UNION GAS HOLDINGS LIMITED

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

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1. PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF U-GAS PTE. LTD. FROM UNION ENERGY CORPORATION PTE. LTD. AS AN INTERESTED PERSON TRANSACTION, AND

2. PROPOSED ACQUISITION OF ASSETS FROM SEMGAS SUPPLY PTE. LTD. (BEING NON-CONTRACTUAL CUSTOMER RELATIONSHIPS WITH DOMESTIC CUSTOMERS), AS AN INTERESTED PERSON TRANSACTION

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1. INFORMATION ON THE U-GAS ACQUISITION

1.1 Introduction

The board of directors (the "**Board**") of Union Gas Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcement dated 15 February 2018 (the "**February Announcement**") in relation to the U-Gas Acquisition (as defined below).

On 14 February 2018, as described in the February Announcement, the Company had issued a binding letter of intent to Union Energy Corporation Pte. Ltd. ("**UEC**", and together with its subsidiaries, the "**UEC Group**"). Subject to the binding letter of intent, the Company intends to exercise the call option (the "**Commercial Business Call Option**") granted to the Company by UEC on 27 June 2017 to acquire existing or future companies that are part of the UEC Group and engaged in the business that is involved in the supply and distribution of liquefied petroleum gas ("**LPG**") to commercial and industrial customers, such as hotels, food establishments (such as hawker centres, restaurants and coffee shops) and factories (the "**Commercial Business Segment**"), as an interested person transaction.

On the date of this Announcement, the Company provided UEC with a formal exercise notice in respect of the Commercial Business Call Option for the purposes of acquiring the business relating to the supply of LPG to hawker centres (the "**Hawker Centre Business**"). Pursuant to the Company's exercise of the Commercial Business Call Option, UEC shall sell and the Company shall purchase the entire issued and paid-up capital of U-Gas Pte. Ltd. ("**U-Gas**") (the "**Sale Shares**") (the "**U-Gas Acquisition**") on the terms and subject to the conditions of a definitive sale and purchase agreement (the "**SPA**") with UEC. Accordingly, on the date of this Announcement, the Company had also executed the SPA with UEC for the acquisition of the Sale Shares .

The consideration payable for the U-Gas Acquisition is equivalent to S$9,200,000 (the "**U-Gas Acquisition Consideration**"), and shall be satisfied by (i) a sum of S$2,760,000 in cash and (ii) an allotment and issue of 24,329,430 ordinary shares in the issued and paid-up capital of the Company ("**Shares**") (each a "**ListCo Consideration Share**" and collectively the "**ListCo Consideration Shares**") in favour of UEC at an issue price of S$0.2647 per ListCo Consideration Share, which is equivalent to S$6,440,000.

1.2 Shareholders' Approval

Approval of the shareholders of the Company (the "**Shareholders**") is being obtained for the U-Gas Acquisition as a requirement:

(i) pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Mr Teo Kiang Ang ("**Mr Teo**") is the Non-Executive Chairman and Director of the Company, and Ms Teo Soak Theng Alexis ("**Ms Teo**") is the Executive Director and Chief Executive Officer of the Company. Given that Mr Teo and Ms Teo hold 61.89% and 5.38%

equity interest in UEC respectively, and as UEC is the sole shareholder of U-Gas, UEC is an interested person in relation to the U-Gas Acquisition; and

(ii) pursuant to Chapter 8 of the Catalist Rules and in particular Rule 804, given that ordinary shares in the Company are to be issued to UEC as ListCo Consideration Shares.

A circular to Shareholders (the "**Circular**") setting out more information on the U-Gas Acquisition and convening an extraordinary general meeting (the "**EGM**") for the purposes of approving, *inter alia*, the U-Gas Acquisition will be despatched in due course.

1.3 **Rationale for the U-Gas Acquisition**

The U-Gas Acquisition is in line with the Group's growth strategy and the Company recognises the performance and continuing potential of the underlying business relating to U-Gas, in particular the retail sale of LPG to hawker centres in Singapore. The Company has, in a bid to enhance shareholders' value, decided to acquire the entire issued and paid-up capital of U-Gas.

1.4 **Information on U-Gas and UEC**

U-Gas is a company incorporated in Singapore on 29 September 2017 with its principal activity being the retail sale of LPG to hawker centres. U-Gas was incorporated as part of the process of internal restructuring by UEC, such as the Hawker Centre Business, will be conducted by only one entity after the conclusion of the internal restructuring by UEC.

As such, U-Gas will be assuming the rights and obligations as the supplier of LPG to certain hawker centres under 37 LPG supply agreements and equivalent agreements existing as at the date of the SPA (the "**Material Contracts**"). As these Material Contracts were previously entered into by other subsidiaries of UEC, the novation of the Material Contracts will be required. As at the date of this Announcement, the parties are attending to the process regarding the novation of the Material Contracts.

