



UNION GAS HOLDINGS

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 3 October 2016)
(Company Registration Number: 201626970Z)

Invitation in respect of 60,000,000 Invitation Shares comprising 30,000,000 New Shares and 30,000,000 Vendor Shares, as follows:

- (a) 1,280,000 Offer Shares at S\$0.25 for each Offer Share by way of public offer; and**
- (b) 58,720,000 Placement Shares at S\$0.25 for each Placement Share by way of placement, payable in full on application.**

OFFER DOCUMENT DATED 13 JULY 2017

(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 13 July 2017)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s).

CIMB Bank Berhad, Singapore Branch (the “**Sponsor and Issue Manager**”), has on behalf of Union Gas Holdings Limited (the “**Company**”), made an application to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in, and for quotation of, all the ordinary shares (the “**Shares**”) in the capital of the Company already issued (including the Vendor Shares (as defined herein)), the new Shares (the “**New Shares**”) which are the subject of the Invitation (as defined herein), the new Shares which may be issued upon the exercise of the options to be granted under the Union Gas Employee Share Option Scheme (the “**Option Shares**”) and the new Shares which may be issued upon the vesting of awards granted under the Union Gas Performance Share Plan (the “**Award Shares**”), on Catalist (as defined herein). The dealing in, and quotation of, the Shares, the New Shares, the Option Shares and the Award Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the “Authority”). We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has, in any way, considered the merits of the Shares (including the Vendor Shares), the New Shares, the Option Shares or the Award Shares, as the case may be, being offered for investment.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST’s listing rules, have been complied with.

Acceptance of applications will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares (including the Vendor Shares), the New Shares, the Option Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Vendor (as defined herein), the Sponsor and Issue Manager, or the Underwriter and Placement Agent (as defined herein).

Investing in our Shares involves risks which are described in the section entitled “RISK FACTORS” of this Offer Document.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Sponsor and Issue Manager



CIMB Bank Berhad (13491-P)
Singapore Branch
(Incorporated in Malaysia)

Underwriter and Placement Agent



CIMB Securities (Singapore) Pte. Ltd.
(Company Registration No.: 198701621D)
(Incorporated in the Republic of Singapore)

INVESTMENT MERITS

- 1** Strong heritage of over 40 years with established and trusted brand names “Union”¹ and “Cnergy”.
- 2** One of the leading suppliers of bottled liquefied petroleum gas (“LPG”) cylinders to domestic households in Singapore.
- 3** Extensive distribution capabilities, with more than 100 delivery vehicles, supplying bottled LPG cylinders and LPG-related accessories to more than 140,000 domestic households in Singapore.
- 4** Widely recognised by customers for strong commitment to quality products and reliable and timely services.
- 5** Cash generative business with strong operating cash flow and healthy balance sheet.
- 6** Intend to recommend and distribute dividends of not less than 50% of our net profits attributable to our Shareholders in FY2017².

¹ We market our bottled LPG cylinders under the “Union” brand. Union Energy Corporation Pte. Ltd. (“UEC” and together with its subsidiaries, the “UEC Group”) entered into a trade mark licence agreement with our Company to grant us a non-exclusive licence to use its registered and unregistered intellectual property rights.

² Investors should note that the statement on the proposed dividends is merely a statement of our present intention and shall not constitute a legally binding statement in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion. Investors should not treat the proposed dividends as an indication of our Group’s future dividend policy. Please refer to the section entitled “Dividend Policy” of this Offer Document for more information.

BUSINESS OVERVIEW

We are an established provider of fuel products in Singapore with over 40 years of operating track record. Currently, our business can be categorised into the following three (3) segments:

Bottled LPG cylinders for retail



Comprises most of our sales

RETAIL LPG BUSINESS

We are engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore.

We have also embarked on the distribution of health products and household products to domestic households in Singapore since March 2016 and April 2016 respectively as an ancillary business which complements our Retail LPG Business through the use of our existing distribution network and our fleet of more than 100 delivery vehicles.



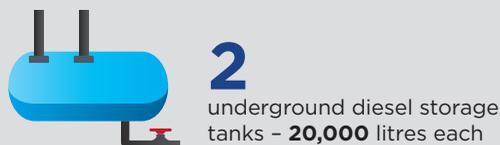
Operates 24 hours a day and open to public

CNG BUSINESS

We operate a fuel station at 50 Old Toh Tuck Road to produce, sell and distribute compressed natural gas (“CNG”) primarily to natural gas vehicles and industrial customers for their commercial use.

DIESEL BUSINESS

In addition to CNG, since August 2015, we sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road. We are also engaged in the transport, distribution and bulk sale of diesel to commercial customers.



COMPETITIVE STRENGTHS

ONE OF THE LEADING SUPPLIERS OF BOTTLED LPG CYLINDERS TO DOMESTIC HOUSEHOLDS AND CNG TO RETAIL AND INDUSTRIAL CUSTOMERS IN SINGAPORE

- Long track record in our Retail LPG Business and the CNG Business has led to “Union” and “Cnergy” being established and trusted brands in Singapore.
- We are widely recognised by customers for our strong commitment to quality products and reliable and timely services. Our continuous marketing efforts enable us to maintain constant customer awareness of our brands.
- Our established track record has enabled us to gain our customers’ confidence in our products, which is evident from our long-standing relationships with our existing customers.

EXTENSIVE DISTRIBUTION CAPABILITIES VIA OUR FLEET OF MORE THAN 100 DELIVERY VEHICLES

- We operate one of the largest delivery fleets amongst the players in the sale of bottled LPG cylinders to domestic households in Singapore, with more than 100 delivery vehicles, supplying bottled LPG cylinders and LPG-related accessories to more than 140,000 domestic households in Singapore.
- We possess the capability to respond to delivery requests in a speedy manner in all parts of Singapore and we believe this has won us the confidence and support of our customers over the years.
- Our LPG delivery network is supported by our in-house call centre that operates all year round with a fully-computerised order-receiving, relaying and despatching system.

ENJOY STRONG SUPPORT FROM OUR RELATED COMPANY FOR THE SUPPLY OF BOTTLED LPG CYLINDERS

- We procure bottled LPG cylinders from the UEC Group, which is one of the largest wholesale suppliers of LPG in Singapore, with a bottling plant and three (3) LPG storage depots.
- The UEC Group has been supportive in terms of product allocation, delivery schedules and other operational, technical and sales support.

- As a testament to the strong support from the UEC Group, Summit Gas Systems Pte. Ltd., a wholly-owned subsidiary of UEC, has entered into a dealership agreement with us for the supply of bottled LPG cylinders.
- We believe the strong support from the UEC Group strengthens our position as one of the leading suppliers of bottled LPG cylinders to domestic households in Singapore.

OFFER QUALITY PRODUCTS AND SERVICES

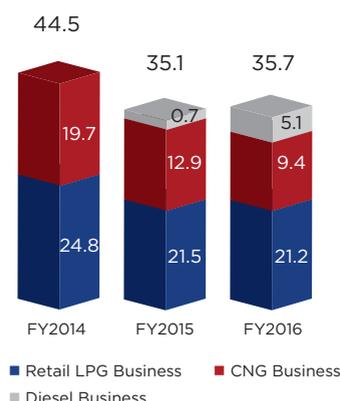
- We source our products from trusted suppliers to ensure that we deliver quality products to our customers, with a quality assurance system in our processes to ensure that we consistently provide quality products and services that our customers have come to expect and appreciate.
- We strive to maintain good and close relationships with our customers, such as inviting customers of our Retail LPG Business to provide feedback about our products and services, as well as to discuss latest issues and developments relating to the industry.
- All our friendly and dedicated customer service associates possess complete product and safety knowledge.

EXPERIENCED AND COMMITTED MANAGEMENT TEAM WITH PROVEN TRACK RECORD

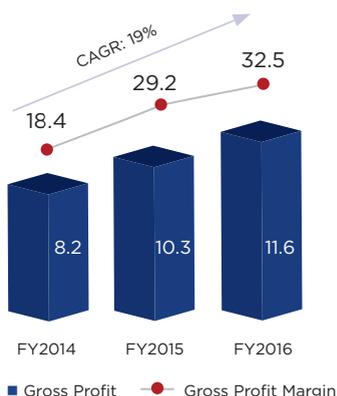
- Our Non-executive Chairman, Mr. Teo Kiang Ang and our Executive Director and Chief Executive Officer, Alexis Teo, collectively have more than 50 years of experience in the LPG industry.
- Alexis Teo is assisted by our senior management, the majority of whom have more than 10 years of experience in their respective fields.
- We have an experienced team of operations staff who have been with our Group for many years. Their product competency and industry and technical knowledge have contributed significantly to the growth of our business and are vital to our continued growth and future development.

FINANCIAL HIGHLIGHTS

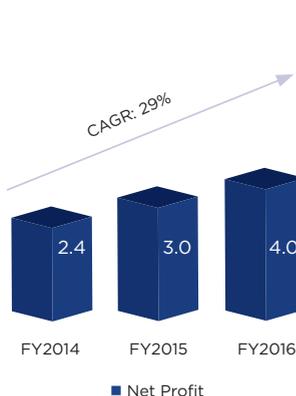
REVENUE (\$\$'M)



GROSS PROFIT (\$\$'M) AND GROSS PROFIT MARGIN (%)



PROFIT, NET OF TAX (\$\$'M)



BUSINESS STRATEGIES AND FUTURE PLANS



Approximately

\$4m

of net proceeds from the issue of the New Shares to partly fund this venture

ACQUISITION OF DEALERS FOR OUR RETAIL LPG BUSINESS

- We intend to further grow the distribution network and reach of our Retail LPG Business in Singapore. We may acquire local existing dealers of bottled LPG cylinders and leverage on their customer base.
- We believe that our proven track record in operating the dealership for bottled LPG cylinders and our extensive industry experiences and expertise have equipped us well to acquire local existing dealers of bottled LPG cylinders.



Approximately

\$1m

of net proceeds from the issue of the New Shares, external financing and/or our internal resources to fund this venture

DIVERSIFICATION INTO THE SUPPLY AND RETAIL OF PIPED NATURAL GAS TO CUSTOMERS IN THE SERVICES AND MANUFACTURING INDUSTRIES IN SINGAPORE (“NATURAL GAS BUSINESS”)

- We obtained the Gas Licence for Gas Retailer Licensee from the Energy Market Authority of Singapore on 17 April 2017 which allows us to supply and retail piped natural gas to customers in the services and manufacturing industries in Singapore.
- We intend to promulgate the use of natural gas as a viable, sustainable and environmentally-friendly alternative to LPG, town gas and diesel, to industrial and commercial customers in the food and beverage industry in Singapore.
- We aim to launch our Natural Gas Business in 2018 to provide diversification to our Group’s businesses and contribute to future growth of our Group.



EXPANSION OF OUR BUSINESS THROUGH ACQUISITIONS, JOINT VENTURES, STRATEGIC ALLIANCES AND/OR NEW PRODUCT OFFERINGS

- We may also expand our business, whether in Singapore or overseas, through acquisitions, joint ventures and/or strategic alliances that we believe will complement our current and future businesses.
- We may expand our portfolio of household products for sale to our customers to leverage on our extensive distribution network. We may also identify new fuel products for sale and distribution.

PROSPECTS



STEADY GROWTH IN SINGAPORE’S GROSS DOMESTIC PRODUCT (“GDP”)

- The Singapore economy grew by 2.0% in 2016 and is expected to grow by 1.0% to 3.0% in 2017³.
- The International Monetary Fund (“IMF”) has projected Singapore’s GDP growth to be approximately 2.2% in 2017 and approximately 2.5% per annum for the next three (3) years thereafter⁴.
- The steady growth is likely to provide support to our business operations and future plans.



OPPORTUNITY FOR GROWTH

- We believe the potential attrition of smaller players in the retail LPG industry due to increased operating costs, stricter regulations and higher customers’ expectations will provide us the opportunity to lead a consolidation of the retail LPG industry. This will enable our Group to extend our position in relation to, and expand the scale of our operations in, the Retail LPG Business, through acquisition of dealers.
- LPG is a clean, efficient and sustainable energy source, and is portable without requiring a fixed network. There are many applications for LPG and this presents opportunities for us to identify new LPG products in Singapore and develop new market segments for our business, such as outdoor recreational applications.
- With our deep penetration to domestic households, we have considerable potential to expand our offerings of household products and health products, and grow our business.

³ Source: Press release entitled “MTI Maintains 2017 GDP Growth Forecast at “1.0 to 3.0 Per Cent” dated 25 May 2017 by the Ministry of Trade and Industry Singapore (“MTI”). Information was extracted from the website of MTI at <https://www.mti.gov.sg/NewsRoom/Pages/MTI-Maintains-2017-GDP-Growth-Forecast-at-1.0-to-3.0-Per-Cent.aspx>

⁴ Source: World Economic Outlook Database, April 2017. Information was extracted from the website of IMF at <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx>

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Teo Kiang Ang (<i>Non-executive Chairman</i>) Ms. Teo Soak Theng Alexis (<i>Executive Director and CEO</i>) Mr. Loo Hock Leong (<i>Lead Independent Director</i>) Mr. Lim Chwee Kim (<i>Independent Director</i>) Mr. Heng Chye Kiou (<i>Independent Director</i>)
COMPANY SECRETARY	:	Ms. Helen Campos LL.B (Hons) London, FCIS
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	25 Genting Road #04-01 Union Energy Group Building Singapore 349482
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR AND ISSUE MANAGER	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
UNDERWRITER AND PLACEMENT AGENT	:	CIMB Securities (Singapore) Pte. Ltd. 50 Raffles Place #16-02 Singapore Land Tower Singapore 048623
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	RSM Chio Lim LLP 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095 Partner-in-charge: Mr. Adrian Tan Khai-Chung (a member of the Institute of Singapore Chartered Accountants (ISCA))
SOLICITORS TO THE INVITATION AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	:	Morgan Lewis Stamford LLC 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
INDEPENDENT FINANCIAL ADVISER	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805

CORPORATE INFORMATION

PRINCIPAL BANKERS : **United Overseas Bank Limited**
80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

RECEIVING BANK : **CIMB Bank Berhad, Singapore Branch**
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

VENDOR : Mr. Teo Kiang Ang

DEFINITIONS

In this Offer Document and the accompanying Application Forms, and in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks or the IB websites of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

COMPANIES AND PERSON IN OUR GROUP

<i>“Company” or “Union Gas Holdings”</i>	:	Union Gas Holdings Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings
<i>“Group”</i>	:	Our Company and its subsidiaries
<i>“Group Company”</i>	:	Each of our Company and/or its subsidiaries
<i>“Alexis Teo”</i>	:	Teo Soak Theng Alexis
<i>“Union Energy”</i>	:	Union Energy Pte. Ltd.
<i>“Union Gas”</i>	:	Union Gas Pte. Ltd.

COMPANIES IN THE UEC GROUP

<i>“Choon Hin”</i>	:	Choon Hin Gas Supply Pte. Ltd.
<i>“Excell Gas”</i>	:	Excell Gas Services Pte. Ltd.
<i>“Firstway”</i>	:	Firstway LPG Pte. Ltd.
<i>“Gasmart”</i>	:	Gasmart Pte. Ltd.
<i>“Health Domain”</i>	:	Health Domain Pte. Ltd.
<i>“Jurong Ind. LPG”</i>	:	Jurong Ind. LPG Pte. Ltd. (formerly known as SBK Gas Services Pte. Ltd.)
<i>“PT Union Energy”</i>	:	PT Union Energy
<i>“Sembas”</i>	:	Sembas (Asia) Trading Pte. Ltd.
<i>“Semgas”</i>	:	Semgas (S) Pte. Ltd.
<i>“Semgas Supply”</i>	:	Semgas Supply Pte. Ltd.
<i>“Summit Gas”</i>	:	Summit Gas Systems Pte. Ltd.
<i>“UE Land”</i>	:	UE Land Pte. Ltd.

DEFINITIONS

<i>“UEC”</i>	:	Union Energy Corporation Pte. Ltd. (formerly known as “Union Gas Supply Pte. Ltd.”)
<i>“UEC Group”</i>	:	UEC and its subsidiaries. As at the Latest Practicable Date, UEC’s subsidiaries consist of Choon Hin, Excell Gas, Firstway, Gasmart, Health Domain, Jurong Ind. LPG, PT Union Energy, Sembas, Semgas, Semgas Supply, Summit Gas, UE Land, United Gas and Union Power
<i>“Union Power”</i>	:	Union Power Pte. Ltd.
<i>“United Gas”</i>	:	United Gas Pte. Ltd.

OTHER CORPORATIONS, AGENCIES AND ENTITIES

<i>“ACRA”</i>	:	The Accounting and Corporate Regulatory Authority of Singapore
<i>“Authority”</i>	:	The Monetary Authority of Singapore
<i>“CAD”</i>	:	Commercial Affairs Department of Singapore
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CIMB Bank”, “Sponsor”, “Issue Manager” or “Receiving Bank”</i>	:	CIMB Bank Berhad, Singapore Branch
<i>“CIMB Securities” or “Underwriter” or “Placement Agent”</i>	:	CIMB Securities (Singapore) Pte. Ltd.
<i>“Commissioner”</i>	:	The Commissioner of Civil Defence of Singapore
<i>“CPF”</i>	:	The Central Provident Fund
<i>“CPIB”</i>	:	The Corrupt Practices Investigation Bureau
<i>“D Investments”</i>	:	D Investments Pte. Ltd.
<i>“ExxonMobil”</i>	:	ExxonMobil Asia Pacific Pte Ltd
<i>“EMA”</i>	:	The Energy Market Authority of Singapore
<i>“HDB”</i>	:	The Housing and Development Board of Singapore
<i>“Independent Financial Adviser” or “Xandar Capital”</i>	:	Xandar Capital Pte. Ltd.

DEFINITIONS

<i>“IRAS”</i>	:	The Inland Revenue Authority of Singapore
<i>“JTC”</i>	:	JTC Corporation
<i>“LTA”</i>	:	The Land Transport Authority of Singapore
<i>“MOM”</i>	:	The Ministry of Manpower of Singapore
<i>“NEA”</i>	:	The National Environment Agency of Singapore
<i>“Participating Banks”</i>	:	United Overseas Bank Limited (“UOB”) and its subsidiary, Far Eastern Bank Limited (collectively, the “UOB Group”), DBS Bank Ltd (including POSB) (“DBS Bank”) and Oversea-Chinese Banking Corporation Limited (“OCBC”)
<i>“Pavilion Gas”</i>	:	Pavilion Gas Pte. Ltd.
<i>“SCDF”</i>	:	Singapore Civil Defence Force
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“SPC”</i>	:	Singapore Petroleum Company Limited
<i>“Trans-cab”</i>	:	Trans-cab Holdings Ltd.
<i>“Trans-cab Group”</i>	:	Trans-cab and its subsidiaries

LOCATIONS

<i>“12 Defu Lane”</i>	:	12 Defu Lane 11, Singapore 539168
<i>“50 Old Toh Tuck Road”</i>	:	50 Old Toh Tuck Road, Singapore 597657
<i>“Union Energy Group Building”</i>	:	25 Genting Road, Singapore 349482

GENERAL

<i>“Acquisition of Subsidiaries”</i>	:	Has the meaning ascribed to it in the section entitled “Restructuring Exercise” of this Offer Document
<i>“AGM”</i>	:	Annual general meeting of our Company
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for subscription for and/or purchase of, as the case may be, the Invitation Shares

DEFINITIONS

<i>“Associate”</i>	:	(a) in relation to any director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) 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; or(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; or
		(b) 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 30.0% or more
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Audited Combined Financial Statements”</i>	:	The “Independent Auditor’s Report and the Audited Combined Financial Statements for the Reporting Years ended 31 December 2014, 2015 and 2016” as set out in Appendix A of this Offer Document
<i>“Award”</i>	:	An award of Shares granted under the Union Gas PSP
<i>“Award Shares”</i>	:	The Shares which may be issued or transferred upon the vesting of Awards
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Bottling Plant”</i>	:	The bottling plant at 43 Jalan Buroh, Singapore 619490. As at the Latest Practicable Date, the bottling plant is wholly-owned by Summit Gas
<i>“Bottling Plant Call Option”</i>	:	Has the meaning ascribed to it in the section entitled “Potential Conflicts of Interest” of this Offer Document
<i>“Business Rationalisation”</i>	:	Has the meaning ascribed to it in the section entitled “Restructuring Exercise” of this Offer Document

DEFINITIONS

<i>“Call Option Companies”</i>	:	Choon Hin, Excell Gas, Firstway, Gasmart, Jurong Ind. LPG, Sembas, Sengas, Sengas Supply and United Gas
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time
<i>“CEO”</i>	:	Chief executive officer
<i>“CFO”</i>	:	Chief financial officer
<i>“CNG Business”</i>	:	The business of our Group which is involved in the operation of a fuel station for the production, sale and distribution of CNG to NGVs and industrial customers for their commercial use
<i>“Commercial Business Segment”</i>	:	The business of the UEC Group that is involved in the supply and distribution of LPG to commercial and industrial customers, such as hotels, food establishments (such as restaurants and coffee shops) and factories
<i>“Commercial UEC Company”</i>	:	An existing or future company that is part of the UEC Group and engaged in the UEC Group’s Commercial Business Segment. As at the Latest Practicable Date, this consists of the Call Option Companies. For the avoidance of doubt, any company engaged in the Commercial Business Segment in which UEC (whether legally and/or beneficially) owns more than five per cent (5%) of its shareholding interest shall be considered a Commercial UEC Company
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<i>“Constitution”</i>	:	The constitution of our Company
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules, (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
<i>“Dealership Agreement”</i>	:	The dealership agreement entered into between Summit Gas and Union Energy on 1 April 2017, as described in the section entitled “General Information on Our Group – Our Procurement Process” of this Offer Document

DEFINITIONS

- “Diesel Business”* : The business of our Group which is involved in the operation of a fuel station at 50 Old Toh Tuck Road for the sale and distribution of diesel to retail customers as well as the transportation, distribution and bulk sale of diesel to commercial customers
- “Diesel Proposal”* : The proposal for the supply of diesel and automotive diesel oil between ExxonMobil and Union Gas for the supply of diesel (10 ppm Sulfur) and automotive diesel oil (10 ppm Sulfur) on a spot basis from ExxonMobil to Union Gas
- “Directors”* : The directors of our Company as at the date of this Offer Document, unless otherwise stated
- “Electronic Applications”* : Applications for the Offer Shares made through an ATM or through the IB website of one of the Participating Banks, subject to and on the terms and conditions of this Offer Document
- “EFMA”* : Employment of Foreign Manpower Act (Chapter 91) of Singapore, as may be amended, supplemented or modified from time to time
- “EFMR”* : Employment of Foreign Manpower (Work Passes) Regulations 2012 of Singapore, as may be amended, supplemented or modified from time to time
- “Entity at Risk”* : (a) our Company;
(b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
(c) an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group or Interested Person(s) has control over the associated company
- “EPS”* : Earnings per Share
- “Executive Directors”* : The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
- “Executive Officers”* : The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
- “Fire Safety Act”* : The Fire Safety Act (Chapter 109A) of Singapore, as may be amended, supplemented or modified from time to time

DEFINITIONS

<i>“Fire Safety Regulations”</i>	:	The Fire Safety Act, the FSPFMR, the FSPFMEO and related orders and regulations
<i>“FSPFMEO”</i>	:	The Fire Safety (Petroleum and Flammable Materials – Exemption) Order 2014 of Singapore, as may be amended, supplemented or modified from time to time
<i>“FSPFMR”</i>	:	The Fire Safety (Petroleum and Flammable Materials) Regulations 2013 of Singapore, as may be amended, supplemented or modified from time to time
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“Gas Act”</i>	:	The Gas Act (Chapter 116A) of Singapore, as may be amended, supplemented or modified from time to time
<i>“Gas (Supply) Regulations”</i>	:	The Gas (Supply) Regulations of Singapore, as subsequently amended by the Gas (Supply) (Amendment) Regulations 2015 of Singapore and Gas (Supply) (Amendment) Regulations 2016 of Singapore, and as may be amended, supplemented or modified from time to time
<i>“Gas Supply Code”</i>	:	The code of practice, as may be amended, supplemented or modified from time to time, by EMA which sets out the standards and procedures which gas licensees must comply with for the safe operation of the gas supply system. It also describes the rights and obligations of gas licensees on the conveyance of gas and provision of gas supply
<i>“Gas Retail Agreement”</i>	:	The gas retail agreement between Union Gas and Pavilion Gas dated 21 February 2017 pursuant to which Union Gas purchases natural gas from Pavilion Gas
<i>“Gas Retailer Code of Conduct”</i>	:	The code of practice, as may be amended, supplemented or modified from time to time, by EMA which sets out the minimum standards of performance which gas retailers have to adhere to when conducting the gas retail business
<i>“Group Business”</i>	:	The Retail LPG Business, CNG Business and the Diesel Business collectively
<i>“GST”</i>	:	Goods and Services Tax
<i>“HR”</i>	:	Human resource
<i>“HY”</i>	:	Half year ended or ending 30 June, as the case may be
<i>“IB”</i>	:	Internet banking

DEFINITIONS

<i>“IFA Letter”</i>	:	The letter from the Independent Financial Adviser, as set out in Appendix C of this Offer Document
<i>“Independent Directors”</i>	:	The Non-executive independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	(a) a Director, CEO or Controlling Shareholder of our Company; or (b) an Associate of any such Director, CEO or Controlling Shareholder
<i>“Interested Person Transaction”</i>	:	A transaction between an Entity at Risk and an Interested Person
<i>“Invitation”</i>	:	The invitation by our Company and the Vendor to the public in Singapore to subscribe for and/or purchase the Invitation Shares at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
<i>“Invitation Price”</i>	:	S\$0.25 for each Invitation Share
<i>“Invitation Shares”</i>	:	The 60,000,000 Shares which are the subject of the Invitation, comprising 30,000,000 New Shares and 30,000,000 Vendor Shares
<i>“IT Infrastructure”</i>	:	Has the meaning ascribed to it in the section entitled “Interested Person Transactions – Past Interested Person Transactions – Provision of Shared Services by the UEC Group to our Group” of this Offer Document
<i>“IT”</i>	:	Information technology
<i>“Latest Practicable Date”</i>	:	15 June 2017, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
<i>“LPG Supplier”</i>	:	Sembas or pursuant to the Dealership Agreement, Summit Gas, as the case may be
<i>“LPG Suppliers Premium”</i>	:	Has the meaning ascribed to it in the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document

DEFINITIONS

<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 13 July 2017 entered into between our Company, the Vendor and CIMB Bank pursuant to which CIMB Bank agreed to manage and sponsor the Invitation, details of which are described in the section entitled “Management, Underwriting and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Natural Gas Business”</i>	:	Has the meaning ascribed to it in the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 30,000,000 new Shares for which our Company invites applications to subscribe for and/or purchase at the Invitation Price pursuant to the Invitation, subject to and on the terms and conditions set out in this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer”</i>	:	The offer by our Company and the Vendor to the public in Singapore for subscription and/or purchase of the Offer Shares at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
<i>“Offer Document”</i>	:	This offer document dated 13 July 2017 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	The 1,280,000 Invitation Shares which are the subject of the Offer
<i>“Options”</i>	:	The share options which may be granted by our Company pursuant to the Union Gas ESOS
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued from time to time upon the exercise of the Options
<i>“PER”</i>	:	Price earnings ratio
<i>“Period under Review”</i>	:	The period which comprises FY2014, FY2015 and FY2016

DEFINITIONS

<i>“Petroleum Product Supply Agreement”</i>	:	The petroleum product supply agreement between Union Gas and SPC dated 1 July 2016, and the subsequent renewal of the agreement dated 16 May 2017, as the case may be, pursuant to which Union Gas purchases diesel from SPC
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company and/or the Vendor for subscription and/or purchase at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
<i>“Placement Shares”</i>	:	The 58,720,000 Invitation Shares which are the subject of the Placement
<i>“Pricing Formula”</i>	:	Has the meaning ascribed to it in the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document
<i>“Relevant Period”</i>	:	Period under Review and for the period from 1 January 2017 up to the Latest Practicable Date
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation consisting of the incorporation of our Company, the Acquisition of Subsidiaries and the Business Rationalisation, as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Retail LPG Business”</i>	:	The business of our Group which is involved in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore
<i>“ROFR”</i>	:	Has the meaning ascribed to it in the section entitled “Potential Conflicts of Interest” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Service Agreement”</i>	:	The service agreement entered into between our Company and our Executive Director and CEO, being Alexis Teo, on 27 June 2017 as described in the section entitled “Directors, Executive Officers and Employees – Service Agreement” of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, supplemented or modified from time to time

DEFINITIONS

<i>“SFR”</i>	:	Securities and Futures (Offers of Investments) (Share and Debentures) Regulations 2005 of Singapore
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
<i>“Share Split”</i>	:	The sub-division of every one (1) Share into 17 Shares
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Share(s), except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean Depositors whose Securities Accounts are credited with Shares
<i>“Shareholders’ Mandate”</i>	:	The general mandate from Shareholders obtained pursuant to Rule 920(2) of the Catalist Rules, details of which are set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of this Offer Document
<i>“Substantial Shareholder”</i>	:	A person who has an interest in our Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares of our Company
<i>“Summit Gas Shares”</i>	:	Has the meaning ascribed to it in the section entitled “Potential Conflicts of Interest” of this Offer Document
<i>“Summit Gas Shares Call Option”</i>	:	Has the meaning ascribed to it in the section entitled “Potential Conflicts of Interest” of this Offer Document
<i>“Trade mark Licence Agreement”</i>	:	The trade mark licence agreement entered into between UEC and the Company on 1 April 2017, as amended, modified and/or supplemented by the supplemental trade mark licence agreement entered into between UEC and the Company on 20 June 2017, as described in the section entitled “General Information on Our Group – Intellectual Property” of this Offer Document
<i>“Unaudited Pro Forma Combined Financial Information”</i>	:	The “Independent Auditor’s Report and the Unaudited Pro Forma Combined Financial Information for the Reporting Years ended 31 December 2014, 2015 and 2016” as set out in Appendix B of this Offer Document
<i>“Underwriting and Placement Agreement”</i>	:	The underwriting and placement agreement dated 13 July 2017 entered into between our Company, the Vendor and CIMB Securities pursuant to which CIMB Securities agreed to (i) underwrite our offer of the Offer Shares; and (ii) subscribe for and/or purchase or procure subscribers and/or purchasers for the Placement Shares, details of which are described in the section entitled “Management, Underwriting and Placement Arrangements” of this Offer Document

DEFINITIONS

“UEC Group Premium”	:	Has the meaning ascribed to it in the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document
“Union Gas ESOS”	:	The Union Gas Employee Share Option Scheme, the terms of which are set out in Appendix G of this Offer Document
“Union Gas PSP”	:	The Union Gas Performance Share Plan, the terms of which are set out in Appendix H of this Offer Document
“Vendor”	:	Mr. Teo Kiang Ang
“Vendor Shares”	:	The 30,000,000 issued and fully paid-up Shares for which the Vendor invites applications to purchase, subject to and on the terms and conditions of this Offer Document

CURRENCIES, UNITS AND OTHERS

“bar”	:	A unit of pressure equivalent to 100,000 Pascal
“kg”	:	Kilogram
“mt”	:	Metric ton
“sq m”	:	Square metre
“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“US\$”	:	United States dollar, the lawful currency of the United States of America
“%” or “per cent.”	:	Per centum or percentage

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “subsidiary” shall have the meaning ascribed to it in the Companies Act.

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

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Offer Document, the Application Forms and/or the Electronic Applications shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

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Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document, the Application Forms and/or the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

References in this Offer Document to “our Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group, as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

Any information on our website or any website directly or indirectly linked to such website does not form part of this Offer Document and should not be relied upon by any applicant for our Invitation Shares.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary contains certain technical terms, and in some instances abbreviations, and its corresponding explanations and descriptions used by us in this Offer Document and in connection with our Group and our Group Business. The terms, abbreviations and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

<i>“CNG”</i>	:	Compressed natural gas
<i>“HSFO”</i>	:	High Sulfur Fuel Oil
<i>“HazMat”</i>	:	Hazardous materials
<i>“Hydrocarbon”</i>	:	Any of numerous organic compounds that contain only hydrogen and carbon
<i>“LPG” or “liquefied petroleum gas”</i>	:	A generic name for a family of hydrocarbons or their mixtures which are in liquid form under moderate pressure
<i>“Natural gas”</i>	:	A hydrocarbon gas found in the earth which is composed of methane, ethane, butane, propane and other gases
<i>“NGV”</i>	:	Natural gas vehicle, a vehicle that operates on CNG or CNG and petrol
<i>“Saudi Aramco Contract Price”</i>	:	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
<i>“small cylinders”</i>	:	The standard 4.5 kg, 11 kg, 12.7 kg and 14 kg bottled LPG cylinders
<i>“10 ppm Sulfur”</i>	:	A description of diesel fuel with a sulfur content of less than 10 parts per million

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, employees or authorised persons acting on our behalf or the Vendor's behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by forward-looking terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would", and "could" or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social, economic and stock or securities market conditions, and the regulatory environment in Singapore in which we conduct business or other countries in which we may expect to conduct business;
- (b) the risk that we may be unable to execute or implement our business strategies and future plans;
- (c) changes in inflation, currency exchange rates or interest rates;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of materials which we require to operate our business;
- (f) changes in customer preferences or requirements;
- (g) changes in competitive conditions and our ability to compete under such conditions;
- (h) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (i) war or acts of international or domestic terrorism;
- (j) other factors beyond our control; and
- (k) the factors described in the section entitled "Risk Factors" of this Offer Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to the discussions under the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group – Trend Information” of this Offer Document. All forward-looking statements made by or attributable to us, our Directors, the Vendor, our Executive Officers, our employees or authorised persons acting on our or the Vendor’s behalf, contained in this Offer Document, press releases or oral statements are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document. Neither our Company, our Directors, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements. Further, our Company, our Directors, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Invitation, our Company and/or the Vendor become aware of (a) a false or misleading statement or matter in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager and the Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

Where such changes occur and are material or are required to be disclosed by law, we will comply with the relevant provisions of the SFA and the Catalist Rules and make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority pursuant to the SFA. All applicants should take note of any such announcement, or supplementary or replacement offer document and, upon the release of the same, shall be deemed to have notice of such changes.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Vendor, the Sponsor and Issue Manager and the Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, the Vendor, the Sponsor and Issue Manager and the Underwriter and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

DETAILS OF THE INVITATION

LISTING ON CATALIST

The Sponsor and Issue Manager has made an application to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued (including the Vendor Shares), the New Shares, the Option Shares and the Award Shares on Catalist. The dealing in, and quotation of, our Shares, the New Shares, the Option Shares and the Award Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

The Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules.

Neither the Authority nor the SGX-ST has in any way considered the merits of the Invitation Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our existing issued Shares, the New Shares, the Option Shares and the Award Shares.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority, does not imply that the SFA, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

Acceptance of applications will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Option Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

DETAILS OF THE INVITATION

We and the Vendor are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and which would have been required by Section 243 of the SFA or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for and/or purchase the Invitation Shares and:

- (a) where the Invitation Shares have not been issued and/or transferred to the applicants, we (for our Company as well as on behalf of the Vendor) shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we (for our Company as well as on behalf of the Vendor) shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicants shall not have any claim against us, the Vendor, the Sponsor and Issue Manager and/or the Underwriter and Placement Agent; or

DETAILS OF THE INVITATION

- (b) where the Invitation Shares have been issued and/or transferred to the applicants, we (for our Company as well as on behalf of the Vendor) shall either:
- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us (for our Company as well as on behalf of the Vendor) the Invitation Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us (for our Company as well as on behalf of the Vendor) the Invitation Shares which they do not wish to retain title in; or
 - (iii) (A) in the case of the New Shares, deem the issue as void and refund the applicants' payments for the New Shares (without interest or any share of revenue or other benefits arising therefrom and at the applicants' own risk) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be; and
 - (B) in the case of the Vendor Shares, deem the sale of the Vendor Shares as void, and in the case where documents to evidence title to the Vendor Shares (the "**title documents**") have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform the applicants to return the title documents with 14 Market Days from the date of lodgement of the supplementary or replacement offer document, and within seven (7) days from the receipt of the title documents or the date of lodgement of the supplementary or replacement offer document, whichever is the later, refund the applicants' payments for the Vendor Shares (without interest or any share of revenue or other benefits arising therefrom and at the applicants' own risk),

and the applicants shall not have any claim against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we (for our Company as well as on behalf of the Vendor) shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Invitation Shares without interest or any share of revenue or other benefits arising therefrom and at the applicants' own risk, and the applicant shall not have any claim against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

DETAILS OF THE INVITATION

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Invitation Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares, to us, whereupon we (for our Company as well as on behalf of the Vendor) shall, subject to compliance with applicable laws and our Constitution, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Invitation Shares without interest or any share of revenue or other benefits arising therefrom and at his own risk, and the issue and/or purchase of those Invitation Shares shall be deemed to be void, and he shall not have any claim against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority, the SGX-ST acting as agent on behalf of the Authority or other competent authority may, in certain circumstances, issue a stop order (the “**Stop Order**”) to our Company, directing that no Shares or no further Shares to which this Offer Document relates be allotted, issued or sold. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that a Stop Order is issued and applications to subscribe for and/or purchase the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been issued and/or transferred to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and we (for our Company as well as on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been issued and/or transferred to the applicants, the issue and/or transfer of the Invitation Shares shall be deemed to be void and we (for our Company as well as on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Invitation Shares,

and the applicants shall not have any claim against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Where monies are to be returned to applicants for the New Shares, they shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at their own risk, and the applicants will not have any claim against us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

This Offer Document has been seen and approved by our Directors and the Vendor and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors and the Vendor are not aware of any facts, the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DETAILS OF THE INVITATION

Neither our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser(s) regarding an investment in our Shares.

The Invitation Shares are offered for subscription and/or purchase solely on the basis of the information contained and the representations made in this Offer Document.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent. Neither the delivery of this Offer Document, the Application Forms nor any document relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statement of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will promptly make an announcement of the same to the SGX-ST and the public, and if required under the SFA, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority and will comply with the requirements of the SFA and/or any requirements of the SGX-ST and/or the Authority. All applicants should take note of any such announcement and/or supplementary or replacement offer document and, upon the release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

DETAILS OF THE INVITATION

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours from:

CIMB Securities (Singapore) Pte. Ltd.
CIMB Investment Centre
50 Raffles Place
#01-01 Singapore Land Tower
Singapore 048623

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority (“Registration”) and will remain open until 12.00 noon on 19 July 2017 or for such further period or periods as our Directors and the Vendor may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to subscribe for and/or purchase the Invitation Shares are described under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” as set out in Appendix I of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading of our Shares is set out below for reference of applicants:

Indicative Date and Time	Event
13 July 2017 (immediately upon Registration)	Open of Invitation
19 July 2017, 12.00 noon	Close of Application List
20 July 2017	Balloting of applications, if necessary (in the event of over-subscription for and/or purchase of the Offer Shares)
21 July 2017, 9.00 a.m.	Commence trading on a “ready” basis
26 July 2017	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 19 July 2017, the date of admission of our Company to the Catalist is 21 July 2017, the SGX-ST’s shareholding spread requirement will be complied with and the Invitation Shares will be allotted and/or allocated and fully paid-up prior to 21 July 2017. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

We and the Vendor, with the agreement of the Sponsor and Issue Manager, and the Underwriter and Placement Agent, may at our discretion, subject to all applicable laws and regulations and the Catalist Rules, agree to extend or shorten the period during which the Invitation is open.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST’s website, <http://www.sgx.com>; and
- (b) in a major local English language newspaper in Singapore.

We will publicly announce details of the results of the Invitation (including the level of subscription for and/or purchase of the Invitation Shares and the basis of allotment and/or allocation of the Invitation Shares pursuant to the Invitation), as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.

