing from the date of the Semgas Dealership Agreement to 31 March 2020, the Semgas Premium shall be at a fixed rate to be agreed between Semgas and the Company prior to the commencement of the Semgas Dealership Agreement. For the subsequent years, subject to negotiation and agreement in writing between the Company and Semgas Supply and after taking into account market conditions and pricing competitiveness vis-à-vis other bottled LPG brands in the same market segment, the Semgas Premium for a particular year may increase or decrease compared to the prior year ("**Semgas % Change**"). In the event of an increase, the Semgas Premium may increase by up to 20% over the preceding year's Semgas Premium. At the commencement of each Dealership Period during the term of the Semgas Dealership Agreement, Semgas Supply and the Company shall agree in writing on the Semgas % Change of the Semgas Premium.

4.5 **Comparison between the Summit Dealership Agreement and the Semgas Dealership Agreements**

4.5.1 **Difference in Material Terms:** A summary of material differences between the terms of the Semgas Dealership Agreement and the Summit Dealership Agreement is set out below:

	Summit Dealership Agreement	**Semgas Dealership Agreement**
Minimum Volume	Summit and the Company shall agree in writing at the commencement of each Dealership Period, the minimum volume of bottled LPG cylinders to be supplied by Summit to the Group every month during the particular upcoming Dealership Period	No minimum volume shall be applicable on the Semgas Dealership Agreement.
Price of LPG Products	The price for the supply of bottled LPG cylinders shall be based on, *inter alia*, the premium that Summit pays its third-party LPG producers and suppliers.	The price for the supply of bottled LPG cylinders shall be based on, *inter alia*, a premium based on the price which Semgas Supply pays to its highest-charging third-party LPG producer and/or supplier.

4.5.2 **Rationale for the Differences in Material Terms:**

(a) **Minimum Volume:** While the Group intends to purchase LPG Products from Semgas Supply, the Company is not currently prepared to commit to the purchase of a minimum volume of LPG Products from Semgas Supply, which would oblige the Company to compensate Semgas Supply for any shortfall of quantity (from the agreed minimum volume) of LPG Products ordered from Semgas Supply.

(b) **Price of LPG Products:** The price of LPG Products under the Semgas Dealership Agreement is expected to be higher than the price of LPG Products under the Summit Dealership Agreement.

In order for Summit and/or Semgas Supply to supply LPG Products to the Group, both Summit and Semgas Supply will purchase LPG from various third party LPG producers and/or suppliers, to whom Summit and/or Semgas Supply will pay premiums charged by such third party LPG producers and/or suppliers.

Under the Summit Dealership Agreement, the premium that Summit will pay to its third party LPG producers and suppliers will be passed on to the Company on a weighted average cost basis.

Under the Semgas Dealership Agreement, instead of calculating the cost of premiums on a weighted average cost basis, the Group will pay to Semgas Supply the premiums based on the price which Semgas Supply pays to its highest-charging third-party LPG producer and/or supplier.

This increased cost is due to:

(i) the fact that the volume of LPG Products which the Group intends to purchase from Semgas Supply will not be as high as the volume currently purchased from Summit, and

(ii) the lack of a requirement for the Group to commit to purchase a minimum volume of LPG Products from Semgas Supply.

4.5.3 ***Pro forma* financial effects due to Differences in Material Terms:** The *pro forma* financial effects due to Differences in Material Terms set out below are purely for illustration purposes only and do not reflect the future financial effects of purchases of LPG Products under the Semgas Dealership Agreement to the Company or the Group.

The *pro forma* financial effects presented below relate only to LPG Products under the "Sungas" brand purchased by the Group[3] between April 2018 and December 2018 and do not include LPG Products under the "Union" brand. The cost paid by the Group for LPG Products under the "Sungas" brand as set out below have been prepared based on the audited consolidated financial statements of the Group for FY2018.

	Cost paid by the Group for LPG Products under the "Sungas" brand (SGD)	**Illustrative cost of LPG Products under the Semgas Dealership Agreement (SGD)**	**Difference in cost (SGD)**	**Difference in cost as a percentage of cost paid by the Group for LPG Products under the "Sungas" brand (%)**
April 2018 – December 2018	887,724.55	906,891.12	19,166.57	2.16

4.6 **Materiality Thresholds under Chapter 9 of the Catalist Rules**

4.6.1 In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Company's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

4.6.2 The aggregate values of the purchases of bottled LPG cylinders by the Group based on the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018 are as follows:

	FY2016	**FY2017**	**FY2018**
Total purchase of bottled LPG cylinders by the Group (S$'000)	11,701	10,556	15,501
As a percentage of the Group's latest audited consolidated NTA (%)	126.0	53.2	78.4

4.6.3 Shareholders should note that the computation set out above is for illustrative purposes only and does not imply that the Group will be purchasing similar volume of bottled LPG cylinders annually or paying similar amounts for bottled LPG cylinders in the future.

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3 Following the Acquisition in April 2018, the Group has been purchasing LPG products under the "Sungas" brand from Summit under the Summit Dealership Agreement to service certain non-contractual customer relationships acquired by the Group who may prefer LPG Products under the "Sungas" brand. Following the entry by the Group into the Semgas Dealership Agreement, all purchase of LPG Products under the "Sungas" brand will be purchased from Semgas Supply under the Semgas Dealership Agreement.

4.6.4 For illustrative purposes, on the assumption that the Group may purchase 10% of its supply of bottled LPG cylinders from Semgas Supply, the value at risk of the Proposed Entry into the Semgas Dealership Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018 exceeds 5.0% of the Group's latest audited consolidated NTA for FY2018, pursuant to Rule 906 of the Catalist Rules, the Proposed Entry into the Semgas Dealership Agreement is an interested person transaction which is subject to the approval of the Shareholders.

4.6.5 In accordance with the above, the Company will be seeking Shareholders' approval for the Proposed Entry into the Semgas Dealership Agreement at the 2019 AGM.

4.7 **Review Procedures for the Semgas Dealership Agreement**

4.7.1 The review procedures for the Semgas Dealership Agreement shall be substantially similar to the review procedures for the Summit Dealership Agreement.

4.7.2 All Interested Person Transactions under the Semgas Dealership Agreement shall be recorded in the IPT Register. The Company's Audit Committee shall also on a quarterly basis carry out a review of the Interested Person Transactions under the Semgas Dealership Agreement to ensure that the continued performance of the Semgas Dealership Agreement will not be prejudicial to the interests of the Company and its minority Shareholders. In addition, the Audit Committee shall review the terms of the Semgas Dealership Agreement every three (3) years with the assistance from independent advisers, to ensure that the Semgas Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4.7.3 All Interested Person Transactions under the Semgas Dealership Agreement shall be subject to the review by internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained. The internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all Interested Person Transactions are carried out on normal commercial terms, and relevant approvals have been obtained.

4.7.4 The Audit Committee will review the Semgas % Change of the Semgas Premium (including the basis for Semgas % Change) negotiated between the Group and Semgas Supply and approve the Semgas % Change on an annual basis. The Audit Committee may request for additional information pertaining to the Semgas Dealership Agreement as they deem fit. In addition, the Audit Committee shall also review each amendment proposed to be made to the Semgas Dealership Agreement so as to ensure that such proposed amendment will not be prejudicial to the interests of the Company and its minority Shareholders. Any future variation or amendment or renewal of the terms of the Semgas Dealership Agreement shall be subject to the approval of the Audit Committee and the relevant Catalist Rules.

4.8 **Advice of the Independent Financial Adviser**

4.8.1 Chapter 9 of the Catalist Rules provides that where shareholders' approval is required for an interested person transaction, the shareholders' circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

4.8.2 The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser to advise the Independent Directors on whether the Proposed Entry into the Semgas Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4.8.3 A copy of the IFA Letter, containing its opinion in full, is set out in Annex A to this Appendix. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:–

10.2 OUR OPINION ON THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the Estimated Semgas Price is approximately (i) 3.6% lower than the volume weighted average LPG price paid by the Group to Summit for 2018, and (ii) 12.8% higher than the volume weighted average LPG price paid by the Group to Summit for the period from January 2019 to February 2019;

(b) the LPG pricing formula under the Amended and Restated Dealership Agreement and the Semgas Dealership Agreement are largely similar in that both comprise of four (4) components, being (i) the Saudi Aramco Contract Price, (ii) the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers, (iii) the Summit Premium or Semgas Premium, and (iv) a foreign exchange rate to be applied;

(c) the differences in the LPG pricing formula pertain to (i) the computation of the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers (with Summit paying based upon a weighted average LPG supplier premium, and Semgas Supply paying based upon the highest charging third party LPG supplier premium) and (ii) the basis of the foreign exchange rate applied (with Summit using the mid-day exchange rate from the last day of the previous month, and Semgas Supply using the average of the mid-day exchange rates for the previous month);

(d) there is no minimum volume being committed to by the Group with respect to the Semgas Dealership Agreement, in which case the Company will not be obliged to compensate Semgas Supply for any shortfall of quantity (from any agreed minimum volume) of LPG Products ordered from Semgas Supply;

(e) the price of LPG Products under the Semgas Dealership Agreement is expected to be higher than the price of LPG Products under the Summit Dealership Agreement as: (i) the volume of LPG Products which the Group intends to purchase from Semgas Supply will not be as high as the volume currently purchased from Summit, and (ii) unlike the Summit Dealership Agreement, there is no requirement for the Group to commit to purchase a minimum volume of LPG Products from Semgas Supply;

(f) the pro forma financial effects due to Differences in Material Terms indicates that the difference between (i) the actual cost paid by the Group for the purchase of LPG Products under the "Sungas" brand for the period between April 2018 and December 2018, and (ii) the illustrative cost that the Group would have paid under the Semgas Dealership Agreement, would have been approximately $19,200 (or 2.2% higher than the actual cost);

(g) *in view of Paragraphs 6.3 (a), (b) and (c) of our IFA Letter, the Company does not expect the deviation in LPG pricing between both dealership agreements to vary substantially from each other;*

(h) *the estimated price to be paid by the Group for each bottled LPG cylinder under the Semgas Dealership Agreement in May 2019 is lower than the unit price currently charged by Summit to the Selected LPG Customers for each bottled LPG cylinder;*

(i) *the gross profit margin to be generated by Semgas Supply for the first year under the Semgas Dealership Agreement is within the range, and below the average and the median gross profit margin generated by these companies which are principally engaged in the wholesale and distribution of LPG; and*

(j) *other considerations set out in Paragraph 6.6 of this IFA Letter.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Entry into the Semgas Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4.9 **The Audit Committee's Statement**

The Audit Committee, having considered, *inter alia*, the rationale for and the terms of the Proposed Entry into the Semgas Dealership Agreement and the benefits to the Group that may be obtained therefrom, and taking into consideration the opinion of the IFA, the Audit Committee concurs with the opinion of the IFA, and is of the view (i) that the Proposed Entry into the Semgas Dealership Agreement is on normal commercial terms; and (ii) will not be prejudicial to the interests of the Company and its minority Shareholders.

5. THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

5.1 **Background**

5.1.1 The Group is one of the leading suppliers of bottled LPG cylinders to domestic households and hawker centres in Singapore, and is in the business of the retail distribution of bottled LPG cylinders and sale of LPG-related accessories, such as stoves, hoods, rubber hoses and regulators, mainly to domestic households and hawker centres in Singapore. The Group also sells bottled LPG cylinders to dormitories and to certain industrial customers which require bottled LPG cylinders for their operations. From time to time, the Group also supplies bottled LPG cylinders for corporate and private events and functions.

5.1.2 Consistent with its growth strategy, the Group is looking to expand its distribution network and diversify its customer base in relation to its business of sale and distribution of bottled LPG cylinders and LPG-related accessories to customers in Singapore by supplying bottled LPG cylinders to shop houses, factories and businesses which require bottled LPG cylinders for their operations.

5.1.3 In connection with its effort to expand its distribution network, the Group intends to purchase LPG manifold systems and pipings which are installed at the premises of customers and/or potential customers, including those which are currently owned by the Manifold Suppliers, so that it may distribute LPG Products to these customers and/or potential customers. The Group is therefore proposing to enter into the Manifold Purchase Agreement with the Manifold Suppliers.