1.5 **Principal terms of the U-Gas Acquisition**

1.5.1 Consideration for the U-Gas Acquisition

1.5.1.1 Subject to the adjustment provisions in the SPA, the U-Gas Acquisition Consideration is equivalent to S$9,200,000, and shall comprise:

(a) the sum of S$2,760,000 in cash, being equivalent to 30% of U-Gas Acquisition Consideration (the "**U-Gas Acquisition Cash Consideration**"); and

(b) the allotment and issue of 24,329,430 Listco Consideration Shares in the issued and paid-up capital of the Company, which is equivalent to S$6,440,000 and made up 70% of the U-Gas Acquisition Consideration (the "**U-Gas Acquisition Shares Consideration**"), at an issue price of S$0.2647 per ListCo Consideration Share (being equivalent to the volume-weighted average price for each ordinary share of the Company for trades done on the SGX-ST on 14 March 2018, being the full market day preceding the date of the SPA where there were actual trades in the shares of the Company. No trades were done 15 March 2018 and 16 March 2018 being the subsequent full market days preceding the date of the SPA).

1.5.1.2 The U-Gas Acquisition Cash Consideration shall be paid to UEC in accordance with the following terms and conditions, and subject to the condition as set out in Paragraph 1.5.1.3 below:

(a) a first instalment payment equivalent to two-thirds of the U-Gas Acquisition Cash Consideration, being S$1,840,000, shall be paid to UEC upon completion of the U-Gas Acquisition ("**Tranche 1**"); and

(b) a second instalment payment equivalent to one-third of the U-Gas Acquisition Cash Consideration, being S$920,000, shall be paid to in accordance with adjustment provisions as set out in the paragraph 1.5.1.3 ("**Tranche 2**").

The U-Gas Acquisition Cash Consideration shall be funded from the Company's internal cash resources.

1.5.1.3 Subject to the Company's waiver in writing to be given at its sole discretion, the Company shall be entitled to withhold payment of the Second Tranche indefinitely until all the Material Contracts have been novated to U-Gas, or until the U-Gas Acquisition Consideration is adjusted in accordance with the provisions in the SPA. The U-Gas Acquisition Consideration shall be reduced in accordance with the reduction formula as set out in the SPA if:

(a) fewer than 37 Material Contracts are novated to U-Gas for any reason;

(b) any one of the 37 Material Contracts is novated to U-Gas after 31 July 2018; and/or

(c) any one of the 37 Material Contracts is terminated on or before the later of the date falling:

(i) three (3) months after the date of the relevant novation agreements which novate these Material Contracts over to U-Gas; or

(ii) three (3) months after the date of completion of the U-Gas Acquisition (the "**U-Gas Acquisition Completion Date**").

1.5.1.4 Mazars LLP had been appointed by the Company to perform an independent valuation in relation to the U-Gas Acquisition in respect of the market value of 100% equity interest in U-Gas and on the basis that a minimum of 37 agreements for the supply of LPG to hawker centres (each being a Material Contract) are novated to U-Gas. The valuation exercise was performed under the market value basis. According to the valuation report by Mazars LLP, the market value range for the entire issued and paid-up share capital of U-Gas is estimated to be approximately S$8.41 million to S$9.93 million as at 31 December 2017. The U-Gas Acquisition Consideration is at 7.4% discount from the top end of the market value range for the entire issued and paid-up share capital of U-Gas and was arrived at by the Company and UEC taking into consideration various commercial factors such as the performance and continuing potential of the underlying Hawker Centre Business relating to U-Gas and the valuation by the independent valuer, Mazars LLP.

1.5.1.5 The U-Gas Acquisition Shares Consideration represents 12.2% of the existing share capital, and 10.8% of the enlarged share capital of the Company after the completion of the U-Gas Acquisition (the "**U-Gas Acquisition Completion**").

In summary, the details of the U-Gas Acquisition are set out below:

(a) **U-Gas Acquisition Consideration, comprising the U-Gas Acquisition Cash Consideration and the U-Gas Acquisition Shares Consideration:** S$9,200,000

(b) **Number of ListCo Consideration Shares to be allotted and issued to UEC:** 24,329,430

(c) **Interest of Mr Teo in the share capital of the Company before the U-Gas Acquisition:** 70.5%

(d) **Interest of Mr Teo in the enlarged share capital of the Company after the U-Gas Acquisition:** 73.7%

1.5.2 Conditions Precedent to the Completion of the U-Gas Acquisition

Completion under the SPA is conditional upon the satisfaction of the following conditions (unless otherwise waived, if applicable), prior to or on the U-Gas Acquisition Completion Date:

(a) the Company being satisfied with the results of the legal and financial due diligence exercise conducted by the Company and/or its professional advisers in respect of U-Gas;

(b) the Company having obtained UEC's confirmation in writing that (i) the U-Gas Acquisition, and (ii) the business of U-Gas which comprises the Material Contracts are in compliance as at the U-Gas Acquisition Completion Date with the non-competition deed which Mr Teo, a director of UEC and the Non-Executive Chairman of the Company, had on 27 June 2017, executed in favour of the Company (the "**Non-Competition Deed**");

(c) all approvals, waivers or consents under all applicable laws (including but not limited to the Catalist Rules and any requirements by the SGX-ST or otherwise) and/or as may be necessary under terms which would otherwise constitute a default under any instrument, contract, document or agreement to which U-Gas is a party or by which U-Gas or its assets are bound:

(i) as may be required for the sale of the Sale Shares, to enable the Company to be registered as holder of all of the Sale Shares; and/or

(ii) to give effect to the SPA and the transactions contemplated thereunder,

being obtained and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;

(d) approval of the Shareholders for the U-Gas Acquisition and the performance of all of the Company's obligations under the SPA and all transactions contemplated thereunder or in connection thereto being obtained; and

(e) a listing and quotation notice for the listing and quotation of the U-Gas Acquisition Shares Consideration on the Catalist being obtained from the SGX-ST and not having been withdrawn, amended or revoked.