Investors should consult the SGX-ST’s announcement on the “ready” trading date on the SGX-ST’s website, <http://www.sgx.com> or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

The Invitation is in respect of 60,000,000 Invitation Shares comprising 30,000,000 New Shares and 30,000,000 Vendor Shares offered in Singapore by way of public offer and placement, comprising 1,280,000 Offer Shares and 58,720,000 Placement Shares respectively, and managed by CIMB Bank and underwritten by CIMB Securities.

Prior to the Invitation, there has been no public market for our Shares. The Invitation Price is determined by our Company and the Vendor following consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, taking into consideration, *inter alia*, the prevailing market conditions and estimated market demand for our Shares (including the New Shares and the Vendor Shares) determined through a book-building process. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

Pursuant to the Management and Sponsorship Agreement, we and the Vendor have appointed CIMB Bank and CIMB Bank has agreed to manage and sponsor the Invitation.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription and/or purchase at the Invitation Price. Applications for Offer Shares may be made by way of printed Application Forms or by way of Electronic Applications. The terms, conditions and procedures for applications and acceptance are set out in Appendix I of this Offer Document entitled "Terms, Conditions and Procedures for Application and Acceptance".

An applicant who has made an application for Offer Shares by way of an Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate application shall be deemed to be multiple applications and shall be rejected.

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to underwrite our offer of the Offer Shares for a commission of three per cent. (3.0%) of the Invitation Price for each Offer Share ("**Underwriting Commission**"), payable by our Company and the Vendor (in the proportion in which the Offer Shares are offered by our Company and the Vendor) pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one (1) or more sub-underwriters for the Offer Shares.

In the event that applications for the Offer Shares as at the close of the Application List is lower than the number of Offer Shares offered, that number of Offer Shares not applied for shall be made available to satisfy excess applications for the Placement Shares to the extent that applications for the Placement Shares exceed that which is available as at the close of the Application List.

In the event of an over-subscription for and/or purchase of the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed and/or purchased as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendor after consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent and approved by the SGX-ST.

PLAN OF DISTRIBUTION

Placement Shares

The Placement Shares are made available to members of the public and institutional investors in Singapore.

Applications for the Placement Shares may only be made by way of the Application Forms or such other forms of application as the Sponsor and Issue Manager, and the Underwriter and Placement Agent deem appropriate. The terms, conditions and procedures for application and acceptance are set out in Appendix I of this Offer Document entitled "Terms, Conditions and Procedures for Application and Acceptance".

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to subscribe for and/or purchase, or procure subscriptions for and/or purchases of the Placement Shares for a placement commission of three per cent. (3.0%) of the Invitation Price for each Placement Share, payable by our Company and the Vendor (in the proportion in which the Placement Shares are offered by our Company and the Vendor). The Placement Agent may, at its absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Purchasers and subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Invitation Price to the Placement Agent (and the prevailing GST thereon, if applicable).

The Underwriting and Placement Agreement is conditional upon, among other things, the Management and Sponsorship Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement.

In the event applications for the Placement Shares as at the close of the Application List is lower than that available, that number of Placement Shares not applied for shall be made available to satisfy excess applications for the Offer Shares to the extent that applications for the Offer Shares exceed that which is available as at the close of the Application List.

Subscription for Invitation Shares

We have been informed that one (1) of our Independent Directors, three (3) Associates of our Independent Directors and one (1) affiliate of our Non-executive Chairman intend to subscribe for an aggregate of up to 3,100,000 Invitation Shares pursuant to the Invitation. In the event that any of such persons are allotted and/or allocated Invitation Shares pursuant to the Invitation, the relevant disclosure will be made in accordance with Rule 428 of the Catalist Rules. Save as disclosed above, to the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Invitation Shares in the Invitation. If such person(s) were to make an application for Invitation Shares and are subsequently allotted and/or allocated such number of Invitation Shares, we will make the necessary announcements at an appropriate time.

To the best of our knowledge and belief, none of the members of our management or employees intends to subscribe for and/or purchase more than five per cent. (5.0%) of the Invitation Shares in the Invitation.

PLAN OF DISTRIBUTION

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for and/or purchase more than five per cent. (5.0%) of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for and/or purchase Shares amounting to more than five per cent. (5.0%) of the Invitation Shares. If such person(s) were to make an application for more than five per cent. (5.0%) of the Invitation Shares and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and/or allocation of Shares will be made in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

No Shares shall be allotted and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document and our financial statements and related notes of this Offer Document, before deciding whether or not to invest in our Shares.

Under no circumstances should any information in this summary be regarded as a representation or warranty by our Company, the Vendor, the Sponsor and Issue Manager and/or the Underwriter and Placement Agent that such information will not change.

OVERVIEW OF OUR GROUP

Our Company

Our Company was incorporated on 3 October 2016 in Singapore under the Companies Act as a private limited company under the name of “Union Gas Holdings Pte. Ltd.”. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries, namely Union Energy and Union Gas. On 22 June 2017, our Company was converted into a public company limited by shares and we changed our name to “Union Gas Holdings Limited”. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

Our Business

We are an established provider of fuel products in Singapore with over 40 years of operating track record. Currently, our business can be categorised into the following three (3) segments:

- Retail LPG Business – we are engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore;
- CNG Business – we operate a fuel station at 50 Old Toh Tuck Road to produce, sell and distribute CNG primarily to NGVs and industrial customers for their commercial use; and
- Diesel Business – in addition to CNG, since August 2015, we sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road. We are also engaged in the transport, distribution and bulk sale of diesel to commercial customers.

We have also embarked on the distribution of health products and household products to domestic households in Singapore since March 2016 and April 2016 respectively as an ancillary business which complements our Retail LPG Business through the use of our existing distribution network and our fleet of more than 100 delivery vehicles.

Our revenue was substantially derived from our Retail LPG Business, which accounted for approximately 55.7%, 61.2% and 59.5% of our total revenue for FY2014, FY2015 and FY2016 respectively. Revenue from our CNG Business accounted for approximately 44.3%, 36.8% and 26.3% of our total revenue for FY2014, FY2015 and FY2016 respectively. Revenue from our Diesel Business accounted for approximately 2.0% and 14.2% of our total revenue for FY2015 and FY2016 respectively. Revenue from the distribution of health products and household products has not been significant for the Period under Review.

OFFER DOCUMENT SUMMARY

Please refer to the sections entitled “General Information on our Group – History and Development” and “General Information on our Group – Our Business” of this Offer Document for more information.

Our Competitive Strengths

We believe that our key competitive strengths are:

- We are one of the leading suppliers of bottled LPG cylinders and CNG in Singapore
- We have extensive distribution capabilities via our fleet of more than 100 delivery vehicles
- We enjoy strong support from our related company for the supply of bottled LPG cylinders
- We offer quality products and services
- We have an experienced and committed management team with proven track record

Please refer to the section entitled “General Information on our Group – Competitive Strengths” of this Offer Document for more information.

Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- Acquisition of dealers for our Retail LPG Business
- Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore
- Expansion of our business through acquisitions, joint ventures, strategic alliances and/or new product offerings

Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for more information.

OFFER DOCUMENT SUMMARY

SUMMARY OF OUR FINANCIAL INFORMATION

You should read the following summary of our financial information in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements and Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

Selected Items from the Combined Statements of Profit or Loss and Other Comprehensive Income of our Group

S\$'000	Audited			Unaudited Pro Forma ⁽¹⁾		
	FY2014	FY2015	FY2016	FY2014	FY2015	FY2016
Revenue	44,450	35,130	35,725	44,450	35,130	35,725
Gross profit	8,190	10,261	11,597	11,258	13,679	15,244
Profit before income tax	2,938	3,730	4,748	4,935	6,348	7,341
Profit, net of tax	2,381	2,988	3,960	4,039	5,161	6,112
Basic EPS (cents) ⁽²⁾	1.40	1.76	2.33	2.38	3.04	3.60
Adjusted EPS (cents) ⁽³⁾	1.19	1.49	1.98	2.02	2.58	3.06

Notes:

- (1) The Unaudited Pro Forma Combined Financial Information incorporates or takes into account the full effects of the transactions under the Business Rationalisation on a retrospective basis by assuming that all such transactions have occurred since the beginning of FY2014 or the beginning of FY2014, FY2015 and FY2016, as the case may be.
- (2) The basic EPS for the Period under Review is calculated based on the profit, net of tax for the financial year and our pre-Invitation share capital of 170,000,000 Shares.
- (3) The adjusted EPS for the Period under Review is calculated based on the profit, net of tax for the financial year and our post-Invitation share capital of 200,000,000 Shares.

Selected Items from the Combined Statements of Financial Position of our Group

S\$'000	Audited as at	Unaudited Pro Forma ⁽¹⁾
	31 December 2016	as at 31 December 2016
Non-current assets	9,122	9,059
Current assets	10,992	10,947
Total equity	9,285	11,437
Non-current liabilities	1,196	1,196
Current liabilities	9,633	7,373
NAV per Share (cents) ⁽²⁾	5.46	6.73

OFFER DOCUMENT SUMMARY

Notes:

- (1) The Unaudited Pro Forma Combined Financial Information incorporates or takes into account the full effects of the transactions under the Business Rationalisation on a retrospective basis by assuming that all such transactions have occurred since the beginning of FY2014 or the beginning of FY2014, FY2015 and FY2016, as the case may be.
- (2) The NAV per Share as at 31 December 2016 has been computed based on our pre-Invitation share capital of 170,000,000 Shares.

WHERE YOU CAN FIND US

Our registered office is located at 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482. Our telephone number is +65 6316 6666 and our facsimile number is +65 6743 0467. Our website is <http://www.uniongas.com.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE INVITATION

- Invitation size : 60,000,000 Invitation Shares offered in Singapore comprising 30,000,000 New Shares and 30,000,000 Vendor Shares.
- The New Shares, upon allotment and issue, shall rank *pari passu* in all respects with the existing issued Shares (including the Vendor Shares).
- Invitation Price : S\$0.25 for each Invitation Share, payable in full on application.
- The Offer : The Offer comprises an offering by our Company and the Vendor to the public in Singapore to subscribe for and/or purchase 1,280,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document.
- In the event that applications for the Offer Shares is lower than the number of Offer Shares offered, that number of Offer Shares not subscribed for and/or purchased shall be used to satisfy excess applications for the Placement Shares to the extent that applications for the Placement Shares exceed that which is available as at the close of the Application List.
- The Placement : The Placement comprises a placement by the Placement Agent on behalf of our Company and the Vendor of 58,720,000 Placement Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document.
- In the event applications for the Placement Shares is lower than that available, that number of Placement Shares not applied for shall be used to satisfy excess applications for the Offer Shares to the extent that applications for the Offer Shares exceed that which is available as at the close of the Application List.
- Purpose of the Invitation : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image and enable us to tap the capital markets to fund our business growth. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company.
- Listing status : Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for quotation of our Shares, the New Shares, the Option Shares and the Award Shares on Catalist being granted by the SGX-ST and a stop order not being issued.
- Risk factors : Investing in our Shares involve risks which are described in the section entitled “Risk Factors” of this Offer Document.

RISK FACTORS

An investment in our Shares involves risks. Prospective investors should carefully consider and evaluate each of the following risk factors (which are not intended to be exhaustive) and all other information set forth in this Offer Document before deciding to invest in our Shares. The following describes some of the significant risks known to us now that could directly or indirectly affect us and any investments in our Shares and/or the value or trading price of our Shares. The following does not state risks unknown to us now but which could occur in the future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect our business, operations, reputation, financial position, results of operations and/or prospects. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, our business, operations, reputation, financial position, results of operations and/or prospects could be materially and adversely affected. In such cases, the trading price of our Shares could decline and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Investors should also consider the information provided below in connection with the forward-looking statements in this Offer Document and the warning regarding forward-looking statements at the beginning of this Offer Document. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We are dependent on the UEC Group for the supply of bottled LPG cylinders

As an authorised dealer of bottled LPG cylinders for the UEC Group, we purchase bottled LPG cylinders from the UEC Group for sale to our customers comprising mainly domestic households. We currently purchase all of our bottled LPG cylinders from the UEC Group and revenue from our Retail LPG Business accounted for approximately 55.7%, 61.2% and 59.5% of our total revenue for FY2014, FY2015 and FY2016 respectively. The bottled LPG cylinders are sold under the "Union" Brand. Any negative publicity, concern or adverse development about the "Union" brand may discourage consumers from purchasing our products and any lost confidence on the part of our customers could be difficult and costly to re-establish. In such event, our business, financial position and results of operations may be adversely affected.

There are a limited number of suppliers of bottled LPG cylinders in Singapore and alternative sources of supply of bottled LPG cylinders may not be able to meet our Group's requirements and may cost more. As such, we have entered into the Dealership Agreement with the UEC Group for the supply of bottled LPG cylinders. Under the terms of the Dealership Agreement, our Group is obliged and committed to purchase an agreed minimum volume of bottled LPG cylinders from the UEC Group and in the event the agreed minimum volume of bottled LPG cylinders is not met by us or the UEC Group, the shortfall in volume will be compensated by the relevant parties. Further, the Dealership Agreement may be terminated by, amongst others, either the UEC Group or us upon giving prior written notice of at least six (6) months. Please refer to the section entitled "General Information on Our Group – Our Procurement Process" and "Interested Person Transactions – Present and Ongoing Interested Person Transactions – Purchase of bottled LPG cylinders by Union Energy from the UEC Group" of this Offer Document for further information on

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the Dealership Agreement. Should the Dealership Agreement be terminated and in the event we are unable to find an alternative source of supply of bottled LPG cylinders, our business, results of operation and financial performance may be adversely affected.

We are reliant on our suppliers for the supply of natural gas and diesel

We rely on unrelated third-party suppliers for the supply of natural gas and diesel. Currently, our supply of natural gas is from Pavilion Gas while our supply of diesel is mainly from SPC and ExxonMobil. As at the Latest Practicable Date, we have entered into supply agreements with these suppliers, of which some are for a fixed term. The loss of any existing arrangements with these suppliers will have an impact on the supply of our products.

In the event we are unable to maintain such existing arrangements with these suppliers on favourable terms for such products or should they terminate the supply of any of their products to us, and we are not able to seek alternative sources in a timely manner and/or at reasonable prices, we may not be able to meet our customers' demand for CNG and diesel. This may have an adverse effect on our business and financial performance.

We operate in a highly competitive industry and face competition from existing market players and new entrants

The market for bottled LPG cylinders, CNG and diesel in Singapore is mature with a number of suppliers (including several longstanding ones) operating in our markets. Companies in our industry generally compete on track record and reputation, customer service, pricing, delivery time and quality of products. There is no assurance that we can continue to compete against our competitors effectively in the future. Stiff competition may lead to an overall decline in demand for our products, resulting in a downward pressure on our prices and subsequently eroding our profit margins.

In the event we are unable to provide competitive pricing and/or quality products on a timely basis, we may lose our customers and market share to our competitors. In addition, in the event our competitors are able to provide comparable or better products at lower prices, respond to changes in market conditions more swiftly or effectively than we do, our business, financial performance, financial position and prospects may be materially and adversely affected.

We may be affected by fluctuations in the costs of bottled LPG cylinders, natural gas and diesel sold to us

Our Group's products are bottled LPG cylinders, CNG and diesel. We purchase bottled LPG cylinders from the UEC Group, natural gas from a supplier in Singapore and diesel mainly from two (2) suppliers in Singapore. The prices of bottled LPG cylinders, natural gas and diesel fluctuate due to changes in the market supply and demand for crude oil, which are in turn affected by a number of factors including geopolitical conditions of oil producing regions, production level of members of the Organisation of the Petroleum Exporting Countries, natural disasters and global economic and political conditions. In the event of any disruption or shortage of supply of LPG, natural gas or diesel in the market, their prices may increase. There can be no assurance that we will be able to pass on the increases in prices to our customers, whether due to price competition or otherwise, and as a result, our gross margins, results of operations and financial position may be adversely affected. In addition, under the Pricing Formula in the Dealership Agreement, the UEC Group Premium charged by Summit Gas for a particular year may increase or decrease

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compared to the prior year and this may affect our gross margins and results of operations. Please refer to the section entitled “General Information on Our Group – Our Procurement Process” of this Offer Document for further information on the Dealership Agreement.

Our sales of CNG are dependent on the NGV market in Singapore

Our revenue from the retail sale of CNG comes primarily from the sale of CNG as a fuel for NGVs in Singapore, through our CNG fuel station at 50 Old Toh Tuck Road in Singapore. The number of NGVs in Singapore has been decreasing and as at the end of 2016, there were 2,738 NGVs in Singapore, compared to 3,618 NGVs as at the end of 2015 and 4,222 NGVs as at the end of 2014¹. In addition, a significant portion of the revenue from our CNG Business is derived from the sales of CNG at our fuel station at 50 Old Toh Tuck Road to the taxi drivers under the Trans-cab Group who operate CNG-powered taxis. The aggregate revenue from the sale of CNG to the taxi drivers under the Trans-cab Group accounted for approximately 79.1%, 79.7% and 77.2% of the revenue for our CNG Business in FY2014, FY2015 and FY2016 respectively, and approximately 35.0%, 29.3% and 20.3% of our total revenue in FY2014, FY2015 and FY2016 respectively. The population of CNG-powered taxis was approximately 2,800 in 2011, and the number has been declining since then, with the number of CNG-powered taxis standing at 862 as at 31 May 2017¹. With the gradual deregistration of CNG-powered taxis, in the event that we are unable to diversify our customer base for CNG, our business, results of operations, financial position and future prospects may be adversely affected.

The number of NGVs may be affected by, *inter alia*, measures or policies implemented by the Singapore government which affect the economical attractiveness of owning NGVs, the costs of CNG compared to diesel or petrol, or any safety concern about NGVs. For example, the Singapore government implemented the excise duty of S\$0.20 per kg on CNG with effect from 1 January 2012, which increased the cost of CNG to owners of NGVs.

In the event that the number of NGVs in Singapore further decreases due to, *inter alia*, new measures or policies that are implemented by the Singapore government which affect the economical attractiveness and/or increase the costs of driving NGVs, demand for CNG may decrease and our results of operations and financial position may be adversely affected.

As our ability to expand our customer base is dependent on a number of factors, including the level of acceptance and availability of NGVs, the level of acceptance of CNG as a vehicle fuel in our market and our ability to supply CNG at competitive prices, the implementation of the above measures may reduce the economic advantages that our existing or potential customers may realise by using CNG as an alternative to petrol or diesel. This may in turn materially and adversely affect our business, results of operations, financial position and future prospects.

Technological advances in the production, delivery and use of alternative fuels that are, or are perceived to be, cleaner, more cost-effective or more readily available than CNG have the potential to reduce the adoption of NGVs. In addition, advances in gasoline and diesel engine technology, especially hybrids, may offer a cleaner, more cost-effective option and make vehicle owners less likely to convert their vehicles to NGVs. Technological advances may slow the need to diversify fuels and affect the growth of the NGV market. In addition, alternative fuels in

¹ “Annual Vehicle Statistics 2016 – Motor Vehicle Population by Type of Fuel Used”, Consumer Services Division, LTA. The figures comprise CNG vehicles and petrol-CNG hybrid vehicles, such as cars and taxis. LTA has not consented to the inclusion of the relevant information in this Offer Document for the purposes of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While we and the Vendor have taken reasonable action to ensure that the relevant information have been included in its proper form and context in this Offer Document, and that the information is extracted fairly and accurately, we and the Vendor have not independently verified the accuracy of the relevant information.

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experimental or developmental stages may eventually offer a cleaner and more cost-effective alternative to CNG. Advances in technology that slow the growth of or conversion to NGVs or which otherwise reduce demand for CNG as a vehicle fuel may have an adverse effect on our business, results of operations, financial position and future prospects.

Our Retail LPG Business may be affected by the redevelopment and rejuvenation of housing estates in Singapore

Our Retail LPG Business sells bottled LPG cylinders mainly to domestic households in Singapore. An increasing number of new residential developments are using piped gas or electricity as alternative energy sources of heat generation. In the event there is a change in the population of residential units in Singapore due to, *inter alia*, redevelopment and rejuvenation of estates or changes in demographics, which facilitates the use of piped gas or electricity as alternative energy sources for heat generation, this may affect the demand for bottled LPG cylinders and any reduction in demand for bottled LPG cylinders may have an adverse effect on our business, results of operations, financial position and future prospects.

We may be affected by the availability and development of alternative energy sources and production technologies

Other than CNG, LPG and diesel are the key products that we supply to our customers.

In relation to LPG, the availability and development of other sources of energy for heat generation including but not limited to piped gas and electricity may affect the demand for LPG. In relation to diesel, the availability and development of other sources of energy including but not limited to petrol, electricity, biodiesel and natural gas may affect the demand for diesel.

In addition, these alternative or new sources of energy that are superior to our products in terms of quality, price, safety and functionality may cause our existing customers to switch to these alternative fuel sources. In the event that alternative or new fuel sources are discovered and new technologies are developed which render LPG and/or diesel obsolete or uncompetitive, and we are unable to diversify to distribute alternative or new fuel sources or adopt new technologies in a timely manner, our business, results of operations, financial position and future prospects may be adversely affected.

Our CNG Business and Diesel Business are subject to measures taken by the Singapore government in relation to vehicular emissions

With increasing focus on environmental sustainability, the Singapore government may take measures to curb emissions from vehicles from time to time.

For instance, as described in the subsection entitled “Our sales of CNG are dependent on the NGV market in Singapore” above, the Singapore government implemented the excise duty of S\$0.20 per kg on CNG with effect from 1 January 2012, which increased the cost of CNG to owners of NGVs.

Further, as of 20 February 2017, the old regime of diesel taxes, which was a lump sum special tax levied on diesel cars and taxis, was restructured to a volume-based duty. The duty costs S\$0.10 per litre, and will be levied on automotive diesel, industrial diesel and the diesel component in biodiesel to incentivise users to reduce diesel consumption. Additionally, the annual special tax on diesel cars and taxis was reduced by S\$100 and S\$850 respectively to shift the regime from an annual amount of tax to one which is related to usage. This special tax reduction will offset the impact of the new diesel duty for most drivers.

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Any measures, such as the above, taken by the Singapore government to curb emissions from vehicles, especially those measures which are likely to lead to an increase in the cost of owning and maintaining a vehicle powered by diesel or CNG, are likely to lead to less demand for such vehicles. This may affect our sales of diesel and CNG and cause a decline in our Group's revenue, which may in turn have an adverse impact on our business, results of operations, financial position and future prospects.

We may not be able to sustain our growth rate and financial performance in the future

Our profit before tax for FY2014, FY2015 and FY2016 was approximately S\$2.94 million, S\$3.73 million and S\$4.75 million respectively, representing a compound annual growth rate (CAGR) of approximately 27.1%.

Sales of our fuel products and the financial performance of our Group are affected by market demand, government measures as well as the availability and development of alternative energy sources and production technologies. For instance, our sales of CNG decreased in FY2015 and FY2016 due to the decreasing number of NGVs in Singapore.

In addition, our revenue from the Retail LPG Business has been declining from approximately S\$24.77 million in FY2014 to approximately S\$21.49 million in FY2015 and approximately S\$21.24 million in FY2016, while our sales volume of bottled LPG cylinders decrease from approximately 9.81 million kg in FY2014 to approximately 9.62 million kg in FY2015 and approximately 9.56 million kg in FY2016. Our revenue from the CNG Business has been declining from approximately S\$19.68 million in FY2014 to approximately S\$12.92 million in FY2015 and approximately S\$9.41 million in FY2016, while our sales volume of CNG decrease from approximately 13.15 million kg in FY2014 to approximately 10.63 million kg in FY2015 and approximately 8.04 million kg in FY2016.

Accordingly, there can be no assurance that we will be able to achieve similar growth rates and financial performance in the future. If we are unable to maintain adequate revenue and profit growth, our financial position could also be adversely affected. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business plans, or respond to competitive pressure.

Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" and "General Information on our Group – Trend Information" of this Offer Document for more information.

We may experience accidents that may expose us to liability claims

LPG is a highly flammable and hazardous material. Although we adhere to stringent safety controls in our transportation, sale and installation process for our bottled LPG cylinders to guard against accidents such as fire and explosion, there is no assurance that accidents or mishaps will not occur or that our safety precautions will provide adequate protection. For instance, Union Energy has directly paid a claim in March 2015 under its product liability insurance for an amount of S\$10,000 in relation to an injury to an individual caused by a fire incident in 2013. Whilst the occurrence of the foregoing incident did not have a material adverse impact on our financial performance, there is no assurance that any future occurrences may not have such an effect. In addition, the occurrence of any such accidents may disrupt or delay our operations, result in liabilities incurred by us and adversely affect our reputation, results of operations and financial position. Any accident, even for which we may not be at fault, may also expose us to claims and liability which may result in significant legal costs.

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Similarly, the business operations of our CNG and diesel fuel station are also subject to operating and other risks typically associated with the storage of diesel and sale of CNG and diesel, which are highly flammable products. Incidents of fires, mechanical failures, storage tank leaks, discharge or release of hazardous substances may disrupt or delay our operations, result in liabilities incurred by us and adversely affect our business and financial performance. Whilst there has not been any such incidents in the past, there is no assurance that such incidents will not happen in the future which may have a material adverse impact on our business, results of operations and financial position.

While we maintain insurance policies, we cannot assure that our insurance coverage will be sufficient to cover all our potential losses arising from accidents in our operations. In the event that our insurance coverage is not sufficient to cover our liabilities arising from such accidents, our cash flows, financial position and results of operations may be adversely affected.

There is no assurance that the Bottling Plant Call Option, Summit Gas Shares Call Option, ROFR or Commercial Business Call Option will be exercised

Summit Gas, a wholly-owned subsidiary of UEC, owns the Bottling Plant, which fills and supplies bottled LPG cylinders to dealers of the UEC Group. Through the Dealership Agreement, we are one of a number of authorised dealers of bottled LPG cylinders for the UEC Group. To mitigate any potential conflicts of interest that may arise, Summit Gas and UEC have jointly and severally entered into a deed to grant our Company the ROFR in the event of a sale of the Bottling Plant by Summit Gas or a sale of the Summit Gas Shares by UEC, as the case may be, and the Bottling Plant Call Option to acquire the Bottling Plant and the Summit Gas Shares Call Option to acquire the Summit Gas Shares. In addition, UEC entered into a deed to grant our Company the Commercial Business Call Option to acquire the Commercial UEC Companies.

When deciding whether to exercise the Bottling Plant Call Option, the Summit Gas Shares Call Option, ROFR or the Commercial Business Call Option, we will take into consideration the occurrence of certain events including, *inter alia*, compliance with the Fire Safety Regulations by the Bottling Plant, Summit Gas and the Commercial UEC Companies, all approvals required for sale of the Bottling Plant, Summit Gas or the Commercial UEC Companies, as the case may be, having been obtained, and the availability of funding. There is no assurance that these certain events will occur and we will exercise the Bottling Plant Call Option, the Summit Gas Shares Call Option, the ROFR or the Commercial Business Call Option accordingly. Please refer to the section entitled "Potential Conflicts of Interest" of this Offer Document for more details on the Bottling Plant Call Option, the Summit Gas Shares Call Option, ROFR and the Commercial Business Call Option.

We may be involved in legal and other proceedings arising from our operations

From time to time, we may be involved in legal proceedings, including matters involving personal injury, motor accidents and other proceedings arising from our operations. In addition, we may be involved in legal or other proceedings in relation to the products that we sell which are defective or of unsatisfactory quality. These proceedings involve risks and any unexpected outcomes may have a material adverse impact on our market reputation and financial results. Please refer to the section entitled "General and Statutory Information – Litigation" of this Offer Document for more details.

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We may incur additional expenses and resources in the event we receive any product liability claims or claims for defects or delays in delivery

Any defects in our products, or failure to satisfy the requirements of our customers could lead to claims made against us. These claims may include payment for the replacement of a product, or to indemnify our customers for the costs of any such claims or replacements which they face as a result of using our products. For instance, Union Energy has directly paid a claim in March 2015 under its product liability insurance for an amount of S\$10,000 in relation to an injury to an individual caused by a fire incident in 2013. Whilst the occurrence of the foregoing incident did not have a material adverse impact on our financial performance, there is no assurance any future occurrences may not have such an effect. In addition, our customers may claim against us for delayed delivery which may have arisen from the late delivery by any of the suppliers from whom we procure our products. There can be no assurance that we will be able to claim from our suppliers any indemnification or compensation for such claims made against us. In the event that we are involved in any legal dispute or court proceedings relating to our products, we may incur a significant amount of expenses and resources on such proceedings. As such, our business, results of operations and financial performance may be adversely affected.

We may be affected by major or sustained disruptions to our operations

In the event of any major or sustained disruptions or any outbreak of fire, flood or any other natural disasters which results in significant damage to our premises, our operations may be adversely affected. For instance, in the event our CNG and diesel fuel station experiences prolonged downtime, we will not be able to sell CNG or diesel to our customers. In such an event, our customer confidence may drop and our business and financial performance may be adversely affected. Whilst we have not experienced any such major or sustained disruptions or outbreak of fire, flood or any other natural disasters, there is no assurance that such incidents will not happen in the future which may have a material adverse impact on our business, financial performance and results of operations.

We intend to diversify into the natural gas distribution and retail business and the current management may not have the relevant expertise to ensure success

We intend to diversify into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore. For further details, please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document.

As the natural gas distribution and retail business is a new area of business to us, we are expected to face risks, uncertainties and challenges associated with the entry into any new business in which we have no prior track record. Such risks, uncertainties and challenges include, *inter alia*, difficulty in managing operations and costs effectively, failure to establish networks of customers and suppliers, availability of funding, failure to identify, attract and retain qualified personnel, and failure to achieve the results, level of revenue and margins we are expecting. Further, as our existing management does not have much experience and expertise in the natural gas distribution and retail business, we may face operational difficulties which in turn may have an adverse effect on our business, financial position and results of operations.

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We may not be able to renew our lease at 50 Old Toh Tuck Road on favourable terms or at all or procure new leases at comparable locations

Our CNG and diesel fuel station located at 50 Old Toh Tuck Road is presently leased from JTC on a 15-year lease. The leasehold term of our premises will expire in December 2023. Please refer to the section entitled “General Information on Our Group – Properties and Fixed Assets” of this Offer Document for more details.

When the current lease expires in December 2023, there is no assurance that the lease will be renewed at all or on terms which are acceptable to us. The non-renewal of the lease, or renewal on less favourable terms, or early termination of the lease may force us to relocate the affected operations. This may have an adverse effect on our business, financial position and results of operations as we have to seek alternative sites for our CNG Business and Diesel Business, and there can be no assurance that alternative sites will be available at comparable locations or at all or leased on comparable terms.

We may require additional funding for our future growth

Although we have identified our future growth plans as set out in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document, the issue proceeds from the issue of the New Shares may not be sufficient to fully cover the estimated costs of the implementation of all these plans. We may also find future opportunities to grow through acquisitions which we have yet to identify at this juncture. Under such circumstances, we may need to obtain debt or equity financing to implement these growth opportunities.

Additional equity financing may result in dilution to our Shareholders. If such financing does not generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price.

Additional debt financing may, apart from increasing interest expense and gearing, result in all or any of the following:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

There is no assurance that we will be able to obtain the additional equity and/or debt financing on terms that are acceptable to us or at all because our ability to arrange such financing depends on a number of factors that are beyond our control, including general economic, liquidity and political conditions, the terms on which financial institutions are willing to extend credit to us, and the availability of other sources of debt financing and/or equity financing. Any inability to secure additional equity and/or debt financing may materially and adversely affect our business, implementation of our business strategies and future plans and results of operations.

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We are exposed to risks of infringement of our intellectual property rights and the unauthorised use of our trade marks by third parties and we may face litigation suits for intellectual property infringement

We market and promote our CNG and diesel products under the brand “Energy”. We have filed an application to register the trade mark to protect our intellectual property rights in Singapore. Please refer to the section entitled “General Information on Our Group – Intellectual Property” of this Offer Document for more details. We believe our brand is well recognised by our customers and in the industry to represent reliability and quality.

Should our Group be exposed to third parties’ imitation and infringement of our intellectual property rights or should counterfeit or unauthorised products of inferior quality be sold using the brand that we offer, this may result in a negative perception of the products that we offer and/or have a negative impact on our reputation and financial performance.

Given our limited resources, we may not be able to effectively prevent third parties from copying or otherwise obtaining and using our Group’s intellectual property rights without authorisation. There is also no assurance that we will be able to obtain adequate remedies in the event of an unauthorised usage of our brand name by our competitors or other third parties. If we fail to protect our intellectual property rights adequately, there may be an adverse impact on our Group’s market reputation, goodwill and financial performance.

Further, as at the Latest Practicable Date, whilst we have not experienced any claims for intellectual property rights infringement, there is no assurance that we will not infringe any patents or other intellectual property rights of third parties in the future. In the event of any claims or litigation by third parties involving infringement of their intellectual property rights, whether with or without merit, our financial results and operations may be adversely affected.

We are exposed to the risk of pilferage and theft

Certain sales of our bottled LPG cylinders, particularly to domestic households, are settled in cash at the point of delivery. While we have put in place various cash management controls and security measures for our operations, there can be no assurance that we will not be subject to theft, pilferage or misappropriation, whether by third parties, independent contractors operating our delivery vehicles or by our own personnel. For FY2014, FY2015 and FY2016, there have been instances of theft of petty cash by the delivery personnel of the UEC Group which provided delivery services to us, amounting to approximately S\$503, S\$2,351 and S\$560 respectively. In the event that such theft, pilferage or misappropriation occurs, our business, and financial performance may be adversely affected.

We are exposed to credit risk of our customers

We typically grant credit terms of up to 30 days to our commercial customers and/or industrial customers for sale of bottled LPG cylinders, CNG or diesel. We face uncertainties over the timeliness of our customers’ payments and their ability to pay, which may be affected by events or circumstances that are difficult to foresee or anticipate, such as a decline of their business or an economic downturn. We are also exposed to the risk of bad debts when our customers face financial difficulties such as bankruptcy, insolvency or insufficient working capital, or if they dispute, decline, neglect or fail to fulfil their payment obligations to us. As such, there is no assurance that we will be able to collect our trade debts fully or at all or within a reasonable period of time. In such circumstances, we may be required to make provisions for doubtful debts or

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write-offs of bad debts, which may have an adverse effect on our financial position and financial results. For FY2014, FY2015 and FY2016, we made provisions for doubtful debts of approximately S\$3,489, S\$5,322 and S\$12,942 respectively.

There is no assurance that the risk of default by our customers and hence the provision for the allowance of doubtful debts or bad debts written off, will not increase in the future or that we will not experience cash flow problems as a result of such defaults or payment delays. In addition, our Group may take legal action against defaulting customers to pursue payment, and we may need to incur legal costs in connection with such legal action. Should such events occur, our operations and financial results may be adversely affected.

We are dependent on key personnel for our continued growth

Our success to date is attributable to the contributions and expertise of our Non-executive Chairman, Mr. Teo Kiang Ang and our Executive Director and CEO, Alexis Teo. Mr. Teo Kiang Ang is the founder of our Group and he has been instrumental to the development and growth of our business. Alexis Teo develops and maintains relationships with our suppliers and customers, as well as oversees our Group's general operations.

Notwithstanding that Alexis Teo has entered into a service agreement with our Company for a period of three (3) years (details of which can be found in the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document), there can be no assurance that we will be successful in retaining her or be able to hire qualified management personnel to replace her should such a need arise.

The growth and success of our Group is also dependent on our ability to retain the services of our key management personnel and to train new employees. Moreover, the process of hiring employees with the required attributes may be time consuming and competitive. If our key management personnel is unable or unwilling to continue in their present positions, and we are unable to hire suitable replacements in a timely manner or at all, our business operations, financial position and results of operations may be adversely affected.

We are dependent on foreign workers and may face labour shortages or increased costs of labour for our operations

Due to the relative lack of local employees in our industry, we have become partially reliant on foreign employees. As we rely on foreign employees mainly from the People's Republic of China, India and Malaysia to meet our labour needs, we are vulnerable to changes in the availability and cost of employing foreign employees.

As at the Latest Practicable Date, foreign employees employed by us constitute approximately 26% of our total workforce. The supply of employees is subject to demand and supply conditions in the labour market and the local and foreign government's labour regulations.

The employment of foreign employees in Singapore is governed by, *inter alia*, the EFMA and the relevant regulations, such as the EFMR, and government gazettes. We are required to comply with the relevant laws and regulations and we may be liable to penalties if there are any breaches relating thereto. While we aim to comply with the relevant laws and regulations at all times, and have put in place the necessary controls, we are susceptible to breaches that may arise from inadvertent oversight. For example, when we were re-organising the manpower within our Group, we discovered that there may have been some non-compliances with certain conditions of the foreign workers' work passes during the interim period from 18 January 2017 to 4 June 2017, where some foreign workers who were under the direct employment of Union Gas were assisting in the operations of Union Energy. All such non-compliances have since been fully rectified. The

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penalty for employing foreign workers in breach of conditions of their work passes, if found liable, is a fine not exceeding S\$10,000. As at the Latest Practicable Date, save as disclosed above, we are compliant with, and have not been found to be in contravention of, the conditions set out in our foreign workers' work passes. Please refer to the section entitled "Government Regulations – Employment of Foreign Workers" of this Offer Document for further details on the relevant laws and regulations relating to the employment of foreign employees as well as our potential exposure in relation to past non-compliances under the relevant laws and regulations.

In addition, any changes in applicable laws, regulations or policies of Singapore or those of the foreign employees' countries of origin may result in labour shortages and/or increase our operating costs. For instance, the availability of foreign employees in Singapore is regulated by MOM through policy instruments such as the imposition of levies and quotas, known as dependency ratio ceilings, being the percentage of foreign employees permitted in a company's total workforce. We are susceptible to any increase in such levies and any changes in the supply and/or quota of foreign employees that we are permitted to hire. As a result of these measures, our costs of hiring foreign employees may increase. We may also be entitled to hire fewer foreign employees in Singapore and could potentially face difficulties in identifying alternative sources of foreign employees with the same or lower costs. In addition, we are vulnerable to changes in the availability and costs of hiring employees from other countries. If our labour costs increase substantially or if we are unable to retain our foreign employees or hire new employees on terms acceptable to us or at all, our business, operations and financial performance may be materially and adversely affected.

We are sensitive to the regulatory, economic, social, political, environmental and competitive conditions and changes in the areas that we operate in

Our operations are currently located only in Singapore. This concentration makes us particularly sensitive to regulatory, social, political, economic, environmental and competitive conditions and changes in Singapore. Any material change in the current government systems or policies, or the regulatory, economic, environmental or competitive conditions in Singapore may have a disproportionate and material adverse effect on our business, financial position, results of operations and prospects.

In addition, in the event that our operations expand to other countries in the future, we may also be affected by the regulatory, social, political, economic, environmental and competitive conditions and changes of the relevant countries.

We may face uncertainties associated with the growth and expansion of our business

Our growth strategies include, *inter alia*, entering into the natural gas market and supplying and retailing natural gas to industrial and commercial customers and expanding and developing our business through acquisitions, joint ventures and/or strategic alliances.

These expansion plans will require substantial capital expenditure, financial and management resources. The success of our expansion plans depends on many factors, some of which are not within our control. In the event that we are not able to achieve a sufficient level of revenue or manage our costs effectively, the commencement of these planned expansions is delayed or we are not able to develop our Retail LPG Business through acquisitions due to anti-competitive concerns, our future financial performance and financial position will be materially and adversely affected. In addition, we may explore acquisitions, joint ventures and/or strategic alliances that are complementary to our businesses. Participation in suitable acquisitions, joint ventures and/or strategic alliances involves numerous risks, including but not limited to difficulties in the assimilation of the management, operations, services, products and personnel and the possible

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diversion of management attention from other business concerns. The successful implementation of our growth strategies depends on our ability to identify suitable partners and the successful integration of their operations with ours. There can be no assurance that we will be able to execute such growth strategies successfully and as such, the performance of any acquisitions, joint ventures and/or strategic alliances could fall short of expectations. Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for more details.