5.2 **The Proposed Entry into the Manifold Purchase Agreement as an interested person transaction**

Approval of the Shareholders is being obtained for the Proposed Entry into the Manifold Purchase Agreement as a requirement pursuant to Chapter 9 of the Catalist Rules. Given that:

(a) UEC is the holding company of the Manifold Suppliers;

(b) Mr. Teo Kiang Ang is the non-Executive Chairman and Director of the Company and owns 61.89% equity interest in UEC;

(c) Ms. Alexis Teo is an Executive Director and the CEO, owns 5.28% equity interest in UEC and is the daughter of Mr. Teo Kiang Ang; and

(d) Mr. Teo Hark Piang is an Executive Director and a Director of Sales (Commercial and Industrial) of the Company, owns 12.55% equity interest in UEC and is the son of Mr. Teo Kiang Ang and brother of Ms. Alexis Teo,

UEC is an interested person in relation to the Proposed Entry into the Manifold Purchase Agreement. Accordingly, the Manifold Suppliers are interested persons under Chapter 9 of the Catalist Rules and the Proposed Entry into the Manifold Purchase Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

5.3 **Information on the Manifold Suppliers and Rationale for the Proposed Entry into the Manifold Purchase Agreement**

5.3.1 Save for UEC, the Manifold Suppliers are wholly-owned subsidiaries of UEC. In order to supply bottled LPG cylinders to businesses which require bottled LPG cylinders for their operations, the Group will have to take over the installed LPG manifold systems and pipings at their locations.

5.3.2 By entering into the Manifold Purchase Agreement, the Group will be able to purchase and take over LPG manifold systems and pipings from the Manifold Suppliers at pre-agreed terms and prices as set out in the Manifold Purchase Agreement. This will enable the Group to:

(a) expand the distribution network and diversify the customer base of its Retail LPG Business;

(b) benefit from certainty in relation to the pricing of manifold systems, which may vary substantially and may exceed the cost of a brand new manifold system and pipings if negotiated on an individual basis;

(c) expand its distribution network at a steady and sustainable pace in accordance with cash flows generated from operations; and

(d) enjoy cost savings by eliminating any downtime in the supply of bottled LPG cylinders to customers which would occur if the Group had to build new LPG manifold systems and pipings for each new customer.

5.3.3 This is in line with the Group's growth strategy and the Company recognizes the performance and continuing potential of the Retail LPG Business.

5.4 **Salient terms of the Manifold Purchase Agreement**

5.4.1 **Validity Period:** The Manifold Purchase Agreement shall commence upon its signing and shall be valid for an indefinite period of time until it is terminated by either party upon giving prior written notice.

5.4.2 **Price of 2-Cylinder to 16-Cylinder Manifold Systems:** For the period commencing from the date of the Manifold Purchase Agreement to 30 April 2021, 2-Cylinder to 16-Cylinder LPG manifold systems shall be sold at fixed prices to the Group. The prices are fixed in a schedule according to the size of the LPG manifold system, and were determined on a willing-buyer, willing-seller basis, at prices not more than the replacement costs for similar LPG manifold systems from third party suppliers for LPG manifold systems.

5.4.3 **Adjustment**: For so long as the Manifold Purchase Agreement is valid, for every one-year period commencing on 1 May 2021, the price of LPG manifold systems for a one-year period may increase or decrease by no more than 10% compared to the preceding year. Any adjustment to the price of Assets shall be subject to commercial negotiation and agreement in writing between the Company and UEC, and is further subject to the concurrence of the audit committee of the Company.

5.4.4 **Mandatory Petroleum and Flammable Material Storage Licence**: For each LPG manifold, the Group shall pay to the Manifold Supplier a fee of S$3,500 for each validly existing Petroleum and Flammable Material Storage Licence ("**Storage Licence**") from the Singapore Civil Defence Force (which shall include any costs incurred by the Manifold Supplier for the procurement of the relevant Storage Licence, including but not limited to any fee for professional engineers, properly endorsed drawings, manpower and other related costs). The Manifold Supplier shall also be responsible for the procurement of a standard two-year renewal of the Storage Licence upon its first expiry following the purchase of the relevant LPG manifold by the Group.

5.4.5 **Regulatory Changes**: The amount of fees, charges, and expenses imposed, incurred or levied by any government authority or third party in the event of any change in the laws, regulations or guidelines relevant or relating to LPG manifolds, in respect of any stage within one (1) year after the title of LPG manifold system has passed to the Group, shall be on the Manifold Supplier's account.

5.4.6 **Warranty**: The Manifold Supplier shall provide a full guarantee against all defects and defaults in the LPG manifold system and pipings, including, but not limited to, materials, parts, transportation and service, for a period of one (1) year from date of acquisition of the relevant LPG manifold system and pipings.

5.5 **Materiality Thresholds under Chapter 9 of the Catalist Rules**

5.5.1 In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Company's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

5.5.2 Based on the latest audited consolidated financial statements of the Group for FY2018, the audited consolidated NTA of the Group was approximately S$19.77 million and the working capital of the Group is S$10.79 million. For illustrative purposes, on the assumption that the Group may use up to 30% of its working capital to purchase LPG manifold systems and pipings under the Manifold Purchase Agreement from the Manifold Suppliers, the value at risk for the Proposed Entry into the Manifold Purchase Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018 is approximately 16.4%. As this value exceeds 5.0% of the Group's latest audited consolidated NTA for FY2018, pursuant to Rule 906 of the Catalist Rules, the Proposed Entry into the Manifold Purchase Agreement is an interested person transaction which is subject to the approval of the Shareholders.

5.5.3 In accordance with the above, the Company will be seeking Shareholders' approval for the Proposed Entry into the Manifold Purchase Agreement at the 2019 AGM.

5.6 **Review Procedures for the Manifold Purchase Agreement**

5.6.1 All interested person transactions under the Manifold Purchase Agreement shall be recorded in the IPT Register, and shall be subject to the review by our internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained. The internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all interested person transactions are carried out on normal commercial terms, and relevant approvals have been obtained.

5.6.2 The Audit Committee shall also on a quarterly basis carry out a review of the interested person transactions under the Manifold Purchase Agreement to ensure that the continued performance of the Manifold Purchase Agreement will not be prejudicial to the interests of our Company and our minority Shareholders. In addition, the Audit Committee shall review the terms of the Manifold Purchase Agreement every three (3) years with the assistance from independent advisers, to ensure that the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

5.6.3 The Audit Committee will review any change in the price of the LPG manifold systems negotiated between the Group and the Manifold Suppliers and approve such change on an annual basis commencing 1 May 2021. The Audit Committee may request for additional information pertaining to the Manifold Purchase Agreement as they deem fit. In addition, the Audit Committee shall also review each amendment proposed to be made to the Manifold Purchase Agreement so as to ensure that such proposed amendment will not be prejudicial to the interests of our Company and our minority Shareholders. Any future variation or amendment or renewal of the terms of the Manifold Purchase Agreement shall be subject to the approval of our Audit Committee and the relevant Catalist Rules.

5.7 **Advice of the Independent Financial Adviser**

5.7.1 Chapter 9 of the Catalist Rules provides that where shareholders' approval is required for an interested person transaction, the shareholders' circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

5.7.2 The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser to advise the Independent Directors on whether the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

5.7.3 A copy of the IFA Letter, containing its opinion in full, is set out in Annex A to this Appendix. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:–

10.3 OUR OPINION ON THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the manifold system pricing under the Manifold Purchase Agreement is lower than the average pricing offered by independent manifold system suppliers across the various manifold system sizes, with pricing discounts ranging between 7.7% and 45.0%;

(b) any adjustment to the price of the LPG manifold systems shall be subject to commercial negotiation and agreement in writing between the Company and UEC, and will be further subject to the concurrence of the Audit Committee;

(c) for each one-year period commencing from 1 May 2021, the maximum increase or decrease in LPG manifold system pricing will be limited to 10% as compared to the preceding year; and

(d) the review procedures for the Manifold Purchase Agreement.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

5.8 **The Audit Committee's Statement**

The Audit Committee, having considered, *inter alia*, the rationale for and the terms of the Proposed Entry into the Manifold Purchase Agreement and the benefits to the Group that may be obtained therefrom, and taking into consideration the opinion of the IFA, the Audit Committee concurs with the opinion of the IFA, and is of the view (i) that the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms; and (ii) will not be prejudicial to the interests of the Company and its minority Shareholders.

6. THE PROPOSED ADOPTION OF THE NEW IPT GENERAL MANDATE

6.1 **Background of the New IPT General Mandate**

6.1.1 The Existing IPT General Mandates include categories of transactions that were renewed at the AGM of the Company held on 23 April 2018, and categories of transactions that were freshly adopted at the EGM of the Company held on 23 April 2018. These Existing IPT General Mandates will expire on 25 April 2019, being the forthcoming date of the 2019 AGM. The Company has proposed revising the scope of the Existing IPT General Mandates and as such, would like to seek the approval of its Shareholders for the adoption of the New IPT General Mandates in respect of certain recurrent transactions as set out below in Section 6.3 of this Appendix, pursuant to Chapter 9 of the Catalist Rules.

6.1.2 As at the Latest Practicable Date, the Non-executive Chairman of the Company, Mr. Teo Kiang Ang, an Executive Director and the CEO, Ms. Alexis Teo, and an Executive Director and the Director of Sales (Commercial and Industrial) of the Company, Mr. Teo Hark Piang, have an interest of approximately 61.89%, 5.38%, and 12.55% of the total equity interest in UEC respectively, in which Mr. Teo Kiang Ang is a director and Mr. Teo Hark Piang is a non-executive director. Hence, for the purposes of Chapter 9 of the Catalist Rules, the entities within the UEC Group, including Choon Hin, Gasmart, Health Domain, Sembas, Semgas (S), Semgas Supply, Summit, United Gas, and Union Power, are regarded as interested persons of the Company.

6.2 **Classes of Mandated Interested Persons**

6.2.1 The New IPT General Mandate will apply to the Group's transactions with the Mandated Interested Persons. The Mandated Interested Persons are:

(a) Choon Hin;

(b) Gasmart;

(c) Health Domain;

(d) Sembas;

(e) Semgas Supply;

(f) Semgas (S);

(g) Summit;

(h) United Gas; and

(i) Union Power.

6.2.2 Transactions with Mandated Interested Persons which do not fall within the ambit of the New IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

6.3 **Mandated Transactions under the New IPT General Mandate**

6.3.1 The transactions with the Mandated Interested Persons which will be covered by the New IPT General Mandate (the "**Mandated Transactions**") relate to the provision to, or the obtaining from, the Mandated Interested Persons of recurrent transactions (such as the purchase and sale of products and services in the normal course of the Company's business) of a revenue or trading nature or which are necessary for the Company's day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of the Company's day-to-day operations) comprising the following:

(a) provision of maintenance services by Mandated Interested Persons to the Group in relation to:

(i) the repair and maintenance of lorries; and

(ii) the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries),

for which the cost of all maintenance services shall be capped at the cost of maintaining two (2) mechanics on a cost recovery basis while the cost of spare parts shall be capped at cost recovery plus mark-up of 5%;

(b) sale of diesel at the Group's fuel station from the Group to Mandated Interested Persons;

(c) the sale of diesel in bulk by the Group to Mandated Interested Persons

(d) the purchase of electricity by the Group from Mandated Interested Persons;

(e) the provision of maintenance and support services by Mandated Interested Persons 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.

(f) the provision of delivery services by Mandated Interested Persons to the Group, for the purposes of transporting LPG Products necessary in the course of the business of the Group;

(g) provision of IT infrastructure services to Sembas; and

(h) purchase of health products by the Group from Health Domain.