1.5.3 Completion under the SPA

On the completion under the SPA, the following shall take place (*inter alia*):

(a) UEC shall deliver or cause to be delivered to the Company the following:

(i) a written confirmation that (i) the U-Gas Acquisition, and (ii) the business of U-Gas which comprises the Material Contracts, are in compliance with the Non-Competition Deed as at the U-Gas Acquisition Completion Date; and

(ii) the share certificates representing the Sale Shares, accompanied by share transfer forms in respect of the Sale Shares, duly executed by UEC in favour of the Company.

(b) The Company shall effect payment of and settlement of the U-Gas Acquisition Consideration in accordance with Paragraph 1.5.1 of this Announcement by:

(A) issuing a cheque in respect of the Tranche 1;

(B) issuing share certificate(s) representing the relevant number of the U-Gas Acquisition Shares Consideration to UEC and/or its nominees, in the name of the Central Depository (Pte) Limited ("**CDP**") and despatching the same to CDP for the account of UEC and/or its nominees; and

(C) delivering a letter addressed to CDP requesting that CDP credit the securities account(s) of UEC and/or its nominees or the securities account of such Depository Agent (details of such securities account(s) to be notified in writing by UEC to the Company no later than three (3) Business Days prior to the U-Gas Acquisition Completion Date) with the relevant number of U-Gas Acquisition Shares Consideration.

1.5.4 Post-Completion Obligations

As part of the U-Gas Acquisition, post-completion, Mr Teo Hark Piang, who is a Executive Director of UEC, will be providing advisory services to the Company in relation to the Hawker Centre Business (as further described in paragraph (a) and (b) immediately below, to the satisfaction of the Company, at no additional cost to the Company.

To that end, UEC has provided a post-completion undertaking in the SPA in favour of the Company that UEC shall, for a period of one (1) year from the U-Gas Acquisition Completion Date:

(a) procure Mr Teo Hark Piang, the UEC Group and its advisers, consultants, agents, employees, directors, officers or other representatives ("**Representatives**") who have been involved in the Hawker Centre Business in respect of the UEC Group immediately prior to completion under the SPA, to provide the Company with all necessary assistance, on any matter arising out of or in connection with U-Gas, including but not limited to the supply of LPG to hawker centres; and

(b) assist in the operation of the Hawker Centre Business, to the satisfaction of the Company.

1.5.5 If the volume of LPG purchased from the Company by the Hawker Centres named as customers in the Material Contracts as set out in the Company's sale summary reports from 1 May 2018 to 30 April 2019 is less than the minimum volume of 1,057,000 cubic metres per year (the "**Minimum Volume**"), UEC shall pay the Company a sum equivalent to the sale price of the reduced volume of LPG purchased, in accordance with the SPA ("**U-Gas Volume Guarantee**").

1.6 **Allotment and Issuance of U-Gas Acquisition Shares Consideration to UEC**

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company. Further, Rule 804 of the Catalist Rules states that except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

The Company will be seeking approval from independent Shareholders for the allotment and issuance of the ListCo Consideration Shares constituting the U-Gas Acquisition Shares Consideration to UEC at the EGM pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and Rule 805(1) and Rule 804 of the Catalist Rules for the following reasons:

(a) the Company will not be relying on any general mandate for purposes of the U-Gas Acquisition; and

(b) the ListCo Consideration Shares constituting the U-Gas Acquisition Shares Consideration will be allotted and issued to UEC, in which Mr Teo and Ms Teo have shareholding interests and Mr Teo is a director.

1.7 **The U-Gas Acquisition as an interested person transaction**

1.7.1 As mentioned in Paragraph 1.2.(i), Mr Teo and Ms Teo have shareholding interests in UEC, and Mr Teo is a director of UEC. As such, UEC is an interested person within the meaning of Chapter 9 of the Catalist Rules and the U-Gas Acquisition constitutes an "interested person transaction" as defined in Rule 904(5) of the Catalist Rules.

1.7.2 The value at risk of the U-Gas Acquisition is the U-Gas Acquisition Consideration being S$9.20 million. Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**"), the audited consolidated net tangible assets ("**NTA**") of the Group was approximately S$9.29 million. The value at risk of the U-Gas Acquisition expressed as a percentage of the Group's latest audited combined NTA for FY2016 is approximately 99.0%. As this value exceeds 5.0% of the Group's latest audited consolidated NTA for FY2016, pursuant to Rule 906 of the Catalist Rules, the U-Gas Acquisition is an interested person transaction which is subject to the approval of the Shareholders.

Accordingly, the Company will be convening the EGM to seek Shareholders' approval for the U-Gas Acquisition.

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 2018, being the period commencing from 1 January 2018 up to the date of this Announcement, are as follows:

Name of interested person	**S$'000**
Sale of diesel at the fuel station to Sembas (Asia) Trading Pte. Ltd. and Summit Gas Systems Pte. Ltd.	7
Provision of information technology related infrastructure services to Sembas (Asia) Trading Pte. Ltd.	69
Sale of diesel in bulk to Sembas (Asia) Trading Pte. Ltd.	189
Purchase of health products from Health Domain Pte. Ltd.	3
Purchase of electricity from Union Power Pte. Ltd.	16

Save as disclosed above, no other interested person transactions were entered into between the Company with interested persons or associates of the interested persons.

