

LOANS BY RH PETROGAS INVESTMENTS PTE. LTD. TO RHP (MUKAH) PTE. LTD. AS INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

The Board of Directors of RH Petrogas Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that RH Petrogas Investments Pte. Ltd. ("**RHPI**"), a wholly-owned subsidiary of the Company, and Tumbuh Tiasa Enterprises Sdn. Bhd. ("**TTE**"), an associate of the Controlling Shareholders (as defined below), had on various occasions since September 2014 provided interest-free shareholder loans to RHP (Mukah) Pte. Ltd. ("**RHP (Mukah)**"), an entity in which RHPI and TTE hold equity interests of 51% and 49% respectively.

2. INFORMATION ON RHP (MUKAH)

RHP (Mukah) was incorporated in Singapore on 10 October 2012 as a wholly owned subsidiary of RHPI. On 6 December 2012, RHP (Mukah) entered into a Production Sharing Contract (the "**PSC**") with Petroliaam Nasional Berhad ("**PETRONAS**") for Block SK331, onshore Sarawak, Malaysia and holds an 80% working interest in the block. RHP (Mukah) is the operator of the PSC and the remaining 20% working interest is held by Petronas Carigali Sdn Bhd, the exploration and production subsidiary of PETRONAS. SK331 is a PSC that is in its exploration phase. Aside from its interest in the PSC, RHP (Mukah) has no other assets or sources of revenue or cash reserves.

On 17 April 2014, RHPI entered into a sale and purchase agreement (the "**SPA**") with TTE to sell to TTE 3,184,881 ordinary shares representing 49% of the entire issued share capital of RHP (Mukah).

Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King are directors and controlling shareholders of the Company (the "**Controlling Shareholders**"). Tan Sri Datuk Sir Tiong Hiew King holds approximately 64.48% shareholding interest (direct and deemed) in the Company. Dato' Sri Dr Tiong Ik King holds approximately 28.88% deemed shareholding interest in the Company (for the avoidance of doubt, these shares over which Dato' Sri Dr Tiong Ik King has a 28.88% deemed shareholding interest, is included and also forms part of Tan Sri Datuk Sir Tiong Hiew King's deemed interest holding). The Controlling Shareholders, together with their family members, indirectly own and/or control the majority of the issued share capital of TTE. Hence, TTE is an associate of the Controlling Shareholders and accordingly, an interested person for the purpose of Chapter 9 of the Listing Manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The sale of 49% of the issued share capital of RHP (Mukah) by RHPI to TTE (the "**Sale**") was an interested person transaction for the purposes of Chapter 9 of the Listing Manual and the Company had accordingly made an announcement of the Sale on 17 April 2014. As the value of the Sale was less than 5% of the Group's latest audited consolidated net tangible assets ("**NTA**") as at 31 December 2013, when aggregated with other transactions entered into with the same interested person during the same financial year, the Sale was not subject to the

approval of the shareholders of the Company at a general meeting pursuant to Rule 906(1) of the Listing Manual.

The Sale was completed on 24 September 2014. Following completion of the Sale, the Company's equity interest in RHP (Mukah) was reduced to 51% and RHP (Mukah) continued to be a subsidiary of the Company (the "**JV Subsidiary**"). In addition, as the Controlling Shareholders are deemed to have a 49% equity interest in RHP (Mukah) (through their interests in TTE), RHP (Mukah) would also constitute an associate of the Controlling Shareholders and accordingly, an interested person in relation to the Company, for the purposes of Chapter 9 of the Listing Manual.

3. RHPI LOANS AS INTERESTED PERSON TRANSACTIONS

Prior to the completion of the Sale, all the operational and capital expenditure requirements of RHP (Mukah) (including RHP (Mukah)'s financial commitments to fund the exploration and evaluation activities of the block, and RHP (Mukah)'s office expenses and support costs) were fully borne by the Group and provided solely through interest-free shareholder loans by RHPI as the sole shareholder of RHP (Mukah). Commencing immediately after the execution of the SPA (and, for the avoidance of doubt, prior to the completion of the Sale), RHPI and TTE had started to provide funding to RHP (Mukah) by way of interest-free loans in proportion to their post-completion equity interests in RHP (Mukah).