6.3.2 For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the New IPT General Mandate. The New IPT General Mandate will also not cover any transaction by the Group with the Mandated Interested Persons that has a value below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

6.3.3 Transactions with other interested persons (other than the classes of Mandated Interested Persons) that do not fall within the ambit of the New IPT General Mandate will be subject to the relevant provision of Chapter 9 of the Catalist Rules and/or applicable provisions of the Catalist Rules and/or any applicable law. Transactions conducted under the New IPT General Mandate are not subject to Rule 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

6.4 **Rationale for and Benefits of the New IPT General Mandate**

6.4.1 The Mandated Transactions are transactions entered into between the Group and the Mandated Interested Persons in the ordinary course of business. Such transactions will recur frequently and the Directors are of the view that it will be beneficial to the Group to continue to transact with the Mandated Interested Persons as the Group derives synergy and benefits from these transactions.

6.4.2 The New IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions arise with the Mandated Interested Persons, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

6.4.3 In addition, the New IPT General Mandate is intended to give the Group the flexibility to enter into and facilitate transactions with the specified classes of Mandated Interested Persons in the ordinary course of the Group's business without the need to seek Shareholders' approval each time, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. This is expected to enhance the Group's ability to pursue business opportunities of a revenue or trading nature which are time sensitive, and will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

6.4.4 In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:–

(a) disclose in the Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the New IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the New IPT General Mandate continues to be in force);

(b) announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the New IPT General Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report; and

(c) present the disclosures of transactions conducted with the Mandated Interested Persons in the form set out in Rule 907 of the Catalist Rules.

6.5 **Review Procedures for the New IPT General Mandate**

6.5.1 The Group has established procedures to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken on normal commercial terms, and are consistent with the Group's usual policies and practices and are not prejudicial to the interests of the Company and its minority Shareholders.

(a) Provision of maintenance services by Mandated Interested Persons to the Group in relation to:

(i) the repair and maintenance of lorries; and

(ii) the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries),

for which the cost of all maintenance services shall be capped at cost of maintaining two (2) mechanics on a cost recover basis while the cost of spare parts shall be capped at cost recovery plus mark-up of 5%.

Cost of Maintenance Staff

The cost of maintaining two (2) mechanics (the "**Maintenance Staff**") shall be subject to applicable yearly increment and variable bonuses as may be generally applicable to employees of the relevant Mandated Interested Person. On a yearly basis, the Company shall determine whether the salary and terms (including the yearly increment and variable bonuses) offered by the Mandated Interested Person to the Maintenance Staff are fair and reasonable, taking into account factors such as the experience, expertise, quality, education, and performance reviews.

As part of its review process, the Company shall also obtain from the relevant Mandated Interested Person information relating to the salary it pays its employees in a similar role and with similar expertise and experience to determine whether the salary and terms (including the yearly increment and variable bonuses) offered to the Maintenance Staff are comparable to those offered by the relevant Mandated Interested person to other employees with similar expertise and experience.

In the event that such information cannot be obtained from the relevant Mandated Interested Person (for instance, if there are no employees of the relevant Mandated Interested Person of similar experience and expertise), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the salary and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices or industry norms, and taking into account factors such as, but not limited to, requirements, quality, experience and expertise, education, and performance reviews.

Cost of Spare Parts

The cost of spare parts in relation to the provision of maintenance services by Mandated Interested Persons to the Group shall be capped at cost recovery plus mark-up of 5%. Information in relation to the cost incurred shall be provided by the relevant Mandated Interested Person and shall be compared against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar spare part as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not less favourable to those offered by other unrelated third parties for the same or substantially similar spare part. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the materials used and any other costs in relation to and necessary for the Mandated Interested Persons to properly provide the spare parts, will also be taken into account.

In the event that such quotations from unrelated third party suppliers cannot be obtained (for instance, if there are no unrelated third party suppliers providing similar spare parts), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, the materials used and any other costs in relation to and necessary for the Mandated Interested Person to provide the spare parts, will also be taken into account.

(b) Sale of diesel at the Group's fuel station from the Group to the Mandated Interested Persons.

The sale of diesel at the Group's fuel station to Mandated Interested Persons are to be carried out in accordance with the Group's usual business policies and practices, at the prevailing market rates publicly displayed at the Group's fuel station for the same or substantially similar type of transactions, and on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/ prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event where the prevailing market rates or prices or comparable transactions are not available due to the nature of the transaction, the CFO and a senior executive in the Group designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transaction) will determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking in account factors such as, but not limited to, the Group's then-prevailing capacity and resources, profit margins, rationale for and benefits of the transaction and industry terms and practices (if applicable).

(c) The sale of diesel in bulk by the Group to Mandated Interested Persons.

The sale of diesel in bulk by the Group to Mandated Interested Persons are to be carried out in accordance with the Group's usual business policies and practices, consistent with the usual margins or at the prevailing market rates for the same or substantially similar type of transactions, and on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/ discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

Where possible and practicable, the Company will make comparisons with at least two (2) other recent contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions. In the event where the prevailing market rates or prices or comparable transactions are not available due to the nature of the transaction, the CFO and a senior executive in the Group (both of whom must have no interest, direct or indirect, in the transaction) will determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable taking in account factors such as, but not limited to, the Group's then-prevailing capacity and resources, profit margins, rationale for and benefits of the transaction, industry terms and practices (if applicable), and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

(d) Purchase of electricity by the Group from Mandated Interested Persons.

The purchase of electricity from Mandated Interested Persons is to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar electricity consumption, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar electricity consumption. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality and consistency of service in relation to the provision of electricity, experience and expertise and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, the Group will obtain two (2) recent quotations (wherever possible or available) from the Mandated Interested Person for similar quantities of electricity provided by the Mandated Interested Person to their unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable and comparable to those offered by the Mandated Interested Person to other unrelated third party customers for the same or substantially similar quantities of electricity. In determining whether the price and terms offered by the Mandated Interested Person

are fair and reasonable, factors such as, but not limited to, requirements and specifications, profit margins, quality and consistency of service in relation to the provision of electricity, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

In the event that such quotations from the Mandated Interested Persons's unrelated third party customers from cannot be obtained (for instance, if there are no unrelated third party customer of the Mandated Interested Person of similar products), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, requirements and specifications, quality and consistency of service in relation to the provision of electricity, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

(e) The provision of maintenance and support service by Mandated Interested Persons 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 provision of maintenance and support service by Mandated Interested Persons to any member of the Group is to be carried out by comparing against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar provider of maintenance and support service, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable and comparable to those offered to other unrelated third parties for the same or substantially similar maintenance and support service. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, if applicable, the Company will procure that the Mandated Interested Person provides and/or the Company will obtain two (2) recent quotations (wherever possible or available) for the provision of similar maintenance and support services provided by the Mandated Interested Person to its unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered to the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by the Mandated Interested Person to other unrelated third party customers for the same or substantially similar maintenance and support services. In determining whether the price and terms offered to the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such quotations cannot be obtained (for instance, if there are no unrelated third party suppliers for the same or substantially similar provider of maintenance and support services), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

(f) The provision of delivery services by Mandated Interested Persons to the Group, for the purposes of transporting LPG Products necessary in the course of the business of the Group.

While the Group has the personnel and capability to provide delivery services for its LPG Products necessary in the course of the business of the Group, it may, from time to time, enter into transactions with Mandated Interested Persons for the Mandated Interested Person to provide delivery services as and when it experiences temporary shortages of delivery personnel or have to make urgent delivery services.

No review procedures shall be applicable if the price quoted by the Mandated Interested Person is equals to or is less than the Group's cost of delivery (had it performed the delivery service itself) plus a mark-up of 5%.

In the event that the price quoted by the Mandated Interested Person exceeds the Group's cost of delivery plus a mark-up of 5%, such quote shall be compared against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar provider for delivery services, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, and comparable to those offered by other unrelated third parties for the same or substantially similar delivery service. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the urgency of the request, the size of the delivery, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, if applicable, the Company will procure that the Mandated Interested Person provides and/or the Company will obtain two (2) recent quotations (wherever possible or available) for the provision of similar delivery services provided by the Mandated Interested Person to its unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable to those offered by the Mandated Interested Person to other unrelated third party customers for the same or substantially similar delivery services. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the urgency of the request, the size of the delivery, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such quotations issued to unrelated third party customers of the Mandated Interested Person cannot be obtained (for instance, if there are no unrelated third party customers of the Mandated Interested Person of similar delivery services), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered to the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

(g) Provision of IT infrastructure services to Sembas.

In connection with the provision of IT Infrastructure services by the Group to Sembas, Union Energy had entered into a framework agreement with Sembas to provide back-end IT services which commenced on 1 May 2017.

Under the terms of the framework agreement, Sembas shall pay to the Group service fees for the IT Infrastructure services on a cost recovery plus mark-up basis. In assessing the costs incurred for the provision of such services, the Group shall take into account all costs directly incurred by the Group to maintain the IT Infrastructure, including the cost of purchasing the IT Infrastructure, equipment and spare parts, the cost of financing the purchase of such equipment (if any), the cost of the personnel engaged to provide such services, and any other costs in relation to and necessary for the Group to properly render the services. In determining the mark up, the Group shall refer to the transfer pricing guidelines issued by IRAS for the provision of routine support services to related parties. Based on the fifth edition of the transfer pricing guidelines published by IRAS on 23 February 2018, the mark up is 5%.

(h) Purchase of Health Products by the Group from Health Domain.

The Group may from time to time purchase health products from Health Domain. All transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of products, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers cannot be obtained (for instance, if there are no unrelated third party vendors of similar products), the Company will obtain two (2) recent quotations (wherever possible or available) from Health Domain for similar quantities and/or quality of products provided by Health Domain to their unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable and comparable to those offered by Health Domain to other unrelated third party customers for the same or substantially similar

type of products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, profit margins, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

In the event that such quotations from Health Domain's unrelated third party customers cannot be obtained (for instance, if there are no unrelated third party customers of Health Domain of similar products), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, requirements and specifications, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

6.6 **Scope and Validity Period of the New IPT General Mandate**

6.6.1 Rule 905 and Rule 906 of the Catalist Rules do not apply to any transaction which has a value below S$100,000 with an interested person and therefore technically, transactions below S$100,000 need not be covered under the New IPT General Mandate.

6.6.2 Transactions with a Mandated Interested Person which do not fall within the ambit of the New IPT General Mandate, will be subject to the relevant provisions of Chapter 9 of the Catalist Rules, and/or other applicable provisions of the Catalist Rules and/or the Act, if any.

6.6.3 If approved at the 2019 AGM, the New IPT General Mandate will take effect from the date of the passing of the ordinary resolution to be proposed at the 2019 AGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent AGM of the Company.

6.6.4 Approval from Shareholders will be sought for the renewal of the New IPT General Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions with the Mandated Interested Persons.

6.7 **Approval Threshold**

6.7.1 In addition to the review procedures, the following thresholds will apply to the Mandated Transactions:

(a) where the value of each Mandated Transaction is less than 3% of the Group's latest audited NTA, such transaction will be reviewed and approved by the CFO who is not related to the Mandated Interested Person(s) from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis; and

(b) where the value of each Mandated Transaction is greater than or equal to 3% of the Group's latest audited NTA, such transaction will be reviewed and approved by the CFO and the Audit Committee, all of whom are not related to the Mandated Interested Person(s).

6.7.2 The above approval thresholds are adopted after taking into account, amongst other things, the nature, volume, recurrent frequency and transaction size as well as the Group's day-to-day operations, administration and businesses. The approval thresholds act as an additional safeguard to supplement the review procedures to be implemented for the Mandated Transactions.

6.7.3 Any of the persons referred to above may request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or obtaining of valuations from independent professional valuers, as he deems fit.

6.7.4 If any of the persons referred to above has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by such other senior executive of the Group as designated by the Audit Committee.

6.7.5 If a member of the Audit Committee has an interest in any Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to the Mandated Transaction, and the review and approval of that Mandated Transaction will be undertaken by the remaining members of the Audit Committee.

6.8 **Other Monitoring and Review Procedures**

6.8.1 The following monitoring and review procedures will also be implemented in relation to all interested person transactions (including the Mandated Transactions):

6.8.2 The Group will maintain a register of all interested person transactions, including the Mandated Transactions (the "**IPT Register**"). The IPT Register shall include information pertinent to all the interested person transactions, such as, but not limited to, the nature of the interested person transactions, the details of the interested person transactions, the rationale for entering into such transactions, the basis (as well as the supporting documents) for determining the transaction prices and material terms and conditions.