1.7.3 Independent Financial Adviser

The Company has appointed Xandar Capital Pte. Ltd. ("**Xandar Capital**" or the "**IFA**") as the independent financial adviser to advise the independent Directors on whether the U-Gas Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders (the "**IFA Opinion on the U-Gas Acquisition**"). The Audit Committee of the Board will be obtaining the IFA Opinion on the U-Gas Acquisition before forming its view on the U-Gas Acquisition.

1.8 **Relative Figures under Chapter 10 of The Catalist Rules**

Relative figures of the U-Gas Acquisition under Rule 1006 of the Catalist Rules, based on the Company's latest announced financial results for FY2017, are set out below.

Rule 1006	**Bases**	**Relative Figures (%)**
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable [(1)]
(b)	Net profits[(2)] attributable to the assets acquired, compared with the Group's net profits[(2)].	8.8%[(3)]
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	17.4%[(4)]
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	12.2% [(5)]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable [(1)]

Notes:

(1) This basis is not applicable to the U-Gas Acquisition.

(2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items

(3) The net profit attributable to the U-Gas Acquisition is determined based on the latest announced net profit of the Group of approximately S$4,222,000 for FY2017.

(4) The market capitalisation is calculated based on the volume-weighted average price of S$0.2647 on 14 March 2018, being the full market day preceding the date of the SPA where there were actual trades in the shares of the Company. No trades were done on 15 March 2018 and 16 March 2018, being the full market day preceding the date of the SPA.

(5) The number of equity securities to be issued by the Company as consideration for the U-Gas Acquisition is 24,329,430 ordinary shares.

Based on the above, the relative figures for the U-Gas Acquisition, computed on bases set out in Rule 1006 of the Catalist Rules, exceeded 5% but is less than 75%. Accordingly, the U-Gas Acquisition constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules.

1.9 Pro Forma Financial Effects of the U-Gas Acquisition

The pro forma financial effects of the U-Gas Acquisition on the Company as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group following the U-Gas Acquisition Completion.

The pro forma financial effects of the U-Gas Acquisition set out below have been prepared based on the Group's consolidated financial statements for FY2017 and the unaudited pro forma financial information of U-Gas for the 12-month period ended 31 December 2017.

1.9.1 Earnings Per Share ("**EPS**")

The pro forma financial effects of the U-Gas Acquisition on the EPS of the Group for FY2017, assuming that the U-Gas Acquisition had been effected at the beginning of FY2017, are summarised below:-

EPS	**Before the U-Gas Acquisition**	**After the U-Gas Acquisition**
Earnings[(1)] (S$'000)	3,475	3,783
Weighted average number of issued shares ('000)	183,397	207,727 [(2)]
EPS - Basic (cents)	1.89	1.82

Notes:

(1) Represents net profit attributable to the Shareholders of the Company.

(2) Pursuant to the allotment and issuance of 24,329,430 new Shares in the capital of the Company as consideration for the U-Gas Acquisition.

1.9.2 Net Tangible Assets ("**NTA**")

The pro forma financial effects of the U-Gas Acquisition on the NTA per share of the Group for FY2017, assuming that the U-Gas Acquisition had been effected as at 31 December 2017, are summarised below:-

NTA	**Before the U-Gas Acquisition**	**After the U-Gas Acquisition**
Consolidated NTA (S$'000)[(1)]	19,829	17,988
Number of issued shares ('000)	200,000	224,329[(2)]
Consolidated NTA per share (cents)	9.91	8.02

Notes:

(1) Represents consolidated NTA attributable to the Shareholders of the Company.

(2) Pursuant to the allotment and issuance of 24,329,430 shares in the capital of the Company as consideration for the U-Gas Acquisition.

1.9.3 Other Financial Information

Based on the pro forma financial information of U-Gas for the 12 months period ended 31 December 2017, the net profit attributable to the Sale Shares is S$0.37 million and the book value of the Sale Shares is S$3.30 million.

1.9.4 Directors' Service Contracts

No person has been proposed to be appointed as an executive Director of the Company in connection with the U-Gas Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

1.9.5 Disclosure under Rule 1013 of the Catalist Rules

1.9.5.1 The Company makes the following disclosures pursuant to Rule 1013(1) of the Catalist Rules in relation to the U-Gas Volume Guarantee:

(i) **the views of the board of directors of the issuer in accepting the profit guarantee and the factors taken into consideration and basis for such a view;**

The Board, having reviewed, *inter alia*, the terms and the rationale of the U-Gas Acquisition and the financial effects thereof, has accepted the U-Gas Volume Guarantee after due and careful enquiry and is of the view that the U-Gas Volume Guarantee is reasonable, appropriate. Other factors taken into consideration and basis for such view are the historical revenue and profitability of the Hawker Centre Business operated by UEC for the financial years of 2015 to 2017 and the future business potential of U-Gas. Please also refer to paragraphs 1.5.1 above for the factors taken into account to determine the Purchase Consideration.