Following completion of the Sale, the loans provided to RHP (Mukah) by each of TTE (the "**TTE Loans**") and RHPI (the "**RHPI Loans**") pursuant to the shareholders' agreement between RHPI, TTE and RHP (Mukah) (the "**Shareholders' Agreement**") constituted interested person transactions under Chapter 9 of the Listing Manual.

The TTE Loans were on an interest-free basis and therefore were not subject to the announcement or shareholder approval requirements under Rules 905 and 906 respectively of the Listing Manual.

Notwithstanding that the RHPI Loans were on an interest-free basis by RHPI to RHP (Mukah) (as an associate of an interested person), pursuant to Rule 909 of the Listing Manual, the value at risk arising from the RHPI Loans would be the aggregate principal amount of the RHPI Loans (the "**RHPI Loan Sum**").

The aggregate value of all interested person transactions ("**IPT Sum**") with the Controlling Shareholders (including the RHPI Loan Sum), as an absolute amount and as a percentage of the then latest audited consolidated NTA of the Group (the "**Latest Audited NTA**") are set out in Appendix 1.

The provision of the RHPI Loans with the aggregate values indicated in Appendix 1 gave rise to the following obligations under Chapter 9 of the Listing Manual:

- (i) pursuant to Rule 905 of the Listing Manual, the Company was required to make an immediate announcement of the RHPI Loans starting from the time that the aggregate value of the IPT Sum in each of FY 2014, FY 2015 or FY 2016, as the case may be, amounted to, or exceeded, 3% of the Group's Latest Audited NTA in that financial year;

- (ii) pursuant to Rule 906 of the Listing Manual, the Company was required to obtain the approval of its shareholders for the RHPI Loans starting from the time that the aggregate value of the IPT Sum in each of FY 2014 and FY 2016 amounted to, or exceeded, 5% of the Group's Latest Audited NTA in that financial year; and
- (iii) pursuant to Rule 907 of the Listing Manual, the Company was required to disclose the aggregate value of the IPT Sum (i.e. an amount which should have included the RHPI Loan Sum), in its annual report in the format stipulated under Rule 907 of the Listing Manual.

As the Company had not undertaken the above actions in relation to the RHPI Loans, the Company had not technically complied with the requirements under Rules 905, 906 and 907 of the Listing Manual.

Rule 916(3) of the Listing Manual provides that the following type of interested person transactions would not be required to comply with Rule 906:

- (3) *The provision of a loan to a joint venture with an interested person if:-*
 - (a) *The loan is extended by all joint venture partners in proportion to their equity and on the same terms;*
 - (b) *The interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and*
 - (c) *The issuer confirms by an announcement that its audit committee is of the view that:-*
 - (i) *the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and*
 - (ii) *the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.*

Aside from the announcement requirement under Rule 916(3)(c) of the Listing Manual, the other conditions set out in Rule 916(3) of the Listing Manual were complied with, in the manner set out in Paragraph 4 below, at the relevant time when the obligation under Rule 906 of the Listing Manual arose. Had such announcement been made, the Company would (in reliance on Rule 916(3) of the Listing Manual) not have been required to comply with Rule 906.

4. MITIGANTS FOR TECHNICAL NON-COMPLIANCE WITH CHAPTER 9 OF THE LISTING MANUAL

Following consultation with its legal advisers, the Company became aware of, and regrets, the technical non-compliance with the above-mentioned rules of the Listing Manual. However, the Company believes, on the basis of the background of the RHPI Loans as further

elaborated below, that the making of the RHPI Loans do not contravene the policy intent of Chapter 9 of the Listing Manual.