The IPT Register shall be prepared, maintained and monitored by the CAO, who shall not be interested in any of the interested person transactions and who is duly delegated to do so by the Audit Committee. The Company will obtain signed declarations from all Directors and executive officers on an annual basis with respect to their interest in any transactions with the Group.

6.8.3 Separate from the Audit Committee's requirement to approve interested person transactions submitted to it, the Audit Committee will, on a quarterly basis, review the transactions in the IPT Register, to (i) in respect of interested person transactions excluding the Mandated Transactions, ensure that such interested person transactions are entered into taking into account the review procedures for other interested person transactions as previously set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions" of the Company's offer document dated 13 July 2017; (ii) in respect of the Mandated Transactions, ensure that the methods and procedures established under the New IPT General Mandate have been complied with, and the relevant approvals have been obtained; and (iii) determine if the methods and procedures established under the New IPT General Mandate continue to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are not prejudicial to the interests of the Company and its minority Shareholders.

6.8.4 All interested person transactions shall be subject to the review by the Company's internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained. The internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all interested person transactions are carried out on normal commercial terms, and relevant approvals have been obtained. The Group shall grant the Audit Committee access and shall furnish such information as required by the Audit Committee for such review.

6.8.5 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established methods and procedures have become inadequate or inappropriate to ensure that the Mandated Transactions will be entered into based on terms not prejudicial to the interests of the Company and its minority Shareholders, for example, in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person are conducted, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such methods and procedures, and/or modify or implement such methods and procedures as may be necessary, and direct the Company to seek a fresh general mandate from Shareholders based on new methods and procedures for transactions with Mandated Interested Persons.

6.8.6 The Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

6.9 **Advice of the Independent Financial Advisor**

A copy of the IFA Letter, containing its opinion in full, is set out in Annex A to this Appendix. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:–

10.4 OUR OPINION ON THE NEW IPT GENERAL MANDATE

In arriving at our opinion in respect of the New IPT General Mandate, we have considered, inter alia, the methods and procedures set up by the Company, the role of the Audit Committee in enforcing the New IPT General Mandate, and the rationale for and benefits of the New IPT General Mandate.

Having regard to the considerations set out in Paragraph 9 of this IFA Letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the methods and procedures for determining the transaction prices of the New IPT General Mandate, if applied strictly, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6.10 **The Audit Committee's Statement**

6.10.1 The Audit Committee, having reviewed, *inter alia*, the rationale for and the terms of the New IPT General Mandate and the benefits to the Group that may be obtained therefrom, and taking into consideration the opinion of the IFA, is of the view that the guidelines and review procedures set up by the Company for determining the transaction prices of Mandated Transactions are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6.10.2 If, during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and review procedures for the Mandated Transactions are no longer appropriate or adequate to ensure that the Mandated Transactions will be transacted on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures for transactions with the Mandated Interested Person to ensure that transactions with the Mandated Interested Person will be on normal commercial terms. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions with the Mandated Interested Person will be subject to prior review and approval by the Audit Committee.

6.10.3 Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and Ms. Alexis Teo, who are Interested Persons in relation to the New IPT General Mandate, shall abstain from making any recommendations in respect of the New IPT General Mandate.

7. RULE 917(5) OF THE CATALIST RULES

7.1.1 Pursuant to Rule 917(5) of the Catalist Rules, the current total of all interested person transactions during the course of the financial year ending 31 December 2019, being the period commencing from 1 January 2019 up to the Latest Practicable Date are as follows:–

Interested Person Transactions	**S$'000**
Provision of maintenance services by Mandated Interested Persons to the Group in relation to the repair and maintenance of lorries and the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries)	24
Sale of diesel at the Group's fuel station from the Group to the Mandated Interested Persons	14
Sale of diesel in bulk by the Group to Mandated Interested Persons	268
Purchase of electricity by the Group from Mandated Interested Persons	60
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	116
The provision of delivery services by Mandated Interested Persons to the Group	30
Provision of IT infrastructure services to Sembas	67
Purchase of health products by the Group from Health Domain	1
Total	580

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1 Interests of Directors

The interests (both direct and indirect interests) of the Directors in the issued share capital of the Company, as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date, are as follows:

Name of Director	Direct Interest	Deemed Interest
Shares of the Company		
Teo Kiang Ang[(1), (2)]	115,825,746	33,376,164
Teo Soak Theng Alexis	4,421,991	–
Teo Hark Piang	8,291,232	–
Loo Hock Leong	–	–
Lim Chwee Kim	400,000	–
Heng Chye Kiou	–	–

Notes:–

(1) Mr. Teo Kiang Ang, who is the non-executive Chairman of the Company, is the father of Ms. Alexis Teo, who is an Executive Director and the CEO, and Mr. Teo Hark Piang, an Executive Director and the Director of Sales (Commercial and Sales) of the Company.

(2) Mr. Teo Kiang Ang has a 61.89% shareholding interest in UEC and Semgas Supply is wholly-owned by UEC. Therefore Mr. Teo Kiang Ang is deeded to have an interest in the Shares held by UEC and Semgas Supply by virtue of Section 4 of the SFA.

8.2 Interests of Substantial Shareholders

As of the Latest Practicable Date, the shareholding of the Substantial Shareholders are as follows:–

	Direct Interest	%	Deemed Interest	%	Total	%
Teo Kiang Ang[(1)]	115,825,746	50.61	33,376,164	14.58	149,201,910	65.19
Union Energy Corporation Pte. Ltd.[(2),(3)]	24,329,430	10.63	4,533,434	1.98	28,862,864	12.61
LK Tang Pte. Ltd.	4,513,300	1.97	–	–	4,513,300	1.97

Notes:–

(1) Mr. Teo is the Non-executive Chairman and controlling shareholder of the Company.

(2) In consideration for the acquisition of the entire issued and paid-up share capital of U-Gas Pte. Ltd., the Company issued 24,329,430 Shares to UEC on 31 May 2018.

(3) Semgas Supply is wholly owned by UEC and holds 4,533,434 Shares. Therefore, UEC is deemed to have an interest in the Shares held by Semgas Supply by virtue of Section 4 of the SFA.

8.3 **Interests of Directors and Substantial Shareholder(s) in the Summit Dealership Agreement (and the Amended and Restated Dealership Agreement), the Semgas Dealership Agreement, the Manifold Purchase Agreement and the New IPT General Mandate**

As at the Latest Practicable Date:

(a) the Non-executive Chairman of the Company, Mr. Teo Kiang Ang, is a director of UEC and has an equity interest of approximately 61.89% in UEC;

(b) the Executive Director and CEO, Ms. Alexis Teo, has an equity interest of approximately 5.38% in UEC; and

(c) the Executive Director and Director of Sales (Commercial and Industrial) of the Company, Mr. Teo Hark Piang, has an equity interest of approximately 12.55% in UEC.

UEC, a Substantial Shareholder as set out in Section 8.2 above, is the shareholder of the Mandated Interested Persons, which, at the Latest Practicable Date include Choon Hin, Gasmart, Health Domain, Sembas, Semgas (S), Semgas Supply, Summit, United Gas, and Union Power.

Save as disclosed above, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Summit Dealership Agreement (and the Amended and Restated Dealership Agreement), the Semgas Dealership Agreement, the Manifold Purchase Agreement and the New IPT General Mandate.

9. ABSTENTION FROM VOTING

Rule 919 of the Catalist Rules 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, Ms. Alexis Teo, Mr. Teo Hark Piang, and UEC will abstain and shall procure that their respective associates will abstain, from voting on resolutions at the 2019 AGM approving the Proposed Transactions.

In addition, each of Mr. Teo Kiang Ang, Ms. Alexis Teo, Mr. Teo Hark Piang, and their respective associates, as well as the authorized representative(s) of UEC, shall not accept nomination as proxies or otherwise vote at the 2019 AGM in respect of the resolutions in relation to the Proposed Transactions unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolutions.

10. DIRECTORS' RECOMMENDATION

Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and Ms. Alexis Teo shall abstain from making any recommendations in respect of the Proposed Transactions. After having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Transactions, the IFA Letter and the statements from the Audit Committee, the Directors (except for Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and Ms. Alexis Teo) are of the opinion that the Proposed Transactions are in the best interests of the Company and is not prejudicial to the interests of its minority Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolutions 10, 11, 12 and 13 relating to the Proposed Transactions at the 2019 AGM.

11. ACTIONS TAKEN BY SHAREHOLDERS

11.1 Appointment of Proxies

If a Shareholder (who is not a Relevant Intermediary, as defined in Section 181(6) of the Act) is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached herein in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Share Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not later than 72 hours before the time appointed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

For the purpose of this Section 11.1, a Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or

(c) the CPF Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

11.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

13. CONSENTS

The IFA, Xandar Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Appendix and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Appendix, and to act in such capacity in relation to this Appendix.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Lorong Bakar Batu #07-04 Union Industrial Center, Singapore 348741, during normal business hours from the date of this Appendix up to and including the date falling three (3) months from the date of the 2019 AGM:–

(a) the Summit Dealership Agreement;

(b) the Deed of Amendment and Restatement;

(c) the Semgas Dealership Agreement;

(d) the Manifold Purchase Agreement;

(e) the IFA Letter;

(f) the letter of consent from the IFA;

(g) the constitution of the Company; and

(h) the annual report of the Company for FY2018.

15. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

Yours faithfully

For and on behalf of
the Board of Directors of
UNION GAS HOLDINGS LIMITED

Teo Soak Theng Alexis
Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

10 April 2019

Union Gas Holdings Limited
3 Lorong Bakar Batu
#07-04 Union Industrial Centre
Singapore 348741

Attention: The Independent Directors

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF UNION GAS HOLDINGS LIMITED IN RESPECT OF:

(A) THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(B) THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT AS AN INTERESTED PERSON TRANSACTION;

(C) THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION; AND

(D) THE PROPOSED ADOPTION OF THE NEW INTERESTED PERSON TRANSACTION GENERAL MANDATE,

PURSUANT TO CHAPTER 9 OF SECTION B: RULES OF CATALIST ("CATALIST RULES") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

Unless otherwise defined or the context otherwise requires, all terms defined in the Appendix shall have the same meanings herein.

1. INTRODUCTION

Union Gas Holdings Limited ("**Union Gas**" or the "**Company**") is seeking its shareholders' approval for the following transactions:

(a) the proposed modifications to the dealership agreement dated 1 April 2017 (the "**Summit Dealership Agreement**") which was entered into between Summit Gas Systems Pte. Ltd. ("**Summit**") and Union Energy Pte. Ltd. ("**Union Energy**") to sell bottled LPG cylinders and LPG-related accessories (the "**Proposed Modifications to the Summit Dealership Agreement**") as an interested person transaction;

(b) the proposed entry into a dealership agreement between (i) Semgas Supply Pte. Ltd. ("**Semgas Supply**"), and (ii) the Company, Union Energy, U-Gas Pte. Ltd. ("**U-Gas**") and Union LPG Pte. Ltd. ("**Union LPG**") as dealers (the "**Semgas Dealership Agreement**"), to sell bottled LPG cylinders and LPG-related accessories (the

"**Proposed Entry into the Semgas Dealership Agreement**") as an interested person transaction;

(c) the proposed entry into a LPG manifold master purchase agreement for the purchase of LPG manifolds and pipings from time to time from the Manifold Suppliers (as defined herein) (the "**Proposed Entry into the Manifold Purchase Agreement**") as an interested person transaction; and

(d) the proposed adoption of a new general mandate for recurrent transactions which are of a revenue or trading nature or those necessary for the day-to-day operations of the Group with certain interested persons (the "**Proposed Adoption of the New IPT General Mandate**");

collectively, the "**Proposed Transactions**".

1.1 PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

Prior to 1 April 2017, the Company and its subsidiaries (the "**Group**"), through Union Energy, had purchased all its bottled LPG cylinders from Sembas (Asia) Trading Pte. Ltd. ("**Sembas**"). Pursuant to the Summit Dealership Agreement dated 1 April 2017, Union Energy commenced purchasing bottled LPG cylinders from Summit and ceased purchasing its bottled LPG cylinders from Sembas thereafter. By entering into the Summit Dealership Agreement, Union Energy was able to formalise the terms of the purchase and ensure an assured supply of bottled LPG cylinders.