(ii) **the principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee is based;**

The principal assumptions upon which the U-Gas Volume Guarantee was based are as follows:

a) the historical revenue and profitability of the Hawker Centre Business operated by UEC for the financial years of 2015 to 2017;

b) the future business potential of U-Gas;

c) there are no material changes in the existing political, economic, legal and social conditions, and regulatory and fiscal measures in Singapore, being the country in which U-Gas and UEC operate;

d) there will be no material loss of customers which are essential for the operations of U-Gas; and

e) there will be no changes in key management involved in the operation of the Hawker Centre Business by U-Gas as compared with that of UEC prior to the date of the SPA and repeated on the U-Gas Acquisition Completion Date.

(iii) **the manner and the amount of compensation to be paid by the vendor in the event that the profit guarantee is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and**

The Vendor shall pay the Company a sum equivalent to the entire reduction in volume of LPG purchased if there is a reduction of five percent (5%) or more in the volume of LPG purchased from the Minimum Volume.

(iv) **the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee is not met, if any.**

As a safeguard, the Company shall also be at liberty to call upon a corporate guarantee to be issued in favour of the Company by a subsidiary of UEC elected by the Company for up to the sum equivalent to 5% of the U-Gas Acquisition Consideration.

1.10 **Listing Approval**

CIMB Bank Berhad, Singapore Branch ("**CIMB**"), acting as sponsor to the Company, will be submitting an additional listing application to the SGX-ST on behalf of the Company for the listing and quotation of the ListCo Consideration Shares on Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST has been obtained.

2. INFORMATION ON THE ASSET ACQUISITION

2.1 **Introduction**

The Board of the Company refers to its announcement dated 29 December 2017 (the "**December Announcement**") in relation to an entry into a non-binding memorandum of understanding to acquire certain assets from Semgas Supply Pte. Ltd ("**Semgas Supply**"), a wholly-owned subsidiary of UEC.

Further to the December Announcement, the Board wishes to announce that the Company had, on the date of this Announcement, entered into an asset purchase agreement (the "**Asset Purchase Agreement**") to acquire the non-contractual domestic customer relationships ("**Assets**") from Semgas Supply ("**Asset Acquisition**"). The Company is engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore (the "**Domestic LPG Business**"). The Company intends to further grow the distribution network and reach in relation to the provision of LPG cylinders and related accessories to domestic households in Singapore, and the Company believes that the Asset Acquisition will allow the Company to expand its distribution network and customer base.

Semgas Supply had on 31 August 2017 entered into an asset purchase agreement ("**31 August 2017 APA**") with an unrelated third party, in relation to the acquisition of a LPG business in Singapore (the "**LPG Business**").

The Assets, which comprise the non-contractual customer relationships with the domestic customers associated thereof which Semgas Supply had acquired pursuant to the 31 August 2017 APA , forms a small part of the LPG Business acquired by Semgas Supply. Pursuant to the 31 August 2017 APA, the transaction was completed on 29 December 2017.

Mr Teo had on 27 June 2017 executed the Non-Competition Deed in favour of the Company, as described in the offer document of the Company dated 13 July 2017. The Non-Competition Deed provides that if any business opportunity is offered to Mr Teo or any of his associates which falls within the scope of the Group's business in the territories in which the Group operates, Mr Teo shall immediately notify or cause his associate to notify the Group of such business opportunity, and if directed to do so by the Board, Mr Teo will assist the Group to obtain such business opportunity on terms acceptable to the Group. Arising from the transaction pursuant to 31 August 2017 APA, Mr Teo had notified the Company of the Assets which Semgas Supply had required from the unrelated third party.

The consideration payable for the Asset Acquisition is equivalent to S$2,400,000 (the "**Asset Acquisition Consideration**"), and shall be satisfied by (i) a sum of S$1,200,000 in cash and (ii) an allotment and issue of 4,533,434 ListCo Consideration Shares in favour of Semgas Supply, which is equivalent to S$1,200,000, at an issue price of S$0.2647 per ListCo Consideration Share.

2.2 **Shareholders' Approval**

Shareholder's approval is being obtained for the Asset Acquisition as a requirement:

(i) pursuant to Chapter 9 of the Catalist Rules, the Asset Acquisition is an interested person transaction. Given that Mr Teo and Ms Teo hold 61.89% and 5.38% equity interest in UEC respectively, and as UEC is the sole shareholder of Semgas Supply, Semgas Supply is an interested person in relation to the Asset Acquisition; and

(ii) pursuant to Chapter 8 of the Catalist Rules, given that ordinary shares in the Company are to be issued to Semgas Supply as ListCo Consideration Shares.

The Circular setting out more information on the Asset Acquisition and convening the EGM for the purposes of approving, *inter alia*, the Asset Acquisition will be despatched in due course.

2.3 **Rationale for the Asset Acquisition**

As mentioned in Paragraph 2.1 of this Announcement, the Company is engaged in the Domestic LPG Business. The Company intends to further grow the distribution network and reach of its Domestic LPG Business, and the Company believes that the Asset Acquisition will allow the Company to expand its distribution network and customer base.

2.4 **Information on the Domestic LPG Business and Semgas Supply**

The Asset Acquisition will involve the purchase of the Assets by the Company from Semgas Supply, which is the non-contractual customer relationships with the domestic customers associated thereof which Semgas Supply had acquired pursuant to the 31 August 2017 APA. Further, as mentioned above at Paragraph 2.1 of this Announcement, Semgas Supply is a wholly-owned subsidiary of UEC.