We may be affected by any adverse impact on our reputation and goodwill

Any negative publicity or concern about us, our suppliers or our products, whether founded or unfounded, may discourage consumers from purchasing our products and any lost confidence on the part of our customers could be difficult and costly to re-establish. In such an event, our business, financial position and results of operations may be adversely affected.

In particular, the revenue from our Retail LPG Business is derived from the sale of bottled LPG cylinders under the “Union” Brand. Any negative publicity, concern or adverse developments about the “Union” brand may adversely affect our business, revenue, financial position and results of operations.

Whilst we have not experienced any such negative publicity or concern about us, our suppliers or our products, there is no assurance that such incidents will not happen in the future which may have a material adverse impact on our financial performance.

Our insurance coverage may not be adequate

We maintain insurance policies to cover our business operations. Please refer to the section entitled “General Information on Our Group – Insurance” of this Offer Document for further details on our insurance coverage.

However, no insurance can compensate for all potential losses and there can be no assurance that the insurance coverage will be adequate or that our insurers will pay for a particular claim. With respect to losses which are covered by our policies, it may be difficult and it may take time to recover such losses from insurers. In addition, we may not be able to recover the full amount of losses incurred from the insurers. There are also certain types of risks that are not covered by our insurance policies because they are either uninsurable or not economically insurable, including acts of war and acts of terrorism. Should there be losses which exceed the insurance coverage or are not covered by our insurance policies, we may be liable to bear such losses and our business, financial position and results of operations may be adversely affected. Our insurance premiums may also increase substantially due to claims made, which may adversely affect our financial results.

We may be subject to risks arising from foreign exchange

Our sales and revenue are denominated in S\$ and our purchases of natural gas are mainly denominated in US\$. To the extent that our Group’s revenue and purchases are not entirely matched in the same currency and to the extent that there are timing differences between invoicing and the payment to suppliers, our Group will be exposed to foreign currency exchange gains or losses arising from transactions in currencies other than our reporting currency, S\$. There is no assurance that we will be able to successfully manage our foreign exchange risks and any significant adverse foreign currency fluctuations may adversely affect our financial position

RISK FACTORS

and results of operations. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management” of this Offer Document for further details.

We may be subject to competition laws and regulations in certain countries in which we operate

Competition laws and regulations in Singapore may limit our growth and subject us to anti-trust and merger control investigations. Violation of such laws or regulations could potentially expose us to financial penalties or rights of private action. The Singapore competition regime generally favours increased competition. We may be subject to anti-trust investigations, restricted from continuing to engage in practices found to be anti-competitive and restricted from continuing to engage in practices that are found to be an abuse of that dominance. We cannot predict the effect of any investigations by competition authorities on our business. If, as a result of any investigation by the relevant authorities, we are subject to financial or other penalties or we are prohibited from engaging in certain types of businesses or practices, our business, financial position, results of operations and prospects may be materially and adversely affected.

In the event that our operations expand to other countries, we would also be subject to the laws and regulations of the relevant countries, including the competition regime.

We are subject to compliance with and changes in laws, regulations and codes

Our business operations are subject to various laws, regulations and codes in Singapore, including but not limited to the Fire Safety Act, FSPFMEQ, FSPFMR, Gas Act, Gas Supply Code and Gas Retailer Code of Conduct. Please refer to the section entitled “Government Regulations” of this Offer Document for further details.

Any failure by us to comply with the various laws and regulations could result in penalties such as fines and/or not being able to continue or expand our business. In such an event, our financial performance will be adversely affected. While we aim to comply with the relevant laws and regulations at all times, and have put in place the necessary controls, we are susceptible to breaches that may arise from inadvertent oversight. For example, when we were re-organising the manpower within our Group, we discovered that there may have been some non-compliances with certain conditions of the foreign workers’ work passes during the interim period from 18 January 2017 to 4 June 2017, where some foreign workers who were under the direct employment of Union Gas were assisting in the operations of Union Energy. All such non-compliances have since been fully rectified. The penalty for employing foreign workers in breach of conditions of their work passes, if found liable, is a fine not exceeding S\$10,000. As at the Latest Practicable Date, save as disclosed above, we are compliant with, and have not been found to be in contravention of, the conditions set out in our foreign workers’ work passes. Please refer to the section entitled “Government Regulations – Employment of Foreign Workers” of this Offer Document for further details on the relevant laws and regulations relating to the employment of foreign employees as well as our potential exposure in relation to past non-compliances under the relevant laws and regulations.

Any changes in or introduction of new regulations that require our compliance may increase our cost of operations and any significant increase in compliance costs arising from such new government legislation, regulations and policies may adversely affect our operating results. Such changes may also require us to obtain additional licences and approvals. Any difficulties or failure in obtaining such licences and approvals could adversely affect our business operations and financial performance.

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In addition, under these laws and regulations, we are also required to obtain various licences and permits to carry out our business. Please refer to the section entitled “General Information on our Group – Material Licences, Permits, Registrations and Approvals” of this Offer Document for further details on the licences and permits obtained by our Group necessary for our business operations. These licences and permits are generally subject to conditions stipulated in such licences and permits and/or relevant laws and regulations under which such licences and permits are issued. Failure to comply with such conditions could result in the revocation or non-renewal of the relevant licence or permit. Accordingly, we have to constantly monitor and ensure our compliance with such conditions imposed, laws and regulations, if any, and the renewal of our licences and permits. Should there be any failure to comply with such conditions resulting in the revocation of any of the licences and permits, we will not be able to carry out our operations. All of these will have an adverse effect on our business and financial performance.

Our business may be affected by macroeconomic factors and other factors beyond our control

Our business may be affected by macroeconomic factors, such as general economic conditions, population growth, household formation, demographics, market sentiment and consumer confidence, particularly in Singapore. Various factors may influence these macroeconomic conditions, including without limitation, unemployment rates and real disposable income, inflation, recession, stock market performance, the interest rate environment, the availability of consumer credit, and regulatory (including fiscal and other governmental policies), social or political changes, all of which are beyond our control. Any adverse macroeconomic conditions may lead consumer sentiment and spending to turn cautious, and this may have an adverse effect on the business, financial position, results of operations and prospects of our Group.

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as changes in consumer preferences, power outages, labour disputes, severe weather conditions, outbreak of communicable diseases such as the severe acute respiratory syndrome (SARS), natural or other catastrophes, and terrorist attacks or other acts of violence, which may disrupt our operations, and may materially and adversely affect the global financial markets and business and consumer confidence. If any of these events occur, our business, operations and financial performance may be materially and adversely affected.

RISKS RELATING TO INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast growing and emerging and/or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST, and the future success and liquidity in the market for our Shares cannot be guaranteed.

Pursuant to the Catalist Rules, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three (3)-year period, the Sponsor will continue to act as our sponsor or that we are able to find a replacement sponsor within the three (3)-month period. Should such risks materialise, we may be delisted.

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Our Controlling Shareholder will retain control over our Group after the Invitation, which will allow him to influence the outcome of matters submitted to Shareholders for approval

Upon completion of the Invitation, our Controlling Shareholder, Mr. Teo Kiang Ang, will own 70.0% of the issued share capital of our Company. As a result, he will be able to exercise influence over matters requiring Shareholders' approval, including the election of directors and approval of significant corporate transactions.

Such concentration of ownership will place our Controlling Shareholder in a position to affect any corporate actions of our Group (notwithstanding that the same may be synergistic or beneficial to our Group) in a manner that could conflict with the interests of our public Shareholders. He will also have veto power in relation to any Shareholder action or approval requiring a majority vote except in situations where he is required by the Catalist Rules, the SGX-ST or undertakings given by him to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

New investors in our Shares will face immediate and substantial dilution in our Pro Forma NAV (as defined in the section entitled "Invitation Statistics" of this Offer Document) per Share and may experience future dilution

Our Invitation Price of S\$0.25 per Share is substantially higher than our Pro Forma NAV per Share after adjusting for the estimated net proceeds from the issue of the New Shares. If we were liquidated for Pro Forma NAV immediately following the Invitation, each Shareholder subscribing to the Invitation would receive less than the price they paid for their Shares. Please refer to the section entitled "Dilution" of this Offer Document for details of the immediate dilution of our Shares incurred by new investors.

In addition, we intend to grant our employees Awards and/or Options pursuant to the Union Gas PSP and/or the Union Gas ESOS respectively. To the extent that such Awards and/or Options are granted, and vested or exercised, as the case may be, there will be further dilution to Investors in this Invitation.

Additional funds raised through issuances of new Shares for future growth will dilute Shareholders' equity interests

We may in the future expand our capabilities and business through acquisitions, joint ventures, strategic partnerships and alliances with parties who can add value to our business. We may require additional equity funding after the Invitation to finance future acquisitions, joint ventures, strategic partnerships and alliances which may result in a dilution of the equity interest of our Shareholders.

Any issuance or future sale of our Shares by our existing Shareholders could adversely affect our Share price

Any issuance or future sale or availability of a large number of our Shares in the public market or perception thereof may have a downward pressure on our Share price. These factors also affect our ability to sell additional equity securities in the future, at a time and price we deem appropriate. Save as disclosed under the section entitled "Shareholders – Moratorium" of this Offer Document and subject to applicable laws and regulations, there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

RISK FACTORS

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST for our Shares to be listed for quotation on Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained. There is also no assurance that the market price for our Shares will not decline below the Invitation Price.

The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, general market conditions and broad market fluctuations.

Our Share price may be volatile, which could result in substantial losses for investors purchasing Shares pursuant to the Invitation

The trading price of our Shares may fluctuate significantly and rapidly after the Invitation as a result of, among others, the following factors, some of which are beyond our control:

- variations of our operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in market valuations and share prices of companies with businesses similar to that of our Company that may be listed in Singapore;
- additions or departures of our key management personnel;
- material changes or uncertainty in the political, economic and regulatory environment in the markets that we operate;
- fluctuations of stock market prices and volume;
- announcements by us or our competitors of significant acquisitions, strategic alliances and/or joint ventures;
- successes or failures of our efforts in implementing business and growth strategies;
- our involvement in material litigation; and
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the NAV per share. To the extent that there is any retention of operating cash for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Shares. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for our Shares.

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In addition, our Shares are not capital-safe products and there is no guarantee that holders of our Shares can realise a higher amount or even the principal amount of their investment.

In case of liquidation of our Company, it is possible that investors may lose all or a part of their investment in our Shares.

Investors may not be able to participate in future rights issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

Negative publicity may adversely affect our Share price

Negative publicity or announcements including those relating to any of our Company, our Group, our Directors, Executive Officers or Substantial Shareholders may adversely affect the market perception of our Group or the performance of the price of our Shares, whether or not they are justified. Examples of negative publicity include publicity on our unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in insolvency proceedings.

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders will depend on our future financial performance and distributable reserves of our Company, which, in turn, depends on the successful implementation of our strategies and future plans, general economic conditions, demand for our products, and other factors specific to our industry or projects, many of which are beyond our control. As such, there is no assurance that our Company will be able to pay dividends to our Shareholders. In the event that our Company enters into any loan agreements in the future, covenants therein may also limit when and how much dividends we can declare and pay. Please refer to the section entitled “Dividend Policy” of this Offer Document for a description of our dividend policy.

The actual performance of our Group may differ materially from the forward-looking statements in this Offer Document

This Offer Document contains forward-looking statements, which are based on a number of assumptions that are subject to significant uncertainties and contingencies, many of which are outside our control. Furthermore, our revenue and financial performance are dependent on a number of external factors, including demand for our products which may decrease for various reasons, including increased competition within the industry or changes in applicable laws and regulations. We cannot ensure that these assumptions will be realised and our actual performance will be as projected.

USE OF PROCEEDS AND LISTING EXPENSES

Net proceeds from the Invitation

The estimated net proceeds to be raised from the Invitation (comprising both the New Shares and the Vendor Shares), after deducting estimated expenses in relation to the Invitation of approximately S\$2.00 million, will be approximately S\$13.00 million.

Net proceeds from the Issue of the New Shares

The estimated net proceeds attributable to us from the issue of the New Shares (after deducting our Company's share of the estimated expenses in relation to the Invitation of approximately S\$1.78 million) will be approximately S\$5.72 million. We will not receive any of the proceeds from the Vendor Shares sold by the Vendor in the Invitation.

We intend to use our proceeds from the issue of the New Shares primarily as follows:

Purpose	Estimated amount (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the issue of the New Shares (cents)
Acquisition of dealers for our Retail LPG Business	4,000	53.33
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	13.33
General working capital	724	9.66
Listing expenses	1,776	23.68
Total	7,500	100.00

Please refer to the section entitled "General Information on Our Group – Business Strategies and Future Plans" of this Offer Document for further details on the future plans of our Group. None of the proceeds from the issue of the New Shares will be used to discharge, reduce or retire any indebtedness of our Group.

The foregoing represents our best estimate of the allocation of our net proceeds from the issue of the New Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds from the issue of the New Shares for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>.

We will make periodic announcements on the use of the net proceeds from the issue of the New Shares as and when the funds are materially disbursed, and provide a status report on the use of the net proceeds in our annual report(s).

USE OF PROCEEDS AND LISTING EXPENSES

Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may deem fit at their absolute discretion.

In the event that the amount set aside to meet our Company's share of the estimated expenses in relation to the Invitation is in excess of the actual expenses incurred, such amount will be made available for our working capital purposes.

In the opinion of our Directors, there is no minimum amount which must be raised by the issue of the New Shares. Although no minimum amount must be raised by the Invitation, such amounts which are proposed to be provided out of the net proceeds from the issue of the New Shares shall, in the event that Invitation is cancelled, be provided out of the existing banking facilities and/or internal funds generated from our operations.

Net proceeds from sale of the Vendor Shares

The estimated net proceeds attributable to the Vendor from the sale of the Vendor Shares (after deducting the Vendor's share of the estimated expenses in relation to the Invitation (comprising the underwriting and placement commission and brokerage in respect of the Vendor Shares) of approximately S\$0.22 million) will be approximately S\$7.28 million.

Expenses incurred in connection with the Invitation

Save for the underwriting and placement commission and brokerage which will be borne by our Company and the Vendor in the proportion in which the Invitation Shares are offered by each of them, the rest of the listing expenses will be borne by our Company.

We estimate that our share of the listing expenses, including the professional fees, underwriting and placement commission and brokerage and miscellaneous expenses, will amount to approximately S\$1.78 million. A breakdown of these expenses is set out below:

Listing Expenses	Estimated amount (S\$'000)	As a percentage of the gross proceeds raised from the issue of the New Shares (%)
Professional fees	1,186	15.8
Underwriting and placement commission and brokerage ⁽¹⁾	225	3.0
Miscellaneous expenses (including listing fees)	365	4.9
Total	1,776	23.7

Note:

- (1) Please refer to the section entitled "Management, Underwriting and Placement Arrangements" of this Offer Document for more information.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement, our Company appointed CIMB Bank as Sponsor and Issue Manager to manage the Invitation. CIMB Bank will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Underwriting and Placement Agreement, our Company and the Vendor appointed CIMB Securities as the Underwriter to underwrite the Offer Shares for a commission of three per cent. (3.0%) of the Invitation Price for each Offer Share, payable by our Company and the Vendor (in the proportion in which the Offer Shares are offered by our Company and the Vendor) pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one (1) or more sub-underwriters for the Offer Shares.

Pursuant to the Underwriting and Placement Agreement, our Company and the Vendor appointed CIMB Securities as the Placement Agent to subscribe for and/or purchase or procure subscribers and/or purchasers for the Placement Shares for a placement commission of three per cent. (3.0%) of the Invitation Price for each Placement Share, payable by our Company and the Vendor (in the proportion in which the Placement Shares are offered by our Company and the Vendor) pursuant to the Invitation. CIMB Securities may, at their absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Subscribers and/or purchasers of the Placement Shares may be required to pay a brokerage fee of up to one per cent. (1.0%) of the Invitation Price to the Placement Agent or their sub-placement agents (including the prevailing GST, if applicable).

CIMB Bank may, in its absolute discretion but after prior consultation with our Company and the Vendor, by notice in writing to our Company and the Vendor if reasonably practicable, rescind or terminate the Management and Sponsorship Agreement at any time prior to or on the date of commencement of trading of our Shares on Catalist, on the occurrence of certain events, including, *inter alia*:

- (a) the issue of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority (notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST); or
- (b) there shall come to the knowledge of CIMB Bank any breach of the warranties or undertakings in the Management and Sponsorship Agreement or that any of the warranties or undertakings in the Management and Sponsorship Agreement is untrue or incorrect or misleading; or
- (c) any occurrence of certain specified events (as described in the Management and Sponsorship Agreement) which comes to the knowledge of CIMB Bank; or
- (d) there shall have been:
 - (i) in the reasonable opinion of CIMB Bank, any material adverse change, or any development or event involving a prospective material adverse change, in the condition (financial or otherwise), business, trading position, operations, management, assets, prospects, performance or general affairs of our Company or any of our Group Companies or our Group as a whole; or

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

- (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authorities) in Singapore or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore; or
 - (iii) any change, or any development involving a prospective change or any crisis in local, national, regional or international monetary, financial and capital markets (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist)); or
 - (iv) any event or series of events in the nature of force majeure (as defined in the Management and Sponsorship Agreement); or
 - (v) any proceedings, formal investigations or enquiries are commenced against our Company, any of our Group companies or the Vendor or any Director of our Company or any of our Group Companies; or
 - (vi) any other occurrence of any nature whatsoever, which shall in the reasonable opinion of CIMB Bank (1) result or be likely to result in an adverse fluctuation or adverse conditions in the stock market in Singapore; or (2) be likely to materially prejudice the success of the Invitation, subscription or placement of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or not commercially viable to proceed with any of the transactions contemplated in the Management and Sponsorship Agreement; or (4) be such that no reasonable manager and sponsor would have entered into the Management and Sponsorship Agreement; or (5) result or be likely to result in the issue of a Stop Order by the SGX-ST acting as agent on behalf of the Authority, or other competent authority pursuant to the SFR and/or the Catalist Rules; or (6) make it not commercially viable or otherwise contrary to or outside the usual commercial practices of managers and sponsors in Singapore for CIMB Bank to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement; or
- (e) without limiting the generality of the foregoing, if it comes to the notice of CIMB Bank (1) any statement contained in this Offer Document or the Application Forms which in the opinion of CIMB Bank has become or been discovered to be untrue, incorrect or misleading in any respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the reasonable opinion of CIMB Bank, an omission of material information, and our Company and the Vendor fail to lodge a supplementary or replacement offer document within a reasonable time after being notified of such misrepresentation or omission or fail to promptly take such steps as CIMB Bank may reasonably require to inform investors of the lodgement of such supplementary or replacement offer document; or
- (f) the Underwriting and Placement Agreement is terminated pursuant to its provisions.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

The Underwriting and Placement Agreement is conditional upon, *inter alia*, the Management and Sponsorship Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement.

Save as aforesaid, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing for and/or purchasing or agreeing to subscribe for and/or purchase or procuring or agreeing to procure subscriptions for and/or purchase of any shares in or debentures of our Company or any of our subsidiaries.

DIVIDEND POLICY

Since its incorporation on 3 October 2016, our Company has not declared any dividends.

Our subsidiary, Union Energy, had declared and paid interim dividends of approximately S\$1.00 million, S\$1.00 million and S\$2.30 million to its then shareholder, UEC, in respect of FY2014, FY2015 and FY2016 respectively.

Our subsidiary, Union Gas, had declared and paid interim dividends of approximately S\$1.08 million, S\$0.90 million and S\$1.97 million to its then shareholder, UEC, in respect of FY2014, FY2015 and FY2016 respectively.

Save as disclosed above, our subsidiaries had not paid any other dividends during the Period under Review.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and other investment plans;
- (d) our working capital requirements and general financing condition; and
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

Any final dividend paid by us must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the amount recommended by our Board. Our Directors may, without the approval of our Shareholders, also declare an interim dividend. We must pay all dividends out of profits or otherwise in accordance with the Companies Act.

Subject to the above, we intend to recommend and distribute dividends of not less than 50% of our net profits attributable to our Shareholders in FY2017 (the "**Proposed Dividends**"). However, investors should note that all the foregoing statements, including the statement on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay any future dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Please refer to the section entitled "Appendix F – Taxation" of this Offer Document for information relating to taxes payable on dividends.

SHARE CAPITAL

Our Company (company registration number 201626970Z) was incorporated in Singapore on 3 October 2016 under the Companies Act as a private limited company, under the name of “Union Gas Holdings Pte. Ltd.”. Subsequently, on 22 June 2017, our Company was converted into a public company. Our name was consequentially changed to “Union Gas Holdings Limited”.

As at the date of incorporation, our issued and paid-up share capital was S\$2.00 comprising two (2) Shares allocated and issued to Mr. Teo Kiang Ang. On 17 April 2017, Mr. Teo Kiang Ang subscribed for 9,999,998 Shares for the consideration of S\$9,999,998. Accordingly, our issued and paid-up share capital increased to S\$10.0 million comprising 10,000,000 Shares.

Pursuant to written resolutions passed on 19 June 2017, our then Shareholder approved, *inter alia*, the following:

- (a) the Share-Split;
- (b) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Union Gas Holdings Limited”;
- (c) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Invitation), the Option Shares and the Award Shares to be issued (if any) on Catalist;
- (d) the adoption of a new Constitution;
- (e) the allotment and issue of the New Shares pursuant to the Invitation, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (f) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Constitution for the time being of our Company to (i) issue Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and (iii) issue Shares in pursuance of any Instruments made or granted by our Directors while this resolution was in force (notwithstanding the authority conferred by this resolution may have ceased to be in force), provided that:
 - (1) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this authority shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with subparagraph (2) below);

SHARE CAPITAL

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Invitation, after adjusting for (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with the Catalist Rules; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;
 - (3) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of our Company; and
 - (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company; or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.
- (g) the adoption of the Shareholders' Mandate, details of which are set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions" of this Offer Document;
 - (h) the adoption of the Union Gas ESOS, details of which are set out in the sections entitled "Union Gas ESOS" of this Offer Document, and also in "Appendix G – Rules of the Union Gas ESOS" of this Offer Document and that our Directors be authorised to allot and issue Option Shares upon the exercise of Options granted under the Union Gas ESOS; and
 - (i) the adoption of the Union Gas PSP, details of which are set out in the sections entitled "Union Gas PSP" of this Offer Document, and also in "Appendix H – Rules of the Union Gas PSP" of this Offer Document and that our Directors be authorised to allot and issue Award Shares upon the vesting of Awards granted under the Union Gas PSP.

As at the Latest Practicable Date, our Company has only one (1) class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Constitution, a summary of which is set out in the section entitled "Appendix E – Summary of our Constitution" of this Offer Document. Save for the Award Shares and the Option Shares, there are no founder, management, deferred or unissued Shares reserved for the issuance for any purpose.

Save for the Options which may be granted under the Union Gas ESOS and the Awards which may be granted under the Union Gas PSP, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries. As at the Latest Practicable Date, no Option has been granted pursuant to the Union Gas ESOS and no Award has been granted pursuant to the Union Gas PSP. As at the Latest Practicable Date, the Shares held by our Controlling Shareholder and the New Shares to be allotted and issued are not subject to any pledge, mortgage or any other form of encumbrance. There are no Shares that are held by or on behalf of our Company or by our subsidiaries.

SHARE CAPITAL

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$10,000,000 comprising 170,000,000 Shares. Upon the issue and allotment of the New Shares, the resultant issued and paid-up share capital of our Company will be increased to approximately S\$17,050,132 comprising 200,000,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital immediately after the Invitation are as follows:

	Number of Shares	Issued and Paid-Up Share Capital (S\$)
Issued and paid-up share capital as at date of incorporation	2	2
Issue of new Shares pursuant to the Restructuring Exercise	9,999,998	9,999,998
Issued and paid-up share capital immediately after the Restructuring Exercise and before the Share Split	10,000,000	10,000,000
Share Split	170,000,000	10,000,000
New Shares issued pursuant to the Invitation	30,000,000	7,050,132 ⁽¹⁾
Post-Invitation issued and paid-up share capital	200,000,000	17,050,132

Note:

- (1) This takes into account set-off against share capital, our Company's share of the estimated expenses incurred in connection with the Invitation of approximately S\$0.45 million, and excludes our Company's share of the estimated expenses incurred in connection with the Invitation of approximately S\$1.33 million to be charged directly to the combined statements of comprehensive income.

The Shareholders' equity of our Company as at the date of incorporation, as at 31 December 2016, and the issue of the New Shares are set out below. This should be read in conjunction with the Audited Combined Financial Statements as set out in Appendix A of this Offer Document.

	As at the date of incorporation (S\$'000)	As at 31 December 2016 (S\$'000)	As at 31 December 2016 after adjusting for the issue of the New Shares (S\$'000)
Share capital	— ⁽¹⁾	10,000	17,050 ⁽²⁾
Shareholders' equity	— ⁽¹⁾	9,285	15,009 ⁽³⁾

Notes:

- (1) Amount is S\$2.
- (2) This takes into account set-off against share capital, our Company's share of the estimated expenses incurred in connection with the Invitation of approximately S\$0.45 million, and excludes our Company's share of the estimated expenses incurred in connection with the Invitation of approximately S\$1.33 million to be charged directly to the combined statements of comprehensive income.
- (3) This takes into account our Company's share of the estimated issue expenses of approximately S\$1.78 million.

SHARE CAPITAL

Save as set out below, there are no changes in the issued and paid-up share capital of our Company or our subsidiaries within the last three (3) years preceding the Latest Practicable Date:

Date of issue	Number of shares issued	Consideration (\$)	Event	Resultant issued share capital (\$)
<u>Our Company</u>				
3 October 2016	2	2	Incorporation	2
17 April 2017	9,999,998	9,999,998	Restructuring Exercise	10,000,000
<u>Our Subsidiaries</u>				
<i>Union Gas</i>				
11 September 2006	2	2	Incorporation	2
30 December 2010	8,999,998	8,999,998	Shares issued to UEC	9,000,000
<i>Union Energy</i>				
12 May 2008	2	2	Incorporation	2

SHAREHOLDERS

OWNERSHIP STRUCTURE

Our Directors and Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Teo Kiang Ang ⁽¹⁾	170,000,000	100.0	–	–	140,000,000	70.0	–	–
Alexis Teo ⁽¹⁾	–	–	–	–	–	–	–	–
Loo Hock Leong	–	–	–	–	–	–	–	–
Heng Chye Kiou	–	–	–	–	–	–	–	–
Lim Chwee Kim	–	–	–	–	–	–	–	–
Public	–	–			60,000,000 ⁽²⁾	30.0 ⁽²⁾		
Total	170,000,000	100.0			200,000,000	100.0		

Notes:

- (1) Mr. Teo Kiang Ang, our Non-executive Chairman is the father of Alexis Teo, our Executive Director and CEO.
- (2) This figure may be reduced if certain of our Directors or their respective associates are allotted and/or allocated Invitation Shares pursuant to the Invitation. Please see the section entitled “Plan of Distribution – Subscription for Invitation Shares” of this Offer Document for further information. Notwithstanding any allocation of Invitation Shares to such persons, at least 15.0% of our post-Invitation Shares will be held in public hands at the time of listing and quotation of all our Shares on Catalist.

Save as disclosed above and in the section entitled “Directors, Executive Officers and Employees – Directors” of this Offer Document, there are no other relationships among our Directors, Executive Officers and Substantial Shareholders.

The Shares held by our Directors and Controlling Shareholder do not carry different voting rights from the Invitation Shares.

Save as disclosed in this Offer Document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, any government or other natural or legal person. Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of a business trust which has occurred between the date of the incorporation of our Company and the Latest Practicable Date.

Significant Changes in Percentage of Ownership

Save as disclosed in this section and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there have been no significant changes in the percentage of ownership of our Shares from the incorporation of our Company until the Latest Practicable Date.

SHAREHOLDERS

VENDOR

Details of the Vendor who will be selling his Shares in the Invitation are set out below:

Vendor	Shares held immediately before the Invitation		Vendor Shares offered pursuant to the Invitation			Shares held immediately after the Invitation	
	Number of Shares	% of pre-Invitation share capital	Number of Shares	% of pre-Invitation share capital	% of post-Invitation share capital	Number of Shares	% of post-Invitation share capital
Mr. Teo Kiang Ang	170,000,000	100.0	30,000,000	17.6	15.0	140,000,000	70.0

Save as disclosed in this Offer Document, none of our Directors or Controlling Shareholder is interested in the Vendor Shares.

MORATORIUM

To demonstrate his commitment to our Group, our Non-executive Chairman, Mr. Teo Kiang Ang, who will hold 140,000,000 Shares representing 70.0% of our Company's post-Invitation share capital (the "**Relevant Shares**"), has undertaken not to sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option, warrant or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of the Relevant Shares (adjusted for any bonus issues or sub-division of shares) for a period of six (6) months commencing from the date of our Company's admission to Catalist (the "**Initial Period**"), and no more than 50.0% of such Relevant Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months after the Initial Period.

INVITATION STATISTICS

Invitation Price 25.00 cents

PRO FORMA NAV

Pro Forma NAV per Share based on the unaudited pro forma combined statements of financial position of our Group as at 31 December 2016 (the “**Pro Forma NAV**”):

(i) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 170,000,000 Shares 6.73 cents

(ii) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 200,000,000 Shares 8.58 cents

Premium of the Invitation Price over the Pro Forma NAV per Share as at 31 December 2016:

(i) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 170,000,000 Shares 271.6%

(ii) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 200,000,000 Shares 191.4%

Earnings

Pro Forma EPS based on the unaudited pro forma combined statements of comprehensive income of our Group for FY2016 and the pre-Invitation share capital of 170,000,000 Shares 3.60 cents

Pro Forma EPS based on the unaudited pro forma combined statements of comprehensive income of our Group for FY2016 and pre-Invitation share capital of 170,000,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2016 3.57 cents

PER

Ratio of Invitation Price to Pro Forma EPS of our Group for FY2016 based on the pre-Invitation share capital of 170,000,000 Shares 6.95 times

Ratio of Invitation Price to Pro Forma EPS of our Group for FY2016 based on the pre-Invitation share capital of 170,000,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2016 6.99 times

Net Operating Cash Flow⁽¹⁾

Pro Forma net operating cash flow per Share based on the unaudited pro forma combined statement of cash flows of our Group for FY2016 and the pre-Invitation share capital of 170,000,000 Shares 4.50 cents

Pro Forma net operating cash flow per Share based on the unaudited pro forma combined statement of cash flows of our Group for FY2016 and the pre-Invitation share capital of 170,000,000 Shares, assuming that the Service Agreement had been in place since the beginning of FY2016 4.48 cents

INVITATION STATISTICS

Price to Net Operating Cash Flow Ratio

Ratio of Invitation Price to Pro Forma net operating cash flow per Share of our Group for FY2016 based on the pre-Invitation share capital of 170,000,000 Shares 5.55 times

Ratio of Invitation Price to Pro Forma net operating cash flow per Share of our Group for FY2016 based on the pre-Invitation share capital of 170,000,000 Shares, assuming that the Service Agreement had been in place since the beginning of 2016 5.58 times

Market Capitalisation

Market capitalisation based on the Invitation Price and the post-Invitation share capital of 200,000,000 Shares S\$50.00 million

Note:

(1) Net operating cash flow is defined as net profit after tax with depreciation added back.

DILUTION

Dilution is defined as the amount by which the Invitation Price paid by the subscribers and/or purchasers of our Invitation Shares (“**New Investors**”) exceeds our Pro Forma NAV per Share immediately after the Invitation. Our Pro Forma NAV per Share as at 31 December 2016, before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 170,000,000 Shares, was 6.73 cents per Share.

Pursuant to the issue of 30,000,000 New Shares at the Invitation Price in connection with the Invitation, our Pro Forma NAV per Share after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 200,000,000 Shares would be 8.58 cents per Share. This represents an immediate increase in Pro Forma NAV per Share of 1.85 cents per Share to our existing Shareholders and an immediate dilution in the Pro Forma NAV per Share of 16.42 cents per Share to our New Investors pursuant to the Invitation. The following table illustrates such dilution on a per Share basis as at 31 December 2016:

	Cents
Invitation Price	25.00
Pro Forma NAV per Share as at 31 December 2016 based on pre-Invitation share capital of 170,000,000 Shares	6.73
Increase in Pro Forma NAV per Share attributable to existing Shareholders	1.85
Pro Forma NAV per Share after the Invitation ⁽¹⁾	8.58
Dilution in Pro Forma NAV per Share to New Investors pursuant to the Invitation	16.42
Dilution in Pro Forma NAV per Share to New Investors as a percentage of Invitation Price pursuant to the Invitation	65.7%

Notes:

- (1) The computed Pro Forma NAV does not take into account our actual financial performance from 1 January 2017 up to the Latest Practicable Date. Depending on our actual results, our NAV per Share after the Invitation may be higher or lower than the computed Pro Forma NAV.
- (2) Please refer to the section entitled “Invitation Statistics” of this Offer document for the definition of “Pro Forma NAV”.

The following table summarises the total number of Shares issued by us during the period of three (3) years prior to the date of lodgement of this Offer Document, the total consideration and the average price per Share paid by our Controlling Shareholder (after adjusting for the Share Split) and our New Investors pursuant to the Invitation:

	Number of Shares acquired (adjusted for the Share Split)	Total consideration (S\$)	Average price per Share (cents)
Controlling Shareholder			
Teo Kiang Ang ⁽¹⁾	170,000,000	10,000,000	5.88
New Investors pursuant to the invitation	60,000,000	15,000,000	25.00

Note:

- (1) Teo Kiang Ang is our Non-executive Chairman and Controlling Shareholder.

Save as disclosed above, none of our Directors or the Substantial Shareholder(s) of our Company or their respective Associate(s) have acquired any Shares during the period of three (3) years prior to the date of lodgement of this Offer Document.

RESTRUCTURING EXERCISE

Our Group was formed through the Restructuring Exercise which involved a series of acquisitions, the rationalisation of our corporate and shareholding structure as well as business and operations for the purposes of the Invitation. Pursuant to the Restructuring Exercise, our Company became the holding company of our Group.

The Restructuring Exercise involved the following steps:

1. Incorporation of our Company

Our Company was incorporated on 3 October 2016 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$2 comprising 2 Shares held by Mr. Teo Kiang Ang. On 17 April 2017, Mr. Teo Kiang Ang subscribed for a further 9,999,998 Shares for the consideration of S\$9,999,998.

2. Acquisition of Union Energy and Union Gas (“Acquisition of Subsidiaries”)

On 31 March 2017, we entered into a sale and purchase agreement with UEC pursuant to which our Company acquired from UEC the entire issued and paid-up share capital of Union Energy and Union Gas for an aggregate cash consideration of S\$10,800,000, which was determined based on the NTA of Union Energy and Union Gas as at 28 February 2017. Mr. Teo Kiang Ang had advanced to our Company an amount of approximately S\$0.80 million to partially fund the acquisition of Union Energy and Union Gas. Please refer to the section entitled “Interested Person Transactions – Past Interested Person Transactions – Advances from Mr. Teo Kiang Ang” of this Offer Document for further details regarding this advance by Mr. Teo Kiang Ang.

Upon completion of the aforesaid acquisitions, Union Energy and Union Gas became wholly-owned subsidiaries of our Company.

3. Rationalisation of our Business and Operations (“Business Rationalisation”)

As part of the Business Rationalisation to organise our Group for the Invitation, we have completed, *inter alia*, the following transactions to rationalise our business and operations:

(a) Entry into the Dealership Agreement

We procure bottled LPG cylinders from the UEC Group. We have entered into the Dealership Agreement with Summit Gas for the supply of bottled LPG cylinders on 1 April 2017. Pursuant to the Dealership Agreement, we have the right to market and sell bottled LPG cylinders on the terms and subject to the conditions of the Dealership Agreement. Please refer to the sections entitled “General Information on our Group – Our Procurement Process” and “Interested Person Transactions – Present and Ongoing Interested Person Transactions – Purchase of bottled LPG cylinders by Union Energy from the UEC Group” of this Offer Document for further details.

(b) Transactions involving purchase and sale of diesel dispensers

In February 2016, as part of UEC Group’s internal restructuring, Union Gas purchased from Sembas, a wholly-owned subsidiary of UEC, four (4) diesel dispensers and related equipment at 12 Defu Lane (the “**Defu Lane Dispensers**”) which supplied diesel solely to the UEC Group for its own use, for a total consideration of approximately S\$72,000, which was based on the then net book value of the Defu Lane Dispensers and included related diesel

RESTRUCTURING EXERCISE

inventory. Pursuant to the Business Rationalisation, as Union Gas is no longer part of the UEC Group, Union Gas have to dispose the Defu Lane Dispensers to the UEC Group. As such, Union Gas has on 31 March 2017 sold the Defu Lane Dispensers to Sembas for a cash consideration of S\$41,944, which was determined based on the net book value of the Defu Lane Dispensers as at 28 February 2017. The consideration was fully settled.

(c) Transactions involving purchase and sale of motor vehicles with the UEC Group

Union Energy and Union Gas previously rented a fleet of motor vehicles from Semgas, Choon Hin and Gasmart, wholly-owned subsidiaries of UEC, for the transportation of our products. Pursuant to the Business Rationalisation, from September 2016 to April 2017, Union Energy purchased 122 motor vehicles from Semgas, while Union Gas purchased three (3) motor vehicles from Semgas and one (1) motor vehicle from Choon Hin so that our Group is able to operate our fleet of motor vehicles without relying on the UEC Group. The aggregate cash consideration for the aforesaid transactions was S\$4.90 million, which was based mainly on the net book value of the motor vehicles. The consideration was fully settled.

From time to time, we acquire new motor vehicles to replace older motor vehicles and to renew our vehicle fleet. As part of the renewal exercise, we acquired new motor vehicles in 2016 and 2017. In line with this, in April and May 2017, we sold 24 motor vehicles to Semgas which was looking to acquire motor vehicles to meet its operational requirements instead of renting from our Group. The total consideration for the sale was S\$229,900, which was determined based on the net book value of the motor vehicles. The relevant consideration was fully settled.

(d) Purchase of IT Infrastructure by Union Energy from Sembas

Sembas, a wholly-owned subsidiary of UEC, provided IT Infrastructure to our Group as part of the Shared Services, details of which are set out in the section entitled “Interested Person Transactions – Past Interested Person Transactions – Provision of Shared Services by the UEC Group to our Group” of this Offer Document. Pursuant to the Business Rationalisation, our Group has acquired the IT Infrastructure from Sembas in April 2017 for a cash consideration of S\$217,173 so as to enable us to own and operate our IT Infrastructure independently of the UEC Group. The consideration was arrived based on the net book value of the IT Infrastructure as at 31 March 2017 as well as the remaining portion of the subscription fee for the relevant software licence. The consideration was fully settled.

(e) Transfer of staff from the UEC Group to our Group

Prior to October 2016, the UEC Group provided operational services to our Group in our sale of products and administrative services to our Group such as accounting and finance, IT, HR, customer service and marketing. From October 2016 to the Latest Practicable Date, we have transferred the staff involved in the provision of the aforesaid services to our Group and our Group now performs our operational and administrative functions independently.