As highlighted in Paragraph 3 above, prior to the Sale, RHP (Mukah) was a wholly-owned subsidiary of the Company and all of RHP (Mukah)'s operational expenditure, capital expenditure and other costs, were effectively borne in full by the Company via shareholder loans by RHPI to RHP (Mukah). The RHPI Loans only came to constitute interested person transactions under Chapter 9 of the Listing Manual because of the Sale, when TTE acquired 49% of the issued share capital of RHP (Mukah).

The rationale for the Sale was stated in the Company's announcement dated 17 April 2014 as follows:

"The Proposed Sale is part of the Company's strategy to diversify and reduce its exposure to the exploration risk and cost in relation to SK331. At the date of this announcement, SK331 is still at its exploration phase".

In other words, one of the key commercial intentions behind the Sale was to alleviate the funding burden that would otherwise have fallen (fully) upon the Company (through RHPI). Had the Sale not taken place, the funding requirements of RHP (Mukah) would have fallen entirely on the Company as RHP (Mukah) was originally wholly-owned by the Company.

Against this background, the Company is of the view that the RHPI Loans should not be construed as an arrangement for the benefit of TTE or the Controlling Shareholders. Rather, the RHPI Loans should instead be viewed as an arrangement for the benefit of the Company, and therefore not within the category of transactions which the rules set out in Chapter 9 of the Listing Manual are intended to address.

In addition, the Company is of the view that, at the relevant time when the obligation under Rule 906 of the Listing Manual arose, the RHPI Loans would in any event have been capable of falling within the scope of the exception under Rule 916(3) of the Listing Manual, as the Company would have been able to fulfil the three conditions set out in Rule 916(3) of the Listing Manual, as follows:

- (i) Rule 916(3)(a) requires that the relevant loan is extended by all joint venture partners in proportion to their equity and on the same terms.

This condition would have been fulfilled as the RHPI Loans were provided pursuant to the funding of cash calls made by RHP (Mukah) to both RHPI and TTE and as both the RHPI Loans and the TTE Loans were provided by RHPI and TTE in proportion to their shareholdings in RHP (Mukah) and on the same terms.

- (ii) Rule 916(3)(b) requires that the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

This condition would have been fulfilled as RHP (Mukah) was wholly-owned by the Company (through RHPI) before TTE acquired its 49% equity interest in RHP (Mukah) from RHPI.

- (iii) Rule 916(3)(c) requires the issuer to issue an announcement that its audit committee is of the view (the “**Rule 916(3)(c) View**”) that:
- (1) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and
 - (2) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.

Although this condition was not complied with at the relevant time that the RHPI Loans were made, the audit committee of the Company (the “**AC**”) has now confirmed that at the relevant times in FY 2014 and FY 2016 when the obligation to obtain shareholders’ approval for the RHPI Loans pursuant to Listing Rule 906 arose, it would have been prepared to adopt the Rule 916(3)(c)View in relation to the relevant RHPI Loans and that to date, it continues to hold the Rule 916(3)(c)View. The members of the AC at the relevant times in FY 2014 and FY2016 are still currently members of the AC as at the date of this announcement.

The Company had, in disclosing the aggregate value of all interested person transactions in its annual reports for FY 2014 and FY 2015, omitted the RHPI Loan Sum. Aside from the RHPI Loans, the Company does not have any other interested person transactions with RHP (Mukah). The aggregate value of all interested person transactions for FY 2014 and FY 2015 and for the current financial year (up to the date of this announcement), including the RHPI Loans, is set out in Appendix 2.

5. FUTURE RHPI LOANS

RHPI intends to continue to provide the RHPI Loans to RHP (Mukah) pursuant to the terms of the Shareholders’ Agreement, on terms and conditions which are similar to those RHPI Loans which have been provided up to the date of this announcement.

As announced on 7 October 2016 (SGXNET Announcement No. SG161007OTHR39JX), the SGX-ST has granted approval to the Company to use the Company’s market capitalisation instead of the Group’s consolidated NTA as the basis for computing the materiality thresholds in respect of Rules 905 and 906 of the Listing Manual.