Following an internal review by the Company, the Company is proposing to modify the terms of the Summit Dealership Agreement by entering into the Amended and Restated Dealership Agreement, which shall be appended as a schedule in the Deed of Amendment and Restatement.

Given that:

(a) Union Energy Corporation Pte. Ltd. ("**UEC**") is the holding company of Summit;

(b) Mr. Teo Kiang Ang is the non-Executive Chairman and Director of the Company and owns 61.89% equity interest in UEC;

(c) Ms. Alexis Teo is an Executive Director and the CEO, owns 5.28% equity interest in UEC and is the daughter of Mr. Teo Kiang Ang; and

(d) Mr. Teo Hark Piang is an Executive Director and a Director of Sales (Commercial and Industrial) of the Company, owns 12.55% equity interest in UEC and is the son of Mr. Teo Kiang Ang and brother of Ms. Alexis Teo,

UEC and Summit are considered "interested persons" under Chapter 9 of the Catalist Rules and the Proposed Modifications to the Summit Dealership Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

As the value at risk of the Proposed Modifications to the Summit Dealership Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018

exceeds 5.0%, pursuant to Rule 906 of the Catalist Rules, the Proposed Modifications to the Summit Dealership Agreement is an interested person transaction which is subject to the approval of Shareholders. The Company will also be required to obtain an opinion from an independent financial adviser ("**IFA**") giving its opinion on whether the Proposed Modifications to the Summit Dealership Agreement is on normal commercial terms, and whether the Proposed Modifications to the Summit Dealership Agreement is prejudicial to the interests of the Company and its minority Shareholders.

1.2 PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

On 19 March 2018, the Company had entered into an asset purchase agreement to acquire certain non-contractual domestic customer relationships with domestic customers from Semgas Supply ("**Acquisition**") to grow its distribution network and reach in relation to its Retail LPG Business.

Following the Acquisition, the Company is proposing to enter into the Semgas Dealership Agreement to acquire LPG Products from Semgas Supply.

As UEC is the holding company of Semgas Supply, Semgas Supply is considered an "interested person" under Chapter 9 of the Catalist Rules and the Proposed Entry into the Semgas Dealership Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

For illustrative purposes, on the assumption that the Group may purchase 10% of its supply of bottled LPG cylinders from Semgas Supply, the value at risk of the Proposed Entry into the Semgas Dealership Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018 exceeds 5.0%, pursuant to Rule 906 of the Catalist Rules, the Proposed Entry into the Semgas Dealership Agreement is an interested person transaction which is subject to the approval of Shareholders. The Company will also be required to obtain an opinion from an IFA giving its opinion on whether the Proposed Entry into the Semgas Dealership Agreement is on normal commercial terms, and whether the Proposed Entry into the Semgas Dealership Agreement is prejudicial to the interests of the Company and its minority Shareholders.

1.3 PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

In connection with the Group's effort to expand its distribution network, the Group intends to purchase LPG manifold systems and pipings which are installed at the premises of customers and/or potential customers, including those which are currently owned by the Manifold Suppliers, so that it may distribute LPG Products to these customer and/or potential customers. The Group is therefore proposing to enter into the Manifold Purchase Agreement with:

(a) UEC;

(b) Sembas;

(c) Semgas (S) Pte. Ltd. ("**Semgas (S)**");

(d) Gasmart Pte. Ltd. ("**Gasmart**");

(e) United Gas Pte. Ltd. ("**United Gas**");

(f) Semgas Supply; and

(g) Choon Hin Gas Supply Pte. Ltd. ("**Choon Hin**"),

collectively, the "**Manifold Suppliers**".

As UEC is the holding company of the Manifold Suppliers, the Manifold Suppliers are considered "interested persons" under Chapter 9 of the Catalist Rules and the Proposed Entry into the Manifold Purchase Agreement constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

For illustrative purposes, on the assumption that the Group may use up to 30% of its working capital to purchase LPG manifold systems and pipings under the Manifold Purchase Agreement from the Manifold Suppliers, the value at risk for the Proposed Entry into the Manifold Purchase Agreement expressed as a percentage of the Group's latest audited consolidated NTA value for FY2018 is approximately 16.4%. As this value exceeds 5.0% of the Group's latest audited consolidated NTA for FY2018, pursuant to Rule 906 of the Catalist Rules, the Proposed Entry into the Manifold Purchase Agreement is an interested person transaction which is subject to the approval of Shareholders. The Company will also be required to obtain an opinion from an IFA giving its opinion on whether the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms, and whether the Proposed Entry into the Manifold Purchase Agreement is prejudicial to the interests of the Company and its minority Shareholders.

1.4 PROPOSED ADOPTION OF THE NEW IPT GENERAL MANDATE

The Existing IPT General Mandates include categories of transactions that were renewed at the AGM of the Company held on 23 April 2018, and categories of transactions that were freshly adopted at the EGM of the Company held on 23 April 2018. These Existing IPT General Mandates will expire on 25 April 2019, being the forthcoming date of the 2019 AGM. The Company has proposed revising the scope of the Existing IPT General Mandates and as such, would like to seek the approval of its Shareholders for the adoption of a fresh general mandate under Catalist Rule 920 (the "**New IPT General Mandate**") for such revised categories of recurrent interested person transactions' (the "**Recurring IPTs**").

In accordance with Chapter 9 of the Catalist Rules, the Company needs to appoint an IFA to opine on whether the methods or procedures for determining transaction prices of the Recurring IPTs as set out in the New IPT General Mandate (the "**IPT Procedures**") are sufficient to ensure that the Recurring IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The details of the New IPT General Mandate are disclosed in the Appendix.

1.5 APPOINTMENT OF THE IFA

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA to advise the Directors who are considered to be independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Transactions (the "**Independent Directors**") as to (i) whether each of the Proposed Modifications to the Summit Dealership

Agreement, the Proposed Entry into the Semgas Dealership Agreement and the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and (ii) whether the methods and procedures set out in the New IPT General Mandate are sufficient to ensure that all Mandated Transactions (as defined herein) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter sets out our evaluation of the Proposed Transactions and our advice to the Independent Directors therein (the "**IFA Letter**"). This IFA Letter forms part of the Appendix issued by the Company in connection with the Proposed Transactions.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Independent Directors as to (i) whether each of the Proposed Modifications to the Summit Dealership Agreement, the Proposed Entry into the Semgas Dealership Agreement and the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and (ii) whether the methods and procedures set out in the New IPT General Mandate are sufficient to ensure that all Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Transactions, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Modifications to the Summit Dealership Agreement, the Proposed Entry into the Semgas Dealership Agreement, the Proposed Entry into the Manifold Purchase Agreement and to adopt the New IPT General Mandate. Our evaluation is limited to the terms of the Proposed Modifications to the Summit Dealership Agreement, the Proposed Entry into the Semgas Dealership Agreement and the Proposed Entry into the Manifold Purchase Agreement and the methods and procedures set out in the New IPT General Mandate, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Transactions.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Transactions, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Transactions.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Transactions, are solely the responsibility of the Board. Likewise, we are not expressing herein as to the prices at which the Shares may trade upon with the Proposed Transactions. We are also not addressing the relative merits of the Proposed Transactions, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Transactions, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and

other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Appendix constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Appendix misleading. Where information in the Appendix 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 the Appendix in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Proposed Transactions, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Appendix as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Transactions, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Proposed Transactions, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been separately advised by its own advisors in the preparation of the Appendix (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Appendix (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Appendix (other than this IFA Letter).

Our opinion, in relation to the Proposed Transactions, should be considered in the context of the entirety of this IFA Letter and the Appendix.

We recommend that the Independent Directors advise Shareholders to read these pages carefully.

3. PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

Details of the Proposed Modifications to the Summit Dealership Agreement are set out in Section 3 of the Appendix. Shareholders are advised to read the information carefully.

3.1 PROPOSED MODIFICATIONS

As set out in the Section 3.2 of the Appendix, the Proposed Modifications to the Summit Dealership Agreement relate to the following areas (paragraphs in *italics* have been extracted from the relevant section of the Appendix):

(a) Additional parties

"*In addition to Union Energy, the following members of the Group shall also be a party to the agreement:*

(a) the Company;

(b) U-Gas;

(c) Union LPG

(together with Union Energy, the "Dealers")."

(b) Accession to agreement

"*In addition to the Dealers, any subsidiary of the Company may, from time to time, become party to the Amended and Restated Dealership Agreement as a dealer by executing an accession letter in the form set out in the Amended and Restated Dealership Agreement.*"

(c) Validity period

"*The Amended and Restated Dealership Agreement shall commence on 1 May 2019 (instead of 1 April 2017) and shall be valid for an indefinite period of time until it is terminated by either the Company or Summit upon giving prior written notice of at least six (6) months.*"

(d) Delegation of payment and delivery

"*Any Dealer may, by notice to Summit, inform it that the Dealer has appointed a third party to make orders and/or pay bills and/or receive delivery of products on its behalf.*"

(e) Withdrawal

"*Any Dealer other than the Company may withdraw from the Amended and Restated Dealership Agreement by giving to Summit not less than six (6) months' notice writing of its intention to do so, by executing and delivering the withdrawal letter in the form set out in the Amended and Restated Dealership Agreement, but without prejudice to the rights*

of any party against any other party in respect of any antecedent breach of the provisions of the Amended and Restated Dealership Agreement."

(f) Termination

"*The Amended and Restated Dealership Agreement may be terminated by either the Company or Summit giving to each other not less than six (6) months' notice in writing of its intention to do so but without prejudice to the rights of any party against any other party in respect of any antecedent breach of the provisions of the Amended and Restated Dealership Agreement.*"

3.2 RATIONALE FOR THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

As set out in the Section 3.3 of the Appendix, the Proposed Modifications to the Summit Dealership Agreement will provide increased flexibility for the Group to conduct internal reorganisation and to enable the Group companies to purchase LPG Products directly from Summit so as to provide administrative efficiency and convenience for the Group.

4. EVALUATION OF THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

In our evaluation of the Proposed Modifications to the Summit Dealership Agreement, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

(a) comparison of the existing terms vis-à-vis the proposed modified terms;

(b) no material changes to other salient terms of the Summit Dealership Agreement; and

(c) identical review procedures for the Amended and Restated Dealership Agreement.

These factors are discussed in greater detail in the ensuing paragraphs.

4.1 COMPARISON OF THE EXISTING TERMS VIS-À-VIS THE PROPOSED MODIFIED TERMS

With reference to the proposed modifications set out in Section 3.2 of the Appendix, the table below sets out a comparison of the original terms under the Summit Dealership Agreement vis-à-vis the proposed modified terms under the Amended and Restated Dealership Agreement:

	Summit Dealership Agreement	**Amended and Restated Dealership Agreement**
Parties Involved	Union Energy and Summit	Union Energy, the Company, U-Gas, Union LPG and Summit
Accession to agreement	No "accession clause". Only parties to the Summit Dealership Agreement were Union Energy and Summit.	In addition to the Dealers, any subsidiary of the Company may, from time to time, become party to the Amended and Restated Dealership Agreement as a dealer by executing an accession letter.
Validity period	Commence on 1 April 2017 and shall be valid for an indefinite period of time until it is terminated by either Union Energy or Summit upon giving prior written notice of at least six (6) months.	Commence on 1 May 2019 (instead of 1 April 2017) and shall be valid for an indefinite period of time until it is terminated by either the Company or Summit upon giving prior written notice of at least six (6) months.
Delegation of payment and delivery	No "delegation of payment delivery" clause.	Any Dealer may, by notice to Summit, inform it that the Dealer has appointed a third party to make orders and/or pay bills and/or receive delivery of products on its behalf.
Withdrawal	No "withdrawal" clause. There were no other dealers apart from Union Energy.	Any Dealer other than the Company may withdraw from the Amended and Restated Dealership Agreement by giving to Summit not less than six (6) months' notice writing of its intention to do so.
Termination	The Amended and Restated Dealership Agreement may be terminated by either Union Energy or Summit giving to each other not less than six (6) months' notice in writing of its intention to do so.	The Amended and Restated Dealership Agreement may be terminated by either the Company or Summit giving to each other not less than six (6) months' notice in writing of its intention to do so.