(f) Rental and renovation of office premises

Union Gas and Union Energy had previously occupied an aggregate floor area of 410 sq m at the Union Energy Group Building without charge for use as their registered office. The premises were leased by Sembas, for the use of the UEC Group, from D Investments, a company wholly-owned by Mr. Teo Kiang Ang. On 25 October 2016, our Company entered

RESTRUCTURING EXERCISE

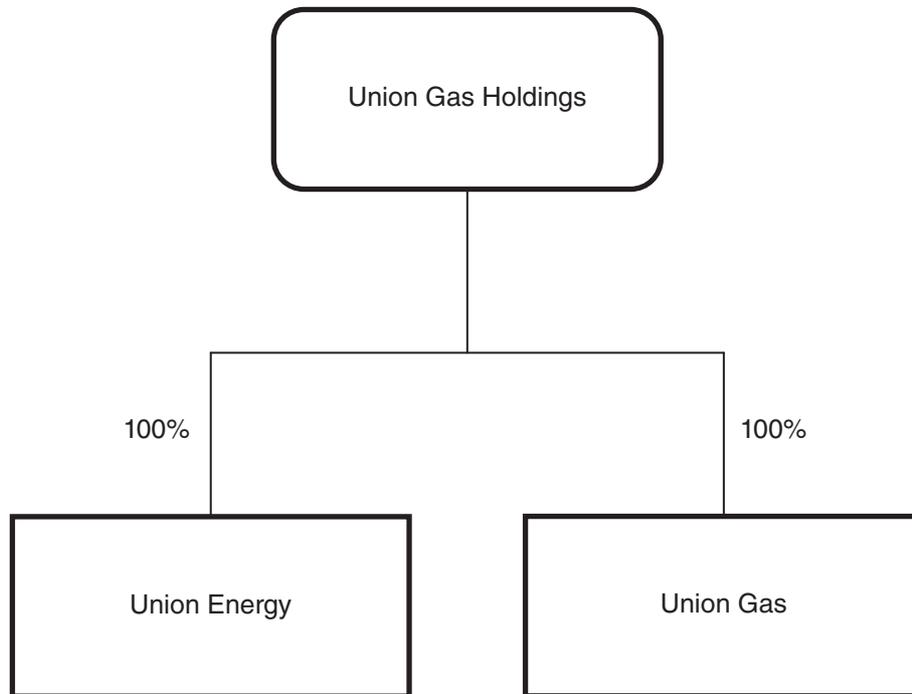
into a tenancy agreement with Sembas for the lease of the premises of an aggregate floor area of 296 sq m for our Group's use as our corporate office, call centre for the Retail LPG Business, and general storage purposes. The lease commenced on 1 January 2017 and expired on 30 April 2017. On 25 April 2017, our Company entered into a new tenancy agreement with Sembas for a period of two (2) years commencing on 1 May 2017. Please refer to the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions – Lease of premises from Sembas" of this Offer Document for further details.

Further, renovation works were carried out on the office premises occupied by our Group subsequent to 31 December 2016.

Please refer to the sections entitled "Selected Financial Information" and "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document for further details on the Business Rationalisation.

GROUP STRUCTURE

Our Group structure as at the date of this Offer Document is as follows:



The details of each subsidiary of our Company as at the date of this Offer Document are as follows:

Name of Company	Date/ Country of Incorporation	Principal Place of Business	Principal Activities	Issued and Paid-Up Capital	Effective Equity Interest Held by our Group
Union Energy	12 May 2008, Singapore	Singapore	General wholesale trade (including general importers and exporters), and retail sale of LPG	S\$2	100%
Union Gas	11 September 2006, Singapore	Singapore	Manufacture of gas, distribution of gaseous fuels through mains, and processing of natural gas	S\$9,000,000	100%

Save as disclosed above, our Group does not have any other subsidiaries, subsidiary entities, associated companies and associated entities.

None of our subsidiaries is listed on any stock exchange.

SELECTED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements as set out in Appendix A of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

The Audited Combined Financial Statements take into account those transactions which took place on or before 31 December 2016. Please refer to the section entitled “Restructuring Exercise – Rationalisation of our Business and Operations” of this Offer Document for further details of the Business Rationalisation.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

(S\$'000)	← Audited →		
	FY2014	FY2015	FY2016
Revenue	44,450	35,130	35,725
Cost of sales	(36,260)	(24,869)	(24,128)
Gross profit	8,190	10,261	11,597
Other gains	–	–	34
Other income	1,388	545	321
Marketing and distribution costs	(5,912)	(6,266)	(6,344)
Administrative expenses	(614)	(565)	(784)
Finance costs	(58)	(54)	(42)
Other losses	(56)	(191)	(34)
Profit before income tax	2,938	3,730	4,748
Income tax expense	(557)	(742)	(788)
Profit, net of tax and total comprehensive income for the year	2,381	2,988	3,960
EPS			
– Basic EPS (cents) ⁽²⁾⁽⁴⁾	1.40	1.76	2.33
– Adjusted EPS (cents) ⁽³⁾	1.19	1.49	1.98

Notes:

- (1) The combined statements of profit or loss and other comprehensive income have been prepared on the basis that our Group has been in existence prior to the Acquisition of Subsidiaries and takes into account those transactions under the Business Rationalisation which took place on or before 31 December 2016. Please refer to the Audited Combined Financial Statements as set out in Appendix A of this Offer Document for the basis of preparation of the combined financial statements of our Group.
- (2) For comparative purposes, basic EPS is calculated based on the profit, net of tax for the financial year and our pre-Invitation share capital of 170,000,000 Shares.
- (3) Adjusted EPS is calculated based on the profit, net of tax for the financial year and our post-Invitation share capital of 200,000,000 Shares.
- (4) Had the Service Agreement (as disclosed in the section entitled “Directors, Executive Officers and Employees – Service Agreement” of this Offer Document) been in effect from the beginning of FY2016, our profit before income tax and profit, net of tax for FY2016 would have been approximately S\$4.53 million and S\$3.78 million respectively and our basic EPS based on pre-Invitation share capital of 170,000,000 would have been approximately 2.22 cents.

SELECTED FINANCIAL INFORMATION

COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾

(S\$'000)	Audited as at 31 December 2016
ASSETS	
Non-current assets	
Property, plant and equipment	9,122
Total non-current assets	9,122
Current assets	
Inventories	271
Trade and other receivables	9,309
Other assets	263
Cash and cash equivalents	1,149
Total current assets	10,992
Total Assets	20,114
EQUITY AND LIABILITIES	
Equity attributable to owners of our Company	
Share capital	10,000
Retained earnings	1,085
Merger reserve	(1,800)
Total equity	9,285
Non-current liabilities	
Deferred tax liabilities	424
Other financial liabilities	525
Provisions	247
Total non-current liabilities	1,196
Current liabilities	
Income tax payable	577
Trade and other payables	8,436
Other financial liabilities	620
Total current liabilities	9,633
Total Liabilities	10,829
Total Equity and Liabilities	20,114
NAV per Share (cents) ⁽²⁾	5.46

Notes:

- (1) The combined statement of financial position as at 31 December 2016 has been prepared on the basis that our Group has been in existence prior to the Acquisition of Subsidiaries and takes into account those transactions under the Business Rationalisation which took place on or before 31 December 2016. Please refer to the Audited Combined Financial Statements as set out in Appendix A of this Offer Document for the basis of preparation of the combined financial statements of our Group.
- (2) NAV per Share as at 31 December 2016 has been computed based on our pre-Invitation share capital of 170,000,000 Shares.

SELECTED FINANCIAL INFORMATION

The following selected pro forma combined financial information should be read in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

The Unaudited Pro Forma Combined Financial Information incorporates or takes into account the full effects of the transactions under the Business Rationalisation on a retrospective basis by assuming that all such transactions have occurred since the beginning of FY2014 or the beginning of FY2014, FY2015 and FY2016, as the case may be. Please refer to the section entitled “Restructuring Exercise – Rationalisation of our Business and Operations” of this Offer Document for further details of the Business Rationalisation.

UNAUDITED PRO FORMA COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

(\$'000)	← Unaudited →		
	FY2014	FY2015	FY2016
Revenue	44,450	35,130	35,725
Cost of sales	(33,192)	(21,451)	(20,481)
Gross profit	11,258	13,679	15,244
Other gains	–	–	34
Other income	1,669	710	492
Marketing and distribution costs	(5,950)	(5,717)	(6,136)
Administrative expenses	(1,928)	(2,079)	(2,217)
Finance costs	(58)	(54)	(42)
Other losses	(56)	(191)	(34)
Profit before income tax	4,935	6,348	7,341
Income tax expense	(896)	(1,187)	(1,229)
Profit, net of tax and total comprehensive income for the year	4,039	5,161	6,112
Pro Forma EPS			
– Basic EPS (cents) ⁽²⁾⁽⁴⁾	2.38	3.04	3.60
– Adjusted EPS (cents) ⁽³⁾	2.02	2.58	3.06

Notes:

- (1) Please refer to the Unaudited Pro Forma Combined Financial Information as set out in Appendix B of this Offer Document for the basis of preparation of the unaudited pro forma combined financial information of our Group. The Unaudited Pro Forma Combined Financial Information incorporates or takes into account the full effects of the transactions under the Business Rationalisation on a retrospective basis by assuming that all such transactions have occurred since the beginning of FY2014 or the beginning of FY2014, FY2015 and FY2016, as the case may be.
- (2) For comparative purposes, basic Pro Forma EPS is calculated based on the profit, net of tax for the financial year and our pre-Invitation share capital of 170,000,000 Shares.
- (3) Adjusted Pro Forma EPS is calculated based on the profit, net of tax for the financial year and our post-Invitation share capital of 200,000,000 Shares.
- (4) Had the Service Agreement (as disclosed in the section entitled “Directors, Executive Officers and Employees – Service Agreement” of this Offer Document) been in effect from the beginning of FY2016, our pro forma profit before income tax and pro forma profit, net of tax for FY2016 would have been approximately S\$7.30 million and S\$6.08 million respectively and our basic Pro Forma EPS based on pre-Invitation share capital of 170,000,000 would have been approximately 3.57 cents.

SELECTED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾

(S\$'000)	Unaudited as at 31 December 2016
ASSETS	
Non-current assets	
Property, plant and equipment	9,059
Total non-current assets	9,059
Current assets	
Inventories	271
Trade and other receivables	9,309
Other assets	218
Cash and cash equivalents	1,149
Total current assets	10,947
Total Assets	20,006
EQUITY AND LIABILITIES	
Equity attributable to owners of our Company	
Share capital	10,000
Retained earnings	3,237
Merger reserve	(1,800)
Total equity	11,437
Non-current liabilities	
Deferred tax liabilities	424
Other financial liabilities	525
Provisions	247
Total non-current liabilities	1,196
Current liabilities	
Income tax payable	1,018
Trade and other payables	5,735
Other financial liabilities	620
Total current liabilities	7,373
Total Liabilities	8,569
Total Equity and Liabilities	20,006
Pro Forma NAV per Share (cents) ⁽²⁾	6.73

Notes:

- (1) Please refer to the Unaudited Pro Forma Combined Financial Information as set out in Appendix B of this Offer Document for the basis of preparation of the unaudited pro forma combined financial information of our Group. The Unaudited Pro Forma Combined Financial Information incorporates or takes into account the full effects of the transactions under the Business Rationalisation on a retrospective basis by assuming that all such transactions have occurred since the beginning of FY2014 or the beginning of FY2014, FY2015 and FY2016, as the case may be.
- (2) Pro Forma NAV per Share as at 31 December 2016 has been computed based on our pre-Invitation share capital of 170,000,000 Shares.

SELECTED FINANCIAL INFORMATION

BASIS OF PREPARATION

In preparation for our listing on Catalist, we undertook a series of transactions under the Business Rationalisation. The Unaudited Pro Forma Combined Financial Information of our Group is arrived at based on the assumptions set out below, after taking into account transactions (“**Business Rationalisation Events**”) under the Business Rationalisation which are considered material:

(i) **Entry into the Dealership Agreement**

Union Energy purchased bottled LPG cylinders from Sembas, a wholly-owned subsidiary of UEC prior to 1 April 2017. The price for the supply of bottled LPG cylinders to us is based on the aggregate of (a) the Saudi Aramco Contract Price; (b) the LPG Suppliers Premium; and (c) the UEC Group Premium.

On 1 April 2017, Union Energy has entered into the Dealership Agreement with Summit Gas, a wholly-owned subsidiary of UEC, for the supply of bottled LPG cylinders. For the first year from the Dealership Agreement, the UEC Group Premium is at a fixed rate agreed between Summit Gas and us. For subsequent years, subject to negotiation and agreement between Summit Gas and us, the UEC Group Premium for a particular year may increase or decrease compared to the prior year. In the event of an increase, the UEC Group Premium may increase by up to 20% over the preceding year’s UEC Group Premium.

For the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, the Dealership Agreement is assumed to commence since the beginning of FY2014 and the UEC Group Premium is assumed to be at the fixed rate agreed between Summit Gas and us in each of FY2014, FY2015 and FY2016 (“**Dealership Agreement Pro Forma Effects**”).

(ii) **Transactions involving the motor vehicles**

Union Energy and Union Gas previously rented a fleet of motor vehicles from Semgas, Choon Hin and Gasmart, wholly-owned subsidiaries of UEC, for the transportation of our products. Semgas, Choon Hin and Gasmart would bear the running costs of these motor vehicles, including depreciation, insurance, and the upkeep and maintenance expenses. At the same time, our Group would be charged for the rental of these motor vehicles by Semgas, Choon Hin and Gasmart.

Pursuant to the Business Rationalisation, we entered into a series of transactions with the UEC Group to build up our own fleet of motor vehicles for the transportation of our products. Please refer to the section entitled “Restructuring Exercise – Rationalisation of our Business and Operations – Transactions involving purchase and sale of motor vehicles with the UEC Group” of this Offer Document for further details.

For the purpose of the preparation of the Pro Forma Combined Financial Information to take into account the transactions involving the motor vehicles (“**Motor Vehicles Pro Forma Effects**”),

- (a) the depreciation charges of the motor vehicles borne by the UEC Group are assumed to be incurred by our Group since the beginning of FY2014;
- (b) the insurance and road tax of the motor vehicles borne by the UEC Group are assumed to be incurred by our Group since the beginning of FY2014;

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- (c) the servicing costs of the motor vehicles borne by the UEC Group are assumed to be incurred by our Group since the beginning of FY2014; and
- (d) pro forma adjustments related to the reversal of rental charges of the motor vehicles paid by our Group in FY2014, FY2015 and FY2016 have been made accordingly.

(iii) Rental of premises

Union Gas and Union Energy had previously occupied an aggregate floor area of 410 sq m at the Union Energy Group Building without charge for use as their registered office. The premises were leased by Sembas, for the use of the UEC Group, from D Investments, a company wholly-owned by Mr. Teo Kiang Ang. On 25 October 2016, our Company entered into a tenancy agreement with Sembas for the lease of the premises of an aggregate floor area of 296 sq m for our Group's use as our corporate office, call centre for the Retail LPG Business and general storage purposes. The lease commenced on 1 January 2017 and expired on 30 April 2017. On 25 April 2017, our Company entered into a new tenancy agreement with Sembas for a period of two (2) years commencing on 1 May 2017, with a monthly rental of approximately S\$5,830. For the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, these rental charges of approximately S\$5,830 per month are assumed to have occurred since the beginning of FY2014 ("**Premises Rental Pro Forma Effects**").

(iv) Shared Services

The UEC Group provided Shared Services (as defined in the section entitled "Interested Person Transactions – Past Interested Person Transactions – Provision of Shared Services by the UEC Group to our Group" of this Offer Document) such as accounting and finance, IT, HR, customer service and marketing to our Group. All costs incurred in the Shared Services were borne by the UEC Group and there were no fees paid to the UEC Group for the Shared Services during the Relevant Period. For the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, the costs for the Shared Services borne by the UEC Group are assumed to be incurred by our Group since the beginning of FY2014 ("**Shared Services Pro Forma Effects**").

(v) Purchase of IT Infrastructure by Union Energy from Sembas

Sembas, a wholly-owned subsidiary of UEC, provided IT Infrastructure to our Group as part of the Shared Services, details as set out in the section entitled "Interested Person Transactions – Past Interested Person Transactions – Provision of Shared Services by the UEC Group to our Group" of this Offer Document. All costs incurred in the provision of IT Infrastructure were borne by Sembas and there were no fees paid to Sembas for the provision of IT Infrastructure during the Relevant Period. Pursuant to the Business Rationalisation, we acquired the IT infrastructure from Sembas in April 2017 and we entered into a framework agreement with Sembas on 1 May 2017 to provide back-end IT services which include, *inter alia*, the hosting of Sembas' enterprise resource planning (ERP) system and other miscellaneous IT-support services. Under the terms of the framework agreement, Sembas shall pay to us service fees for the provision of IT Infrastructure services based on cost recovery plus mark-up of 5%. For the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, the acquisition of the IT Infrastructure is assumed to have occurred since the beginning of FY2014. In addition, pro forma adjustments related to

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the depreciation and maintenance expenses of the IT Infrastructure and service fees charged by our Group to Sembas have also been made accordingly (“**IT Infrastructure Pro Forma Effects**”).

(vi) **Office renovation**

Renovation works had been performed to the office space currently occupied by our Group. These renovation works and the related costs were incurred subsequent to 31 December 2016. For the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, these renovation costs are assumed to have occurred since the beginning of FY2014 (“**Office Renovation Pro Forma Effects**”).

(vii) **Taxation**

Based on the Business Rationalisation Events set out (i) to (vi) above, for the purpose of the preparation of the Unaudited Pro Forma Combined Financial Information, the related tax effect of these transactions are assumed to have occurred since the beginning of FY2014 and the pro forma adjustments have been made accordingly.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our business, results of operations and financial position has been prepared by our management and should be read in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further details.

OVERVIEW

We are an established provider of fuel products in Singapore with over 40 years of operating track record. Currently, our business can be categorised into the following three (3) segments:

- Retail LPG Business – we are engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore;
- CNG Business – we operate a fuel station at 50 Old Toh Tuck Road to produce, sell and distribute CNG primarily to NGVs and industrial customers for their commercial use; and
- Diesel Business – in addition to CNG, since August 2015, we sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road. We are also engaged in the transport, distribution and bulk sale of diesel to commercial customers.

We have also embarked on the distribution of health products and household products to domestic households in Singapore since March 2016 and April 2016 respectively as an ancillary business which complements our Retail LPG Business through the use of our existing distribution network and our fleet of more than 100 delivery vehicles.

Revenue

We derive our revenue primarily from our (i) Retail LPG Business, (ii) CNG Business, and (iii) Diesel Business.

For our Retail LPG Business, we retail bottled LPG cylinders and LPG-related accessories to mainly domestic households in Singapore. Revenue from the sale of bottled LPG cylinders and LPG-related equipment is recognised upon the transfer of significant risks and rewards of ownership of the products to our customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

For our CNG Business, we produce, sell and distribute CNG to retail and industrial customers at our fuel station at 50 Old Toh Tuck Road. Revenue from the sale of CNG is recognised upon the transfer of significant risks and rewards of ownership of the products to our customers.

For our Diesel Business, since August 2015, we also sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road and sell diesel to commercial customers in bulk. Revenue from the sale of diesel is recognised upon the transfer of significant risks and rewards of ownership of the products to our customers.

The table below sets out a breakdown of our revenue in FY2014, FY2015, and FY2016:

Revenue	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Retail LPG Business	24,772	55.7	21,494	61.2	21,244	59.5
CNG Business	19,678	44.3	12,921	36.8	9,408	26.3
Diesel Business	–	–	715	2.0	5,073	14.2
Total revenue	44,450	100.0	35,130	100.0	35,725	100.0

The table below sets out our sales volume of bottled LPG cylinders, CNG and diesel in FY2014, FY2015, and FY2016:

Sales volume	FY2014	FY2015	FY2016
Bottled LPG cylinders (in '000 kg)	9,813.8	9,617.4	9,559.3
CNG (in '000 kg)	13,149.5	10,627.7	8,044.0
Diesel (in '000 litres)	–	1,040.9	8,632.1

Please refer to the section entitled “General Information on our Group – Our Business” of this Offer Document for a more comprehensive discussion of the products we provide.

Our revenue was derived principally from our Retail LPG Business, which accounted for approximately 55.7%, 61.2% and 59.5% of our total revenue in FY2014, FY2015 and FY2016 respectively. Revenue from our CNG Business accounted for approximately 44.3%, 36.8% and 26.3% of our total revenue in FY2014, FY2015 and FY2016 respectively. Revenue from our Diesel Business, which commenced in August 2015, accounted for approximately 2.0% and 14.2% of our total revenue in FY2015 and FY2016 respectively. Revenue from the distribution of health products and household products has not been significant for the Period under Review.

Factors affecting our revenue

Our revenue may be affected by, *inter alia*, the following key factors:

- (a) demand for products from our customers which is determined by several factors such as pricing, product quality, reliability and timeliness of delivery;
- (b) our ability to source for and obtain steady supplies of bottled LPG cylinders, natural gas and diesel;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (c) our ability to compete against alternative or new sources or delivery channels of energy products which may be more readily available;
- (d) our ability to retain existing customers and/or secure new customers;
- (e) our ability to continue to retain the services of our key management personnel; and
- (f) changes in the laws, regulations and government policies which may affect the demand for our products.

Please refer to the section entitled "Risk Factors" of this Offer Document for a more comprehensive discussion of other factors which may affect our business operations, revenue and financial performance.

Cost of sales

Our cost of sales comprises direct material costs (which include cost of bottled LPG cylinders, natural gas and diesel) and overhead costs.

The following table sets out a breakdown of our cost of sales in FY2014, FY2015 and FY2016, based on the Audited Combined Financial Statements:

Cost of sales	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Direct material costs	30,610	84.4	20,214	81.3	20,223	83.8
Overhead costs	5,650	15.6	4,655	18.7	3,905	16.2
Total cost of sales	36,260	100.0	24,869	100.0	24,128	100.0

Our direct material costs form the biggest part of our cost of sales and these costs include cost of bottled LPG cylinders, cost of natural gas and cost of diesel.

As an authorised dealer of bottled LPG cylinders for Sembas, a wholly-owned subsidiary of UEC, we purchase all our bottled LPG cylinders from Sembas. On 1 April 2017, we have entered into the Dealership Agreement with Summit Gas, a wholly-owned subsidiary of UEC, for the supply of bottled LPG cylinders. Please refer to the section entitled "General Information on our Group – Our Procurement Process" of this Offer Document for further details on the Dealership Agreement. We procure natural gas from a distributor of natural gas in Singapore. We purchase diesel mainly from two (2) suppliers in Singapore.

Our overheads comprise mainly depreciation charges for leasehold land and buildings, plant and equipment in relation to our CNG Business and Diesel Business, maintenance and service costs of our fuel station at 50 Old Toh Tuck Road, customs and excise duties, utilities charges, transportation tariffs, licence fees, professional engineering fees and property taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Pursuant to the Business Rationalisation, the Dealership Agreement Pro Forma Effects impact the direct material costs as a result of lower cost of purchase of bottled LPG cylinders. The following table sets out a breakdown of our pro forma cost of sales in FY2014, FY2015 and FY2016:

Pro forma cost of sales	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Direct material costs	27,542	83.0	16,796	78.3	16,576	80.9
Overhead costs	5,650	17.0	4,655	21.7	3,905	19.1
Total pro forma cost of sales	33,192	100.0	21,451	100.0	20,481	100.0

Our cost of sales may be affected by, *inter alia*, the following factors:

- (a) fluctuations in the cost of bottled LPG cylinders, natural gas and diesel. As these fuels are derived from crude oil and natural gas, the cost of bottled LPG cylinders, natural gas and diesel may fluctuate due to changes in the supply and demand in the global commodity market for oil and gas driven by global economic conditions. For instance, the cost of bottled LPG cylinders may be affected by fluctuations in the Saudi Aramco Contract Price, a component of the Pricing Formula set out in the Dealership Agreement;
- (b) changes in labour costs. Pursuant to the Business Rationalisation, staff involved in the provision of operational services and administrative services were transferred from the UEC Group to our Group. Accordingly, our labour costs mainly comprise our workers' salaries and bonuses, CPF contributions and foreign workers' levies. Labour costs are generally affected by government policies regulating the supply and availability of foreign workers and overall salary inflation in the industry; and
- (c) changes in government regulations and requirements. Changes in regulations and requirements applicable to our products may increase our cost of sales. For instance, a volume-based duty at S\$0.10 per litre was introduced on automotive diesel, industrial diesel and the diesel component in biodiesel which took effect from 20 February 2017.

Please refer to the section entitled "Risk Factors" of this Offer Document for a more comprehensive discussion of other factors which may affect our business operations and financial performance.

Gross profit and gross profit margin

Our gross profit was determined after deducting cost of sales from our revenue. Accordingly, our gross profit margins based on the Audited Combined Financial Statements were approximately 18.4%, 29.2% and 32.5% in FY2014, FY2015 and FY2016 respectively. Our pro forma gross profit margins based on the Unaudited Pro Forma Combined Financial Information were approximately 25.3%, 38.9% and 42.7% in FY2014, FY2015 and FY2016 respectively.

Other gains

Our other gains comprise mainly gain on disposal of a motor vehicle.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income

Our other income comprises mainly rental income, recovery of costs and sundry income.

The following table sets out a breakdown of our other income in FY2014, FY2015 and FY2016, based on the Audited Combined Financial Statements:

Other income	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Rental income	265	19.1	263	48.3	268	83.5
Recovery of costs	1,071	77.2	213	39.0	–	–
Sundry income	52	3.7	69	12.7	53	16.5
Total other income	1,388	100.0	545	100.0	321	100.0

Rental income arises mainly from the subletting of part of our premises at 50 Old Toh Tuck Road to unrelated third party operators to provide a variety of ancillary services such as car workshop, car wash and convenience store, and rental of motor vehicles to Sembas and Gasmart.

Recovery of costs arises from reimbursement by Trans-cab of a subsidy provided to drivers of the Trans-cab Group whereby drivers of its fleet of CNG-powered taxis who purchase CNG at our fuel station at 50 Old Toh Tuck Road are offered a subsidy to offset the excise duty of S\$0.20 per kg imposed on CNG. The reimbursement of the subsidy was discontinued at the request of Trans-Cab since 1 July 2015. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions – Reimbursement by Trans-cab Group of subsidy pertaining to the sale of CNG by Union Gas to the taxi drivers under the Trans-cab Group" of this Offer Document for further details of the aforesaid arrangement with Trans-cab.

Sundry income comprises mainly sale of non-refundable smart stored value cards for use in our fuel station at 50 Old Toh Tuck Road, government grant income, and service and conservancy fees charged to a tenant who leases part of our premises at 50 Old Toh Tuck Road.

Other income amounted to approximately S\$1.39 million, S\$0.55 million and S\$0.32 million in FY2014, FY2015 and FY2016 respectively.

Pursuant to the Business Rationalisation, under the IT Infrastructure Pro Forma Effects, the service fees charged by our Group to Sembas for provision of IT Infrastructure services are accounted for under sundry income. The following table sets out a breakdown of our pro forma other income in FY2014, FY2015 and FY2016:

Pro forma other income	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Rental income	265	15.9	263	37.0	268	54.5
Recovery of costs	1,071	64.2	213	30.0	–	–
Sundry income	333	19.9	234	33.0	224	45.5
Total pro forma other income	1,669	100.0	710	100.0	492	100.0

Pro forma other income amounted to approximately S\$1.67 million, S\$0.71 million and S\$0.49 million in FY2014, FY2015 and FY2016 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Marketing and distribution costs

Our marketing and distribution costs comprise service charges, rental expense of motor vehicles, commission expense, depreciation expenses and other marketing and distribution costs.

The following table sets forth a breakdown of our marketing and distribution costs in FY2014, FY2015 and FY2016, based on the Audited Combined Financial Statements:

Marketing and distribution costs	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Service charges	3,656	61.8	4,066	64.9	4,191	66.0
Rental expenses of motor vehicles	1,534	25.9	1,408	22.5	1,115	17.6
Commission expenses	372	6.3	391	6.2	474	7.5
Depreciation expenses	–	–	–	–	142	2.2
Other marketing and distribution costs	350	6.0	401	6.4	422	6.7
Total marketing and distribution costs	5,912	100.0	6,266	100.0	6,344	100.0

Service charges comprise expenses charged by Sembas and Summit Gas for the delivery of our bottled LPG cylinders to domestic households, as prior to the Business Rationalisation, delivery of our bottled LPG cylinders to domestic households were carried out by Sembas and Summit Gas.

Rental expenses of motor vehicles comprise rental of motor vehicles from Semgas and Gasmart for transport of our products.

Commission expenses comprise sales commission paid for sale of LPG-related accessories and household products.

Depreciation expenses comprise depreciation of our motor vehicles, which were purchased from Semgas in October 2016. We did not own any motor vehicles in relation to our Retail LPG Business prior to October 2016.

Other marketing and distribution costs comprise advertising expenses, insurance, customer acquisition costs, entertainment expenses, marketing expenses, freight charges, upkeep of motor vehicles and transportation expenses for the transport of diesel.

Total marketing and distribution costs amounted to approximately S\$5.91 million, S\$6.27 million and S\$6.34 million and accounted for approximately 13.3%, 17.8% and 17.8% of our revenue in FY2014, FY2015 and FY2016 respectively.

Pursuant to the Business Rationalisation, under the Motor Vehicles Pro Forma Effects, depreciation charges of the motor vehicles in relation to our Retail LPG Business are accounted for accordingly under depreciation expenses, while insurance and road tax, and servicing costs of

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

these motor vehicles are accounted for under other marketing and distribution costs. Pro forma adjustments related to the reversal of rental charges of the motor vehicles paid by our Group in FY2014, FY2015 and FY2016 have been made accordingly under rental expenses of motor vehicles. In addition, under the Shared Services Pro Forma Effects, advertising expenses incurred as part of the Shared Services are accounted for under other marketing and distribution costs.

The following table sets forth a breakdown of our pro forma marketing and distribution costs in FY2014, FY2015 and FY2016:

Pro forma marketing and distribution costs	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Service charges	3,656	61.4	4,066	71.1	4,191	68.3
Rental expenses of motor vehicles	–	–	72	1.3	144	2.3
Commission expenses	372	6.3	391	6.8	474	7.7
Depreciation expenses	1,154	19.4	303	5.3	440	7.2
Other marketing and distribution costs	768	12.9	885	15.5	887	14.5
Total pro forma marketing and distribution costs	5,950	100.0	5,717	100.0	6,136	100.0

Total pro forma marketing and distribution costs amounted to approximately S\$5.95 million, S\$5.72 million and S\$6.14 million and accounted for approximately 13.4%, 16.3% and 17.2% of our revenue in FY2014, FY2015 and FY2016 respectively.

Administrative expenses

Our administrative expenses comprise printing and stationery expenses, communication expenses, licence fees, bank charges, subscription fees, depreciation expenses, employee compensation and other administrative expenses.

The following table sets forth a breakdown of our administrative expenses in FY2014, FY2015 and FY2016, based on the Audited Combined Financial Statements:

Administrative expenses	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Printing and stationery expenses	219	35.7	206	36.5	143	18.2
Communication expenses	82	13.4	62	11.0	77	9.8
Licence fees	69	11.2	36	6.4	17	2.2
Bank charges	51	8.3	56	9.9	39	5.0
Subscription fees	45	7.3	45	7.9	47	6.0
Depreciation expenses	21	3.4	9	1.6	55	7.0
Employee compensation	–	–	–	–	216	27.6
Other administrative expenses	127	20.7	151	26.7	190	24.2
Total administrative expenses	614	100.0	565	100.0	784	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Printing and stationery expenses comprise mainly expenses incurred in printing of marketing materials such as flyers, vouchers and calendars. Printing and stationery expenses accounted for 35.7%, 36.5% and 18.2% of our administrative expenses in FY2014, FY2015 and FY2016 respectively.

Communication expenses comprise mainly purchase of ancillary communication equipment for use in our Retail LPG Business and telecommunication charges. Communication expenses accounted for 13.4%, 11.0% and 9.8% of our administrative expenses in FY2014, FY2015 and FY2016 respectively.

Licence fees comprise mainly fees paid for subletting part of our premises at 50 Old Toh Tuck Road and fees paid for renewal of transport licences and HazMat transport driver permits.

Bank charges comprise mainly charges for guarantees provided by a bank.

Subscription fees comprise fees paid for IT services in relation to our CNG Business and Diesel Business.

Depreciation expenses comprise depreciation charges for motor vehicles, office equipment, and furniture and fittings.

Employee compensation comprises mainly salaries, bonuses and other staff-related expenses of some of our employees (including our Executive Director and CEO, Alexis Teo) involved in administrative functions, who were transferred from the UEC Group in October 2016. Prior to the Business Rationalisation, the administrative functions of our Group was provided by the UEC Group.

Other administrative expenses comprise mainly insurance relating to our CNG Business and Diesel Business, repair and maintenance expenses, professional fees, and rental of motor vehicles relating to our CNG Business and Diesel Business from Semgas and Choon Hin.

Total administrative expenses amounted to approximately S\$0.61 million, S\$0.57 million and S\$0.78 million and accounted for approximately 1.4%, 1.6% and 2.2% of our revenue in FY2014, FY2015 and FY2016 respectively.

Pursuant to the Business Rationalisation:

- (i) under the Motor Vehicles Pro Forma Effects, depreciation charges of the motor vehicles in relation to the CNG Business and Diesel Business are accounted for accordingly under depreciation expenses, while insurance, road tax and servicing costs of these motor vehicles are accounted for under other administrative expenses. Pro forma adjustments related to the reversal of rental charges of the motor vehicles paid by our Group in FY2014, FY2015 and FY2016 have been made accordingly under other administrative expenses;
- (ii) under the Premises Rental Pro Forma Effects, rental expenses are accounted for under other administrative expenses;
- (iii) under the Shared Services Pro Forma Effects, costs for the Shared Services relating mainly to staff costs of administrative staff involved in the provision of Shared Services to our Group are accounted for under employee compensation;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (iv) under the Office Renovation Pro Forma Effects, depreciation charges for office renovation are accounted for accordingly under depreciation expenses; and
- (v) under the IT Infrastructure Pro Forma Effects, depreciation charges for the IT Infrastructure are accounted for accordingly under depreciation expenses, while maintenance expenses are accounted for under other administrative expenses.

The following table sets forth a breakdown of our pro forma administrative expenses in FY2014, FY2015 and FY2016:

Pro forma administrative expenses	FY2014		FY2015		FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%
Printing and stationery expenses	219	11.4	206	9.9	143	6.4
Communication expenses	82	4.3	62	3.0	77	3.5
Licence fees	69	3.6	36	1.7	17	0.8
Bank charges	51	2.6	56	2.7	39	1.8
Subscription fees	45	2.3	45	2.2	47	2.1
Depreciation expenses	351	18.2	179	8.6	207	9.3
Employee compensation	868	45.0	1,219	58.6	1,345	60.7
Other administrative expenses	243	12.6	276	13.3	342	15.4
Total pro forma administrative expenses	1,928	100.0	2,079	100.0	2,217	100.0

Total pro forma administrative expenses amounted to approximately S\$1.93 million, S\$2.08 million and S\$2.22 million and accounted for approximately 4.3%, 5.9% and 6.2% of our revenue in FY2014, FY2015 and FY2016 respectively.

Finance costs

Our finance costs comprise interest expenses on a bank loan which amounted to approximately S\$58,000, S\$54,000 and S\$42,000 in FY2014, FY2015 and FY2016 respectively.

Other losses

Our other losses comprise mainly allowance for impairment of trade and other receivables, bad debts written-off, net foreign exchange losses and loss on disposal of equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets forth our other losses in FY2014, FY2015 and FY2016:

Other losses	FY2014	FY2015	FY2016
	S\$'000	S\$'000	S\$'000
Allowance for impairment of trade and other receivables	4	5	13
Bad debts written-off	–	2	1
Net foreign exchange losses	52	59	20
Loss on disposal of plant and equipment	–	125	–
Total other losses	56	191	34

Allowance for impairment of trade and other receivables arise from amounts uncollectible from trade debtors and other receivables.

Bad debts written-off arise from amounts uncollectible from other debtors.

Foreign exchange losses arise due to fluctuations in foreign currencies relating to our purchases.

The loss on disposal of plant and equipment arises mainly due to disposal of CNG dispensers at our fuel station at 50 Old Toh Tuck Road when we converted part of the fuel station from distribution of CNG to distribution of diesel.

We recorded other losses of approximately S\$56,000, S\$191,000 and S\$34,000 in FY2014, FY2015, FY2016 respectively.

Income tax expense

We are subject to income tax at the applicable tax rate in Singapore. The statutory tax rate in Singapore for the Period under Review was 17.0%.

Our income tax expense was approximately S\$0.56 million, S\$0.74 million and S\$0.79 million for FY2014, FY2015 and FY2016 respectively. Our effective income tax rate was approximately 19.0%, 19.9% and 16.6% in FY2014, FY2015 and FY2016 respectively. Our effective income tax rate in FY2014 and FY2015 was slightly higher than the statutory tax rate mainly due to depreciation charges which are non-deductible for tax purposes. Our effective income tax rate for FY2016 was lower than the statutory tax rate mainly due to tax deductions claimed under the Productivity and Innovative Credit Scheme (“**PIC Scheme**”). Under the PIC Scheme, companies can claim additional tax deductions on qualifying expenditure incurred in innovative and productivity improvements.

Our pro forma income tax expense was approximately S\$0.90 million, S\$1.19 million and S\$1.23 million for FY2014, FY2015 and FY2016 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF RESULTS OF OPERATIONS

FY2015 compared to FY2014

Revenue

Our revenue decreased by approximately S\$9.32 million or 21.0% from S\$44.45 million in FY2014 to S\$35.13 million in FY2015, mainly due to a decrease in revenue from our Retail LPG Business and CNG Business. This was partially offset by maiden contribution from our Diesel Business which commenced in August 2015.

Retail LPG Business

The revenue from our Retail LPG Business decreased by approximately S\$3.28 million or 13.2% from S\$24.77 million in FY2014 to S\$21.49 million in FY2015. The decrease was mainly due to the decrease in (i) the average selling price of our bottled LPG cylinders by approximately 12.3% in FY2015 compared to FY2014 which reflected the decrease in our cost of purchase of bottled LPG cylinders arising from decrease in Saudi Aramco Contract Prices; and (ii) our sales volume by approximately 2.0% from approximately 9.81 million kg in FY2014 to approximately 9.62 million kg in FY2015 as a result of competition from other domestic bottled LPG cylinder dealers.

CNG Business

The revenue from our CNG Business decreased by approximately S\$6.76 million or 34.3% from S\$19.68 million in FY2014 to S\$12.92 million in FY2015. The decrease was mainly due to the decrease in (i) the average selling price of our CNG by approximately 18.8% in FY2015 compared to FY2014 which reflected the decrease in our cost of purchase of natural gas arising from decrease in HSFO prices; and (ii) our sales volume by approximately 19.2% from approximately 13.15 million kg in FY2014 to approximately 10.63 million kg in FY2015 as a result of the decrease in the number of NGVs in Singapore.

Diesel Business

We recognised revenue of approximately S\$0.72 million for our Diesel Business in 2015, which commenced operations in August 2015.

Cost of sales

Our cost of sales decreased by approximately S\$11.39 million or 31.4% from S\$36.26 million in FY2014 to S\$24.87 million in FY2015. This was mainly due to a decrease in:

- (i) direct materials costs by approximately S\$10.40 million arising from lower volume of bottled LPG cylinders and natural gas purchased and a decrease in average cost of purchase of (a) bottled LPG cylinders by approximately 20.2% in FY2015 compared to FY2014 due to decrease in Saudi Aramco Contract Prices, and (b) natural gas by approximately 40.9% in FY2015 compared to FY2014 due to decrease in HSFO prices; and

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- (ii) overhead costs by approximately S\$1.00 million mainly due to a decrease in (a) depreciation expenses of our fuel station by approximately S\$0.33 million following the revision in the estimated useful life of leasehold land and building, and plant and equipment from 8 years to 14 years arising from conversion of part of the fuel station from distribution of CNG to distribution of diesel in August 2015; (b) utilities expenses by approximately S\$0.20 million as a result of lower rates charged by the supplier; and (c) custom and excise duty imposed by the Singapore government on sale of CNG by S\$0.45 million as a result of the decrease in CNG sales volume.