Based on the records provided by Semgas Supply, the average monthly historical volume of LPG cylinders sold to domestic customers by the LPG Business was approximately 13,748 LPG cylinders ("**Average Monthly Historical Volume**").

2.5 **Principal terms of the Asset Acquisition**

2.5.1 Consideration for the Asset Acquisition

2.5.1.1 The Asset Acquisition Consideration shall be the sum of S$2,400,000, and shall comprise:

(a) the cash sum of S$1,200,000, being fifty per cent (50%) of the Asset Acquisition Consideration (the "**Asset Acquisition Cash Consideration**"); and

(b) the allotment and issue of 4,533,434 Listco Consideration Shares in the issued and paid-up capital of the Company, which is equivalent to S$1,200,000, being fifty per cent (50%) of the Asset Acquisition Consideration (the "**Asset Acquisition Shares Consideration**"), at an issue price of S$0.2647 per ListCo Consideration Share (being equivalent to the volume-weighted average price for each ordinary share of the Company for trades done on the SGX-ST on 14 March 2018, being the full market day preceding the date of the Asset Purchase Agreement where there were actual trades in the shares of the Company. No trades were done 15 March 2018 and 16 March 2018 being the subsequent full market days preceding the date of the Asset Purchase Agreement).

2.5.1.2 The Asset Acquisition Cash Consideration shall be paid to Semgas Supply in accordance with the following terms and conditions, and subject to the condition as set out in the following paragraph, and subject to Paragraph 2.5.1.3:

(a) a first instalment payment equivalent to seventy per cent (70%) of the Asset Acquisition Cash Consideration, being S$840,000, shall be paid to Semgas Supply upon the completion of the Asset Acquisition ("**Asset Acquisition Completion**") (the "**First Tranche**"); and

(b) a second instalment payment equivalent to thirty per cent (30%) of the Asset Acquisition Cash Consideration, being S$360,000, shall be paid to Semgas Supply three (3) months after the later of (i) the completion date of the Asset Acquisition ("**Asset Acquisition Completion Date**"), or (ii) a date to be agreed between the Company and Semgas Supply where there is no price adjustment by virtue of the condition as set out in the next Paragraph 2.5.1.3 (the "**Second Tranche**").

The Asset Acquisition Cash Consideration shall be funded from the Company's proceeds raised from the Company's initial public offering.

2.5.1.3 Subject to the Company's waiver in writing to be given at its sole discretion, the Company shall be entitled to withhold payment of the Second Tranche which Semgas Supply agrees can be applied by the Company at the Company's discretion for:

(a) any expenses incurred by the Company in relation to any "Sun $ Reward Point" (as defined below) claimed by any consumer entitled to do so; and

(b) Asset Acquisition Consideration adjustment shall be effected in the event of a reduction of 5% or more in the average monthly number of LPG cylinders sold by the Company from 1 May 2018 to 31 August 2018 as compared to the Average Monthly Historical Volume ("**APA Volume Guarantee**").

In the event of a reduction in the number of LPG cylinders sold as set out in above Paragraphs 2.5.1.3(b) of this Announcement, the Company and Semgas Supply agree to negotiate the actual sum to be deducted from the Second Tranche with the resultant sum (if any) to be paid by the Company to Semgas Supply. In the event that the Second Tranche is insufficient to make good the deficit resulted by the reduction in the number of LPG cylinders sold as set out in above Paragraphs 2.5.1.3(b) of this Announcement, Semgas Supply shall immediately without demand, make good any deficit pursuant to this paragraph by way of cash.

2.5.1.4 BDO Advisory Pte. Ltd. ("**BDO**") had been appointed by the Company to perform an independent valuation in relation to the Assets. According to the valuation report by BDO, the range of valuation for the Assets is estimated to be approximately S$2.39 million to S$2.51 million as at 31 December 2017. The Asset Acquisition Consideration is at 4.4% discount from the top end of the range of valuation for the Assets and was arrived at by the Company and Semgas Supply taking into consideration various commercial factors such as the potential of the Assets and the independent valuation by the independent valuer, BDO.

2.5.1.5 For the purposes of Paragraph 2.5.1.3(a) of this Announcement, the term "Sun $ Rewards Point" refers to the credit granted to domestic customers who had previously acquired LPG cylinders and as a result been granted credit/discount for their next purchase (each a "Sun $ Rewards Point" and collectively the "Sun $ Rewards Points"). Semgas Supply has represented to the Company that the Sun $ Rewards Points are scheduled to expire on or before 31 May 2018. The Parties agree that Semgas Supply shall indemnify the Company for any Sun $ Rewards Points claimed by the domestic customers between the actual date of Asset Acquisition Completion and 31 May 2018 (both dates inclusive) and such indemnity may, at the Company's discretion, be effected by way of a deduction from the Second Tranche as set out in Paragraph 2.5.1.2(b) of this Announcement.

2.5.1.6 The Asset Acquisition Shares Consideration represents 2.3% of the existing share capital and 2.2% of the enlarged share capital of the Company after the Asset Acquisition Completion and 2.0% of the enlarged share capital of the Company after the U-Gas Acquisition Completion and the Asset Acquisition Completion.