The Company will therefore announce any RHPI Loan which alone or which causes the aggregate value of the IPT Sum to amount to or exceed 3% of the Company’s market capitalisation. In respect of any RHPI Loan which alone or which causes the aggregate value of the IPT Sum to amount to or exceed 5% of the Company’s market capitalisation, the Company intends to continue to rely on the exception under Rule 916(3) of the Listing Manual from the requirement to seek shareholders’ approval.

In the event that the Group records a positive NTA or audited consolidated net asset value, the Company will further consult the SGX-ST as to the appropriate benchmark with which to assess materiality for the purpose of compliance with Chapter 9 of the Listing Manual.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the other Directors and Controlling Shareholders has any interest, direct or indirect, in the RHPI Loans.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
21 October 2016

Appendix 1

Aggregate principal amount of the RHPI Loans and aggregate value of all interested person transactions with the Controlling Shareholders (including the principal amount of the RHPI Loans)

Period	Group's Latest Audited NTA	Aggregate principal amount of RHPI Loans	Aggregate principal amount of RHPI Loans as a % of the Group's Latest Audited NTA	Aggregate value of all interested person transactions with Controlling Shareholders (including principal amount of RHPI Loans)	Aggregate value of all interested person transactions with Controlling Shareholders as a % of the Group's Latest Audited NTA
From 25 September 2014 to 31 December 2014 ⁽¹⁾	US\$66.1 million (audited NTA as at 31 December 2013)	US\$ 2.14 million	3.2%	US\$ 4.97 million ⁽²⁾	7.5%
1 January 2015 to 31 December 2015	US\$59.6 million (audited NTA as at 31 December 2014)	US\$ 2.12 million	3.6%	US\$ 2.12 million	3.6%
1 January 2016 to 30 September 2016	Negative US\$20.4 million (audited NTA as at 31 December 2015)	US\$ 258,000	See Note (3) below	US\$ 258,000	See Note (3) below

Notes:

- (1) The loan quantum is counted after completion of the Sale on 24 September 2014.
- (2) Aside from the aggregate principal amount of the RHPI Loans (US\$2.14 million), the balance (US\$2.83 million) of this amount of US\$4.97 million is comprised primarily of the consideration for the Sale (US\$2.786 million).
- (3) Based on the latest audited consolidated financial statements of the Group for FY 2015, the Group's Latest Audited NTA has fallen into negative value. In applying Rules 905 and 906 of the Listing Manual, where the Group's Latest Audited NTA is used as a basis to determine the threshold values for announcing and/or seeking shareholders' approval for interested person transactions, all interested person transactions would exceed the said thresholds and would have to be announced and approved by shareholders (unless an exception under the Listing Manual applies).

Appendix 2

Aggregate value of all interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year / period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)			Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)		
	1 January 2016 to 30 September 2016 US\$'000	FY2015 US\$'000	FY 2014 US\$'000	1 January 2016 to 30 September 2016 US\$'000	FY2015 US\$'000	FY 2014 US\$'000
Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King						
i) Sale and purchase agreement with Tumbuh Tiasa Enterprises Sdn. Bhd. ⁽¹⁾	Nil	Nil	2,786	Not applicable	Not applicable	Not applicable
ii) RHPI Loans	258	2,118	2,138	Not applicable	Not applicable	Not applicable

Note:

- (1) As announced on 17 April 2014 (SGXNET Announcement No. SG140417OTHR44E2), RH Petrogas Investments Pte. Ltd. ("RHPI"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Tumbuh Tiasa Enterprises Sdn. Bhd. ("TTE") to sell 3,184,881 ordinary shares representing 49% of the entire issued share capital of RHP (Mukah) Pte. Ltd., a wholly-owned subsidiary of RHPI, to the TTE for an aggregate sale consideration of US\$2,786,000 ("**Proposed Sale**"). Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King, who are both Directors of the Company, together with their family members, indirectly own majority of the issued share capital of TTE. As announced on 24 September 2014 (SGXNET Announcement No. SG140924OTHRNNKS), the Proposed Sale has been completed on 24 September 2014.