We note that the Proposed Modifications to the Summit Dealership Agreement were primarily to facilitate the Group's inclusion of its subsidiaries as parties to the Summit Dealership Agreement.

4.2 NO MATERIAL CHANGES TO OTHER SALIENT TERMS OF THE SUMMIT DEALERSHIP AGREEMENT

Save as provided in Section 3.2 of the Appendix, the salient terms of the Summit Dealership Agreement shall remain the same in the Amended and Restated Dealership Agreement. We note that there were no amendments to the pricing formula for the bottled LPG cylinders supplied to the Group by Summit, and that the maximum Summit % Change remains capped at 20%.

4.3 IDENTICAL REVIEW PROCEDURES FOR THE AMENDED AND RESTATED DEALERSHIP AGREEMENT

We note that the review procedures for the Amended and Restated Dealership Agreement will be identical to the review procedures for the Summit Dealership Agreement. The procedures for the Amended and Restated Dealership Agreement include, *inter alia*, the following:

(a) all interested person transactions under the Amended and Restated Dealership Agreement will be subject to review by internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained;

(b) the internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all Interested Person Transactions are carried out on normal commercial terms, and relevant approvals have been obtained;

(c) the Audit Committee will review the Minimum Volume and % of the Summit Premium (including the basis for Summit % Change and Minimum Volume) negotiated between the Group and Summit and approve the Summit % Change and Minimum Volume on an annual basis, and the Audit Committee may request for additional information pertaining to the Amended and Restated Dealership Agreement as they deem fit;

(d) the Audit Committee shall review the terms of the Amended and Restated Dealership Agreement every three (3) years (commencing on 1 April 2022) with the assistance from independent advisers, to ensure that the Amended and Restated Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

5. PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

Details of the Proposed Entry into the Semgas Dealership Agreement is set out in Section 4 of the Appendix. Shareholders are advised to read the information carefully.

5.1 PRINCIPAL TERMS OF THE SEMGAS DEALERSHIP AGREEMENT

We set out the principal terms of the Semgas Dealership Agreement as follows:

Validity Period	Commence on 1 May 2019 subject to Shareholders' approval and shall be valid for an indefinite period of time until it is terminated by either party upon giving prior written notice of at least three (3) months.
LPG Product	Bottled LPG cylinders comprising of the standard 4.5 kg, 9 kg, 11 kg, 12.7 kg, 14 kg and 50 kg cylinders, as well as LPG-related accessories.
Price	The price for the supply of bottled LPG cylinders to the Group shall be based on the following formula: (a + b + c) x Foreign Exchange where "a" means the contract price for LPG derived from the contract prices for propane and butane published by the Saudi Arabian Oil Company (Saudi Aramco) on the first working day of each month and applicable to all purchases of LPG throughout the particular month ("**Saudi Aramco Contract Price**"); "b" means a premium based on the price which Semgas Supply pays to its highest-charging third party LPG producer and/or supplier; "c" means the mark-up charged by Semgas Supply, taking into account various commercial factors such as material, manpower and logistics costs of Semgas Supply (the "**Semgas Premium**"); and "Foreign Exchange" shall be the average of the mid-day average exchange rate of the US Dollar to the Singapore Dollar published by the Monetary Authority of Singapore for the previous month which shall apply to the following month (for example, the Foreign Exchange to be applied for the month of May 2019 shall be the average of the mid-day average exchange rate of the US Dollar to the Singapore Dollar published by the Monetary Authority of Singapore for the month of April 2019).
Adjustment	For the period commencing from the date of the Semgas Dealership Agreement to 31 March 2020, the Semgas Premium shall be at a fixed rate to be agreed between Semgas and the Company prior to the commencement of the Semgas Dealership Agreement. For the subsequent years, subject to negotiation and agreement in writing between the Company and Semgas Supply and after taking into account market conditions and pricing competitiveness vis-à-vis other bottled LPG brands in the same market segment, the Semgas Premium for a particular year may increase or decrease compared to the prior year ("**Semgas % Change**").

	In the event of an increase, the Semgas Premium may increase by up to 20% over the preceding year's Semgas Premium. At the commencement of each Dealership Period during the term of the Semgas Dealership Agreement, Semgas Supply and the Company shall agree in writing on the Semgas % Change of the Semgas Premium.

5.2 RATIONALE FOR THE PROPOSED ENTRY INTO THE SEMGAS DELAERSHIP AGREEMENT

As set out in the Section 4.3 of the Appendix, the Proposed Entry into the Semgas Dealership Agreement will allow the Group to purchase LPG Products from Semgas Supply at pre-agreed terms and conditions set out in the Semgas Dealership Agreement, and enable the Group to diversify the source of its supply of LPG products.

6. EVALUATION OF THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

In our evaluation of the Proposed Entry into the Semgas Dealership Agreement, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

(a) comparison with the Group's historical LPG purchase price from Summit;

(b) comparison with the LPG pricing formula and Minimum Volume under the Amended and Restated Dealership Agreement;

(c) pro forma financial effects due to Differences in Material Terms;

(d) comparison with the unit LPG prices charged by Summit to its third party customers;

(e) comparison of the margin to be generated by Semgas Supply from the sale of LPG under the Semgas Dealership Agreement versus the margins generated by listed companies which are principally engaged in the wholesale and distribution of LPG; and

(f) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 COMPARISON WITH THE GROUP'S HISTORICAL LPG PURCHASE PRICE FROM SUMMIT

Based on the LPG pricing formula set out in Paragraph 5.1 of this IFA Letter, we have estimated the LPG price that the Group will initially be paying to Semgas Supply for the month of May 2019 under the Semgas Dealership Agreement ("**Estimated Semgas Price**"). As certain components of the pricing formula can only be ascertained on or close to 1 May 2019, we have used the latest information made available to us as at the Latest Practicable Date for the purposes of our estimate. Shareholders should note that the LPG pricing to be paid by the Group to Semgas

Supply will fluctuate on a monthly basis, based upon movements in the individual components of the pricing formula, and that there can be no assurance that the Estimated Semgas Price will be close to the actual LPG pricing to be eventually paid in May 2019.

We note that the Estimated Semgas Price is approximately:

(a) 3.6% lower than the volume weighted average LPG price paid by the Group to Summit for 2018; and

(b) 12.8% higher than the volume weighted average LPG price paid by the Group to Summit for the period from January 2019 to February 2019.

Of the 12.8% pricing difference mentioned in the preceding Paragraph 6.1(b), 9.6% can be attributed to an increase in the Saudi Aramco Contract Price between the first working day of January 2019 and the first working day of March 2019, with the remaining 3.2% being attributable to (i) higher premiums payable by Semgas Supply to its third party LPG suppliers as compared to Summit, and (ii) a higher Semgas Premium as compared to the Summit Premium for the period from January 2019 to February 2019.

We understand that further to commercial negotiations between the Group and Summit, and the concurrence of the Audit Committee, the Summit Premium will be revised upwards by 10.0% for the period commencing from 1 April 2019 till 31 March 2020.

6.2 COMPARISON WITH THE LPG PRICING FORMULA AND MINIMUM VOLUME UNDER THE AMENDED AND RESTATED DEALERSHIP AGREEMENT

The table below sets out a comparison of the pricing formula under the Amended and Restated Dealership Agreement vis-à-vis under the Semgas Dealership Agreement:.

	Amended and Restated Dealership Agreement	**Semgas Dealership Agreement**
Formula	The price for the supply of bottled LPG cylinders to the Group shall be based on the following formula: (a + b + c) x Foreign Exchange	The price for the supply of bottled LPG cylinders to the Group shall be based on the following formula: (a + b + c) x Foreign Exchange
Saudi Aramco Contract Price	"a" means the contract price for LPG derived from the contract prices for propane and butane published by the Saudi Arabian Oil Company (Saudi Aramco) on the first working day of each month and applicable to all purchases of LPG throughout the particular month	

	Amended and Restated Dealership Agreement	**Semgas Dealership Agreement**
LPG Suppliers Premium	"b" means a premium based on the price which Summit pays to its third party LPG producers and/or suppliers The premium that Summit will pay to its third party LPG producers and suppliers will be passed on to the Group based on a weighted average cost basis	"b" means a premium based on the price which Semgas Supply pays to its highest-charging third party LPG producers and/or suppliers The Group will pay to Semgas Supply the premiums based on the price which Semgas Supply pays to its highest-charging third party LPG producer and/or supplier
Summit Premium or Semgas Premium	"c" means the mark-up charged by Summit, taking into account various commercial factors such as material, manpower and logistics costs of Summit	"c" means the mark-up charged by Semgas Supply, taking into account various commercial factors such as material, manpower and logistics costs of Semgas Supply
Foreign Exchange	"Foreign Exchange" shall be the mid-day average exchange rate of the United States dollar to the Singapore dollar published by the Monetary Authority of Singapore for the last day of the previous month which shall apply to the following month	"Foreign Exchange" shall be the average of the mid-day average exchange rate of the US Dollar to the Singapore Dollar published by the Monetary Authority of Singapore for the previous month which shall apply to the following month
Minimum Volume	Summit and the Company shall agree in writing at the commencement of each Dealership Period, the minimum volume of bottled LPG cylinders to be supplied by Summit to the Group every month during the particular upcoming Dealership Period	No minimum volume shall be applicable

We have compared the pricing formula and Minimum Volume under the Amended and Restated Dealership Agreement vis-à-vis that of the Semgas Dealership Agreement and note that:

(a) the pricing formula under both agreements are largely similar in that both comprise of four (4) components, being (i) the Saudi Aramco Contract Price, (ii) the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers, (iii) the Summit Premium or Semgas Premium, and (iv) a foreign exchange rate to be applied;

(b) the differences in the pricing formula pertain to (i) the computation of the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers (with Summit paying based upon a weighted average LPG supplier premium, and Semgas Supply paying based upon the highest charging third party LPG supplier premium), and (ii) the basis of the foreign exchange rate applied (with Summit using the mid-day

exchange rate from the last day of the previous month, and Semgas Supply using the average of the mid-day exchange rates for the previous month);

(c) there is no minimum volume being committed to by the Group with respect to the Semgas Dealership Agreement, in which case the Company will not be obliged to compensate Semgas Supply for any shortfall of quantity (from any agreed minimum volume) of LPG Products ordered from Semgas Supply.

Higher pricing under the Semgas Dealership Agreement

As set out in Section 4.5.2 of the Appendix, the price of LPG Products under the Semgas Dealership Agreement is expected to be higher than the price of LPG Products under the Summit Dealership Agreement as:

(i) the volume of LPG Products which the Group intends to purchase from Semgas Supply will not be as high as the volume currently purchased from Summit, and

(ii) unlike the Summit Dealership Agreement, there is no requirement for the Group to commit to purchase a minimum volume of LPG Products from Semgas Supply.

6.3 PRO FORMA FINANCIAL EFFECTS DUE TO DIFFERENCES IN MATERIAL TERMS

The Company has set out the pro forma financial effects due to Differences In Material Terms in Section 4.5.3 of the Appendix. Shareholders are advised to read the information carefully.

We note that:

(a) the pro forma financial effects due to Differences in Material Terms indicates that the difference between (i) the actual cost paid by the Group for the purchase of LPG Products under the "Sungas" brand for the period between April 2018 and December 2018, and (ii) the illustrative cost that the Group would have paid under the Semgas Dealership Agreement, would have been approximately $19,200 (or 2.2% higher than the actual cost).

Separately, the Company has informed us that:

(b) it is the Company's intention for the Summit Premium and Semgas Premium to be identical, and for such premiums to move in tandem in the future once the Amended and Restated Dealership Agreement and Semgas Dealership Agreement are effective; and

(c) it is the Company's understanding that Summit and Semgas Supply typically lock in the LPG suppliers premiums they pay to their respective third party suppliers on an annual basis, and as such, they do not expect the LPG supplier's premium for Semgas Supply to vary for the rest of 2019.