In summary, the details of the Asset Acquisition are set out below:-

(a) **Asset Acquisition Consideration, comprising the Asset Acquisition Cash Consideration and the Asset Acquisition Shares Consideration:** S$2.40 million

(b) **Number of Shares to be allotted and issued to Semgas Supply:** 4,533,434

(c) **Interest of Mr Teo in the share capital of the Company before the Asset Acquisition (without taking into account the increase in share capital pursuant to the U-Gas Acquisition):** 70.5%

(d) **Interest of Mr Teo in the enlarged share capital of the Company after the Asset Acquisition (without taking into account the increase in share capital pursuant to the U-Gas Acquisition):** 71.1%

(e) **Interest of Mr Teo in the enlarged share capital of the Company after the Asset Acquisition and the U-Gas Acquisition):** 74.2%

2.5.2 Conditions Precedent to the Completion of the Asset Acquisition

Completion under the Asset Purchase Agreement is conditional upon the satisfaction of the following conditions precedent (unless otherwise waived, if applicable), prior to or on the Asset Acquisition Completion Date:

(a) the Company being satisfied with the results of the financial due diligence exercise conducted by the Company and/or its professional advisers in respect of the Assets;

(b) all approvals, waivers or consents under all applicable laws (including but not limited to the Catalist Rules and any requirements by the SGX-ST or otherwise) and/or as may be necessary under any terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Company is a party or by which the Company or its assets are bound:

i. as may be required for the sale and transfer of the Assets, to enable the Company to carry on the provision of products and/or services with the underlying customers relating to the Assets as its legal and beneficial owner of the Assets; and/or

ii. to give effect to the Asset Purchase Agreement and the transactions contemplated thereunder,

being obtained and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;

(c) the approval-in-principle of all relevant authorities and/or agencies, including the SGX-ST (if required), for the transactions contemplated in the Asset Purchase Agreement being obtained (and such approval not having been withdrawn or revoked);

(d) approval of the Shareholders for the Asset Acquisition and the performance of all of the Company's obligations under the Asset Purchase Agreement and all transactions contemplated thereunder or in connerction thereto being obtained; and

(e) a listing and quotation notice for the listing and quotation of the Asset Acquisition Shares Consideration on Catalist being obtained from the SGX-ST and not having been withdrawn, amended or revoked.

2.5.3 Completion under the Asset Purchase Agreement

On the completion under the Asset Purchase Agreement, the following shall take place:

(a) Semgas Supply shall deliver, or procure delivery, to the Company or make available to the Company *inter alia*:

(i) all such third party consents as the Company may require to vest in the Company, or as the Company may direct, the full benefit of the Assets and in relation to the financing obtained by the Semgas Supply pursuant to the 31 August 2017 APA, written confirmation by the relevant financial institution which had extended financing that it does not object to the sale of the Assets to the Company pursuant to the terms and conditions therein; and

(ii) all records of Semgas Supply relating to the Assets, as referred to in the Goods and Services Tax Act.

(b) Subject to Semgas Supply having complied with the conditions set out above in Paragraph 2.5.4(a) of this Announcement, the Company shall:

(i) effect payment of and settlement of the Asset Acquisition Consideration in accordance with the conditions as set out in Paragraph 2.5.3 of this Announcement by:

(A) issuing a cheque in respect of the First Tranche;

(B) issuing share certificate(s) representing the relevant number of the Asset Acquisition Shares Consideration to Semgas Supply and/or its nominees, in the name of CDP and despatching the same to CDP for the account of Semgas Supply and/or its nominees; and

(C) delivering a letter addressed to CDP requesting that CDP credit the securities account(s) of Semgas Supply and/or its nominees or the securities account of such Depository Agent (details of such securities account(s) to be notified in writing by Semgas Supply to the Company no later than three (3) Business Days prior to the Completion Date) with the relevant number of Asset Acquisition Shares Consideration; and

(ii) deliver to Semgas Supply a certified copy of the resolution of the Board authorising the execution and delivery by the officers specified in the Asset Purchase Agreement, and any other documents referred to Asset Purchase Agreement as being required to be delivered by the officers.

2.6 Allotment and Issuance of ListCo Consideration Shares to Semgas Supply

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company. Further, Rule 804 of the Catalist Rules states that except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

The Company will be seeking approval from independent Shareholders for the allotment and issuance of the Asset Acquisition Shares Consideration to Semgas Supply at the EGM pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and Rule 805(1) and Rule 804 of the Catalist Rules for the following reasons:

(a) the Company will not be relying on any general mandate for purposes of the Asset Acquisition; and

(b) the Asset Acquisition Shares Consideration will be allotted and issued to Semgas Supply, which is a wholly-owned subsidiary of UEC. UEC is a company which Mr Teo and Ms Teo have shareholding interests in, and in which Mr Teo is a Executive Director.

2.7 **The Asset Acquisition as an interested person transaction**

2.7.1 As mentioned in Paragraph 2.2.(i), Mr Teo and Ms Teo have shareholding interests in UEC and UEC is the sole shareholder of Semgas Supply. As such, Semgas Supply is an interested person within the meaning of Chapter 9 of the Catalist Rules and the Asset Acquisition constitutes an "interested person transaction" as defined in Rule 904(5) of the Catalist Rules.