Gross profit

Our gross profit increased by approximately S\$2.07 million or 25.3% from S\$8.19 million in FY2014 to S\$10.26 million in FY2015. Our gross profit margin increased from approximately 18.4% in FY2014 to approximately 29.2% in FY2015.

The increase in gross profit margin was mainly due to the decline in our purchase costs of bottled LPG cylinders and natural gas out-pacing the decline in our average selling price of bottled LPG cylinders and CNG to customers.

Other Income

Our other income decreased by approximately S\$0.84 million or 60.7% from S\$1.39 million in FY2014 to S\$0.55 million in FY2015. The decrease in other income was mainly due to the decrease in recovery of cost of S\$0.86 million arising from the discontinuation, at the request of Trans-cab since 1 July 2015, of reimbursement of the subsidy offered to drivers of the Trans-cab Group to offset the excise duty of S\$0.20 per kg imposed on CNG.

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately S\$0.35 million or 6.0% from S\$5.91 million in FY2014 to S\$6.27 million in FY2015. The increase was mainly due to the increase in service charges of S\$0.41 million arising from increase in expenses charged by Sembas and Summit Gas for the delivery of our bottled LPG cylinders to domestic households as a result of higher costs incurred by Sembas and Summit Gas. The increase in marketing and distribution costs was partially offset by the decrease in rental expenses of motor vehicles of S\$0.13 million arising from streamlining of operations of the Retail LPG Business to improve efficiency of distribution of bottled LPG cylinders.

Administrative Expenses

Our administrative expenses decreased by approximately S\$0.05 million or 8.0% from S\$0.61 million in FY2014 to S\$0.57 million in FY2015. The decrease was mainly due to the decrease in (i) depreciation of S\$0.01 million, (ii) printing and stationery expenses of S\$0.01 million, (iii) communication expenses of S\$0.02 million, and (iv) licence fee of S\$0.03 million. This was partially offset by the increase in other administrative expenses of approximately S\$0.02 million.

Finance Costs

Our finance costs decreased by approximately S\$4,000 or 6.9% from S\$58,000 in FY2014 to S\$54,000 in FY2015, mainly due to a decrease in the level of bank borrowing during FY2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other Losses

Our other losses increased by approximately S\$0.14 million or 241.1% from a loss of approximately S\$0.06 million in FY2014 to a loss of approximately S\$0.19 million in FY2015 mainly due to loss on disposal of equipment of approximately S\$0.13 million in FY2015 arising from the disposal of CNG dispensers at our fuel station at 50 Old Toh Tuck Road when we converted part of the fuel station from distribution of CNG to distribution of diesel, whereas there was no such loss in FY2014.

Income Tax Expense

Our income tax expense increased by approximately S\$0.19 million or 33.2% from S\$0.56 million in FY2014 to S\$0.74 million in FY2015 mainly due to the higher profit before income tax achieved.

Profit, Net of Tax

As a result of the above, our profit after tax increased by approximately S\$0.61 million or 25.5% from S\$2.38 million in FY2014 to S\$2.99 million in FY2015.

Pro Forma Profit before Income Tax ("Pro Forma PBT")

Despite a 21.0% decline in pro forma revenue, our Pro Forma PBT increased by approximately S\$1.41 million or 28.6% from S\$4.94 million in FY2014 to S\$6.35 million in FY2015, which is mainly attributable to:

- (i) the increase in gross profit by approximately S\$2.42 million mainly due to (a) the decline in our purchase costs of bottled LPG cylinders and natural gas out-pacing the decline in our average selling price of the bottled LPG cylinders and CNG to customers, (b) the decrease in depreciation expense of our fuel station following the revision in the estimated useful life of leasehold land and building, and plant and equipment from 8 years to 14 years arising from conversion of part of the fuel station from distribution of CNG to distribution of diesel in August 2015, (c) the decrease in custom and excise duty as a result of the decrease in CNG sales volume, and (d) the decrease in utilities expenses as a result of lower rates charged by the supplier; and
- (ii) the decrease in depreciation for motor vehicles and IT Infrastructure by S\$1.02 million.

This is partially offset by (i) the increase in other losses by approximately S\$0.14 million, (ii) the increase in employee compensation by approximately S\$0.35 million, (iii) the decrease in recovery of cost by S\$0.86 million arising from the discontinuation, at the request of Trans-cab since 1 July 2015, of reimbursement of the subsidy offered to drivers of the Trans-cab Group to offset the excise duty of S\$0.20 per kg imposed on CNG, and (iv) the increase in service charges of S\$0.41 million for the delivery of our bottled LPG cylinders to domestic households.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2016 compared to FY2015

Revenue

Our revenue increased by approximately S\$0.60 million or 1.7% from S\$35.13 million in FY2015 to S\$35.73 million in FY2016, mainly due to an increase in revenue from our Diesel Business, which was partially offset by a decrease in revenue from our Retail LPG Business and CNG Business.

Retail LPG Business

The revenue from our Retail LPG Business decreased by approximately S\$0.25 million or 1.2% from S\$21.49 million in FY2015 to S\$21.24 million in FY2016. The decrease was mainly due to the decrease in (i) the average selling price of our bottled LPG cylinders by approximately 1.9% in FY2016 compared to FY2015 which reflected the decrease in our cost of purchase of bottled LPG cylinders arising from a decrease in the Saudi Aramco Contract Prices; and (ii) sales volume by approximately 0.6% from 9.62 million kg in FY2015 to approximately 9.56 million kg in FY2016 as a result of competition from other domestic bottled LPG cylinder dealers.

CNG Business

The revenue from our CNG Business decreased by approximately S\$3.51 million or 27.2% from S\$12.92 million in FY2015 to S\$9.41 million in FY2016. The decrease was mainly due to the decrease in (i) the average selling price of our CNG by approximately 3.8% in FY2016 compared to FY2015 which reflected the decrease in our cost of purchase of natural gas arising from decrease in HSFO prices; (ii) sales volume by approximately 24.3% from approximately 10.63 million kg in FY2015 to approximately 8.04 million kg in FY2016 as a result of the continuing decrease in the number of NGVs in Singapore.

Diesel Business

The revenue from our Diesel Business increased by approximately S\$4.36 million or 609.5% from S\$0.72 million in FY2015 to S\$5.07 million in FY2016. The increase was mainly due to the increase in sales volume by approximately 729.3% from approximately 1.04 million litres in FY2015 to approximately 8.63 million litres in FY2016 arising from full year of diesel sales in FY2016 compared to five (5) months of diesel sales in FY2015 as the Diesel Business commenced in August 2015. This was partially offset by a decrease in selling price by approximately 14.4% in FY2016 compared to FY2015 as a result of the decrease in our cost of purchase of diesel arising from decrease in international oil prices.

Cost of Sales

Our cost of sales decreased by approximately S\$0.74 million or 3.0% from S\$24.87 million in FY2015 to S\$24.13 million in FY2016. This was mainly due to a decrease in:

- (i) direct materials costs by approximately S\$0.01 million arising from lower volume of bottled LPG cylinders and natural gas purchased; and a decrease in the average cost of purchase of (a) bottled LPG cylinders by approximately 6.2% in FY2016 compared to FY2015, and

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(b) natural gas by approximately 23.4% in FY2016 compared to FY2015. This was partially offset by the increase in cost of purchase of diesel arising from higher volume of diesel purchased; and

- (ii) overhead costs by approximately S\$0.75 million mainly due to the decrease in (a) depreciation expense of our fuel station by approximately S\$0.48 million following the revision in the estimated useful life of leasehold land and building, and plant and equipment from eight (8) years to 14 years arising from conversion of part of the fuel station from distribution of CNG to distribution of diesel in August 2015, (b) utilities expenses by approximately S\$0.10 million as a result of lower consumption of electricity, and (c) custom and excise duty by approximately S\$0.50 million as a result of the decrease in CNG sales volume. This was partially offset by an increase in expenses of approximately S\$0.19 million charged by Sembas and Summit Gas for the provision of services relating to our CNG Business and Diesel Business.

Gross profit

Our gross profit increased by approximately S\$1.34 million or 13.0% from S\$10.26 million in FY2015 to S\$11.60 million in FY2016. Our gross profit margin increased from approximately 29.2% in FY2015 to approximately 32.5% in FY2016.

The increase in gross profit margin was mainly due to the decline in our purchase costs of bottled LPG cylinders and natural gas out-pacing the decline in our average selling price of bottled LPG cylinders and CNG to customers.

Other Gains

Our other gains of S\$0.03 million in FY2016 comprise mainly gain on disposal of a motor vehicle, while there was no such gain on disposal of motor vehicle in FY2015.

Other Income

Our other income decreased by approximately S\$0.22 million or 41.1% from S\$0.55 million in FY2015 to S\$0.32 million in FY2016. The decrease in other income was mainly due to the absence of recovery of costs arising from the discontinuation, at the request of Trans-cab since 1 July 2015, of reimbursement of the subsidy offered to drivers of the Trans-cab Group to offset the excise duty of S\$0.20 per kg imposed on CNG.

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately S\$0.08 million or 1.2%, from S\$6.27 million in FY2015 to S\$6.34 million in FY2016. The increase was mainly due to the increase in (i) service charges of S\$0.13 million arising from increase in expenses charged by Sembas and Summit Gas for the delivery of our bottled LPG cylinders to domestic households in the last quarter of FY2016 as a result of higher costs incurred by Sembas and Summit Gas; (ii) depreciation of motor vehicles of S\$0.14 million as a result of purchase of motor vehicles from Semgas in October 2016 while there was no such depreciation expenses in FY2015; and (iii) insurance expenses of S\$0.10 million.

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The increase in marketing and distribution costs was partially offset by the decrease in rental expenses of motor vehicles of S\$0.29 million, as we purchased our own motor vehicles in October 2016.

Administrative Expenses

Our administrative expenses increased by approximately S\$0.22 million or 38.8% from S\$0.57 million in FY2015 to S\$0.78 million in FY2016. The increase was mainly due to the increase in (i) employee compensation of S\$0.22 million arising from the transfer of some of our employees (including our Executive Director and CEO, Alexis Teo) involved in administrative functions from the UEC Group in October 2016, while there were no such expenses in FY2015 as prior to October 2016, the administrative functions of our Group was provided by the UEC Group; and (ii) other administrative expenses of approximately S\$0.04 million. The increase in administrative expenses was partially offset by the decrease in printing and stationery expenses of S\$0.06 million.

Finance Costs

Our finance costs decreased by approximately S\$12,000 or 22.2% from S\$54,000 in FY2015 to S\$42,000 in FY2016, mainly due to a decrease in the level of bank borrowing during FY2016.

Other Losses

Our other losses decreased by approximately S\$0.16 million or 82.2% from a loss of S\$0.19 million in FY2015 to a loss of S\$0.03 million in FY2016 mainly due to (i) the absence of loss on disposal of equipment in FY2016, while in FY2015, there was a loss on disposal of equipment of S\$0.13 million arising from the disposal of CNG dispensers at our fuel station at 50 Old Toh Tuck Road when we converted part of the fuel station from distribution of CNG to distribution of diesel; and (ii) the decrease in net foreign exchange losses of S\$0.04 million.

Income Tax Expense

Our income tax expense increased by approximately S\$0.05 million or 6.2% from S\$0.74 million in FY2015 to S\$0.79 million in FY2016, mainly due to the higher profit before income tax achieved.

Profit, Net of Tax

As a result of the above, our profit after tax increased by approximately S\$0.97 million or 32.5% from S\$2.99 million in FY2015 to S\$3.96 million in FY2016.

Pro Forma Profit before Income Tax ("Pro Forma PBT")

Our Pro Forma PBT increased by approximately S\$0.99 million or 15.6% from S\$6.35 million in FY2015 to S\$7.34 million in FY2016, which is mainly attributable to:

- (i) the increase in gross profit by approximately S\$1.57 million due to (a) the decline in our purchase costs of bottled LPG cylinders out-pacing the decline in our average selling price of bottled LPG cylinders, (b) the increase in sales of diesel, (c) the decrease in depreciation expense of our fuel station following the revision in the estimated useful life of leasehold land and building, and plant and equipment from eight (8) years to 14 years arising from

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conversion of part of the fuel station from distribution of CNG to distribution of diesel in August 2015, (d) the decrease in custom and excise duty as a result of the decrease in CNG sales volume, and (e) partially offset by the decrease in sales of CNG; and

- (ii) the decrease in other losses by approximately S\$0.16 million.

This is partially offset by (i) the absence of recovery of costs in FY2016 arising from the discontinuation, at the request of Trans-cab since 1 July 2015, of reimbursement of the subsidy offered to drivers of the Trans-cab Group to offset the excise duty of S\$0.20 per kg imposed on CNG, while there was such recovery of costs in FY2015 of approximately S\$0.21 million, (ii) the increase in service charges of S\$0.13 million for delivery of our bottled LPG cylinders to domestic households, (iii) the increase in depreciation expense of motor vehicles of S\$0.14 million, and (iv) the increase in employee compensation by S\$0.13 million.

REVIEW OF FINANCIAL POSITION

A review of our financial position as at 31 December 2016 is set out below:

Non-Current Assets

As at 31 December 2016, our non-current assets amounted to approximately S\$9.12 million, representing 45.4% of our total assets and comprised property, plant and equipment, which comprised mainly leasehold land and building of approximately S\$3.52 million, plant and equipment of approximately S\$1.03 million, and motor vehicles of approximately S\$4.57 million.

Current Assets

As at 31 December 2016, our current assets amounted to approximately S\$10.99 million, representing 54.6% of our total assets and comprised the following:

- (i) inventories of approximately S\$0.27 million, representing 2.5% of our current assets, which comprised LPG-related equipment of S\$0.23 million and diesel of S\$0.04 million;
- (ii) trade and other receivables of approximately S\$9.31 million, representing 84.7% of our current assets, which mainly comprised (a) trade receivables from third parties of S\$0.97 million, (b) trade receivables from Sembas and Summit Gas of S\$0.20 million, (c) other receivables from UEC of S\$7.93 million arising from transfer of funds to UEC for centralised cash management purpose, which has been settled as at the Latest Practicable Date, and (d) refundable deposits of S\$0.21 million;
- (iii) other assets of approximately S\$0.26 million, representing 2.4% of our current assets, which mainly comprised (a) prepayments of S\$0.10 million relating to insurance, road tax and listing expenses, and (b) deposits of S\$0.15 million placed to secure services relating mainly to renovation of premises, purchase of office equipment and software, and purchase of LPG-related accessories; and
- (iv) cash and cash equivalents of approximately S\$1.15 million, representing 10.4% of our current assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-Current Liabilities

As at 31 December 2016, our non-current liabilities amounted to approximately S\$1.20 million, representing 11.0% of our total liabilities and comprised the following:

- (i) deferred tax liabilities of approximately S\$0.42 million, representing 35.5% of our non-current liabilities;
- (ii) other financial liabilities of approximately S\$0.53 million, representing 43.9% of our non-current liabilities, which comprised the non-current portion of the bank loan; and
- (iii) provisions of approximately S\$0.25 million, representing 20.6% of our non-current liabilities, which comprised the dismantling and removal costs for our fuel station at 50 Old Toh Tuck Road upon the expiry of the lease.

Current Liabilities

As at 31 December 2016, our current liabilities amounted to approximately S\$9.63 million, representing 89.0% of our total liabilities and comprised the following:

- (i) income tax payable of approximately S\$0.58 million, representing 6.0% of our current liabilities;
- (ii) trade and other payables of approximately S\$8.44 million, representing 87.6% of our current liabilities, which comprised (a) trade payables due to third parties of S\$0.61 million relating mainly to purchase of diesel, (b) accrued liabilities of S\$1.69 million relating mainly to purchase of natural gas, customs and excise duties, accrued staff costs, marketing expenses and service charges, (c) other payables due to third parties of S\$0.32 million mainly relating to outstanding balance of smart stored value card top-up by customers, (d) other payables due to Semgas and Choon Hin of S\$2.99 million relating to purchase and rental of motor vehicles, (e) amount due to UEC of S\$0.80 million in relation to acquisition of Union Energy and Union Gas, (f) amount payable to our Controlling Shareholder of S\$0.13 million relating to an advance given to our Company for working capital purposes, and (g) deposits received from our customers for the supply of bottled LPG cylinders of S\$1.87 million; and
- (iii) other financial liabilities of S\$0.62 million, representing 6.4% of our current liabilities, which comprised the current portion of the bank loan.

Equity Attributable to Owners of Our Company

As at 31 December 2016, equity attributable to owners of our Company amounted to approximately S\$9.29 million and comprised share capital of S\$10.00 million, retained earnings of approximately S\$1.09 million and negative merger reserve of approximately S\$1.80 million.

LIQUIDITY AND CAPITAL RESOURCES

During the Period under Review, we have financed our working capital, capital expenditure and other capital requirements through a combination of funds generated from our operating activities, shareholders' equity and bank borrowing.

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With regard to our liquidity and capital resources, we would like to highlight the following:

- (i) in FY2016, our Group generated net cash flows from operating activities amounting to approximately S\$4.48 million;
- (ii) as at 31 December 2016, our Group had net working capital of approximately S\$1.41 million;
- (iii) as at 31 December 2016, our Group was in a net cash position with cash and cash equivalents of approximately S\$1.15 million and bank borrowing of approximately S\$1.15 million; and
- (iv) as at 31 December 2016, our Group had unutilised banking facilities of approximately S\$6.30 million.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details of our cash and credit facilities as at the Latest Practicable Date.

Our Directors are of the opinion that, after taking into account the cash flows generated from our operations, our available banking facilities and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

After having made due and careful enquiry, taking into account the cash flows generated from our Group's operations, our Group's available banking facilities and our Group's existing cash and cash equivalents, the Sponsor is of the reasonable opinion that the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

We set out below a summary of our Group's combined statements of cash flows for FY2014, FY2015 and FY2016. The following summary of combined statements of cash flows should be read in connection with the full text of this Offer Document, including the Audited Combined Financial Statements and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively.

S\$'000	←————— Audited —————→			Unaudited
	FY2014	FY2015	FY2016	Pro Forma FY2016
Net cash flows from operating activities	3,808	3,692	4,483	4,483
Net cash flows from/(used in) investing activities	1,886	(1,193)	(6,851)	(6,851)
Net cash flows used in financing activities	(2,714)	(2,539)	(642)	(642)
Net increase/(decrease) in cash and cash equivalents	2,980	(40)	(3,010)	(3,010)
Cash and cash equivalents at the beginning of financial year	1,219	4,199	4,159	4,159
Cash and cash equivalents at the end of financial year	4,199	4,159	1,149	1,149

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FY2014

Net cash flows from operating activities

In FY2014, we generated net cash flows of approximately S\$4.73 million from operating activities before changes in working capital.

Our net working capital outflows amounted to approximately S\$0.59 million. The net working capital outflow was mainly due to:

- (i) a decrease in trade and other payables of approximately S\$0.88 million which mainly consisted of (a) a decrease in accrued liabilities of S\$0.64 million, (b) a decrease in trade payables due to Sembas relating to purchase of bottled LPG cylinders of S\$0.41 million as we made payments in respect of a larger proportion of the trade payables, and (c) an increase in other payables due to Semgas, Gasmart and Choon Hin relating to rental of motor vehicles of S\$0.15 million; and
- (ii) an increase in other assets of approximately S\$0.04 million,

which was partially offset by:

- (i) a decrease in trade and other receivables of approximately S\$0.29 million which mainly consisted of (a) a decrease in trade receivables from third parties of S\$0.16 million as we received payment in respect of a larger proportion of our trade receivables, and (b) a decrease in other receivables of S\$0.11 million mainly due to refund of deposit from a service provider; and
- (ii) a decrease in inventories of approximately S\$0.04 million.

In FY2014, we paid income tax of approximately S\$0.34 million.

Overall, our net cash flows from operating activities in FY2014 amounted to approximately S\$3.81 million.

Net cash flows from investing activities

Net cash flows from investing activities amounted to approximately S\$1.89 million. This was mainly due to UEC returning funds of approximately S\$1.89 million to us which were previously transferred to UEC for centralised cash management purpose.

Net cash flows used in financing activities

Net cash flows used in financing activities amounted to approximately S\$2.71 million.

This was mainly due to:

- (i) payment of dividends amounting to approximately S\$2.08 million to UEC, the then shareholder of Union Energy and Union Gas;
- (ii) repayment of bank borrowing of approximately S\$0.58 million; and
- (iii) payment of interest on bank borrowing of approximately S\$0.06 million.

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FY2015

Net cash flows from operating activities

In FY2015, we generated net cash flows of approximately S\$5.30 million from operating activities before changes in working capital.

Our net working capital outflow amounted to approximately S\$0.94 million. The net working capital outflow was mainly due to:

- (i) an increase in inventories of approximately S\$0.17 million arising mainly from purchase of LPG-related accessories in December 2015;
- (ii) an increase in trade and other receivables of approximately S\$0.05 million which consisted of (a) an increase in trade receivables from third parties of S\$0.14 million, and (b) a decrease in trade receivables from Trans-cab of S\$0.10 million arising from the discontinuation, at the request of Trans-cab since 1 July 2015, of reimbursement of the subsidy offered to drivers of the Trans-cab Group to offset the excise duty of S\$0.20 per kg imposed on CNG; and
- (iii) a decrease in trade and other payables of approximately S\$0.78 million which consisted mainly of (a) a decrease in trade payables due to Sembas of S\$1.07 million as we made full repayment for purchase of bottled LPG cylinders, and (b) an increase in other payables due to Semgas relating to rental of motor vehicles of S\$0.30 million,

which was partially offset by a decrease in other assets of approximately S\$0.05 million.

In FY2015, we paid income taxes of approximately S\$0.66 million.

Overall, our net cash flows from operating activities in FY2015 amounted to approximately S\$3.69 million.

Net cash flows used in investing activities

Net cash flows used in investing activities amounted to approximately S\$1.19 million.

This was mainly due to (i) the renovation of the fuel station at 50 Old Toh Tuck Road and purchase of plant and equipment of approximately S\$0.67 million, (ii) the payment of differential in land premium of approximately S\$0.07 million, in connection to the commencement of our Diesel Business, and (iii) the transfer of funds to UEC of approximately S\$0.45 million for centralised cash management purposes.

Net cash flows used in financing activities

Net cash flows used in financing activities amounted to approximately S\$2.54 million.

This was mainly due to:

- (i) payment of dividends amounting to approximately S\$1.90 million to UEC, the then shareholder of Union Energy and Union Gas;
- (ii) repayment of bank borrowing of approximately S\$0.59 million; and
- (iii) payment of interest on bank borrowing of approximately S\$0.05 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2016

Net cash flows from operating activities

In FY2016, we generated net cash flows of approximately S\$5.85 million before changes in working capital.

Our net working capital outflow amounted to approximately S\$0.58 million. The net working capital outflow was mainly due to:

- (i) an increase in inventories of approximately S\$0.06 million;
- (ii) an increase in trade and other receivables of approximately S\$0.73 million which consisted of (a) an increase in trade receivables from third parties of S\$0.40 million, (b) an increase in trade receivables from Sembas and Summit Gas of S\$0.20 million relating to sale of diesel, and (c) an increase in refundable deposits of S\$0.13 million relating to deposits and advance payment paid to our suppliers; and
- (iii) an increase in other assets of approximately S\$0.20 million as a result of the increase in (a) prepayments of S\$0.10 million relating to listing expenses and road tax, and (b) deposits placed to secure services of S\$0.11 million,

which was partially offset by an increase in trade and other payables of approximately S\$0.41 million which consisted mainly of (a) an increase in trade payables due to third parties of S\$0.45 million relating to increase in higher volume of diesel purchased, (b) an increase in accrued liabilities of S\$0.45 million relating to purchase of natural gas and employee compensation, (c) an increase in other payables due to third parties of S\$0.13 million, (d) an amount payable to our Controlling Shareholder of S\$0.13 million which relates to an advance given to our Company for working capital purposes, while there was no such balance in FY2015, and (e) a decrease in other payables due to Semgas of S\$0.76 million.

In FY2016, we paid income tax of approximately S\$0.79 million.

Overall, our net cash flows from operating activities in FY2016 amounted to approximately S\$4.48 million.

Net cash flows used in investing activities

Net cash flows used in investing activities amounted to approximately S\$6.85 million.

This was mainly due to (i) the purchase of motor vehicles from third parties and Semgas of S\$1.53 million, (ii) the purchase of equipment of approximately S\$0.10 million, (iii) the renovation of our fuel station at 50 Old Toh Tuck Road of approximately S\$0.83 million, (iv) the payment of differential in land premium of S\$0.15 million arising from the conversion of a CNG dispenser to service industrial customers of our CNG business, and (v) the set-off of dividends declared of S\$4.27 million to UEC, the then shareholder of Union Energy and Union Gas against the balance due from UEC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash flows used in financing activities

Net cash flows used in financing activities amounted to approximately S\$0.64 million.

This was mainly due to:

- (i) repayment of bank borrowing of approximately S\$0.60 million; and
- (ii) payment of interest on bank borrowing of approximately S\$0.04 million.

CAPITAL EXPENDITURES, DIVESTMENTS AND COMMITMENTS

Capital Expenditures and Divestments

The material capital expenditures and divestments of our Group for the Period under Review and from 1 January 2017 to the Latest Practicable Date were as follows:

Capital Expenditures	FY2014	FY2015	FY2016	From 1 January 2017 to the Latest Practicable Date
	S\$'000	S\$'000	S\$'000	S\$'000
Leasehold land and buildings ⁽¹⁾	–	110	982	50
Plant and equipment ⁽²⁾	4	631	103	346
Motor vehicles ⁽³⁾	–	–	4,734	1,772
Total	4	741	5,819	2,168
Divestments				
Plant and equipment ⁽⁴⁾	–	125	–	43
Motor vehicles ⁽⁵⁾	–	–	12	257
Total	–	125	12	300

Notes:

- (1) This relates mainly to the payment of differential in land premium arising from conversion of part of our fuel station from distribution of CNG to distribution of diesel in FY2015 and conversion of a CNG dispenser to service industrial customers of our CNG Business in FY2016, and the renovation cost of fuel station in FY2015 and FY2016 and from 1 January 2017 to the Latest Practicable Date.
- (2) This relates mainly to the purchase of equipment for our fuel station at 50 Old Toh Tuck Road, computer, software and office equipment during the Period under Review and from 1 January 2017 to the Latest Practicable Date.
- (3) This relates to the purchase of motor vehicles from Semgas and Choon Hin and new motor vehicles from unrelated third parties in FY2016, and from 1 January 2017 to the Latest Practicable Date the purchase of motor vehicles from Semgas and new motor vehicles from unrelated third parties.
- (4) This relates mainly to the net book value of CNG dispensers disposed at our fuel station at 50 Old Toh Tuck Road when we converted part of the fuel station from distribution of CNG to distribution of diesel in FY2015, and mainly the net book value of Defu Lane Dispensers and related equipment disposed from 1 January 2017 to the Latest Practicable Date.
- (5) This relates mainly to the net book value of motor vehicles disposed to an unrelated third party in FY2016 and the net book value of motor vehicles disposed to Semgas and an unrelated third party from 1 January 2017 to the Latest Practicable Date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The above capital expenditures were financed by internally generated funds and bank borrowings.

Capital Commitments

As at the Latest Practicable Date, our Group has capital commitments of S\$0.43 million relating to the purchase of two (2) diesel tankers and IT equipment and software.

Operating Lease Commitments – Payables

Our operating lease commitments are in respect of:

- (i) our Group's corporate office, call centre and storage space. On 25 October 2016, our Company entered into a tenancy agreement with Sembas for the lease of the premises for our Group's use as our corporate office, call centre for our Retail LPG Business and general storage purposes. The lease commenced on 1 January 2017 and expired on 30 April 2017. On 25 April 2017, our Company entered into a new tenancy agreement with Sembas for a period of two (2) years commencing on 1 May 2017; and
- (ii) lease of two (2) residential units for housing of employees, with the leases expiring in December 2018.

Our operating lease commitments as at 31 December 2016 and the Latest Practicable Date are as follows:

	As at 31 December 2016 S\$'000	As at the Latest Practicable Date S\$'000
Not later than one (1) year	47	121
Later than one (1) year and not later than five (5) years	–	82
Total	47	203

Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for further details on our operating lease commitments in respect of our operating leases for premises.

Our Group expects to meet our operating lease commitments through internally generated funds.

Operating Lease Commitments – Receivables

We lease out part of our premises at 50 Old Toh Tuck Road to non-related third party operators under non-cancellable operating leases. The lessees are required to pay lease rentals which are subject to periodic rent revisions based on the terms of the lease agreements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our future minimum lease receivables under non-cancellable operating leases as at 31 December 2016 and the Latest Practicable Date are as follows:

	As at 31 December 2016 S\$'000	As at the Latest Practicable Date S\$'000
Not later than one (1) year	111	234
Later than one (1) year and not later than five (5) years	–	204
Total	111	438

Our operating lease receivables are negotiated for terms ranging from one (1) to two (2) years. The operating lease commitments estimated above are determined by using the revision rates as indicated in the lease agreements for the remaining lease term.

FOREIGN EXCHANGE MANAGEMENT

Accounting treatment of foreign currencies

The accounting records of our Group are maintained in S\$. Transactions in foreign currencies during the period are recorded in S\$ using exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into S\$ at exchange rates prevailing at that date. All resultant exchange differences are dealt with through the profit or loss.

Foreign exchange exposure

Our reporting currency is in S\$ and our operations are primarily carried out in Singapore. Our sales are largely denominated and transacted in S\$, while our purchases are largely denominated and transacted in S\$ and US\$. For FY2014, FY2015 and FY2016, the percentage of purchases denominated in S\$ and US\$ are set out below:

% of purchases denominated in	FY2014	FY2015	FY2016
S\$	53.4	66.2	80.2
US\$	46.6	33.8	19.8
	100.0	100.0	100.0

To the extent that our Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and the payment to suppliers, we will be exposed to foreign currency exchange gains or losses arising from transactions in currencies other than our reporting currency. Please refer to the section entitled "Risk Factors – We may be subject to risks arising from foreign exchange" of this Offer Document for more details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our net foreign exchange losses in FY2014, FY2015 and FY2016 are as follows:

	FY2014	FY2015	FY2016
Net foreign exchange losses (S\$'000)	52	59	20
As a percentage of profit before income tax (%)	1.8	1.5	0.4

At present, we do not have a formal hedging policy against foreign exchange exposure. We may, however, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations if we deem the foreign exchange risk to be significant.

In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit Committee will periodically review the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group.

SEASONALITY

Generally, our business is not subject to any significant seasonal fluctuations that will affect our operations and business. However, our revenue from the Retail LPG Business may not be uniform throughout the year due to periods such as Chinese New Year season, Hari Raya Puasa and Christmas.

INFLATION

During the Period under Review, our financial performance was not materially affected by inflation.

CHANGES IN ACCOUNTING POLICIES

There has been no change in our accounting policies for the Period under Review.

Please refer to the Audited Combined Financial Statements and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively for details on our Group's accounting policies.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Audited Combined Financial Statements and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

The following table shows our cash and cash equivalents as well as capitalisation and indebtedness of our Group:

- (i) based on our audited combined financial statements as at 31 December 2016;
- (ii) based on our unaudited combined financial statements as at 30 April 2017; and
- (iii) based on our unaudited combined financial statements as at 30 April 2017, and as adjusted for the net proceeds from the issue of the New Shares (“**As Adjusted**”).

	As at	As at 30 April 2017	
	31 December 2016	Unaudited	As Adjusted
	Audited	S\$’000	S\$’000
	S\$’000	S\$’000	S\$’000
Cash and Cash Equivalents	1,149	2,124	7,848
Indebtedness			
Current			
– secured and guaranteed	620	718	718
Non-current			
– secured and guaranteed	525	608	608
Total Indebtedness	1,145	1,326	1,326
Total Shareholders’ Equity	9,285	10,520	16,244
Total Capitalisation and Indebtedness	10,430	11,846	17,570

Save as disclosed in the section entitled “Share Capital” of this Offer Document, since 1 January 2017 and up to the Latest Practicable Date, there were no material changes in our total capitalisation and indebtedness except for changes in our retained earnings arising from day-to-day operations in the ordinary course of our business.

Cash and cash equivalents

As at 30 April 2017, we had cash and cash equivalents of approximately S\$2.12 million, which are placed with financial institutions.

CAPITALISATION AND INDEBTEDNESS

Indebtedness

As at 30 April 2017, we have total indebtedness of approximately S\$1.33 million, comprising a term loan of approximately S\$0.94 million and finance leases of approximately S\$0.39 million.

Term loan

As at 30 April 2017, we had an outstanding term loan from UOB of approximately S\$0.94 million which is secured by joint and several personal guarantees of Mr. Teo Kiang Ang and Alexis Teo, and the corporate guarantee provided by our Company. The term loan is repayable by equal monthly instalments over 5 years from November 2013 to October 2018.

Finance leases

Our finance lease relate to motor vehicles purchased under hire purchase financing. As at 30 April 2017, we had outstanding finance leases of approximately S\$0.39 million which are secured by joint and several personal guarantees of Mr. Teo Kiang Ang and Alexis Teo, and corporate guarantee provided by our Company.

For further details of the guarantees provided by Mr. Teo Kiang Ang, Alexis Teo and our Company, please refer to the section entitled “Interested Person Transactions – Present and Ongoing Interested Person Transactions – Provision of guarantees by Interested Persons” of this Offer Document.

Upon the listing of our Company on Catalist, we intend to request for a release and discharge of the personal guarantees provided by Mr. Teo Kiang Ang and Alexis Teo to the financial institution. Our Directors do not expect any material change in the terms and conditions of the relevant credit facilities arising from the discharge of the personal guarantees. Should the financial institution disagree with the release and we fail to secure alternative facilities on terms similar to those applicable to our existing facilities, Mr. Teo Kiang Ang and Alexis Teo have undertaken to continue the provision of the aforementioned personal guarantees.

Cash and Credit Facilities

As at the Latest Practicable Date, our total credit facilities for working capital purposes (utilised and unutilised) were as follows:

Type of facility	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rates	Maturity profile
Money market Loan ⁽¹⁾	2,000	–	2,000	1.5% + UOB's cost of funds	Up to 6 months
Performance and Financial Guarantee ⁽²⁾	6,325	3,411	2,914	–	Annual renewal
Total	8,325	3,411	4,914		

Notes:

1. Money market loan was granted to our Group by UOB.
2. The performance and financial guarantee was granted to our Group by UOB.

CAPITALISATION AND INDEBTEDNESS

As at the Latest Practicable Date, we had cash and cash equivalents of S\$5.07 million, which are placed with financial institutions.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position or financial results or business operations or the investments of our Shareholders.

Certain of our credit facilities as described in this section contain provisions which place restrictions on any change in shareholders or change in control of our Group. For instance, in relation to our banking facilities with UOB, we are required to seek UOB's prior written consent (which shall not be unreasonably withheld) in the event that we undertake or permit any reorganisation, amalgamation, reconstruction, take-over or have a substantial change of shareholders. As at the date of this Offer Document, our Group has, in anticipation of the Invitation and in connection with the Restructuring Exercise, obtained letters of consent in relation to such provisions from the financial institution which has provided such facilities.

Contingent liabilities

As at the Latest Practicable Date, we have contingent liabilities amounting to approximately S\$3.41 million arising from financial guarantees in favour of suppliers of natural gas and diesel, and financial guarantee in favour of the Singapore Customs in relation to excise duties on CNG.

Save as disclosed in this Offer Document, our Group has no other borrowings or indebtedness (direct or indirect) or liabilities (including contingent liabilities) as at the Latest Practicable Date.

GENERAL INFORMATION ON OUR GROUP

HISTORY AND DEVELOPMENT

Our history can be traced back to 1974 when our founder and Non-executive Chairman, Mr. Teo Kiang Ang commenced business as a sole proprietor under Choon Hin Company which carried out the retail of bottled LPG cylinders and household items out of a sundry shop located at Marine Terrace in Singapore.

In the 1980s, Mr. Teo Kiang Ang was first appointed as a dealer, and subsequently, one of the major LPG distributors for Caltex Singapore (“**Caltex**”) to distribute bottled LPG cylinders to domestic households. Mr. Teo Kiang Ang was also contracted to operate one of Caltex’s LPG storage depots, supplying to more than 50 dealers who in turn sold the bottled LPG cylinders to end consumers.

In 1997, Mr. Teo Kiang Ang ceased to distribute bottled LPG cylinders for Caltex and he began obtaining his supply of bottled LPG cylinders from SPC. Mr. Teo Kiang Ang subsequently expanded his business focus to include the distribution of bottled LPG cylinders to commercial and industrial customers.

In the early 2000s, Mr. Teo Kiang Ang embarked on a series of acquisitions of LPG businesses to enhance his LPG distribution network. In 2002, Mr. Teo embarked on a restructuring exercise to consolidate the LPG business under UEC. These LPG businesses were housed under seven (7) separate entities under UEC, namely Choon Hin, Excell Gas, Gasmart, Jurong Ind. LPG, Semgas, Sembas and Semgas Supply.

In 2008, UEC incorporated Union Energy to consolidate the distribution of bottled LPG cylinders to domestic households under a single entity.

In 2009, UEC, through its subsidiary Union Gas, saw the opportunity to promote green and sustainable energy and ventured into the CNG Business, building the then world’s largest CNG fuel station at 50 Old Toh Tuck Road to distribute CNG.

In 2013, Union Energy acquired a few small dealers of bottled LPG cylinders with an aggregate volume of approximately 120,000 kg per month.

In 2015, Union Gas ventured into the Diesel Business by converting some of the CNG dispensers at the fuel station at 50 Old Toh Tuck Road into diesel dispensers for the retail sale of diesel. Union Gas also ventured into the transport, distribution and bulk sale of diesel to commercial customers.

Our Company was incorporated on 3 October 2016 in Singapore under the Companies Act as a private limited company under the name of “Union Gas Holdings Pte. Ltd.”. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries, namely Union Energy and Union Gas. On 22 June 2017, our Company was converted into a public company limited by shares and we consequentially changed our name to “Union Gas Holdings Limited”. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

GENERAL INFORMATION ON OUR GROUP

OUR BUSINESS

We are an established provider of fuel products in Singapore with over 40 years of operating track record. Currently, our business can be categorised into the following three (3) segments:

- Retail LPG Business – we are engaged in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories to mainly domestic households in Singapore;
- CNG Business – we operate a fuel station at 50 Old Toh Tuck Road to produce, sell and distribute CNG primarily to NGVs and industrial customers for their commercial use; and
- Diesel Business – In addition to CNG, since August 2015, we sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road. We are also engaged in the transport, distribution and bulk sale of diesel to commercial customers.

We have also embarked on the distribution of health products and household products to domestic households in Singapore since March 2016 and April 2016 respectively as an ancillary business which complements our Retail LPG Business through the use of our existing distribution network and our fleet of more than 100 delivery vehicles.

Our revenue is substantially derived from our Retail LPG Business, which accounted for approximately 55.7%, 61.2% and 59.5% of our total revenue for FY2014, FY2015 and FY2016 respectively. Revenue from our CNG Business accounted for approximately 44.3%, 36.8% and 26.3% of our total revenue for FY2014, FY2015 and FY2016 respectively. Revenue from our Diesel Business accounted for approximately 2.0% and 14.2% of our total revenue for FY2015 and FY2016 respectively. Revenue from the distribution of the health products and the household products has not been significant for the Period under Review.