As such:

(d) in view of Paragraphs 6.3 (a), (b) and (c) above, the Company does not expect the deviation in LPG pricing between both dealership agreements to vary substantially from each other.

Nonetheless, Shareholders should note that there can be no assurances that the spread between the weighted average LPG supplier premium for Summit and the highest charging LPG supplier premium for Semgas Supply will continue to remain narrow indefinitely, nor can there be any assurances that large fluctuations in the foreign exchange rate will not negatively impact, to differing extents, the LPG pricing to be paid under each of the dealership agreements respectively.

6.4 COMPARISON WITH THE UNIT LPG PRICES CHARGED BY SUMMIT TO ITS THIRD PARTY CUSTOMERS

We requested for Semgas Supply to provide us with invoices issued by Semgas Supply to its other third party customers for price comparison purposes. Citing various commercial considerations, Semgas Supply was not able to provide us with the necessary information.

We have also requested for the Company to provide us with quotations or invoices from third party LPG suppliers whom are able to similarly sell bottled LPG cylinders to the Group. The Company was not able to obtain such quotations or invoices due to the competitive nature of the industry that LPG suppliers, such as Summit and Semgas Supply, have to operate in.

Nonetheless, the Company has provided us with sample invoices issued by Summit to third party customers of Summit for our reference ("**Selected LPG Customers**"). The invoices set out the unit price charged by Summit to these Selected LPG Customers for each bottled LPG cylinder. Given that (i) the Company has been purchasing bottled LPG cylinders from Summit based upon the pricing set out in the Summit Dealership Agreement, and (ii) the similarities in the respective LPG pricing formulae which should result in the LPG pricing for the Semgas Dealership Agreement being slightly higher than those under the Summit Dealership Agreement; the Company is of the opinion that the invoices of the Selected LPG Customers from Summit would be a proxy for bottled LPG cylinder prices in the wider market.

The estimated price to be paid by the Group for each bottled LPG cylinder under the Semgas Dealership Agreement in May 2019 is more than 10% lower than the unit price currently charged by Summit to the Selected LPG Customers for each bottled LPG cylinder.

Shareholders should note that the LPG pricing to be paid by the Group to Semgas Supply will fluctuate on a monthly basis, based upon movements in the individual components of the pricing formula.

6.5 COMPARISON OF THE MARGIN TO BE GENERATED BY SEMGAS SUPPLY FROM THE SALE OF LPG UNDER THE SEMGAS DEALERSHIP AGREEMENT VERSUS THE MARGINS GENERATED BY LISTED COMPANIES WHICH ARE PRINCIPALLY ENGAGED IN THE WHOLESALE AND DISTRIBUTION OF LPG

Based on the LPG pricing formula set out in the Semgas Dealership Agreement and the applicable rates of each of the component of the formula as at the Latest Practicable Date, we

calculated the gross margin to be recorded by Semgas Supply for the sale of bottled LPG cylinders to the Group to be approximately 21.2%.

We compare this gross margin to the gross margin generated by other listed companies which are principally engaged in the wholesale and distribution of LPG in the table below. We wish to highlight that the comparison is purely for illustrative purposes only as these companies are located in different parts of the world, and have different distribution channels, customer base and cost of sales.

Name	Exchange	Description	For the latest completed financial year			
			Financial year ended	Revenue [1][2]	Gross profit [1][2]	Gross profit margin
An Pha Petroleum Group Joint Stock Company	Ho Chi Minh, Vietnam	The company offers import, storage, supply for industrial customers, wholesale trading, tank leasing, and bottling of LPG.	31 December 2018	VND 2,702.0 billion	VND 515.5 billion	19.1%
Daimaru Enawin Co. Ltd.	Tokyo, Japan	The company distributes fuel products such as LPG, kerosene, light oil, and heavy oil.	31 March 2018	JPY 16,564.9 million	JPY 6,581.2 million	39.7%
Empresas Lipigas S.A.	Santiago, Chile	The company supplies liquefied petroleum and natural gas for residential, industrial, commercial, and automotive uses.	31 December 2018	CLP 515.9 billion	CLP 158.8 billion	30.8%
National Gas Company SAOG	Muscat, Oman	The company bottles LPG.	31 December 2018	OMR 85.4 million	OMR 10.1 million	11.8%
PetroVietnam Gas Joint Stock Corporation	Ho Chi Minh, Vietnam	The company transports, stores, and markets petroleum gas, including LPG, dry gas, compressed natural gas, and liquefied natural gas.	31 December 2018	VND 75,611.6 billion	VND 17,491.3 billion	23.1%

Name	Exchange	Description	For the latest completed financial year			
			Financial year ended	Revenue [(1)(2)]	Gross profit [(1)(2)]	Gross profit margin
Pryce Corporation	Philippine, Philippines	The company, through its subsidiary, produces, sells industrial gases, and distributes LPG.	31 December 2017	PHP 9,226.5 million	PHP 2,218.8 million	24.0%
PT Surya Esa Perkasa Tbk	Jakarta, Indonesia	The company produces LPG.	31 December 2017	USD 33.7 million	USD 16.2 million	48.1%
Southern Gas Trading Joint Stock Company	Hanoi, Vietnam	The company exports, imports, and distributes LPG.	31 December 2018	VND 6,574.6 billion	VND 1,122.1 billion	17.1%
Maximum						48.1%
Minimum						11.8%
Average						26.7%
Median						23.6%
Semgas Supply under the Semgas Dealership Agreement						21.2%

Notes:

(1) VND, JPY, CLP, OMR, PHP and USD means Vietnam Dong, Japanese Yen, Chilean Peso, Omani Rial, Philippine Peso and United States Dollars respectively.

(2) The revenue and gross profits figures of these listed companies which are principally engaged in the wholesale and distribution of LPG were extracted from Bloomberg and their respective annual reports or company announcements.

As set out in the table above, the gross profit margin to be generated by Semgas Supply for the first year under the Semgas Dealership Agreement is within the range, and below the average and the median gross profit margin generated by these companies which are principally engaged in the wholesale and distribution of LPG.

6.6 OTHER CONSIDERATIONS

6.6.1 The Semgas % Change

As set out in Paragraph 5.1 of this IFA Letter, the Semgas Dealership Agreement has provided for annual adjustment of the Semgas Premium, where:

(a) such annual adjustment shall be subject to commercial negotiation and agreement in writing between the Company and Semgas Supply. We note that the Audit Committee will review and approve the Semgas % Change on an annual basis, and the Audit Committee may request for additional information pertaining to the Semgas Dealership Agreement as they deem fit; and

(b) the Semgas Dealership Agreement has provided a cap for the Semgas % Change, being 20% over the Semgas Premium for the preceding year. We note that there is no such cap in the event of a decrease.

6.6.2 Other amendments to the Semgas Dealership Agreement

We note that the Audit Committee will review each amendment proposed to be made to the Semgas Dealership Agreement so as to ensure that such proposed amendment will not be prejudicial to the interest of the Company and its minority Shareholders. Any future variation or amendment or renewal of the terms of the Semgas Dealership Agreement shall be subject to the approval of the Audit Committee and the relevant Catalist Rules.

Further, the Audit Committee shall review the terms of the Semgas Dealership Agreement every three (3) years with the assistance from independent advisers, to ensure that the Semgas Dealership Agreement is on normal commercial terms and is not prejudicial to the interest of the Company and its minority Shareholders.

7. PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

Information on the Proposed Entry into the Manifold Purchase Agreement is set out in Section 5 of the Appendix. Shareholders are advised to read the information carefully.

7.1 PRINCIPAL TERMS OF THE MANIFOLD PURCHASE AGREEMENT

We set out the principal terms of the Manifold Purchase Agreement as follows:

Term	Commence from the signing of the Manifold Purchase Agreement and shall be valid for an indefinite period of time until it is terminated by either party upon giving prior written notice.
Product	LPG manifold systems and pipings

Pricing	For the period commencing from the date of the Manifold Purchase Agreement to 30 April 2021, the 2-cylinder to 16-cylinder LPG manifold systems shall be sold at fixed prices to the Group. The prices are fixed in in a schedule according to the size of the LPG manifold system, and were determined on a willing-buyer, willing-seller basis, at prices not more than the replacement costs for similar LPG manifold systems from third party suppliers for LPG manifold systems.
Price Adjustment	For so long as the Manifold Purchase Agreement is valid, for every one-year period commencing on 1 May 2021, the price of LPG manifold systems for a one-year period may increase or decrease by no more than 10% compared to the preceding year. Any adjustment to the pricing of the LPG manifold systems shall be subject to commercial negotiation and agreement in writing between the Company and UEC, and is further subject to the concurrence of the Audit Committee.
Mandatory Petroleum and Flammable Material Storage Licence	For each LPG manifold, the Group shall pay to the Manifold Supplier a fee of S$3,500 for each validly existing Petroleum and Flammable Material Storage Licence ("**Storage Licence**") from the Singapore Civil Defence Force (which shall include any costs incurred by the Manifold Supplier for the procurement of the relevant Storage Licence, including but not limited to any fee for professional engineers, properly endorsed drawings, manpower and other related costs). The Manifold Supplier shall also be responsible for the procurement of a standard two-year renewal of the Storage Licence upon its first expiry following the purchase of the relevant LPG manifold by the Group.
Warranty	The Manifold Supplier shall provide a full guarantee against all defects and defaults in the LPG manifold system and pipings, including, but not limited to, materials, parts, transportation and service, for a period of one (1) year from date of acquisition of the relevant LPG manifold system and pipings.

7.2 RATIONALE FOR THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

As set out in the Section 5.3.2 of the Appendix, the Proposed Entry into the Manifold Purchase Agreement will allow the Group to:

(a) expand the distribution network and diversify the customer base of its Retail LPG Business;

(b) benefit from certainty in relation to the pricing of manifold systems, which may vary substantially and may exceed the cost of a brand new manifold system and pipings if negotiated on an individual basis;

(c) expand its distribution network at a steady and sustainable pace in accordance with cash flows generated from operations; and

(d) enjoy cost savings by eliminating any downtime in the supply of bottled LPG cylinders to customers which would occur if the Group had to build new LPG manifold systems and pipings for each new customer.

8. EVALUATION OF THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

In our evaluation of the Proposed Entry into the Manifold Purchase Agreement, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

(a) comparison of manifold pricing against quotations from third party manifold system suppliers;

(b) the price adjustment clause; and

(c) review procedures for the Manifold Purchase Agreement.

These factors are discussed in greater detail in the ensuing paragraphs.

8.1 COMPARISON OF MANIFOLD PRICING AGAINST QUOTATIONS FROM THIRD PARTY MANIFOLD SYSTEM SUPPLIERS

For the purposes of our analysis, the Company has provided us with quotations from two (2) independent manifold system suppliers for price comparison purposes.
We note that the manifold system pricing under the Manifold Purchase Agreement is lower than the average pricing offered by independent manifold system suppliers across the various manifold system sizes, with pricing discounts ranging between 7.7% and 45.0%.

8.2 PRICE ADJUSTMENT CLAUSE

As set out in Paragraph 7.1 of this IFA Letter, the Manifold Purchase Agreement has provided for adjustments to LPG manifold system pricing, where for every one-year period commencing on 1 May 2021, the price of LPG manifold systems for a one-year period may increase or decrease by no more than 10% compared to the preceding year.

We note that:

(a) any adjustment to the price of the LPG manifold systems shall be subject to commercial negotiation and agreement in writing between the Company and UEC, and will be further subject to the concurrence of the Audit Committee; and

(b) for each one-year period commencing from 1 May 2021, the maximum increase or decrease in LPG manifold system pricing will be limited to 10% as compared to the preceding year.