2.7.2 The value at risk of the Asset Acquisition is the Asset Acquisition Consideration, being S$2.40 million. Based on the latest audited consolidated financial statements of the Group for FY2016, the audited consolidated NTA of the Group was approximately S$9.29 million. The value at risk of the Asset Acquisition expressed as a percentage of the Group's latest audited consolidated NTA value for FY2016 is approximately 25.8%. As this value exceeds 5.0% of the Group's latest audited consolidated NTA for FY2016, pursuant to Rule 906 of the Catalist Rules, the Asset Acquisition is an interested person transaction which is subject to the approval of the Shareholders.

Information on the current total of all interested person transactions during the course of the financial year ending 31 December 2018, up to the date of this Announcment is set out in Paragraph 1.8.2 of this Announcement.

2.7.3 Independent Financial Adviser

The Company has also appointed the Xandar Capital as the independent financial adviser to advise the independent Directors on whether the Asset Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders (the "**IFA Opinion on the Asset Acquisition**"). The Audit Committee of the Board will be obtaining the IFA Opinion on the Asset Acquisition before forming its view on the Asset Acquisition .

2.8 **Relative Figures Under Chapter 10 of The Catalist Rules**

Relative figures of the Asset Acquisition under Rule 1006 of the Catalist Rules, based on the Company's latest announced financial results for FY2017, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable (1)
(b)	Net profits(2) attributable to the assets acquired, compared with the Group's net profits(2).	Not applicable(3)
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	4.5%(4)
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	2.3% (5)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable (1)

Notes:

(1) This basis is not applicable to the Asset Acquisition.

(2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) There is no profit attributable to the Assets.

(4) The market capitalisation is calculated based on the volume-weighted average price of S$0.2647 on 14 March 2018, being the full market day preceding the date of the Asset Purchase Agreement, where there were actual trades in the shares of the Company. No trades were done 15 March 2018 and 16 March 2018 being the subsequent full market days preceding the date of the Asset Purchase Agreement.

(5) The number of equity securities to be issued by the Company as consideration for the Asset Acquisition is 4,533,434 Shares.

Based on the above figures, the Asset Acquisition is a non-discloseable transaction under Rule 1008 of the Catalist Rules.

2.9 Financial Effects of the Proposed Asset Acquisition

The financial effects of the Asset Acquisition on the Company as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Asset Acquisition. The financial effects of the Asset Acquisition set out below have been prepared based on the Group's consolidated financial statements for FY2017.

2.9.1 EPS

The effects of the Asset Acquisition on the EPS of the Group for FY2017, assuming that the Asset Acquisition had been effected at the beginning of FY2017, are summarised below:-

EPS	Before the Asset Acquisition	After the Asset Acquisition
Earnings(1) (S$'000)	3,475	3,475(2)
Weighted average number of issued shares ('000)	183,397	187,931 (3)
EPS - Basic (cents)	1.89	1.85

Notes:

(1) Represents net profit attributable to the Shareholders of the Company.

(2) There is no profit attributable to the Assets.

(3) Pursuant to the allotment and issuance of 4,533,434 new Shares in the capital of the Company as consideration for the Asset Acquisition.

2.9.2 NTA

The effects of the Asset Acquisition on the NTA per share of the Group for FY2017, assuming that the Asset Acquisition had been effected as at 31 December 2017, are summarised below:

NTA	Before the Asset Acquisition	After the Asset Acquisition
Consolidated NTA (S$'000)(1)	19,829	18,629
Number of issued shares ('000)	200,000	204,533(2)
Consolidated NTA per share (cents)	9.91	9.11

Notes:

(1) Represents consolidated NTA attributable to the Shareholders of the Company.

(2) Pursuant to the allotment and issuance of 4,533,434 Shares in the capital of the Company as consideration for the Asset Acquisition.

2.9.3 Directors' Service Contracts

No person has been proposed to be appointed as an executive Director of the Company in connection with the Asset Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

2.10 **Listing Approval**

CIMB will be submitting an additional listing application to the SGX-ST on behalf of the Company for the listing and quotation of the ListCo Consideration Shares on Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST has been obtained.

3. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Teo and Ms Teo who are interested in the U-Gas Acquisition and the Asset Acquisition (collectively the "**Proposed Acquisitions**"), none of the other directors of the Company (the "**Directors**") and to the best of the Directors' knowledge, none of the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisitions.

As such, Mr Teo and Ms Teo will abstain from voting on ordinary resolutions relating to the Proposed Acquisitions.

4. EXTRAORDINARY GENERAL MEETING

The Company will be seeking specific approval of independent shareholders at the EGM for the U-Gas Acquisition and the Asset Acquisition as interested persons transactions and the allotment and issuance of ListCo Consideration Shares to each of UEC and Semgas Supply (who are associates of Mr Teo and Ms Teo) pursuant to the Proposed Acquisitions. The Circular, containing *inter alia* the notice of EGM and the details of the aforementioned Proposed Acquisitions will be despatched to the Sharehodlers in due course.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482 for a period of three (3) months commencing from the date of this Announcement:

(a) the SPA;

(b) the Asset Purchase Agreement;

(c) the full valuation reports from Mazars LLP and BDO Advisory Pte. Ltd.; and

(d) the constitution of the Company.

6. 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.

7. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisitions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

By Order of the Board

Teo Soak Theng Alexis
Executive Director and Chief Executive Officer
19 March 2018

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

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

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