A. Retail LPG Business

We are primarily involved in the retail distribution of small cylinders and sale of LPG-related accessories, such as stoves, hoods, rubber hoses and regulators, to mainly domestic households in Singapore. We also sell small cylinders to dormitories and certain industrial customers which require small cylinders for their operations. From time to time, we also supply small cylinders for corporate and private events and functions.

The bottled LPG cylinders we retail comprise the standard 4.5 kg, 11 kg, 12.7 kg and 14 kg cylinders. Most of our sales pertain to the 12.7 kg cylinder.

Our bottled LPG cylinders are supplied by the UEC Group and are sold under the “Union” brand pursuant to the Dealership Agreement and the Trade mark Licence Agreement. Please refer to the section entitled “General Information on Our Group – Our Procurement Process” and “General Information on Our Group – Intellectual Property” of this Offer Document for more details.

We obtain our bottled LPG cylinders in bulk from the UEC Group’s Bottling Plant. The bottled LPG cylinders are collected by our drivers from the UEC Group’s storage depots for onward delivery by us to our customers.

Our customers consist mainly domestic households, comprising mostly matured and/or older estates and landed housing. We have a call centre that operates all year round where orders for bottled LPG cylinders and LPG-related accessories are taken.

GENERAL INFORMATION ON OUR GROUP

B. CNG Business

We operate a fuel station at 50 Old Toh Tuck Road for the production, sale and distribution of CNG, mainly to retail customers and industrial customers for their commercial use. The fuel station has 14 CNG dispensers with two (2) nozzles each. Our fuel station operates 24 hours a day and is open to the public.

Our supply of natural gas is transported through underground pipes to four (4) compressors located at our fuel station whereby the natural gas goes through a 3-stage compression process to become CNG with a final pressure of approximately 200 bar just prior to dispensing. Underground pipes will then transport the CNG from the compressors directly to the CNG dispensers.

The CNG dispensers at the fuel station can be activated using a smart stored value card purchased from the fuel station. Upon activation, the dispensers automatically dispense the desired amount of CNG through the nozzles with payment subsequently deducted from the smart card.

A significant portion of the revenue from our CNG Business is derived from the sales of CNG at our fuel station at 50 Old Toh Tuck Road to the taxi drivers under the Trans-cab Group who operate CNG-powered vehicles. The aggregate revenue from the sale of CNG to the taxi drivers under Trans-cab Group accounted for approximately 79.1%, 79.7% and 77.2% of the revenue for our CNG Business in FY2014, FY2015 and FY2016 respectively, and approximately 35.0%, 29.3% and 20.3% of our total revenue in FY2014, FY2015 and FY2016 respectively.

C. Diesel Business

In addition to the distribution of CNG, the fuel station at 50 Old Toh Tuck Road distributes diesel to retail customers. There are five (5) diesel dispensers with four (4) nozzles each. We have two (2) 20,000-litre underground diesel storage tanks which houses our diesel supply. Underground pipes will then transport the diesel from the diesel storage tanks directly to the diesel dispensers.

Similar to the CNG dispensers, the diesel dispensers can be activated using a smart stored value card purchased from the fuel station. Upon activation, the dispensers automatically dispense the desired amount of diesel through the nozzles with payment subsequently deducted from the smart card.

We are also engaged in the transport, distribution and bulk sale of diesel to commercial customers.

OUR PROCUREMENT PROCESS

There are four (4) personnel engaged in the procurement process, including and led by our Executive Director and CEO, Alexis Teo.

GENERAL INFORMATION ON OUR GROUP

A. Retail LPG Business

We procure bottled LPG cylinders from the UEC Group. We have entered into the Dealership Agreement with Summit Gas for the supply of bottled LPG cylinders on 1 April 2017. Pursuant to the Dealership Agreement, we have the right to market and sell bottled LPG cylinders on the terms and subject to the conditions of the Dealership Agreement. The salient terms of the Dealership Agreement are as follows:

- (a) The Dealership Agreement commenced on 1 April 2017 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 six (6) months.
- (b) Summit Gas and us shall agree in writing at the commencement of each consecutive period of one (1) year ("**Dealership Period**") during the term of the Dealership Agreement (the first of such period to commence on 1 April 2017) the minimum volume of bottled LPG cylinders (the "**Minimum Volume**") to be supplied by Summit Gas to us every month during the particular upcoming Dealership Period.

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.

- (c) If the Minimum Volume is not met by Summit Gas ("**Supplier Shortfall Quantity**") in a certain month, Summit Gas shall be invoiced for the Supplier Shortfall Quantity based on the difference between the price agreed with Summit Gas and the price paid to third party LPG suppliers by us for the Supplier Shortfall Quantity for the month.
- (d) If the Minimum Volume is not met by us (the "**Dealer Shortfall Quantity**") in a certain month, we shall compensate Summit Gas for the Dealer Shortfall Quantity for that particular month, with the value of compensation based on the Dealer Shortfall Quantity and the agreed price for the month and we will take delivery of the Dealer Shortfall Quantity.
- (e) The price for the supply of bottled LPG cylinders to us ("**Pricing Formula**") shall be based on the aggregate of (a) the Saudi Aramco Contract Price; (b) the premium that Summit Gas pays its third party LPG producers and suppliers such as SPC ("**LPG Suppliers Premium**"); and (c) the mark-up charged by Summit Gas, which takes into account various commercial factors such as material, manpower and logistics costs of Summit Gas ("**UEC Group Premium**"). For the first year from the date of the Dealership Agreement, the UEC Group Premium will be at a fixed rate agreed between Summit Gas and us. For subsequent years, subject to negotiation and agreement between Summit Gas and us after taking into account market conditions and pricing competitiveness vis-à-vis other bottled LPG brands in the same market segment, the UEC Group Premium for a particular year may increase or decrease compared to the prior year ("**% Change**"). In the event of an increase, the UEC Group Premium may increase by up to 20% over the preceding year's UEC Group Premium ("**% Increase**"). At the commencement of each Dealership Period during the term of the Dealership Agreement, Summit Gas and us shall agree in writing on the % Change of the UEC Group Premium.

GENERAL INFORMATION ON OUR GROUP

We market our bottled LPG cylinders under the “Union” brand. UEC entered into a Trade mark Licence Agreement with our Company to grant us a non-exclusive licence to use its registered and unregistered intellectual property rights. The Trade mark Licence Agreement was effective from 1 April 2017 and will continue for an unlimited duration until the earlier of (i) our Company notifying UEC that we wish to terminate the Trade mark Licence Agreement, (ii) Mr. Teo Kiang Ang and his Associates ceasing to be, directly or indirectly, a Controlling Shareholder and Director of our Company, or (iii) the date of which our Company ceases to be listed on Catalist. Please refer to the section entitled “General Information on Our Group – Intellectual Property” of this Offer Document for more details on the Trade mark Licence Agreement.

We are not precluded from purchasing bottled LPG cylinders from other third party suppliers other than the UEC Group.

We procure our LPG-related accessories from various suppliers. We have a computerised system which enables us to track our inventories and sales. Our procurement representative is responsible for placing orders with the suppliers to ensure that the requisite stock is replenished on a timely basis and negotiating the terms and pricing for these orders placed with our suppliers.

B. CNG Business

We procure natural gas from Pavilion Gas, a distributor of natural gas in Singapore. We have entered into the Gas Retail Agreement with Pavilion Gas on 21 February 2017, pursuant to which we have the right to buy natural gas from Pavilion Gas and sell them to our customers on the terms and subject to the conditions of the abovementioned Gas Retail Agreement. The Gas Retail Agreement shall expire on 31 May 2023, unless terminated earlier in accordance with the terms of the Gas Retail Agreement.

We are required to comply with the minimum annual purchases as agreed between us and Pavilion Gas. If we are unable to take delivery of the minimum annual quantity as agreed, we are required to pay Pavilion Gas for the shortfall. The purchase price of natural gas is based on a pricing which takes into account, amongst others, HSFO pricing, applicable transmission network charges and exchange rate.

We are not precluded from purchasing natural gas from other suppliers during the term of the Gas Retail Agreement.

C. Diesel Business

We procure diesel mainly from two (2) suppliers in Singapore to ensure that the requisite stock is replenished on a timely basis at our fuel station at 50 Old Toh Tuck Road. We have a computerised diesel monitoring system which allows us to monitor our diesel stock levels. With this system, we are able to ensure healthy levels of stock to meet our customers’ demand. Our procurement representative is also responsible for comparing the price quotations from suppliers for the purposes of purchasing the required stock.

In relation to bulk sales, our procurement representative would place orders with suppliers when there is demand from customers in relation thereto. Our procurement representative is also responsible for comparing the price quotations from suppliers for the purposes of purchasing the required stock.

GENERAL INFORMATION ON OUR GROUP

We have entered into the Petroleum Product Supply Agreement with SPC on 1 July 2016, pursuant to which we purchase diesel from SPC on the terms and subject to the conditions of the abovementioned Petroleum Product Supply Agreement. The abovementioned agreement has been renewed on 16 May 2017 and shall expire on 30 June 2018, unless terminated earlier in accordance with the terms of the Petroleum Product Supply Agreement. The price is subject to daily changes as SPC shall in its sole discretion determine.

We have entered into the Diesel Proposal for the supply of diesel and automotive diesel oil (10 ppm Sulfur) with ExxonMobil on 1 February 2016, pursuant to which ExxonMobil offers the supply of diesel (10 ppm Sulfur) and automotive diesel oil (10 ppm Sulfur) on a spot basis on the terms and subject to the conditions of the Diesel Proposal for the supply of diesel and automotive diesel oil. The Diesel Proposal for the supply of diesel and automotive diesel oil can be terminated with immediate effect at any time by either party. The price is subject to daily changes as ExxonMobil shall in its sole discretion determine.

We are not precluded from purchasing diesel from other suppliers during the term of the abovementioned agreements.

As at the Latest Practicable Date, our Group is not in breach of any terms or conditions or covenants of the abovementioned agreements. To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of any of the above agreements or non-renewal of these agreements with any of the suppliers.

SALES AND MARKETING

A. Retail LPG Business

As at the Latest Practicable Date, our sales and marketing team for the Retail LPG Business is headed by our Senior Manager (LPG), Sie Kok Khiam and comprises seven (7) sales personnel, covering different regions of Singapore.

Our sales and marketing team generates sales principally through: repeat customers and referrals by our existing customers. In order to further penetrate the market consisting of mainly domestic households, our sales and marketing team also organises road shows at housing estates, distributes marketing materials in the form of mailers and runs advertisement campaigns during the festive seasons, via television and radio commercials and newspaper advertisements.

We have also developed a mobile application "Fuel My Life", through which customers are able to place their orders for bottled LPG cylinders and LPG-related accessories.

We operate one (1) call centre which attends to customers' enquiries and complaints and takes orders for bottled LPG cylinders and LPG-related accessories. The call centre does not make sales-related calls.

As at the Latest Practicable Date, our call centre is manned by 36 personnel. The call centre operates all year round, from 7.00 a.m. to 8.00 p.m. on Mondays to Saturdays, and from 7.00 a.m. to 7.00 p.m. on Sundays and public holidays. Outside of these timings, there is a voicemail system for customers to leave messages which will be attended to by our call centre personnel the next day.

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We have a customised customer relationship management system which is linked to our customer database, and is able to identify the customer based on the caller-identification system. We have a database containing our customers' preferences and addresses. This database is linked to an auto-despatch system whereby an order which is keyed in is electronically despatched to our delivery personnel in the form of a short-message system to which they have to acknowledge receipt of.

B. CNG Business

We have a sales manager to oversee the overall sales of CNG at our fuel station at 50 Old Toh Tuck Road and he also maintains and manages our relationships with our industrial customers which use CNG for commercial purposes. Our customer base comprises mainly Trans-cab taxi drivers, walk-in customers and industrial customers. Our clientele consists of mainly repeat customers.

We offer discounts through our smart stored value cards to promote sales.

C. Diesel Business

We have a sales team consisting of two (2) sales personnel for our Diesel Business. The team sources for corporate customers to either supply diesel to their fleet of vehicles or to supply diesel in bulk for commercial or industrial purposes.

DISTRIBUTION NETWORK AND CAPABILITIES

We are one of the leading suppliers of bottled LPG cylinders to domestic households in Singapore. As at the Latest Practicable Date, we have a fleet of more than 100 delivery vehicles which deliver bottled LPG cylinders and LPG-related accessories island-wide. Our delivery vehicles are driven either by our employees or independent contractors (if any), who are paid sales commissions for the delivery of bottled LPG cylinders to our customers.

As of the Latest Practicable Date, we have a diesel tanker which we use to transport, distribute and sell diesel.

QUALITY ASSURANCE AND SAFETY CONTROLS

We are committed to ensuring the highest quality and safety standards, and place great emphasis on quality and safety control of our products and operations. We understand that any material quality problems in relation to our products or any lapse in safety controls may lead to regulatory penalties, loss of customers and market share, and damage our business reputation.

A. Retail LPG Business

Due to the nature of our industry and the products we deal in, we maintain rigorous safety standards in the transportation of our products. Each of our drivers has to undergo the HazMat transport driver course accredited by the SCDF and obtain the HazMat transport driver permit. This course is designed to train drivers who are involved in the transportation and handling of hazardous materials. In addition, we have obtained the petroleum and flammable materials transportation licence from the SCDF for our delivery fleet. Our delivery fleet is hence suitably equipped to ensure the safe movement and distribution of bottled LPG cylinders in Singapore. Please refer to the section entitled "General Information on our Group

GENERAL INFORMATION ON OUR GROUP

– Staff Training” and “Government Regulations – Transport of LPG and Diesel” of this Offer Document for further details on the HazMat transport driver course, the HazMat transport driver permit and the petroleum and flammable materials transportation licence.

We have an emergency response plan to deal with any spillage, leakage, accidental discharge or emergency which may arise from the transportation of bottled LPG cylinders, and other situations where our distribution capabilities are affected.

The bottled LPG cylinders are stored by the LPG Supplier who is in charge of the safety requirements pertaining to storage of LPG and are only collected by our drivers from the storage depots for onward delivery by us to our customers as and when there are orders.

To ensure the reliable quality of the bottled LPG cylinders, our delivery personnel will inspect each batch of supply of bottled LPG cylinders at the point of collection from the LPG Supplier to ensure there are no visible defects on the products. In the event of any non-conformity of the quality of the products, such products will be rejected by our delivery personnel and he will inform the LPG Supplier accordingly. We will obtain the relevant certificates from the LPG Supplier which certify that (i) the bottled LPG cylinders meet the requisite safety standards such that they are suitable for storage and transportation, and that (ii) the valves attached to the bottled LPG cylinders meet the requisite safety standards such that they can be used with bottled LPG cylinders. Through this process, we ensure that the bottled LPG cylinders we supply are of consistent quality and meet the requisite safety standards.

B. CNG Business and Diesel Business

To ensure the safety of the premises on which we operate our fuel station at 50 Old Toh Tuck Road, our fuel station is under 24 hours video surveillance. In addition, our fuel station has emergency buttons at numerous locations, and activating any of such buttons will cause a total shutdown of the respective CNG and diesel dispensers.

We have an emergency response plan to deal with any spillage, leakage, accidental discharge or emergency which may arise from the storage of diesel and dispensation of CNG and diesel, and other situations where our operational capabilities are affected. Our emergency response plan identifies the likely accident scenarios and establishes the likely impact zones. It also contains names of personnel with their assigned roles and responsibilities in dealing with the emergency.

There is a station manager that oversees the operation and safety aspect of the fuel station.

We place strong emphasis on maintaining high standards of quality of the CNG and diesel that we supply. We obtain our natural gas and diesel from trusted suppliers. In the event that the natural gas or diesel supplied to us do not conform to the relevant specifications stated in the supply agreements, such products will be rejected and we will not supply them to our customers.

We believe that the experience and technical expertise of our employees is a vital aspect of maintaining the quality of our products and services and as such, our Group places strong emphasis on staff training.

In addition to the above, our fuel station is also subject to regulatory inspections and approvals. For example, we hold the licence to manufacture CNG for supply to motor vehicles from the Singapore Customs and the licence to store petroleum and flammable

GENERAL INFORMATION ON OUR GROUP

materials from the SCDF. This provides our operations with a further level of independent quality and safety assessment. As at the Latest Practicable Date, there have not been any regulatory actions taken by the relevant authorities relating to our fuel station arising from the regulatory inspections and approvals.

OUR MAJOR CUSTOMERS

Our customers comprise mainly (i) domestic households who purchase our bottled LPG cylinders; (ii) owners/drivers of NGVs (including Trans-cab's CNG-powered taxis) and industrial customers who purchase our CNG at the fuel station; (iii) owners/drivers of diesel vehicles who purchase our diesel at the fuel station; and (iv) commercial customers who purchase our diesel in bulk. None of our customers accounted for five per cent. (5.0%) or more of our total revenue in FY2014, FY2015 and FY2016.

The aggregate revenue from the sale of CNG to the taxi drivers under the Trans-cab Group accounted for approximately 79.1%, 79.7% and 77.2% of the revenue for our CNG Business in FY2014, FY2015 and FY2016 respectively, and approximately 35.0%, 29.3% and 20.3% of our total revenue in FY2014, FY2015 and FY2016 respectively. Save in respect of the sale of CNG to the taxi drivers under the Trans-cab Group, our Directors are of the opinion that our business and profitability are currently not dependent on any single customer or on any particular industrial, commercial or financial contract with any customer. Please refer to the section entitled "Risk Factors – Our sales of CNG are dependent on the NGV market in Singapore" of this Offer Document for further details.

OUR MAJOR SUPPLIERS

Our suppliers comprise the suppliers of bottled LPG cylinders, natural gas and diesel. The table below sets forth our suppliers which accounted for five per cent. (5.0%) or more of our total purchases in any of FY2014, FY2015 and FY2016:

Name of supplier	Products supplied	As a percentage of our total purchases (%)		
		FY2014	FY2015	FY2016
Gas Supply Pte Ltd ("Gas Supply") ⁽¹⁾	Natural Gas	39.2	–	–
Pavilion Gas	Natural Gas	7.4	33.7	19.6
SPC	Diesel	–	2.2	18.3
Sembas ⁽²⁾	Bottled LPG cylinders	52.4	61.8	57.9

Notes:

- (1) All of Gas Supply's gas retail contracts have been novated and transferred to Pavilion Gas on 1 November 2014.
- (2) Mr. Teo Kiang Ang and Alexis Teo hold 61.89% and 5.38% interest in UEC respectively, which is the parent company of Sembas. On 1 April 2017, our Group has entered into the Dealership Agreement with Summit Gas, a wholly-owned subsidiary of UEC, for the supply of bottled LPG cylinders. The Dealership Agreement was effective from 1 April 2017.

GENERAL INFORMATION ON OUR GROUP

We did not have any purchases from Gas Supply subsequent to FY2014 as all of Gas Supply's gas retail contracts were novated and transferred to Pavilion Gas on 1 November 2014. Accordingly, our purchases from Pavilion Gas increased in FY2015. Our total purchases of natural gas declined between FY2014 and FY2016 due to the decrease in purchased volume as a result of lower sales volume and average cost of purchase of natural gas.

We commenced our Diesel Business in August 2015. As a percentage of our total purchases, an increase in the purchase of diesel was registered in FY2016 due to higher volume of diesel purchased.

As a percentage of our total purchases, our purchases of bottled LPG cylinders increased in FY2015 as the decrease in volume purchased and average cost of purchase of bottled LPG cylinders was of a smaller magnitude compared to the decrease in volume purchased and average cost of purchase of natural gas.

Save in respect of the Dealership Agreement and the Gas Retail Agreement, our Directors are of the opinion that our business and profitability are currently not dependent on any single supplier or on any particular industrial, commercial or financial contract with any supplier and the products supplied by the above major suppliers can be sourced from other alternative suppliers in the market without significant difficulties. Please refer to the section entitled "Risk Factors – We are dependent on the UEC Group for the supply of bottled LPG cylinders" and "Risk Factors – We are reliant on our suppliers for the supply of natural gas and diesel" of this Offer Document for further details.

To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or non-renewal of our current relationship with any of our major suppliers.

Save as disclosed above, as at the date of this Offer Document, none of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major suppliers.

CREDIT MANAGEMENT

Credit policy to our customers

In respect of our Retail LPG Business, we generally do not grant credit terms for our sales to domestic households as these sales are largely transacted on cash-on-delivery basis. In relation to our sales to certain industrial customers, the credit terms granted to these customers are determined based on their financial background and creditworthiness, the transaction volume, payment history and length of relationship with us. We typically grant our industrial customers a credit term of up to 30 days. For industrial customers who are deemed to be less creditworthy or have poor payment history, we will transact with such customers on cash terms.

In respect of sale of CNG and diesel at our fuel station, we possess mobile point of sale systems handled by our sales personnel, and these mobile point of sale systems enable our customers to make prompt payment at the point of dispensation of our CNG and diesel. In respect of sale of CNG to our industrial customers for their commercial use and bulk sale of diesel to our commercial customers, the credit terms granted to these customers are determined based on their financial background and creditworthiness, the transaction volume, payment history and length of relationship with us. We typically grant our industrial and commercial customers a credit term of up to 30 days. For industrial and commercial customers who are deemed to be less creditworthy or have poor payment history, we will transact with such customers on cash terms.

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Our finance team regularly monitors and oversees payments from our customers. For debtors with payments outstanding for more than 90 days, we will typically make specific provisions for doubtful trade receivables. Writing off of bad debts may be made if we fail to collect payment despite best efforts and follow-ups with the customers on overdue payments or when we are certain that our customers are unable to meet their financial obligations and we consider the amounts to be non-recoverable.

Our allowance for impairment of trade receivables, bad debts written-off and average trade receivables turnover days of our Group for the Period under Review are set out below:

	FY2014	FY2015	FY2016
Allowance for impairment of trade receivables (S\$'000)	4	5	13
Bad debts written-off – trade receivables (S\$'000)	–	2	1
Average trade receivables turnover (days) ⁽¹⁾	5	6	9

Note:

- (1) The average trade receivables turnover days is calculated based on the average opening and closing trade receivables balances of the relevant financial year divided by the corresponding revenue and multiplied by 365 days.

Our trade receivables arise mainly from sale of CNG to our industrial customers for their commercial use and bulk sale of diesel to our commercial customers. The increase in our average trade receivables turnover days in FY2016 was due to an increase in bulk sales of diesel to commercial customers.

Credit terms from our suppliers

The payment terms granted by our suppliers are generally up to 30 days from the date of the receipt of the relevant invoice, varying from supplier to supplier and are also dependent on, *inter alia*, our relationship with the suppliers and the size of the transactions.

Our average trade payables turnover days for the Period under Review are as follows:

	FY2014	FY2015	FY2016
Average trade payables turnover days ⁽¹⁾	31	29	28

Note:

- (1) The average trade payables turnover days is calculated based on the average opening and closing trade payables balances of the relevant financial year divided by corresponding cost of sales multiplied by 365 days.

Our average trade payables turnover days for the Period under Review remained generally constant.

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INVENTORY MANAGEMENT

Our inventories comprise mainly diesel in the underground diesel storage tanks at our fuel station at 50 Old Toh Tuck Road and LPG-related accessories. For sale of diesel to commercial customers in bulk, we will only purchase the diesel when there is a sales contract. We do not keep any inventory in respect of bottled LPG cylinders as our bottled LPG cylinders are collected by our drivers from our LPG Supplier's storage depots for onward delivery by us to our customers. We do not keep any inventory in respect of natural gas as we obtain these supplies directly from our supplier through underground pipes to the compressors located at our fuel station at 50 Old Toh Tuck Road, and any CNG we produce is dispensed immediately to our customers. We monitor and control our inventory levels of diesel and LPG-related accessories to optimise our operations.

Due to the hazardous nature of diesel, we undertake prudent measures to ensure that it is properly stored. Please refer to the sub-section entitled "Quality Assurance and Safety Controls" above for further details.

The actual quantities of incoming and outgoing diesel are properly recorded by our station manager. Stock takes are conducted on a monthly basis by the station manager after which a stock report will be prepared and submitted to the finance department. Using this system, we will be able to monitor the quantities of our diesel supply, ensuring that incidences of loss or theft of diesel will not occur.

As diesel is a non-perishable product with no limited shelf life, it is not necessary to make any provision for stock obsolescence. In the last three (3) financial years, we had not made any provisions for stock obsolescence or stock write-off.

The actual quantities of incoming and outgoing LPG-related accessories are properly recorded by the sales manager. Stock takes are conducted on a monthly basis by the finance department. Using this system, we would be able to monitor the quantities of the LPG-related accessories, ensuring that incidences of loss or theft of the LPG-related accessories will not occur.

We generally do not make provisions for stock obsolescence as it is our Group's policy to write off any expired supplies. In the last three (3) financial years, we had not made any stock write-off for LPG-related accessories.

In the last three financial years and up to the Latest Practicable Date, we have not experienced any loss or theft of inventories.

Our average inventory turnover days for the Period under Review are as follows:

	FY2014	FY2015	FY2016
Average inventory turnover days ⁽¹⁾	70	50	19

Note:

- (1) The average inventory turnover days is calculated based on the average opening and closing inventory balances of the relevant financial year divided by the corresponding cost of purchase of diesel and LPG-related accessories and multiplied by 365 days.

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Since August 2015, we sell and distribute diesel to retail customers at our fuel station at 50 Old Toh Tuck Road and sell diesel to commercial customers in bulk. Due to the nature of our diesel business, the turnover of our diesel inventory balance is substantially higher compared to that of LPG-related accessories. The increasing contribution of sales of diesel in FY2015 and FY2016 compared to LPG-related accessories resulted in the decrease in our average inventory turnover days in FY2015 and FY2016.

As at the Latest Practicable Date, our Directors are not aware of any information or reasons that our Group may have to make provision for write-down of our inventory.

RESEARCH AND DEVELOPMENT

We do not carry out any research and development activities. However, we constantly monitor the markets, consumer preferences and competition, and are always on the lookout for various opportunities to expand our existing business and to identify new businesses and products in the energy sector.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have applied for registration of the following trade mark:

Trade Mark	Country of Registration	Class	Application Date	Status
	Singapore	4 – motor oil; diesel oil; petroleum, raw or refined; lubricants	15 May 2017	Pending
				

Our directors do not foresee any difficulties in relation to the registration of the abovementioned trade mark.

Our business and profitability are also materially dependent on the “Union” trade mark as our bottled LPG cylinders are supplied by the UEC Group and are sold under the “Union” brand pursuant to the Dealership Agreement and the Trade mark Licence Agreement. In addition, our business is materially dependent on the “Union Gas Holdings” trade mark as we use it as our logo.

Up till 31 March 2017, we have been using the “Union” trade mark in our Retail LPG Business on a non-exclusive and royalty-free basis.

UEC entered into the Trade mark Licence Agreement on 1 April 2017, as amended, modified and/or supplemented on 20 June 2017, with our Company to grant us a non-exclusive licence to use the following registered and unregistered intellectual property rights (the “**Union IP**”) for a consideration of an annual royalty fee of S\$1:

- (a) the unregistered “Union” trade mark including the reputation and goodwill in the word “Union” in the countries in which UEC uses that trade mark;

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- (b) the “Union Gas Holdings” trade mark, including the reputation and goodwill in the words “Union Gas Holdings” in the countries in which UEC uses that trade mark, and any subsequent registered intellectual property rights in relation to the “Union Gas Holdings” trade mark owned by UEC. UEC has applied for the registration of the “Union Gas Holdings” trade mark, details of which are set out below:

Trade Mark	Country of Registration	Class	Application Date	Status
	Singapore	4 – motor oil; diesel oil; petroleum, raw or refined; lubricants	15 May 2017	Pending
				

- (c) the registered “Union” trade mark in relation to Class 04, details of which are set out below:

Trade Mark	Country of Registration	Class	Registration Number
UNION	Singapore	04 – liquefied petroleum; liquefied petroleum gases	T03/06722D
TMID: U11-2	Singapore	04	T04/12248B
			
			

The Trade mark Licence Agreement was effective from 1 April 2017 and will continue for an unlimited duration until the earlier of (i) our Company notifying UEC that it wishes to terminate the Trade mark Licence Agreement, (ii) Mr. Teo Kiang Ang and his Associates ceasing to be, directly or indirectly, a Controlling Shareholder and Director of our Company, or (iii) the date of which our Company ceases to be listed on Catalist.

Under the terms of the Trade mark Licence Agreement, our Company has agreed to indemnify UEC for any loss or liability (including consequential loss), damages, costs and expenses (including legal costs on an indemnity basis) which UEC incurs or suffers in connection with:

- (a) our Company’s use of the Union IP;
- (b) a breach by our Company of any provision under the Trade mark Licence Agreement; and

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- (c) any taxes, duties or levies in respect of our Company's use of the Union IP licensed under the Trade mark Licence Agreement.

Save as disclosed above, we do not own or use any other trade marks or intellectual property which our business or profitability is materially dependent on.

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group does not own any property. Our Group leases the following properties:

Lessor	Lessee	Location	Term of lease	Approximate gross area (sq m)	Annual rental	Usage
JTC	Union Gas	50 Old Toh Tuck Road	From 1 January 2009 to 31 December 2023	7,065.5	S\$12 ⁽¹⁾	Fuel station
Sembas ⁽²⁾	Union Gas Holdings	25 Genting Road, #04-01 and #05-01, Singapore 349482	From 1 May 2017 to 30 April 2019	296	S\$69,964.56	Office and warehousing
Individual owner	Union Gas	Blk 216, Bukit Batok Street 21, #05-279, Singapore 650216	From 2 June 2017 to 1 December 2018	100	S\$29,400	Housing of employees
Individual owner	Union Gas	Blk 274, Bukit Batok East Avenue 4, #04-100, Singapore 650274	From 1 January 2016 to 30 June 2017 From 1 July 2017 to 30 December 2018	67	S\$22,200	Housing of employees

Notes:

- (1) The total consideration paid for the lease includes (i) the land price of approximately S\$3.6 million; (ii) fixed investment of at least S\$11 million (which includes the abovementioned land price); (iii) a gross plot ratio of not less than 0.37 but not more than 2.50; as well as (iv) the development of the demised premises in accordance with JTC's Aesthetic Control Guidelines on top of the annual rent of S\$12.
- (2) Mr. Teo Kiang Ang and Alexis Teo hold 61.89% and 5.38% interest in UEC respectively, which is the parent company of Sembas.

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

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As at the Latest Practicable Date, our Group leases the following property to unrelated third parties:

Lessor	Lessee	Location	Term of lease	Approximate gross area (sq m)	Annual rental	Usage
Union Gas	BCC Automotive Pte. Ltd.	In the main building of the fuel station at 50 Old Toh Tuck Road	From 1 July 2015 to 30 June 2017	3,736	1 July 2015 to 30 June 2017: S\$204,000	Vehicle workshop operation and car wash
			From 1 July 2017 to 30 June 2019		1 July 2017 to 30 June 2018: S\$192,000	
					1 July 2018 to 30 June 2019: S\$204,000	
Union Gas	The Daily Grocer Pte. Ltd.	In the main building of the fuel station at 50 Old Toh Tuck Road	From 15 February 2017 to 14 February 2018	74	S\$72,000	Grocery and food shop

As at 31 December 2016, the net book value of our fixed assets comprising leasehold land and buildings, furniture and fittings, computers, office equipment, motor vehicles, plant and equipment amounted to approximately S\$9.12 million.

Pursuant to our banking facilities with UOB, the banking facilities and all moneys and liabilities owing or payable by Union Gas from time to time to UOB is secured by an existing legal mortgage over the leasehold land and building at 50 Old Toh Tuck Road and a fixed and floating charge over all Union Gas' present and future undertakings, property assets, revenues and rights. Some of our motor vehicles are also subject to hire purchase arrangements. Save as disclosed in this section, none of our fixed assets is subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets, save as disclosed under the section entitled "Government Regulations" of this Offer Document.

Our fuel station at 50 Old Toh Tuck Road consists of 14 CNG dispensers with two (2) nozzles each. Each of these nozzles is able to dispense CNG at 5 kg per minute. These nozzles are supported by four (4) compressors which produces CNG from natural gas. Save as disclosed in this section, we do not have any other manufacturing facility as we are not engaged in the business of producing bottled LPG cylinders, LPG-related accessories, natural gas or diesel.

MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

Our Group's principal business activities are located in Singapore and we are subject to regulation by applicable laws, regulations and government agencies in Singapore. These regulations require us to possess various licences or approvals.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, to the best of our Directors' knowledge, our Group has the following material licences, permits, registration and approvals:

Licensing Entity	Licensing Authority	Description of Licence	Purpose	Expiry
Union Gas	SCDF	Petroleum and Flammable Materials Transportation Licence	For the transportation of diesel	31 August 2017
Union Gas	SCDF	Petroleum and Flammable Materials Storage Licence	To store: (i) flammable material (gases) – 5,000 kg; and (ii) petroleum – 40,000 litres at 50 Old Toh Tuck Road	31 May 2018
Union Gas	Singapore Customs	Licence to Manufacture Compressed Natural Gas for Supply to Motor Vehicles	To manufacture compressed natural gas for supply to motor vehicles	31 December 2017
Union Gas	EMA	Electrical Installation Licence	To use or operate an electrical installation at 50 Old Toh Tuck Road	2 August 2017
Union Gas	EMA	Gas Licence for Gas Retailer Licensee (“ Gas Retailer Licence ”)	To retail natural gas to consumers whose premises are connected to the natural gas mains network in Singapore	16 April 2027
Union Energy	SCDF	Petroleum and Flammable Materials Transportation Licence	For the transportation of LPG	31 August 2017 to 31 July 2019

We intend to renew all the licences, permits, approvals and certifications due to expire within this year and does not foresee any difficulties with such renewals.

Our Directors confirm after having made all reasonable enquiries that, as at the Latest Practicable Date, our Group has obtained all relevant licences, permits, approvals and certifications necessary for our business operations.

As at the Latest Practicable Date, we have not experienced any adverse effect on our business in complying with applicable government regulations and we have not experienced any issues with obtaining or renewing the licences, permits, approvals and certifications necessary for the conduct of our business.

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Please refer to the section entitled “Government Regulations” of this Offer Document for further information.

STAFF TRAINING

We recognise that our staff is an important resource and thus we aim to equip our staff with the relevant skills and knowledge. We have implemented various training policies and organised training programmes aimed specifically at improving the skill sets of our employees and to increase the competitiveness, productivity and efficiency of our Group. Our HR department oversees all staff training within our Group.

We conduct a staff orientation programme for our new employees and they are required to undergo on-the-job-training to familiarise themselves with our working environment, corporate culture, history and strategy, product knowledge, rules and regulations, and safety awareness and measures. Our Directors believe that the orientation and on-the-job training help to integrate the new employees into our Group and improve their productivity level.

We also offer training programmes for staff at all levels. Occasionally, we would invite external professionals or instructors to conduct training programmes. Such programmes seek to raise the productivity of employees, improve leadership skills, impart safety knowledge and enhance management skills. As we place strong emphasis on safety, our training programmes mainly focus on safety awareness and measures. In addition, we sponsor our senior management to attend courses on product safety and management, and other special skills courses offered by government agencies and departments.

In addition, our drivers who are involved in the transport of LPG and diesel must attend a one-day HazMat transport driver course at the Civil Defence Academy or such other accredited institutes. Unless earlier cancelled, the HazMat transport driver permit is valid for a period of two (2) years. Please refer to the section entitled “Government Regulations – Transport of LPG and Diesel” of this Offer Document for further details on the HazMat transport driver course and the HazMat transport driver permit.

During the Period under Review, our expenses incurred for external training courses were not significant.

CORPORATE SOCIAL RESPONSIBILITY

We view corporate social responsibility as both a responsibility and a competitive advantage. We recognise that we have an obligation towards our employees, investors, customers, suppliers, and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and we are committed to achieving long-term mutually sustainable relationships with our stakeholders.

Our Board of Directors will establish a corporate social responsibility policy which will include the following areas of our Group’s activities:

- (a) to review and recommend our Group’s policy in respect of corporate social responsibility issues;
- (b) to review our Group’s health, safety and environment policies and standards;

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- (c) to review the social impact of our Group's business practices in the communities that we operate in;
- (d) to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); and
- (e) to review and recommend policies and practices with regard to regulators.

INSURANCE

As at the Latest Practicable Date, we have taken the following insurance policies to cover, *inter alia*, our operational, HR and fixed asset risks:

- (i) work injury insurance for our employees;
- (ii) industrial all risk insurance in respect of our premises;
- (iii) motor vehicle insurance;
- (iv) motor commercial vehicle/tanker insurance;
- (v) money insurance in respect of money in transit and money in our premises;
- (vi) fidelity guarantee insurance in respect of our employees;
- (vii) public liability insurance and product liability insurance in relation to our business; and
- (viii) in-patient benefits, out-patient benefits, other out-patient benefits and miscellaneous benefits.

The above insurance policies are reviewed annually to ensure that they adequately satisfy both regulatory and business requirements. We may increase the coverage if we deem it necessary and appropriate.

Our Directors are of the opinion that the above insurance policies are adequate for our existing operations. However, any significant disruption to our operations or damage to our properties or assets, whether as a result of fire and/or other causes, may still have a material adverse impact on our business, results of operations or financial position. We are not insured against loss of key personnel and business interruption. If such events were to occur, our business may be materially and adversely affected. Please refer to the section titled "Risk Factors – Our insurance coverage may not be adequate" of this Offer Document for further details.

COMPETITION

We operate in a highly competitive environment and face keen competition from new and existing competitors in Singapore.

In our Retail LPG Business, to the best of our knowledge and belief, our competitors are dealers of bottled LPG cylinders supplied by suppliers such as ExxonMobil, SingGas (LPG) Pte Ltd and WBL Engineering & Distribution Pte Ltd, as well as the suppliers of piped gas such as City Gas Pte Ltd. We believe that none of our competitors involved in the retail and distribution of bottled LPG cylinders has the same reach as our distribution network to domestic households.

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In our CNG Business, to the best of our knowledge and belief, our competitors are in the area of operations and management of CNG fuel stations and we consider SMART Energy Pte. Ltd. to be our closest competitor.

In our Diesel Business, to the best of our knowledge and belief, our competitors are in the area of operations and management of diesel fuel stations and we consider SMART Energy Pte. Ltd. and operators of diesel fuel stations with brands including Esso, Shell, SPC and Caltex to be our closest competitors.

Our Directors, Substantial Shareholder and/or their Associates do not have any interest, direct or indirect, in any of the dealers of the abovementioned suppliers of bottled LPG cylinders or operators of CNG or diesel fuel stations.

To the best of the knowledge of our Directors, there are no published statistics that can be used to accurately measure our market share in the Retail LPG Business, CNG Business or Diesel Business.

COMPETITIVE STRENGTHS

We believe that competition in our business is largely based on, *inter alia*, branding, price, customer service and quality of products. We have identified the following as our key competitive strengths:

(i) We are one of the leading suppliers of bottled LPG cylinders and CNG in Singapore

We believe we are one of the leading suppliers of (i) bottled LPG cylinders to domestic households, and (ii) CNG to retail and industrial customers, in Singapore. Our long track record in our Retail LPG Business and the CNG Business has led to “Union” and “Cnergy” being established and trusted brands in Singapore.

We believe that we are widely recognised by customers for our strong commitment to quality products and reliable and timely services, and our continuous marketing efforts enable us to maintain constant customer awareness of our brands. Our established track record has enabled us to gain our customers’ confidence in our products. This is evident from the long-standing relationships we share with our existing customers.