8.3 REVIEW PROCEDURES FOR THE MANIFOLD PURCHASE AGREEMENT

We note that the review procedures for the Manifold Purchase Agreement will include, *inter alia*, the following:

(a) all interested person transactions under the Manifold Purchase Agreement will be subject to review by internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained;

(b) the internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all Interested Person Transactions are carried out on normal commercial terms, and relevant approvals have been obtained;

(c) the Audit Committee will review any change in the price of the LPG manifold systems negotiated between the Group and the Manifold Suppliers and approve such change on an annual basis commencing 1 May 2021, and the Audit Committee may request for additional information pertaining to the Manifold Purchase Agreement as they deem fit; and

(d) the Audit Committee shall also review each amendment proposed to be made to the Manifold Purchase Agreement so as to ensure that such proposed amendment will not be prejudicial to the interests of our Company and our minority Shareholders. Any future variation or amendment or renewal of the terms of the Manifold Purchase Agreement shall be subject to the approval of our Audit Committee and the relevant Catalist Rules.

9. PROPOSED ADOPTION OF THE NEW IPT GENERAL MANDATE

Information on the New IPT General Mandate is set out in Section 6 of the Appendix.

9.1 CLASSES OF MANDATED INTERESTED PERSONS

Information on the classes of Mandated Interested Persons of the New IPT General Mandate is set out in Section 6.2 of the Appendix.

We note that, as at the Latest Practicable Date, the Mandated Interested Persons are:

(a) Choon Hin;

(b) Gasmart;

(c) Health Domain Pte. Ltd. ("**Health Domain**");

(d) Sembas;

(e) Semgas Supply;

(f) Semgas (S);

(g) Summit;

(h) United Gas; and

(i) Union Power Pte. Ltd. ("**Union Power**").

The Mandated Interested Persons are all entities of the UEC Group and are all wholly owned by UEC.

9.2 MANDATED TRANSACTIONS

Information on the Mandated Transactions of the New IPT General Mandate is set out in Section 6.3.1 of the Appendix.

We note that the categories of Mandated Transactions are as follows:

(a) provision of maintenance services by Mandated Interested Persons to the Group in relation to:

(i) the repair and maintenance of lorries; and

(ii) the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries),

for which the cost of all maintenance services shall be capped at the cost of maintaining two (2) mechanics on a cost recovery basis while the cost of spare parts shall be capped at cost recovery plus mark-up of 5%;

(b) sale of diesel at the Group's fuel station from the Group to Mandated Interested Persons;

(c) the sale of diesel in bulk by the Group to Mandated Interested Persons;

(d) the purchase of electricity by the Group from Mandated Interested Persons;

(e) the provision of maintenance and support services by Mandated Interested Persons 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;

(f) the provision of delivery services by Mandated Interested Persons to the Group, for the purposes of transporting LPG Products necessary in the course of the business of the Group;

(g) provision of IT infrastructure services to Sembas; and

(h) purchase of health products by the Group from Health Domain.

collectively, the "**Mandated Transactions**".

9.3 RATIONALE FOR AND BENEFITS OF THE NEW IPT GENERAL MANDATE

Information on the rationale for and benefits of the New IPT General Mandate is set out in Section 6.4 of the Appendix.

We note that *inter alia,* the New IPT General Mandate is intended to give the Group the flexibility to enter into and facilitate transactions with the specified classes of Mandated Interested Persons in the ordinary course of the Group's business without the need to seek Shareholders' approval each time, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

9.4 METHODS AND/OR REVIEW PROCEDURES FOR THE MANDATED TRANSACTIONS

Detailed on the methods and/or review procedures are set out in Sections 6.5 and 6.8 of the Appendix.

We note that the methods and procedures include, *inter alia*, the following:

(a) the Mandated Transactions in relation to the provision of maintenance services by Mandated Interested Persons, in respect of (i) the repair and maintenance of lorries and (ii) the provision and installation of lorry spare parts, will be carried out on a cost recovery and cost recovery plus mark-up basis respectively;

(b) the Mandated Transactions in relation to the sale of diesel at the fuel station shall be carried out at the prevailing market rates as publicly displayed by the Group at its fuel station and on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties;

(c) the Mandated Transactions in relation to the sale of diesel in bulk to Mandated Interested Persons shall be carried out after comparisons with at least two (2) other contracts or invoices issued by the Group to unrelated third parties;

(d) the Mandated Transactions in relation to (i) the purchase of electricity from Mandated Interested Persons, (ii) the provision of maintenance and support services by Mandated Interested Persons in respect of equipment necessary in the course of business of the Group, such as the LPG manifold systems, cylinders, stoves and pipes, and (iii) the purchase of health products from Mandated Interested Persons, shall be carried out after comparisons with at least two (2) quotations from other unrelated third party suppliers for the same or substantially similar quantities and/or quality of products and/or services.

In the event such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, if applicable, the Company will obtain two (2) recent quotations (wherever possible or available) from the relevant Mandated Interested Person for similar services provided by the relevant Mandated Interested Person to their unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person;

(e) the Mandated Transactions in relation to the provision of delivery services by Mandated Interested Persons will be carried out after comparison with the Group's cost of delivery (had it performed the delivery service itself) plus a mark-up of 5%. In the event that the

price quoted by the Mandated Interested Person exceeds the Group's cost of delivery plus a mark-up 5%, such quote shall be compared against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar provider for delivery services.

In the event that such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, if applicable, the Company will procure that the Mandated Interested Person provides and/or the Company will obtain two (2) recent quotations (wherever possible or available) for the provision of similar delivery services provided by the Mandated Interested Person to its unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person;

(f) the Mandated Transactions in relation to the provision of IT infrastructure services to the Mandated Interested Person will be carried out on a cost recovery plus mark-up basis;

(g) prior approval of the Audit Committee will be required for when the value of each of the Mandated Transactions is equal to or exceeds 3.0% of the Group's latest audited NTA; and

(h) other monitoring and review procedures, including a register for all interested person transactions, quarterly reviews by the internal auditors and the Audit Committee, and quarterly reviews of the internal audit reports by the Audit Committee.

9.5 ROLE OF THE AUDIT COMMITTEE IN RELATION TO THE NEW IPT GENERAL MANDATE

We note that the Audit Committee will:

(a) review and approve each Mandated Transaction with value equal to or above 3.0% of the Group's latest audited NTA;

(b) review the transactions in the register of all Interested Person Transactions (the "**IPT Register**") on a quarterly basis;

(c) review the internal audit reports submitted by the internal auditors on a quarterly basis; and

(d) during these reviews, determine if the methods and procedures established under the New IPT General Mandate continues to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit Committee is of the view that the established methods and procedures have become inadequate or inappropriate to ensure that the Mandated Transactions will be entered into based on terms not prejudicial to the interests of the Company and its minority Shareholders, the Audit Committee will, in consultation with the Board of Directors, take such action as it deems proper in respect of such methods and procedures, and/or modify or implement such methods and procedures as may be necessary, and direct the Company to seek a fresh general mandate from the Shareholders based on new methods and procedures for transactions with the Mandated Interested Persons.

9.6 VALIDITY PERIOD OF THE NEW IPT GENERAL MANDATE

If approved at the forthcoming 2019 AGM, the New IPT General Mandate will take effect from the date of the passing of the ordinary resolution to be proposed at the 2019 AGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent AGM of the Company.

Approval from Shareholders will be sought for the renewal of the New IPT General Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions with the Mandated Interested Persons.

10. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Transactions. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

10.1 OUR OPINION ON THE PROPOSED MODIFICATIONS TO THE SUMMIT DEALERSHIP AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the Proposed Modifications to the Summit Dealership Agreement were primarily to facilitate the Group's inclusion of its subsidiaries as parties to the Summit Dealership Agreement;

(b) save as provided in Section 3.2 of the Appendix, the salient terms of the Summit Dealership Agreement shall remain the same in the Amended and Restated Dealership Agreement;

(c) that there were no amendments to the pricing formula for the bottled LPG cylinders supplied to the Group by Summit, and that the maximum Summit % Change remains capped at 20%; and

(d) that the review procedures for the Amended and Restated Dealership Agreement will be identical to the review procedures for the Summit Dealership Agreement.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Modifications to the Summit Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10.2 OUR OPINION ON THE PROPOSED ENTRY INTO THE SEMGAS DEALERSHIP AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the Estimated Semgas Price is approximately (i) 3.6% lower than the volume weighted average LPG price paid by the Group to Summit for 2018, and (ii) 12.8% higher than the volume weighted average LPG price paid by the Group to Summit for the period from January 2019 to February 2019;

(b) the LPG pricing formula under the Amended and Restated Dealership Agreement and the Semgas Dealership Agreement are largely similar in that both comprise of four (4) components, being (i) the Saudi Aramco Contract Price, (ii) the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers, (iii) the Summit Premium or Semgas Premium, and (iv) a foreign exchange rate to be applied;

(c) the differences in the LPG pricing formula pertain to (i) the computation of the premium payable by Summit or Semgas Supply to its respective third party LPG suppliers (with Summit paying based upon a weighted average LPG supplier premium, and Semgas Supply paying based upon the highest charging third party LPG supplier premium), and (ii) the basis of the foreign exchange rate applied (with Summit using the mid-day exchange rate from the last day of the previous month, and Semgas Supply using the average of the mid-day exchange rates for the previous month);

(d) there is no minimum volume being committed to by the Group with respect to the Semgas Dealership Agreement, in which case the Company will not be obliged to compensate Semgas Supply for any shortfall of quantity (from any agreed minimum volume) of LPG Products ordered from Semgas Supply;

(e) the price of LPG Products under the Semgas Dealership Agreement is expected to be higher than the price of LPG Products under the Summit Dealership Agreement as: (i) the volume of LPG Products which the Group intends to purchase from Semgas Supply will not be as high as the volume currently purchased from Summit, and (ii) unlike the Summit Dealership Agreement, there is no requirement for the Group to commit to purchase a minimum volume of LPG Products from Semgas Supply;

(f) the pro forma financial effects due to Differences in Material Terms indicates that the difference between (i) the actual cost paid by the Group for the purchase of LPG Products under the "Sungas" brand for the period between April 2018 and December 2018, and (ii) the illustrative cost that the Group would have paid under the Semgas Dealership Agreement, would have been approximately $19,200 (or 2.2% higher than the actual cost);

(g) in view of Paragraphs 6.3 (a), (b) and (c) of our IFA Letter, the Company does not expect the deviation in LPG pricing between both dealership agreements to vary substantially from each other;

(h) the estimated price to be paid by the Group for each bottled LPG cylinder under the Semgas Dealership Agreement in May 2019 is lower than the unit price currently charged by Summit to the Selected LPG Customers for each bottled LPG cylinder;

(i) the gross profit margin to be generated by Semgas Supply for the first year under the Semgas Dealership Agreement is within the range, and below the average and the median gross profit margin generated by these companies which are principally engaged in the wholesale and distribution of LPG; and

(j) other considerations set out in Paragraph 6.6 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Entry into the Semgas Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10.3 OUR OPINION ON THE PROPOSED ENTRY INTO THE MANIFOLD PURCHASE AGREEMENT

We set out below a summary of the key factors we have taken into our consideration:

(a) the manifold system pricing under the Manifold Purchase Agreement is lower than the average pricing offered by independent manifold system suppliers across the various manifold system sizes, with pricing discounts ranging between 7.7% and 45.0%;

(b) any adjustment to the price of the LPG manifold systems shall be subject to commercial negotiation and agreement in writing between the Company and UEC, and will be further subject to the concurrence of the Audit Committee;

(c) for each one-year period commencing from 1 May 2021, the maximum increase or decrease in LPG manifold system pricing will be limited to 10% as compared to the preceding year; and

(d) the review procedures for the Manifold Purchase Agreement.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Entry into the Manifold Purchase Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10.4 OUR OPINION ON THE NEW IPT GENERAL MANDATE

In arriving at our opinion in respect of the New IPT General Mandate, we have considered, *inter alia*, the methods and procedures set up by the Company, the role of the Audit Committee in enforcing the New IPT General Mandate, and the rationale for and benefits of the New IPT General Mandate.

Having regard to the considerations set out in Paragraph 9 of this IFA Letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the methods and procedures for determining the transaction prices of the New IPT General Mandate, if applied strictly, are sufficient to ensure that the Mandated Transactions will be carried out on normal

commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Transactions, and the recommendation made by them to the Shareholders shall remain the responsibility of the Independent Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Transactions, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

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