(ii) We have extensive distribution capabilities via our fleet of more than 100 delivery vehicles

We operate one of the largest delivery fleets amongst the players in the sale of bottled LPG cylinders to domestic households in Singapore. Our delivery fleet comprises more than 100 delivery vehicles, supplying bottled LPG cylinders and LPG-related accessories to more than 140,000 domestic households in Singapore. We possess the capability to respond to delivery requests in a speedy manner in all parts of Singapore and we believe this has won us the confidence and support of our customers over the years. We are also committed to improving our customers’ retail experience by increasing the ease of placing orders. Our LPG delivery network is supported by our in-house call centre that operates all year round with a fully-computerised order-receiving, relaying and despatching system.

GENERAL INFORMATION ON OUR GROUP

(iii) We enjoy strong support from our related company for the supply of bottled LPG cylinders

We procure bottled LPG cylinders from the UEC Group. We have an established relationship with the UEC Group, both in terms of the length of time we have been working together and the depth of our working relationship with the UEC Group. The UEC Group has been supportive in terms of product allocation, delivery schedules and other operational, technical and sales support.

The UEC Group is one of the largest wholesale suppliers of LPG in Singapore, with a Bottling Plant and three (3) LPG storage depots where bottled LPG cylinders are stored for distribution to wholesalers or dealers.

As a testament to the strong support from the UEC Group, Summit Gas, a wholly-owned subsidiary of UEC, has entered into the Dealership Agreement with us for the supply of bottled LPG cylinders. Pursuant to the Dealership Agreement, we have the right to market and sell bottled LPG cylinders on the terms and conditions of the Dealership Agreement. The Dealership Agreement shall be valid for an indefinite period of time until it is terminated by either party upon giving prior written notice of at least six (6) months. As a result, we believe that the strong support from the UEC Group strengthens our position as one of the leading suppliers of bottled LPG cylinders to domestic households in Singapore.

(iv) We offer quality products and services

We place great emphasis on the quality of our products and services. We source our products from trusted suppliers to ensure that we deliver quality products to our customers. We have a quality assurance system in our processes to ensure that we consistently provide quality products and services that our customers have come to expect and appreciate. We strive to maintain good and close relationships with our customers, such as inviting customers of our Retail LPG Business to provide feedback about our products and services, as well as to discuss latest issues and developments relating to the industry. In addition, all our friendly and dedicated customer service associates possess complete product and safety knowledge.

We believe we have, over the years, built up significant goodwill and earned a reputation for quality, reliability, consistency and safety and enjoy strong recognition in Singapore. With our commitment to product and service quality, we have garnered substantial customer confidence in our products and services.

(v) We have an experienced and committed management team with proven track record

The growth of our businesses can be attributed to the efforts of our experienced and committed management team. We have an experienced management team who is hands-on and have in-depth knowledge of the industry. Our Non-executive Chairman, Mr. Teo Kiang Ang, and our Executive Director and CEO, Alexis Teo, collectively have more than 50 years of experience in the LPG industry.

Alexis Teo is assisted by our senior management, the majority of whom have more than 10 years of experience in their respective fields.

GENERAL INFORMATION ON OUR GROUP

With the support of a team of experienced and dedicated management team, we believe that we are well-positioned to leverage on our experience to expand our core capabilities as well as network base to achieve further growth for our Group.

We have an experienced team of operations staff who have been with our Group for many years. Their product competency and industry and technical knowledge have contributed significantly to the growth of our business and are vital to our continued growth and future development.

PROSPECTS

We are primarily involved in the retail distribution of bottled LPG cylinders to mainly domestic households and the sale of CNG and diesel to retail, industrial and commercial customers in Singapore, as the case may be. Accordingly, the prospects for our business are dependent on economic conditions and activities which impact the retail LPG industry and the fuel market in Singapore:

(a) **Steady growth in Singapore's gross domestic product ("GDP")**

The Singapore economy grew by 2.0% in 2016 and is expected to grow by 1.0% to 3.0% in 2017⁽¹⁾. In addition, the International Monetary Fund ("IMF") has projected Singapore's GDP growth to be approximately 2.2% in 2017 and approximately 2.5% per annum for the next three (3) years thereafter⁽²⁾. The steady growth is likely to provide support to our business operations and future plans.

(b) **Opportunity for growth**

While we face headwinds in our business, including (i) customers switching to the use of piped gas or electricity as an alternative to bottled LPG cylinders for heat generation, especially in new residential developments, (ii) the decreasing number of NGVs in Singapore, and (iii) measures to curb vehicular emissions that discourages the use of diesel, we believe we are positioned to make the leap into the next phase of growth, leveraging on our in-depth knowledge of the fuel market, our track record in the industry and our extensive distribution network to domestic households in Singapore.

We believe the potential attrition of smaller players in the retail LPG industry due to increased operating costs, stricter regulations and higher customers' expectations will provide us the opportunity to lead a consolidation of the retail LPG industry. This will enable our Group to extend our position in relation to, and expand the scale of our operations in, the Retail LPG Business, through acquisition of dealers.

LPG is a clean, efficient and sustainable energy source, and is portable without requiring a fixed network. There are many applications for LPG and this presents opportunities for us to identify new LPG products in Singapore and develop new market segments for our business, such as outdoor recreational applications. In addition, with our deep penetration to domestic households, we have considerable potential to expand our offerings of household products and health products, and grow our business.

Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document for further details on our business strategies and business plans to grow and expand our business.

GENERAL INFORMATION ON OUR GROUP

Notes:

- (1) Source: Press release entitled “MTI Maintains 2017 GDP Growth Forecast at “1.0 to 3.0 Per Cent” dated 25 May 2017 by the Ministry of Trade and Industry Singapore (“MTI”). Information was extracted from the website of MTI at <https://www.mti.gov.sg/NewsRoom/Pages/MTI-Maintains-2017-GDP-Growth-Forecast-at-1.0-to-3.0-Per-Cent.aspx>
- (2) Source: World Economic Outlook Database, April 2017. Information was extracted from the website of IMF at <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx>

The MTI and IMF have not consented to the inclusion of the relevant information in this Offer Document for the purposes of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While we and the Vendor have taken reasonable action to ensure that the relevant information have been included in its proper form and context in this Offer Document, and that the information is extracted fairly and accurately, we and the Vendor have not independently verified the accuracy of the relevant information.

TREND INFORMATION

Barring unforeseen circumstances, our Directors have observed the following trends for FY2017 based on the sales and operations of our Group as at the Latest Practicable Date:

- (a) we expect revenue from our Retail LPG Business to increase mainly due to increase in average selling price of our bottled LPG cylinders reflecting the increase in our cost of purchase of bottled LPG cylinders arising from increase in Saudi Aramco Contract Prices;
- (b) we expect revenue from our CNG Business to decrease in line with the expected decrease in the number of NGVs in Singapore;
- (c) we expect our operating expenses to move in tandem with our level of activities to cater for any changes in the scale of our business operations;
- (d) in addition, we expect our administrative expenses to increase as a result of the Business Rationalisation (further details of the Business Rationalisation are set out in the section entitled “Restructuring Exercise – Rationalisation of our Business and Operations” of this Offer Document); and
- (e) we also expect to incur higher expenses mainly due to (i) expenses incurred in connection with the issue of the New Shares; (ii) directors’ fees due to appointment of directors; and (iii) compliance costs as a listed company.

For HY2017, our Directors expect that our profit for the financial period may be lower than the corresponding period of the previous year in view of the listing expenses incurred by us in connection with the issue of the New Shares and the decrease in CNG sales. In view of the above, there is no assurance as at the Latest Practicable Date that our financial performance for FY2017 will be able to match our financial performance in FY2016.

Save as disclosed above, and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group – Business Strategies and Future Plans” of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any other significant recent trends in the costs and selling prices of our products, as well as any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial position. Please also refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document.

GENERAL INFORMATION ON OUR GROUP

ORDER BOOK

Retail LPG Business

An order book for our Retail LPG Business is not meaningful as our confirmed sales orders are usually placed and fulfilled within a short period of no more than one (1) day.

CNG Business

As at 31 December 2016, we do not have an order book for the CNG Business. As at the Latest Practicable Date, we have a supply contract with a commercial customer whereby we will supply a minimum of 40,000 kg of CNG on a monthly basis. This supply contract expires in December 2019. It is not possible to determine the value of this order as our selling price of the supply of CNG varies on a monthly basis and our selling price is only determined in the month of supply of CNG. This commercial customer is not related to our Directors, Controlling Shareholder and/or their Associates.

Diesel Business

Due to the nature of the business operations of our Diesel Business, we do not have an order book for our Diesel Business.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our business are described below:

Acquisition of dealers for our Retail LPG Business

We have acquired small dealers of bottled LPG cylinders for our Retail LPG Business in the past. We intend to capitalise on our know-how, economies of scale, relationships and positive brand image established by our existing LPG dealership, as well as our extensive industry experience and expertise, to further expand our retail LPG operations in Singapore.

We intend to further grow the distribution network and reach of our Retail LPG Business in Singapore. To achieve this, we may acquire local existing dealers of bottled LPG cylinders and leverage on their customer base.

We believe that our proven track record in operating the dealership for bottled LPG cylinders and our extensive industry experiences and expertise have equipped us well to acquire local existing dealers of bottled LPG cylinders.

These future plans, however, are subject to economic and market conditions and available opportunities as well as regulatory restrictions such as anti-competition laws. We expect to fund the aforesaid expansion plans using the net proceeds from the issue of the New Shares, external financing and/or our internal resources. We intend to utilise approximately S\$4.00 million of the net proceeds from the issue of the New Shares to partly fund this future plan.

As at the Latest Practicable Date, we are engaged in discussions with a local dealer of bottled LPG cylinders for the acquisition of its business to expand and leverage on its customer base.

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Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore (“Natural Gas Business”)

We have on 17 April 2017 obtained the Gas Retailer Licence from EMA which allows us to supply and retail piped natural gas to customers in the services and manufacturing industries in Singapore.

We have performed an internal assessment to identify untapped opportunities in the piped natural gas space, which includes industrial and commercial customers in the food and beverage industry in Singapore. To this end, we intend to promulgate the use of natural gas as a viable, sustainable and environmentally-friendly alternative to LPG, town gas and diesel, to industrial and commercial customers in the food and beverage industry in Singapore. For existing users of LPG, town gas and diesel in the services and manufacturing industry, we will encourage them to switch over to natural gas with competitive pricing strategies that emphasise the operational cost-savings that the customer could enjoy over time. In addition, we are exploring the possibility of offsetting their capital outlay for the conversion to natural gas by absorbing technical consultancy and equipment financing expenses. The Natural Gas Business will be supported by a team consisting of new hires and existing employees with track record and experience in piping installation, commissioning, turnkey and after sales services. This will provide diversification to our Group’s businesses and contribute to future growth of our Group. We aim to launch our Natural Gas Business in 2018.

We intend to fund the diversification using approximately S\$1.00 million of the net proceeds from the issue of the New Shares, external financing and/or our internal resources.

Expansion of our business through acquisitions, joint ventures, strategic alliances and/or new product offerings

We may also expand our business, whether in Singapore or overseas, through acquisitions, joint ventures and/or strategic alliances that we believe will complement our current and future businesses. We believe that suitable acquisitions, joint ventures and/or strategic alliances will give us access to new markets and customers as well as new businesses. They will also bring about greater economies of scale and provide an impetus for our future growth.

We may expand our portfolio of household products for sale to our customers to leverage on our extensive distribution network. We may also identify new fuel products for sale and distribution.

As at the Latest Practicable Date, save as disclosed in the sub-section above in relation to discussions with a local dealer of bottled LPG cylinders to acquire its business, we are not engaged in any form of discussion with any party for acquisitions, joint ventures or strategic alliances. Should such opportunity arise, we will seek requisite approvals, where necessary, from our Shareholders and the relevant authorities as may be required by the relevant laws and regulations.

GOVERNMENT REGULATIONS

Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore. We have thus far not experienced any adverse effect on our business in complying with these regulations.

As at the Latest Practicable Date, save as disclosed below, to the best of our Directors' knowledge, we have obtained all requisite approvals, are in compliance with all laws and regulations and have not contravened any relevant laws and regulations that would materially affect our current business operations.

The following is a summary of the material laws and regulations of Singapore that are relevant to our businesses as at the Latest Practicable Date. The regulations and policies set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Singapore laws and regulations on our Group.

In general, matters relating to LPG, CNG and diesel are regulated under the Fire Safety Act, subsidiary regulations such as the FSPFMR and related orders and circulars as may be prescribed by the relevant authority from time to time. Pursuant to the FSPFMR, LPG is a Class O petroleum, diesel is a Class III petroleum, and CNG is a type of flammable material. The licensing authority is the Licensing Branch of the Central Enforcement Department of the SCDF.

Transport of LPG and Diesel

The road transportation of petroleum and flammable materials in Singapore is regulated under the Fire Safety Act and the FSPFMR.

Vehicles such as road tankers, prime movers, trailers and lorries carrying petroleum and flammable materials are subject to the transport licensing scheme and other requirements stipulated under the FSPFMR. Under the FSPFMR, a vehicle used for the transportation of petroleum and flammable materials in excess of prescribed quantities must be issued with a transportation licence to be displayed in the driver's cabin at all times. Our transportation licences have a validity period of two (2) years. In respect of the maximum laden weight of the vehicle transporting LPG in bulk, the FSPFMR provides that it must not exceed certain prescribed quantities.

In addition, drivers of licensed vehicles are required to hold a valid HazMat transport driver permit at all times when transporting petroleum and flammable materials. Prior to obtaining the permit, the driver must pass a security screening and attend a one-day HazMat transport driver course at the Civil Defence Academy or such other accredited institutes. Unless earlier cancelled, the HazMat transport driver permit is valid for a period of two (2) years.

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Drivers are also required to adhere to certain pre-approved routes of transport and to transport petroleum and flammable materials only during the permitted times of transport. The following table shows the approved timings for transportation of petroleum and flammable materials:

S/n	Transportation of Petroleum and Flammable Materials	Approved Hours
1.	Petroleum and flammable materials in general, unless any other conditions stated in this table applies (Including transportation via Tuas Checkpoint. Transportation of petroleum and flammable materials via Woodlands Checkpoint is not allowed)	7.00 a.m. to 7.00 p.m.
2.	Petroleum and flammable materials in tube trailers (e.g. hydrogen) or cryogenic trailers (e.g. liquefied natural gas)	9.00 a.m. to 5.00 p.m.
3.	LPG cylinders for domestic purposes or use at an eating place or a restaurant	7.00 a.m. to 9.00 p.m.
4.	Petroleum and flammable materials transportation within Jurong Industrial Estate, Tuas Industrial Estate and Jurong Island	No time restriction
5.	Petroleum and flammable materials for transshipment between Brani Terminal, Pasir Panjang Terminal or Keppel Terminal	No time restriction for transportation less than 3 mt. For transportation of 3 mt or more beyond 7.00 a.m. to 7.00 p.m., SCDF's approval 24 hours in advance is required.

In relation to LPG delivery vehicles, before each journey, the licence holder has to check the vehicle and ensure that it meets certain requirements, including, *inter alia*, making sure that the platform of the vehicle is lined with timber or is timber constructed so as to minimise contact between the metal parts of the platform and any container on that vehicle and that the battery is covered with appropriate insulation material to prevent electrical sparks emanating there from igniting any flammable vapour.

The licence holder also has to ensure that any road tanker used to transport petroleum and flammable materials in bulk is roadworthy and fit to transport the petroleum and flammable materials, and that the amount of grease, oil and other petroleum or flammable materials in or on the road tanker is kept to the minimum. Every road tanker driver and person accompanying him in the road tanker must possess the requisite knowledge of, *inter alia*, the use of the road tanker's portable fire extinguishers. Road tanker drivers are also required to carry out an inspection of the tank to ensure that all valves are closed and all hoses are kept in their proper positions on the vehicle and are not exposed to potential damage before proceeding to transport the goods.

The licence holder must not permit any vehicle carrying petroleum and flammable materials in bulk to be parked or left unattended on any street, highway, public road, or at any residential premises or place to which the public has access, except for the purpose of delivering the petroleum and flammable materials. In addition, the driver must not drive any vehicle carrying petroleum and flammable materials in bulk into or up a ramp leading to any building or part of a building used as a multi-storey carpark, multi-storey workshop and factory, or as a factory within a building.

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Furthermore, the licence holder is also required to put in place precautionary measures against fire, explosion, or leakage including, *inter alia*, ensuring that adequate precautionary measures are taken to prevent the petroleum and flammable materials from spilling, dropping or being accidentally discharged during transport. At the time of application, the licence holder must prepare and keep up-to-date an adequate transport emergency response plan to deal with any spillage, leakage, release, accident or emergency which may arise from the transport of petroleum and flammable materials, and shall implement such plan in the event of an emergency.

As part of the national effort to enhance the safety and security of Singapore with emphasis on the road transportation of hazardous materials, the HazMat transport vehicles tracking system was implemented. SCDF-licensed vehicles carrying (or having the capacity to carry) the following materials are required to be fitted with tracking devices, immobilizers and orange-coloured licence plates:

- (a) Scheduled petroleum and flammable materials of total net quantity of 3 mt (3000 kg or litres, in the natural physical state of the regulated substance (i.e. litres for petroleum and liquid flammable materials and kg for LPG and gaseous flammable materials)) or more; or
- (b) Petroleum and flammable materials in tube trailers (e.g. Hydrogen) or cryogenic trailers (e.g. LNG) in any amount/quantity.

The tracking devices enable vehicles to be tracked for the purposes of ensuring that they adhere to the respective approved routes and hours of transportation at all times. In the event of violations, the vehicle horn and hazard warning lights on the tracked vehicles will be activated. SCDF will activate the immobilisation devices of the vehicle and will then dispatch fire station responders to investigate the cause of the violation and contact the company concerned. The relevant company is required to immediately contact the driver to take corrective actions and report to the SCDF.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the laws and regulations governing the transportation of LPG and diesel in Singapore.

Storage of LPG, Natural Gas, CNG and Diesel

The Fire Safety Act and the FSPFMR regulate the storage of petroleum and flammable materials such as LPG, natural gas, CNG, and diesel. A licence is required for storage of petroleum and flammable materials above certain quantities. Separate applications for licences have to be made in respect of the entity intending to store the relevant petroleum and flammable materials as well as each particular premise at which the petroleum and flammable materials are to be kept.

Storage licensees have to maintain up-to-date records of all petroleum and flammable materials stored or kept at the licensed premises, and that the ventilation, means of escape, structural fire precautions, fire prevention and extinguishing systems of the licensed premises are constructed and installed in accordance with the provisions of the Fire Safety (Building and Pipeline Fire Safety) Regulations (Regulation 1) and an accepted code of practice.

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The stacking of storage containers must be done in a manner that will limit the spread of any fire that occurs, will not endanger the occupants of the licensed premises in the course of their work, and will not hinder access to the licensed premises by any fire engine, ambulance or other emergency vehicle. Storage licensees must also keep up-to-date an emergency response plan to deal effectively with any spillage, leakage, accidental discharge or emergency which may arise from the storage of the petroleum and flammable materials at those licensed premises.

As our licensed premises are used to store or keep more than certain prescribed amounts of petroleum and flammable materials, we are required to establish and maintain an in-house, onsite company emergency response team who is competent in handling incidents in the event of any fire, explosion, leakage or other similar emergency involving petroleum and flammable materials.

We do not store LPG at any of our premises. The bottled LPG cylinders are stored by the LPG Supplier who is in charge of the safety requirements pertaining to storage of LPG and are only collected by our drivers from the storage depots for onward delivery by us to our customers as and when there are orders.

We store natural gas, CNG and diesel at our fuel station at 50 Old Toh Tuck Road. As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the laws and regulations governing the storage of petroleum and flammable materials in Singapore.

Dispensing of CNG and Diesel

In respect of the dispensing of petroleum and flammable materials, we are also regulated by the Fire Safety Act and the FSPFMR. Dispensing of petroleum and flammable materials is only allowed in or on licensed premises. In addition, every storage licensee must ensure that no person, other than a person authorised by the storage licensee or under the close supervision of a person authorised by the storage licensee who has knowledge of and experience with the dispensing of petroleum and flammable materials shall be permitted to operate any dispensing equipment at the dispensing station. Furthermore, the dispensing of petroleum and flammable materials into storage tanks can only be carried out after the tank has been checked immediately prior to dispensing and found to be capable of receiving the fuels without overflowing and where the storage tank has an opening for the measurement of the liquid level in the storage tank, if the opening has been securely closed.

Every storage licensee who operates a petroleum and flammable materials dispensing station installed with self-service dispensing pumps must also ensure, *inter alia*, that the instructions for operating the dispensing equipment are displayed conspicuously in the dispensing area.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the laws and regulations governing the dispensing of CNG and diesel in Singapore.

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General Requirements in relation to LPG, CNG and Diesel

Containers

Every storage or transport licence holder of petroleum and flammable materials must take all reasonable practicable steps to ensure that the container to be used in the storage or transport of petroleum and flammable materials is designed and constructed in accordance with an accepted code of practice and such other specification as may be required by the relevant authorities. Unused containers must be kept securely closed and stored only in licensed or approved premises.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the laws and regulations governing the usage of containers in the storage or transport of petroleum and flammable materials in Singapore.

Cylinders

Suppliers and dealers of LPG must ensure that the LPG storage cylinders, including the valves and fittings, are certified by an approved inspector as having passed the tests specified in an accepted code of practice before using them. The cylinders must also be colour-coded and marked with the date of any test or inspection required under an accepted code of practice. The FSPFMR provides that the maximum gross weight of cylinders containing LPG that can be transported on any vehicle from an LPG bottling plant to an LPG centralised store must not exceed 10,000 kg, whereas the maximum gross weight of any cylinder containing LPG to be transported in the distribution of LPG to the public must not exceed 5,000 kg.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the laws and regulations governing the specifications of bottled LPG cylinders and the transport of bottled LPG cylinders.

Filling and Dispensing Equipment

Every storage and/or transport licence holder of petroleum and flammable materials must take all reasonable practicable steps to ensure that all storage systems and installations including tanks, pumps, compressors, piping systems or any other equipment used in filling, dispensing or storage of petroleum and flammable materials shall be:

- (a) designed, fabricated and installed in accordance with an accepted code of practice;
- (b) suitable for the grade of petroleum and flammable materials with which the piping systems or equipment that are used;
- (c) constructed and installed in a manner that will minimise the possibility of accidental damage to the piping systems or equipment; and
- (d) maintained and serviced to ensure safe operations at all times.

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Each tank, piping or valve must also bear acceptable means of identification to indicate the petroleum and flammable materials with which the tank, piping or valve is intended to be used for.

We do not store LPG at any of our premises. The bottled LPG cylinders are stored by the LPG Supplier who is in charge of the safety requirements pertaining to storage of LPG and are only collected by our drivers from the storage depots for onward delivery by us to our customers as and when there are orders.

We store natural gas, CNG and diesel and dispense CNG and diesel at our fuel station at 50 Old Toh Tuck Road.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found to be in contravention of, the standards and requirements in relation to filling and dispensing equipment as set out in the FSPFMR.

Duties of Supplier and Dealer of LPG

Under Regulation 53 of the FSPFMR (read together with the circular titled "Safe Use of LPG in Households" dated 22 February 2011 issued by the Commissioner), the supplier and dealer of LPG have the following duties:

- (a) The supplier and dealer shall ensure that all LPG cylinders, including the valves and fittings, which are owned, used or distributed by them comply with the accepted code of practice;
- (b) Every supplier and dealer who installs a hose to be connected to any LPG cylinder shall ensure that every hose is printed with an expiry date of the hose and shall not install any hose after the expiry date of that hose;
- (c) Before the supplier or dealer supplies any LPG cylinder to a household, a restaurant or an eating establishment, the supplier or dealer (as the case may be) shall carry out safety checks on the liquefied petroleum gas system to be connected to the cylinder (referred to as the connected LPG system), whether or not the supplier or dealer installed the connected LPG system, if that supplier or dealer (as the case may be) has not conducted a safety check on the LPG system within 12 months before he supplies the LPG cylinder;
- (d) The supplier or dealer carrying out a safety check on any LPG system installed in a household shall – (i) record the date on which the safety check was conducted on a checklist in such form as the Commissioner may require, (ii) obtain the written acknowledgement, on the checklist from an adult member of the household, that the safety check has been conducted, and (iii) affix the checklist to the LPG cylinder in such manner as the Commissioner may require;
- (e) If a safety check reveals that any part of the connected LPG system is unsafe for use, the supplier or dealer shall not supply any LPG cylinder to the household for use with the unsafe part unless the supplier or dealer – (i) has informed an adult member of the household that the unsafe part may result in gas leakage, fire or injuries and advised him to replace the unsafe part, and (ii) has obtained a written acknowledgement from an adult member of the household that the adult member has been informed and advised accordingly;
- (f) The supplier or dealer who installs an LPG system or LPG cylinder at any household, restaurant or eating establishment shall conduct safety training for all users of that LPG system or LPG cylinder, as the case may be;

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- (g) The supplier shall conduct safety training for his dealers on the usage of LPG systems and LPG cylinders installed by the supplier or dealer;
- (h) The supplier and dealer shall maintain a record of all safety checks and trainings conducted under this regulation and retain the records for a period of five (5) years after the date of installation of the LPG system or LPG cylinder, as the case may be;
- (i) The supplier shall as soon as practicable notify each of his dealers in writing of the relevant legislation, accepted code of practice and circulars issued by the Commissioner;
- (j) The supplier and dealer shall conduct their operations in a safe manner so as not to give rise to undue risks to any person from their supply of LPG;
- (k) The supplier and dealer shall not supply LPG cylinders to be connected to a LPG manifold system unless a fire safety certificate has been issued in respect of the LPG manifold system; and
- (l) The dealer shall, before storing LPG cylinders of a supplier's brand at an LPG centralised store owned by the dealer, obtain a letter of authorisation from the supplier to store LPG cylinders of the supplier's brand at the LPG centralised store.

We are involved in the retail distribution of bottled LPG cylinders and LPG-related accessories to mainly domestic households. As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found in contravention of, the duties of suppliers and dealers of LPG as set out under Regulation 53 of the FSPFMR.

Sale to Customers who do not possess a valid storage and transport licence

Under the Fire Safety Act, customers are prohibited from storing, keeping or causing to be stored or kept, or import any class of petroleum or any flammable material unless it possesses the requisite licences. Under the FSPFMR, the supplier and dealer must first check and be satisfied that the customer is licenced to store, keep or transport the relevant class and amounts of petroleum or flammable material.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are compliant with, and have not been found in contravention of, the laws and regulations governing the sale of petroleum or any flammable materials to customers who do not possess the relevant required licences.

Fire Safety Certificate

Under the Fire Safety Act, the owner or occupier of certain prescribed buildings has to apply and obtain a fire safety certificate. Any person who fails to comply with the requirement to apply and obtain a fire safety certificate shall be guilty of an offence. The fire safety certificate is valid for the period stated therein and for a period of not more than one (1) year. The fire safety certificate may be renewed upon its expiry.

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As at the Latest Practicable Date, to the best of our Directors' knowledge, all fire safety certificates which are required for our operations have been obtained and are valid.

Workplace and Health Safety Measures

Under the Workplace Safety and Health Act (Chapter 354A) of Singapore (the "WSHA"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include:

- providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards to facilities and arrangements for their welfare at work;
- ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees;
- ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer;
- developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

From 1 September 2011, the WSHA has been revised to include, *inter alia*, (i) imposing duties on the employer to ensure that the employee has the necessary expertise for the work that he is engaged for and to implement adequate safety and health measures, and (ii) broadening the definition of an occupational disease to include any disease directly attributable to any exposure to any chemical or biological agent.

The Workplace Safety and Health (General Provisions) Regulations of Singapore (the "WSHR") set out more specific duties imposed on employers, including, *inter alia*, taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or testing, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels to persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

GOVERNMENT REGULATIONS

Remedial or Stop-Work Order

Under the WSHA, the Commissioner for Workplace Safety and Health may serve a remedial or a stop-work order in respect of a workplace if he is satisfied that:

- the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work;
- any person has contravened any duty imposed by the WSHA; or
- any person has done any act, or has refrained from doing any act which, in the opinion of the Commissioner for Workplace Safety and Health, poses or is likely to pose a risk to the safety, health and welfare of the persons at work.

A remedial order shall direct the person served with the order to take such measures, to the satisfaction of the Commissioner for Workplace Safety and Health, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, to comply with any duty imposed under the WSHA, or to refrain from doing any act which, in the opinion of the Commissioner for Workplace Safety and Health, poses or is likely to pose a risk to the safety, health and welfare of the persons at work.

A stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the Commissioner for Workplace Safety and Health have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

As at the Latest Practicable Date, the Commissioner for Workplace Safety and Health has not served a remedial or stop-work order on any Group Company.

Rights and Responsibilities of Employers and Employees

The Employment Act (Chapter 91) of Singapore (the “**Employment Act**”) is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act (“**relevant employees**”).

Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the Employment Act provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the Employment Act limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner for Labour may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner for Labour thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

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From 1 April 2016, employers are required to implement enhanced administration requirements for employees covered under the Employment Act. There are key changes in relation to payslips, employment terms and employment records, as well as the new framework adopted for less severe breaches of the Employment Act.

From 1 April 2016, the Employment (Amendment) Act 2015 of Singapore requires employers to:

- provide itemised payslips to all employees;
- provide employees with written key employment terms; and
- keep detailed employment records for each employee.

As at the Latest Practicable date, to the best of our Directors' knowledge, we are in compliance with the Employment Act.

Employment of Foreign Workers

The availability and the employment cost of skilled and unskilled foreign workers are affected by the government's policies and regulations on the immigration and employment of foreign workers in Singapore. The employment of foreign workers in Singapore is governed by, *inter alia*, the EFMA and the relevant regulations, such as the EFMR, and government gazettes.

Under the EFMA, no person shall employ a foreign worker unless the foreign worker has a valid work pass. In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a "Work Permit". In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for an "S Pass". In relation to the employment of foreign professionals, employers must ensure that such persons apply for an "Employment Pass".

As at the Latest Practicable Date, we have not been found liable for the employment of foreign workers without valid work passes.

Pursuant to the EFMA, the foreign worker must also be employed in accordance with the conditions of his work pass. Pursuant to our Business Rationalisation, certain foreign workers were transferred from the UEC Group to our Group.

As at the Latest Practicable Date, we have put in place risk controls and management systems to address the regulatory requirements and any potential breaches of the EFMA, the EFMR and the relevant regulations, including implementing procedures to ensure that our HR department retains all records of the foreign workers' work passes and ensures that they are valid. The HR department also reviews the conditions of the relevant work passes to ensure that they are adhered to.

The EFMR requires employers of Work Permit holders, *inter alia*, to:

- subsidise medical expenses (unless agreed otherwise);
- provide safe working conditions;
- provide acceptable accommodation consistent with any law or governmental regulations; and

GOVERNMENT REGULATIONS

- provide and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

The EFMR also requires employers of S Pass holders, *inter alia*, to:

- subsidise medical expenses (unless agreed otherwise); and
- provide and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

While we aim to comply with EFMR at all times, and have put in place the necessary controls, we are susceptible to breaches that may arise from inadvertent oversight. For example, when we were re-organising the manpower within our Group, we discovered that there may have been some non-compliance with certain conditions of the foreign workers' work passes during the interim period from 18 January 2017 to 4 June 2017, where some foreign workers who were under the direct employment of Union Gas were assisting in the operations of Union Energy. All such non-compliances have since been fully rectified. The penalty for employing foreign workers in breach of conditions of their work passes, if found liable, is a fine not exceeding S\$10,000. Mr. Teo Kiang Ang has agreed to indemnify the Group for any loss or liability (including consequential loss), damages, costs and expenses (including legal costs on an indemnity basis) which the Group may incur or suffer in connection with the abovementioned non-compliances. The indemnity shall continue for an indefinite duration until the earlier of (i) the date of which the Company ceases to be listed on Catalist, or (ii) the conclusion of all proceedings which may be taken by the relevant authority in relation to all the non-compliances and the full settlement of all penalties which may be imposed in relation thereto. As at the Latest Practicable Date, save as disclosed above, we are compliant with, and have not been found to be in contravention of, the conditions set out in our foreign workers' work passes.

Approved Source Countries

The approved source countries for manufacturing and services workers holding Work Permits are Malaysia, the People's Republic of China ("**PRC**") and North Asian Sources ("**NAS**"). NAS include Hong Kong, Macau, South Korea and Taiwan. Foreign workers from NAS and the PRC cannot be in Singapore when their Work Permit applications are being submitted.

Security Bonds, Foreign Worker Levies and Quotas

All employers are required to deposit, for each non-Malaysian Work Pass holder, a S\$5,000 security bond with MOM (the "**FW Security Bond**"). The FW Security Bond must be furnished prior to the foreign worker's arrival in Singapore.

The employment of foreign workers is also subject to the payment of levies. The levy payable per foreign worker depends on the foreign worker's qualifications (skilled or unskilled) and the dependency ceiling or quota for the foreign worker's sector.

In addition, employers have to observe certain quotas in respect of the employment of foreign workers. In relation to the services sector which we are currently classified under, up to 40% of our Group's total workforce may consist of foreign workers. As at the Latest Practicable Date, 26% of our employees in Singapore are foreign workers.

GOVERNMENT REGULATIONS

Medical Insurance

All employers are required to purchase and maintain for each foreign worker a medical insurance with coverage of at least S\$15,000 per year for inpatient care and day surgery, including hospital bills for conditions that may not be work-related. If the insurance is purchased with a co-payment arrangement with the Work Permit holder, the employer has to ensure that, the medical treatment is not for work-related inpatient expenses, the co-payment is reasonable and does not exceed 10.0% of the worker's monthly salary, the duration of co-payment does not exceed six (6) months of his period of employment with the same employer and the co-payment option must be explicitly stated in the employment contract or collective agreement and has the worker's full consent. The insurance details must be submitted to MOM before the work permit can be issued.

Medical Examination

All employers are required to send their foreign workers for a medical examination by a Singapore-registered doctor within two (2) weeks of their arrival in Singapore, before their Work Permits are issued.

An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act, the Immigration Act (Chapter 133) of Singapore and the Immigration Regulations of Singapore.

Work Injury Compensation

The Work Injury Compensation Act (Chapter 354) of Singapore (the "**WICA**"), which is regulated by the MOM, applies to all employees in all industries engaged under a contract of service in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees earning S\$1,600 or less a month, who are engaged under contracts of service (unless exempted).

We have in place workmen's compensation insurance policies to cover our statutory obligations and liabilities under the WICA.

Retail of Natural Gas

We intend to diversify into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore. For further details, please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

The retail of natural gas is governed by the Gas Act as well as related regulations and codes of practice, such as the Gas (Supply) Regulations, the Gas Supply Code, Gas Safety Code, Gas Metering Code and the Gas Retailer Code of Conduct.

GOVERNMENT REGULATIONS

The Gas Act makes provision for the safety, technical and economic regulation of the transportation and retail of gas. Under the Gas Act, a gas retailer has to apply for a licence with EMA and adhere to the conditions of the gas licence granted. The Gas Act also sets out the regulations governing gas retailers. The regulations governing, among others, gas installation, gas fitting and gas appliance are contained in the Gas (Supply) Regulations.

In addition, under the Gas Supply Code and the Gas Safety Code, gas licensees are required to meet standards and procedures that ensure the safe and reliable supply of gas to consumers. The Gas Safety Code also stipulates the technical, safety and procedural requirements to be met by gas licensees. Gas retailers are required to adhere to the Gas Metering Code which addresses matters associated with the production, storage, collection, transaction and verification of meter data from all meter installations. The Gas Metering Code also describes the specifications of meter installations and associated equipment. Gas retailers are also required to adhere to the Gas Retailer Code of Conduct which sets out the minimum standards of performance it would have to adhere to when conducting the gas retail business, such as fair marketing practices and maintaining confidentiality in relation to consumer information.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our Interested Persons would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules.

Details of the present and ongoing Interested Person Transactions as well as past Interested Person Transactions between our Group and Interested Persons, other than the Restructuring Exercise, which are material in the context of the Invitation, are set out below. Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there were no material Interested Person Transactions for the Relevant Period.

In line with the rules set out in Chapter 9 of the Catalist Rules, transactions valued less than S\$100,000 are not considered material in the context of the Invitation, and may not be taken into account for the purposes of aggregation in this section.

INTERESTED PERSONS

The following persons or companies are considered Interested Persons for the purpose of this section and the section entitled “Potential Conflicts of Interest” of this Offer Document.

Interested Person	Relationship with our Group ⁽¹⁾
Mr. Teo Kiang Ang	The Non-executive Chairman and the Controlling Shareholder of our Company.
Alexis Teo	The Executive Director and CEO of our Group. Alexis Teo is the daughter of Mr. Teo Kiang Ang.
Ms. Ellen Teo Soak Hoon (“Ellen Teo”)	Ellen Teo is the daughter of Mr. Teo Kiang Ang, sister of Alexis Teo and a director of UEC.
Choon Hin	A company incorporated in Singapore which is engaged in the supply and distribution of LPG to the Commercial Business Segment of the UEC Group’s business, and is wholly-owned by UEC. Mr. Teo Kiang Ang is also the director of Choon Hin. Please refer to the section entitled “Potential Conflicts of Interest” of this Offer Document for further details on the Commercial Business Segment of the UEC Group’s business.
D Investments	A company incorporated in Singapore which is engaged in the business of real estate development, and is wholly-owned by Mr. Teo Kiang Ang. Mr. Teo Kiang Ang is also a director of D Investments.
Gasmart	A company incorporated in Singapore which is engaged in the supply and distribution of LPG to the Commercial Business Segment of the UEC Group’s business, and is wholly-owned by UEC. Mr. Teo Kiang Ang is also a director of Gasmart. Please refer to the section entitled “Potential Conflicts of Interest” of this Offer Document for further details on the Commercial Business Segment of the UEC Group’s business.

INTERESTED PERSON TRANSACTIONS

Health Domain	A company incorporated in Singapore wholly-owned by UEC, which is engaged in the wholesale and retail of health products. Mr. Teo Kiang Ang is the director of Health Domain.
Sembas	A company incorporated in Singapore wholly-owned by UEC, which is engaged in the wholesale of LPG and the production and sale of LPG-related equipment. It supplies and distributes LPG to the Commercial Business Segment of the UEC Group's business. Mr. Teo Kiang Ang is the director of Sembas. Please refer to the section entitled "Potential Conflicts of Interest – Interests of Directors, Controlling Shareholders or their Associates" of the Offer Document for further details on the Commercial Business Segment of the UEC Group's business.
Semgas	A company incorporated in Singapore which is engaged in the supply and distribution of LPG to the Commercial Business Segment of the UEC Group's business, and wholly-owned by UEC. Mr. Teo Kiang Ang is the director of Semgas. Please refer to the section entitled "Potential Conflicts of Interest – Interests of Directors, Controlling Shareholders or their Associates" of the Offer Document for further details on the Commercial Business Segment of the UEC Group's business.
Summit Gas	A company incorporated in Singapore wholly-owned by UEC, which is engaged in the manufacturing, processing and refilling of LPG. It is also engaged in the wholesale, supply and distribution of LPG to the Commercial Business Segment of the UEC Group's business as well as third party dealers. Mr. Teo Kiang Ang is a director of Summit Gas. Please refer to the section entitled "Potential Conflicts of Interest – Interests of Directors, Controlling Shareholders or their Associates" of the Offer Document for further details on the Commercial Business Segment of the UEC Group's business.
Trans-cab Group	The core business of the Trans-cab Group is the operation of taxi services in Singapore. As at the Latest Practicable Date, Mr. Teo Kiang Ang, owns approximately 79% of the issued share capital of Trans-cab, and is also the Chairman and CEO of Trans-cab.
U.Build Pte. Ltd. ("U.Build")	A company incorporated in Singapore which is engaged in the business of building, construction and real estate development. Alexis Teo was a director and shareholder of U.Build but ceased being a director and shareholder of U.Build on 18 November 2016 and 17 November 2016 respectively. Alexis Teo's spouse is currently the sole shareholder of U.Build.

INTERESTED PERSON TRANSACTIONS

UEC	A company incorporated in Singapore which is a holding company of the UEC Group. Mr. Teo Kiang Ang has 61.89% shareholding interest in UEC and Alexis Teo has 5.38% shareholding interest in UEC. The remaining 32.73% shareholding interests are held by Mr. Teo Kiang Ang's other children. Mr. Teo Kiang Ang is the director of UEC.
Union Power Pte. Ltd. ("Union Power")	A company incorporated in Singapore which is engaged in the business of supply of electricity, and wholly-owned by UEC. Mr. Teo Kiang Ang is the director of Union Power.

Note:

- (1) Save as disclosed, none of the shareholders and directors of the Interested Persons listed are related to our Directors, CEO, Controlling Shareholder or their Associates.

PAST INTERESTED PERSON TRANSACTIONS

(a) Renovation works provided by U.Build

In August 2016, Union Gas engaged U.Build to carry out renovation works at our fuel station at 50 Old Toh Tuck Road. U.Build was engaged as its quotation was more competitive compared to a quotation from a third party contractor. The total fee paid by Union Gas to U.Build was S\$772,599. Our Executive Director and CEO, Alexis Teo, was, at the time of the transaction, a director and shareholder of U.Build. As at the Latest Practicable Date, Alexis Teo is not a director or shareholder of U.Build and her spouse is the sole shareholder of U.Build.

Our Directors are of the view that the aforesaid transaction was not carried out on an arm's length basis, but was on normal commercial terms as the quote from U.Build was more competitive compared to the quotation from an unrelated third party contractor, and was not prejudicial to our Group.

This was a one-off transaction and we do not intend to enter into such transactions with U.Build after our listing on Catalist.

(b) Provision of Shared Services by the UEC Group to our Group

The UEC Group provided services such as accounting and finance, IT (including the IT hardware and equipment ("**IT Infrastructure**")), HR, customer service, marketing and storage to our Group ("**Shared Services**"). During the Relevant Period, there was no agreement entered into for the Shared Services between the UEC Group and our Group and there were no fees paid by our Group to the UEC Group for the Shared Services. Accordingly, our Directors are of the view that the aforesaid transactions were not on arm's length basis and were not on normal commercial terms but are nonetheless not prejudicial to the interests of our Group.

INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, the UEC Group has transferred the administrative staff involved in the provision of Shared Services to our Group and our Group now performs such administrative functions independently. Hence, all such arrangements with the UEC Group in relation to the Shared Services have since ceased and we do not intend to enter into such transactions with the UEC Group after our listing on Catalist.

(c) Insurance policies involving the UEC Group

Policies taken out by UEC, Sembas and Summit Gas for Union Energy and Union Gas

UEC, Sembas and Summit Gas, wholly-owned subsidiaries of UEC, had in the past taken out certain insurance policies on behalf of the UEC Group, which included Union Gas and Union Energy. Generally, UEC, Sembas and Summit Gas allocated the premiums incurred amongst the various entities under the UEC Group covered by the abovementioned insurances equally, save for certain insurance policies which were based on headcount of the respective entities such as personal accident insurance and group hospital & surgical insurance.

The insurance policies taken out by UEC, Sembas and Summit Gas included, amongst others, product liability insurance, public liability insurance, fidelity guarantee insurance, money insurance, directors & officers liability insurance, work injury insurance, personal accident insurance and group hospital & surgical insurance, and the aggregate amounts charged by UEC, Sembas and Summit Gas to Union Energy and Union Gas on the premiums of the policies for the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Aggregate premiums paid by Union Energy and Union Gas to UEC, Sembas and Summit Gas	41	67	119	71

The aforesaid transactions were not on an arm's length basis and were not on normal commercial terms as the premiums were allocated equally amongst the various entities in the UEC Group regardless of the size of the operations or the headcount of each of the entities in the UEC Group, save for certain insurance policies which were based on headcount of the respective entities such as personal accident insurance and group hospital & surgical insurance.

However, our Directors are of the view that the aforesaid transactions were not prejudicial to the interests of our Group in view of the favourable rates enjoyed by the UEC Group on a group basis. Save for the directors & officers liability insurance, work injury insurance, personal accident insurance and group hospital & surgical insurance which expires on 31 December 2017 and which have been fully paid by our Group for its respective allocation, the rest of the policies have already expired on 31 December 2016. Since 1 January 2017, our Group has taken insurance policies to cover, *inter alia*, our operational, HR and fixed asset risks and in respect of the directors & officers liability insurance, work injury insurance,

INTERESTED PERSON TRANSACTIONS

personal accident insurance and the group hospital & surgical insurance, we will be taking up these policies under our name post-expiry of the abovementioned policies taken by UEC Group on behalf of Union Energy and Union Gas. Please refer to the section entitled “General Information on our Group – Insurance” of this Offer Document for further details.

During the Relevant Period, Union Energy has directly paid a claim in March 2015 under the aforesaid product liability insurance for an amount of S\$10,000 as it pertained to a claim against Union Energy for an injury to an individual caused by a fire incident. On 6 June 2017, UEC provided us a confirmation that it will pay any and all claims that may materialise under all policies taken by UEC on our Group’s behalf if and when they crystallise. As a result, we shall have no further exposure in connection with any claims on the aforementioned policies taken by UEC on our Group’s behalf.

As any future claims will be paid by UEC on behalf of our Group and there were no fees paid to UEC for such arrangement, the aforesaid transaction was not on an arm’s length basis and was not on normal commercial terms. However, our Directors are of the view that the aforesaid transaction was not prejudicial to the interests of our Group.

We do not intend to enter into such transactions with the UEC Group after our listing on Catalist.

Policies taken out by Union Energy for the UEC Group

Union Energy had in the past taken out product liability insurance and work injury insurance on behalf of the UEC Group including its authorised dealers. The premium incurred was paid directly by UEC.

As no fees were charged by Union Energy to UEC, the aforesaid transaction was not on an arm’s length basis and was not on normal commercial terms. However, our Directors are of the view that the aforesaid transaction was not prejudicial to the interests of our Group. The policies expired on 31 December 2016 and we will not be liable for any future claims attributable to the UEC Group.

We do not intend to enter into such transactions with the UEC Group after our listing on Catalist.

INTERESTED PERSON TRANSACTIONS

(d) Amounts due from the UEC Group

From time to time, Union Energy and Union Gas made transfers of their cash balances to the UEC Group for cash management purposes. For cash management purposes, all amounts owed by the UEC Group to our Group arising from such transfers of cash balances were consolidated in UEC's year-end accounts. The aggregate amounts due from the UEC Group as at the end of each applicable financial year or period (as the case may be) during the Relevant Period were as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)	Largest amount outstanding during the Relevant Period (based on month-end balances) (S\$'000)
Amounts due from Sembas	–	–	–	–	5,890
Amounts due from Semgas	–	–	–	–	633
Amounts due from UEC	7,455	7,907	7,908	–	10,267

Such transfers were not granted on an arm's length basis and were not on normal commercial terms as they were interest-free, unsecured and had no fixed terms of repayment. However, our Directors are of the view that the aforesaid transactions were not prejudicial to the interests of our Group.

As at the Latest Practicable Date, all amounts due from the UEC Group have been fully settled. We do not intend to enter into similar transactions with the UEC Group after our listing on Catalist.

(e) Advances from Mr. Teo Kiang Ang

Mr. Teo Kiang Ang had on 1 December 2016 granted an advance of approximately S\$130,000 to our Group for working capital purposes. On 31 March 2017, as part of the Restructuring Exercise, Mr. Teo Kiang Ang had advanced to our Company an amount of S\$800,000 for the acquisition of shares in Union Energy and Union Gas. The advances were interest-free, unsecured and had no fixed terms of repayment. Accordingly, our Directors are of the view that the advances were not entered into on an arm's length basis and were not on normal commercial terms, but were not prejudicial to the interests of our Group.

As at the Latest Practicable Date, all amounts due to Mr. Teo Kiang Ang have been fully settled. We do not intend to obtain advances from interested persons of our Group after our listing on Catalist.

INTERESTED PERSON TRANSACTIONS

(f) Miscellaneous payments involving the UEC Group

Payment by the UEC Group on behalf of our Group

From time to time, the UEC Group made payments on behalf of Union Energy and Union Gas for various operational and ancillary expenses, such as vehicle inspection fees, service charges, utilities and telecommunication bills. The payments for these operational and ancillary expenses paid by the UEC Group on Union Gas and Union Energy's behalf were reimbursed by Union Energy and Union Gas at cost. The aggregate values of such transactions for the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Payment by the UEC Group on behalf of Union Energy and Union Gas	395	1,092	1,800	513

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis and were not on normal commercial terms as they were reimbursed by Union Energy and Union Gas at cost. However, our Directors are of the view that the aforesaid transactions were not prejudicial to the interests of our Group.

As at the Latest Practicable Date, all amounts due to the UEC Group have been fully settled. We do not intend to enter into similar transactions with the UEC Group after our listing on Catalist.

Payment of GST by the UEC Group on behalf of our Group

Prior to the Business Rationalisation, the UEC Group shared one GST registration number pursuant to which the administration for GST reporting was centralised under Sembas, which was the representative member of the UEC Group for GST reporting purposes. Sembas made payments on behalf of Union Energy and Union Gas for GST on a quarterly basis. The payments for GST paid by Sembas on Union Gas and Union Energy's behalf were reimbursed by Union Energy and Union Gas at cost. The aggregate values of such transactions for the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Amounts paid to Sembas by Union Energy and Union Gas in respect of GST	2,080	1,836	1,815	776

INTERESTED PERSON TRANSACTIONS

As part of the Business Rationalisation, our Group has applied to IRAS in April 2017 to de-link our Group from the UEC Group such that our Group Companies would administer our own GST reporting. IRAS has granted approval for the de-linking of our Group and our Group Companies will administer our own GST reporting effective from 1 July 2017.

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis and were not on normal commercial terms as they were reimbursed by Union Energy and Union Gas at cost. However, our Directors are of the view that the aforesaid transactions were not prejudicial to the interests of our Group.

As at the Latest Practicable Date, all amounts due to Sembas for the payments on behalf of Union Energy and Union Gas for GST up to the quarter ended 31 March 2017 have been fully settled. All amounts due to Sembas for the payments on behalf of Union Energy and Union Gas for GST for the quarter of April 2017 to June 2017 will be fully settled prior to our listing on Catalist and we do not intend to enter into similar transactions with the UEC Group after our listing on Catalist.

Payment by our Group on behalf of the UEC Group

From time to time, our Group made payments on behalf of the UEC Group for various operational and ancillary expenses, such as advertising fees, purchase of diesel and rental of accommodation for foreign workers. The payments for these operational and ancillary expenses paid by our Group on behalf of the UEC Group were reimbursed by the UEC Group at cost. The aggregate values of such transactions for the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Payment by our Group on behalf of the UEC Group	8	152	37	2

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis and were not on normal commercial terms as they were reimbursed by the UEC Group at cost. However, they were not prejudicial to the interests of our Group.

As at the Latest Practicable Date, all amounts due from the UEC Group have been fully settled. We do not intend to enter into similar transactions with the UEC Group after our listing on Catalist.

INTERESTED PERSON TRANSACTIONS

- (g) Reimbursement by Trans-cab Group of subsidy pertaining to the sale of CNG by Union Gas to the taxi drivers under the Trans-cab Group

Union Gas had an arrangement with Trans-cab whereby taxi drivers of its fleet of CNG-powered taxis who purchase CNG at our fuel station are offered a subsidy to offset the excise duty of S\$0.20 per kg imposed on the dispenser prices of CNG and a 7% discount to the prices charged to third party customers for the sale of CNG. From 1 January 2014 to 30 June 2015, the subsidy was borne by Trans-cab and Union Gas billed Trans-cab for the portion of the subsidy that was provided. The reimbursement of the subsidy was discontinued at the request of Trans-cab since 1 July 2015. In order to optimise the use of our facilities and maintain our sales volume of CNG, Union Gas continued to offer the subsidy at its own expense to offset the excise duty and derived a good overall margin.

The aggregate amount of the subsidies reimbursed by Trans-cab during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Amount of subsidy reimbursed by Trans-cab	1,070	213	–	–

Sale of CNG to the taxi drivers of CNG-powered taxis under the Trans-cab Group accounted for approximately 35.0%, 29.3% and 20.3% of the revenue of our Group in FY2014, FY2015 and FY2016 respectively.

The arrangement with the Trans-cab Group was beneficial to our Group as such sales enabled our Group to optimise the use of our facilities, and hence derive a good overall margin.

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis, not on normal commercial terms, but were not prejudicial to the interests of our Group as the transactions with Trans-cab allowed us to meet our minimum purchase quantity obligations with our natural gas supplier. We do not intend to enter into similar transactions with the Trans-cab Group after our listing on Catalyst.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

- (a) Purchase of bottled LPG cylinders by Union Energy from the UEC Group

As an authorised dealer of bottled LPG cylinders for the UEC Group, Union Energy purchased all its bottled LPG cylinders from the UEC Group during the Relevant Period. Specifically, Union Energy purchased all its bottled LPG cylinders from Sembas prior to 1 April 2017. Pursuant to the Dealership Agreement, Union Energy commenced purchasing bottled LPG cylinders from Summit Gas on 1 April 2017 for sale to its customers, and ceased purchasing its bottled LPG cylinders from Sembas thereafter.

INTERESTED PERSON TRANSACTIONS

Prior to the entry into the Dealership Agreement, there was no formal agreement between Union Energy and Sembas which governed the terms of such transactions. As mentioned above, on 1 April 2017, to ensure that our Group has an assured supply of bottled LPG cylinders and to formalise the terms of purchase, Union Energy has entered into the Dealership Agreement with Summit Gas for the supply of bottled LPG cylinders. Please refer to the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document for more information on the Dealership Agreement and the Pricing Formula for such purchases.

The aggregate values of the purchases of bottled LPG cylinders from Sembas or Summit Gas, as the case may be, during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Purchase of bottled LPG cylinders from Sembas or Summit Gas (as the case may be)	16,036	12,487	11,701	5,274

Due to the bulk volume purchased by Union Energy, the prices paid by Union Energy for the bottled LPG cylinders are lower than those charged by the UEC Group to the rest of its customers whose purchased volumes are smaller. While similar pricing are available to other third party customers of the UEC Group who can make such bulk volume purchases, during the Relevant Period, the UEC Group had no other customers besides our Group who purchased such bulk volumes of bottled LPG cylinders.

Our Directors are of the view that the aforesaid transactions are not on an arm’s length basis, but are made on normal commercial terms and are not prejudicial to the interests of our Group.

The Independent Financial Adviser has been appointed to advise our Audit Committee on whether the Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders. Having regard to its evaluation of the terms of the Dealership Agreement and subject to the assumptions and qualifications in the IFA Letter, the Independent Financial Adviser is of the opinion that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders. Please refer to the Appendix C of this Offer Document entitled “Letter from the Independent Financial Adviser” for the IFA Letter.

Our Audit Committee, having considered the opinion of the Independent Financial Adviser and the terms of the Dealership Agreement, is of the view that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interest of our Company and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

The Dealership Agreement constitutes an Interested Person Transaction under Chapter 9 of the Catalist Rules. It shall be deemed to have been specifically approved by Shareholders upon their subscription and/or purchase of our Shares in connection with the Invitation and will thereafter not be subject to Rules 905 and 906 of the Catalist Rules to the extent that there is no variation or amendment to the terms of the Dealership Agreement which is adverse to our Group.

All Interested Person Transactions under the Dealership Agreement 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. Our internal auditors shall submit their findings to our Audit Committee. Our 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.

After our listing on Catalist, any future variation or amendment or renewal of the terms of the Dealership Agreement shall be subject to the approval of our Audit Committee and the relevant Catalist Rules. In addition, the Audit Committee shall review the terms of the Dealership Agreement every three (3) years with the assistance from independent advisers to ensure that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interest of our Company and our minority shareholders.

(b) Sale of diesel from Union Gas to Sembas and Summit Gas

From February 2016 to March 2017, Union Gas supplied diesel through the Defu Lane Dispensers (as defined in the section entitled “Restructuring Exercise – Rationalisation of our Business and Operations – Transactions involving purchase and sale of diesel dispensers” of this Offer Document) and since August 2015, Union Gas has been supplying diesel at our fuel station at 50 Old Toh Tuck Road to the staff of Sembas and Summit Gas. The aggregate amounts charged by our Group for the sale of diesel to Sembas and Summit Gas during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Sale of diesel to Sembas and Summit Gas	–	21	232	82

The prices paid by Sembas and Summit Gas for diesel are similar to those charged to other third party customers by Union Gas, based on prevailing market prices. Our Directors are of the view that the aforesaid transactions were on an arm’s length basis, were on normal commercial terms and were not prejudicial to the interests of our Group.

INTERESTED PERSON TRANSACTIONS

It is envisaged that we may continue the aforesaid transactions with Sembas and Summit Gas in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with Sembas and Summit Gas. After our listing on Catalist, such transactions shall be subject to the review procedures set out in the abovementioned section.

(c) Provision of IT Infrastructure services to Sembas

As set out in the section entitled "Restructuring Exercise – Rationalisation of our Business and Operations – Purchase of IT Infrastructure by Union Energy from Sembas", our Group has acquired the IT Infrastructure from Sembas on 30 April 2017 for a cash consideration of S\$217,173. Subsequently on 1 May 2017, we started to provide back-end IT services to Sembas which include, *inter alia*, the hosting of Sembas' enterprise resource planning (ERP) system and other miscellaneous IT-support services.

The service fees paid by Sembas to our Group is based on cost recovery plus mark-up of 5%, taking into account all costs directly incurred by our Group to maintain the IT Infrastructure, which includes the cost of purchasing the IT Infrastructure, equipment and spare parts, the costs of financing the purchasing of such equipment (if any), the costs of the personnel engaged to provide such services, and any other costs in relation to and necessary for our Group to properly render the services. The aggregate amounts charged by us to Sembas for the provision of IT Infrastructure services during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Provision of IT infrastructure services to Sembas	–	–	–	46

The aforesaid transactions were not entered into on an arm's length basis and were not on normal commercial terms, as there was no reference to market prices for the provision of such customised IT Infrastructure services. Our Directors are however of the view that the aforesaid transactions were not prejudicial to the interests of our Group as the service fees paid by Sembas to our Group is based on cost recovery plus mark-up of 5%.

After our listing on Catalist, we intend to continue the aforesaid transactions with Sembas. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with Sembas. After our listing on Catalist, such transactions shall be subject to the review procedures set out in the abovementioned section.

INTERESTED PERSON TRANSACTIONS

(d) Sale of diesel in bulk by Union Gas to Sembas

From time to time, Union Gas had supplied diesel in bulk to Sembas. The price for such sales is based on a certain gross profit margin, after taking into consideration various commercial factors such as manpower, logistics costs and commercial returns. The aggregate amounts charged by our Group for the sale of diesel in bulk to Sembas during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Sale of diesel to Sembas	–	–	–	179

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis but were on normal commercial terms, as similar pricing are available to other third party customers of Union Gas who also make such bulk volume purchases, and were not prejudicial to the interests of our Group.

It is envisaged that we may continue the aforesaid transactions with Sembas in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with Sembas. After our listing on Catalyst, such transactions shall be subject to the review procedures set out in the abovementioned section.

(e) Lease of premises from Sembas

Sembas leases a total of seven (7) floors at the Union Energy Group Building for the use of the UEC Group from D Investments, a company wholly-owned by Mr. Teo Kiang Ang.

Union Gas and Union Energy had previously occupied an aggregate floor area of 410 sq m at #07-01 and #05-01 of the Union Energy Group Building without charge for use as their registered office. There was no formal agreement governing the lease arrangements between Union Gas, Union Energy and Sembas. Such lease arrangements ceased on 31 December 2016.

As there had been no rent charged, our Directors are of the view that the aforesaid transaction was not on an arm's length basis and was not on normal commercial terms. The Directors are of the view that this was, however, not prejudicial to our Group.

Separately, on 25 October 2016, our Company entered into a tenancy agreement with Sembas for the lease of the premises of an aggregate floor area of 296 sq m at #04-01 and #05-01 of the Union Energy Group Building for our Group's use as our corporate office, call centre for the Retail LPG Business and general storage purposes. These premises are entirely occupied by our Group and we do not share our premises with the UEC Group. The lease commenced on 1 January 2017 and expired on 30 April 2017. On 25 April 2017, our

INTERESTED PERSON TRANSACTIONS

Company entered into a new tenancy agreement with Sembas for a period of two (2) years commencing on 1 May 2017. The monthly rental of approximately S\$5,830 for the premises was determined based on the market rental value determined by an independent valuer.

The rental expenses charged by Sembas to our Group for our usage of such premises for the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Rental expense charged by Sembas	–	–	–	32

Our Directors are of the view that the aforesaid transaction was not on an arm's length basis but was on normal commercial terms and was not prejudicial to the interests of our Group.

We intend to renew the aforesaid lease upon expiry, on normal commercial terms. After our listing on Catalist, such transaction will be subject to such guidelines and review procedures as described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

(f) Provision of delivery services by Sembas and Summit Gas to Union Energy

Sembas and Summit Gas, wholly-owned subsidiaries of UEC, provided delivery services to Union Energy for the purposes of transporting bottled LPG cylinders and LPG-related accessories. The charges for the provision of such transportation services were largely determined based on the costs incurred by Sembas and Summit Gas. The aggregate amounts incurred by Union Energy from the provision of delivery services by Sembas and Summit Gas during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Provision of delivery services by Sembas and Summit Gas	822	3,265	4,071	1,360

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis and were not on normal commercial terms but are not prejudicial to the interests of our Group as the terms provided to us by Sembas and Summit Gas were favourable to us.

INTERESTED PERSON TRANSACTIONS

Depending on our operational requirements, we may enter into such transactions with Sembas and Summit Gas after our listing on Catalist, such as when we experience temporary shortage of delivery personnel or have to make emergency deliveries. Such transactions will be conducted on an arm's length basis and will be subject to such guidelines and review procedures as described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

(g) Rental of motor vehicles

Rental of motor vehicles from Semgas, Choon Hin and Gasmart by Union Energy and Union Gas

Union Energy and Union Gas previously rented the fleet of motor vehicles from Semgas, Choon Hin and Gasmart, wholly-owned subsidiaries of UEC, for the transportation of its products. Subsequently, as part of the Business Rationalisation, Union Energy and Union Gas acquired a fleet of motor vehicles from Semgas and Choon Hin. Please refer to "Restructuring Exercise – Rationalisation of our Business and Operations – Transactions involving purchase and sale of motor vehicles with the UEC Group" of this Offer Document for more details.

The rental charges paid by Union Energy and Union Gas take into consideration the operational costs of the motor vehicles such as road tax, motor insurance and maintenance costs. The aggregate amounts incurred by Union Energy and Union Gas from the rental of the motor vehicles during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Rental of motor vehicles from Semgas, Choon Hin and Gasmart	1,548	1,429	1,139	53

The aforesaid transactions were not on an arm's length basis and were not on normal commercial terms as no reference was made to market prices for rental of such motor vehicles. Our Directors are however of the view that the aforesaid transactions were not prejudicial to the interests of our Group as our Group had the flexibility to adjust the number of motor vehicles rented depending on our operational requirements.

INTERESTED PERSON TRANSACTIONS

We may enter into such transactions with Semgas, Choon Hin and Gasmart after our listing on Catalist, such as when we experience temporary shortage of motor vehicles or have to make emergency deliveries. Such transactions will be conducted on normal commercial terms and will be subject to such guidelines and review procedures as described in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions” of this Offer Document and Chapter 9 of the Catalist Rules.

Rental of motor vehicles from Union Energy by Sembas and Gasmart

Sembas and Gasmart rented a few motor vehicles from Union Energy to meet their operational needs during the period from October 2016 to April 2017 while we were rationalising our motor vehicle fleet.

The rental charges paid by Sembas and Gasmart take into consideration the operational costs of the motor vehicles such as road tax, motor insurance and maintenance costs. The aggregate amounts charged to Sembas and Gasmart for the rental of the motor vehicles during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Rental of motor vehicles by Sembas and Gasmart	–	–	18	58

The aforesaid transactions were not on an arm’s length basis and were not on normal commercial terms as no reference was made to market prices for rental of such motor vehicles. Our Directors are however of the view that the aforesaid transactions were not prejudicial to the interests of our Group.

We may enter into such transactions with the UEC Group after our listing on Catalist, such as when the UEC Group experience temporary shortage of motor vehicles or have to make emergency deliveries. Such transactions will be conducted on normal commercial terms and will be subject to such guidelines and review procedures as described in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions” of this Offer Document and Chapter 9 of the Catalist Rules.

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(h) Provision of guarantees by Interested Persons

As at the Latest Practicable Date, Mr. Teo Kiang Ang, Alexis Teo and our Company have provided guarantees in respect of facilities granted to our Group, details of which are set out below:

Financial Institution	Type of Facility	Amount of facilities guaranteed (S\$'000)	Guarantors	Largest amount outstanding during the Relevant Period (based on month-end balances) (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)
UOB	Various hire purchase facilities for purchase of motor vehicles	396	Mr. Teo Kiang Ang, Alexis Teo and Union Gas Holdings	385	370
	Money Market Loan, Term Loan, Performance Guarantee and Financial Guarantee	9,266	Mr. Teo Kiang Ang, Alexis Teo and Union Gas Holdings	6,620	4,301
	Foreign exchange transactions	3,000	Mr. Teo Kiang Ang, Alexis Teo and Union Gas Holdings	–	–

During the Relevant Period up till May 2017, Mr. Teo Kiang Ang, Ellen Teo and UEC provided guarantees in respect of the abovementioned facilities granted to our Group. Subsequently, the guarantors in respect of the abovementioned facilities were replaced with Mr. Teo Kiang Ang, Alexis Teo and our Company.

There were no fees paid to Mr. Teo Kiang Ang, Ellen Teo, UEC or Alexis Teo for the provision of the above personal and corporate guarantees. Accordingly, our Directors are of the view that the aforesaid transactions were not carried out on an arm's length basis and were not on normal commercial terms but were nonetheless not prejudicial to the interests of our Group. The largest amount guaranteed was S\$8,613,143 during the Relevant Period.

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After our listing on Catalist, we intend to request for the release and discharge of the abovementioned personal guarantees provided by each of Mr. Teo Kiang Ang and Alexis Teo.

Our Group does not expect any material changes to the other terms and conditions of the above facilities. In the event that (a) UOB does not agree to the release or discharge of the above guarantees, or (b) the release and discharge of the above guarantees are on terms and conditions that are not acceptable to our Group and/or (c) our Group is unable to secure alternative facilities on similar terms and conditions or on terms acceptable to our Group, each of Mr. Teo Kiang Ang and Alexis Teo has agreed to continue to provide such guarantees free of any charge or fee.

(i) Licence of the Union IP from UEC

During the Relevant Period, we have been using the “Union” trade mark in our Retail LPG Business on a non-exclusive and royalty-free basis for the purposes of marketing and sales.

Our Group entered into the Trade mark Licence Agreement on 1 April 2017, as amended, modified and/or supplemented on 20 June 2017, with UEC for the use of any and all registered and unregistered intellectual property rights owned by UEC (the “**Union IP**”) for our Group’s business. The Trade mark Licence Agreement was effective from 1 April 2017 and will continue for an unlimited duration until the earlier of (i) our Company notifying UEC that it wishes to terminate the Trade mark Licence Agreement, (ii) Mr. Teo Kiang Ang and his Associates ceasing to be, directly or indirectly, a Controlling Shareholder and Director of our Company, or (iii) the date of which our Company ceases to be listed on Catalist. Our Group shall also be entitled to terminate the Trade mark Licence Agreement by giving three (3) months’ notice to UEC. As the licensing fee charged to our Group is a nominal S\$1 per year, our Directors are of the view that the aforesaid transaction is not on an arm’s length basis and is not on normal commercial terms but is nonetheless not prejudicial to our Group.

After our listing on Catalist, we intend to continue the license of the Union IP from UEC in accordance with the terms of the Trade mark Licence Agreement, and such transactions will be conducted in accordance with the guidelines and review procedures as described in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions” of this Offer Document and Chapter 9 of the Catalist Rules.

(j) Transactions involving Health Domain

Purchase of Health Products by Union Energy from Health Domain

Since February 2016, we purchase health products from Health Domain for sale to our customers to leverage on our extensive distribution network. These health products include health supplements and health food.

INTERESTED PERSON TRANSACTIONS

The aggregate amounts purchased by Union Energy from Health Domain during the Relevant Period are as follows:

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	From 1 January 2017 to the Latest Practicable Date (S\$'000)
Purchase of health products from Health Domain	–	–	36	17

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis, but on normal commercial terms as the prices paid by Union Energy are the same as what Health Domain charges its unrelated third party customers, and was not prejudicial to the interests of our Group.

It is envisaged that we may continue the aforesaid transactions with Health Domain in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with Health Domain. After our listing on Catalist, such transactions shall be subject to the review procedures set out in the abovementioned section.

Provision of advertising services to Health Domain

We have been providing advertising services to Health Domain through the display board on our motor vehicles and at our fuel station at 50 Old Toh Tuck Road. No fees were charged to Health Domain for the provision of the advertising services.

With effect from 1 May 2017, we have entered into an agreement with Health Domain for the provision of the abovementioned advertising services. Pursuant to the agreement, the fees charged by our Group to Health Domain takes into account the costs for our Group to maintain the display boards and that we distribute health products by Health Domain. The fees charged from 1 May 2017 to the Latest Practicable Date are S\$1,145.

Our Directors are of the view that the aforesaid transactions were not entered into on an arm's length basis and were not on normal commercial terms as there was no fees charged to Health Domain prior to 1 May 2017 and there was no reference to market prices for the provision of such advertising services subsequent to 1 May 2017. Our Directors are however of the view that the aforesaid transactions were not prejudicial to the interests of our Group as we are also distributing and selling the health products from Health Domain and the advertisements promote the sale of these products.

After our listing on Catalist, we intend to continue the aforesaid transactions with Health Domain, and such transactions will be conducted in accordance with the guidelines and review procedures as described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

(k) Purchase of electricity by Union Gas from Union Power

Since April 2017, Union Gas has been purchasing electricity from Union Power for its operations at the fuel station. The aggregate amount paid by Union Gas to Union Power for the purchase of electricity from April 2017 to the Latest Practicable Date is approximately S\$41,263. We also placed a deposit of S\$4,293 with Union Power in May 2017 in relation to such purchase of electricity.

Our Directors are of the view that the aforesaid transactions were not on an arm's length basis, but were on normal commercial terms as the price charged by Union Power to us is the same as what Union Power charged its unrelated third party customers, and were not prejudicial to the interests of our Group.

It is envisaged that we may continue the aforesaid transactions with Union Power in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with Union Power. After our listing on Catalist, such transactions shall be subject to the review procedures set out in the abovementioned section.

OTHER TRANSACTION

For purposes of disclosure, the Other Transaction (which does not fall within the ambit of Chapter 9 of the Catalist Rules) is set out below.

Provision of discount vouchers in connection with joint marketing efforts with Union Power

From time to time, Union Energy provides discount vouchers for its products to Union Power for distribution to Union Power's customers in connection with its joint marketing efforts with Union Power. The discounts offered in the discount vouchers are similar to those offered to Union Energy's customers during its road show promotions.

Union Energy does not charge Union Power for the discount vouchers and Union Power, similarly, does not charge Union Energy for any marketing efforts.

Our Directors are of the view that this arrangement is mutually beneficial to both companies as it helps to widen our customer base and potentially boost sales. This arrangement does not fall within the ambit of Chapter 9 of the Catalist Rules as the discount vouchers from Union Energy is given directly to Union Power's customers and are not sold to Union Power. Hence, there is no transaction between Union Energy and Union Power in relation thereto. Each of the discount voucher has a serial number which allows Union Energy to maintain a record of the discount vouchers that were given and monitor the value of the discount vouchers given to Union Power's customers.

It is envisaged that we may continue the aforesaid arrangement with Union Power in the ordinary course of our business in the future as and when the need arises.

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GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We anticipate that our Group would, following the admission of our Company to Catalist, in the ordinary course of business, continue to enter into certain transactions with Interested Persons, including but not limited to those categories of transactions described below. It is likely that such transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of commercial transactions, it would be advantageous for us to obtain a Shareholders' mandate to enter into certain Interested Person Transactions in our normal course of business, provided that all such Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent Interested Person Transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations.

Pursuant to Rule 920(2) of the Catalist Rules, our Company may treat a general mandate as having been obtained from our Shareholders ("**Shareholders' Mandate**") for us to enter into Interested Person Transactions with our Interested Persons, if the information required under Rule 920(1)(b) of the Catalist Rules is included in this Offer Document. The information required by Rule 920(1)(b) of the Catalist Rules is as follows:

- (i) the class of Interested Persons with which the Entity At Risk (as defined below) will be transacting;
- (ii) the nature of the transactions contemplated under the mandate;
- (iii) the rationale for, and benefit to, the Entity At Risk;
- (iv) the methods or procedures for determining transaction prices;
- (v) the Independent Financial Adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders;
- (vi) an opinion from the Audit Committee if it takes a different view to the Independent Financial Adviser;
- (vii) a statement from us that we will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate; and
- (viii) a statement that the Interested Person will abstain, and has undertaken to ensure that its Associates will abstain, from voting on the resolution approving the transaction.

By subscribing for and/or purchasing the Invitation Shares, new Shareholders are deemed to have approved the Shareholders' Mandate. The Shareholders' Mandate will be effective until the earlier of the following: (i) the conclusion of our first annual general meeting following our admission to Catalist, or the date by which the next annual general meeting of our Company is required by law to be held; or (ii) the first anniversary of the date of our admission to Catalist. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate at each

INTERESTED PERSON TRANSACTIONS

subsequent annual general meeting or the date by which the next annual general meeting of our Company is required by law to be held, subject to satisfactory review by our Audit Committee of its continued application to the transactions with the Mandated Interest Persons (as defined below).

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on the resolutions approving Interested Person Transactions involving themselves and our Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, our Directors, Mr. Teo Kiang Ang and Alexis Teo, and their Associates will abstain from voting on the resolutions approving the renewal of the Shareholders' Mandate.

Entities At Risk

For the purposes of the Shareholders' Mandate, an "Entity At Risk" means:

- (a) our Company;
- (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that we and our Interested Person(s), have control over the associated company.

Classes of Mandated Interested Persons

The Shareholders' Mandate will apply to our transactions with the UEC Group (the "**Mandated Interested Persons**"). For the avoidance of doubt, such Mandated Interested Person would include such persons who may, during such period while such Shareholders' Mandate is effective, become Mandated Interested Persons where previously they were not so. As at the date of this Offer Document, the Mandated Interested Persons are:

- (a) Sembas;
- (b) Summit Gas;
- (c) Health Domain; and
- (d) Union Power.

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

INTERESTED PERSON TRANSACTIONS

Mandated Transactions under the General Mandate

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

- (a) sale of diesel at our fuel station from Union Gas to Sembas and Summit Gas;
- (b) provision of IT Infrastructure services to Sembas;
- (c) sale of diesel in bulk by Union Gas to Sembas;
- (d) purchase of health products by Union Energy from Health Domain; and
- (e) purchase of electricity by Union Gas from Union Power.

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Shareholders' Mandate. The Shareholders' Mandate will also not cover any transaction by our 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.

Transactions with other interested persons (other than the classes of Mandated Interested Persons) that do not fall within the ambit of the Shareholders' 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 Shareholders' Mandate are not subject to Rule 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

Rationale for and Benefits of the Shareholders' Mandate

Union Energy and Union Gas were part of the UEC Group prior to the Restructuring Exercise and they have been transacting with the UEC Group frequently. The Mandated Transactions are transactions entered into between our Group and the UEC Group in the ordinary course of business. Such transactions will recur frequently and our Directors are of the view that it will be beneficial to our Group to continue to transact with the Mandated Interested Persons as our Group derives synergy and benefits from these transactions.

The Shareholders' 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 Mandated Transactions arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in the normal course of our business which are entered into from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to our Company and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (i) disclose in our Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the Shareholders' Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Shareholders' Mandate continues to be in force); and (ii) announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the Shareholders' Mandate for the financial periods which we are required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

Review Procedures under the Mandated Transactions with Mandated Interested Persons

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

(a) Sale of diesel at our fuel station from Union Gas to Sembas and Summit Gas

The sale of diesel at our fuel station to Mandated Interested Persons are to be carried out in accordance with our Group's usual business policies and practices, at the prevailing market rates publicly displayed at our 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, our CFO and a senior executive in our Group designated by our 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, our Group's then-prevailing capacity and resources, profit margins, rationale for and benefits of the transaction and industry terms and practices (if applicable).

(b) Provision of IT Infrastructure services to Sembas

In connection with the provision of IT Infrastructure services by us to Sembas, we have entered into a framework agreement with Sembas to provide back-end IT services commencing from 1 May 2017.

Under the terms of the framework agreement, Sembas shall pay to our 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, we shall take into account all costs directly incurred by our 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 our Group to properly render the services. In determining the mark up, we shall refer to the transfer pricing guidelines issued by the IRAS for the provision of routine support services to related parties. Based on the fourth edition of the transfer pricing guidelines published by IRAS on 12 January 2017, the mark up is 5%.

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(c) Sale of diesel in bulk by Union Gas to Sembas

The sale of diesel in bulk by Union Gas to Sembas are to be carried out in accordance with our 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 Person 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, we 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, our CFO and a senior executive in our 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, our 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 Health Products by Union Energy from Health Domain

Our 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, comparable and not more favourable 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), we 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, comparable and not more favourable 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.

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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), our CFO and a senior executive of our Group designated by our 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 our 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.

(e) Purchase of electricity by Union Gas from Union Power

The purchase of electricity from Union Power 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, comparable and not more favourable 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, we will obtain two (2) recent quotations (wherever possible or available) from Union Power for similar quantities of electricity provided by Union Power 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, comparable and not more favourable to those offered by Union Power 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 Union Power's unrelated third party customers cannot be obtained (for instance, if there are no unrelated third party customer of Union Power of similar products), our CFO and a senior executive of our Group designated by our 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 our 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.

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Approval Threshold

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

- (a) where value of each Mandated Transaction is less than 3.0% of our Group's latest audited NTA, such transaction will be reviewed and approved by our 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 3.0% of our Group's latest audited NTA, such transaction will be reviewed and approved by our CFO and our Audit Committee, all of whom are not related to the Mandated Interested Person(s).

The above approval thresholds are adopted after taking into account, amongst other things, the nature, volume, recurrent frequency and transaction size as well as our 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.

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.

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 our Group as designated by our Audit Committee.

If a member of our 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 our 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 our Audit Committee.

Other Monitoring and Review Procedures

The following monitoring and review procedures will also be implemented in relation to all Interested Person Transactions (including the Mandated Transactions):

- (a) Our 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 our CFO, who shall not be interested in any of the Interested Person Transactions and who is duly delegated to do so by our Audit Committee.

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We will obtain signed declarations from all Directors and Executive Officers on an annual basis with respect to their interest in any transactions with our Group.

- (b) Separate from our Audit Committee's requirement to approve Interested Person Transactions submitted to it, our 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 set out in the section entitled "Guidelines and Review Procedures for Other Interested Person Transactions" below; (ii) in respect of the Mandated Transactions, ensure that the methods and procedures established under the Shareholders' Mandate have been complied with, and the relevant approvals have been obtained; and (iii) determine if the methods and procedures established under the Shareholders' Mandate continue to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are not prejudicial to the interests of our Company and our minority Shareholders.
- (c) All Interested Person Transactions 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 our Audit Committee. Our 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. Our Group shall grant our Audit Committee access and shall furnish such information as required by our Audit Committee for such review.
- (d) If, during the periodic reviews by our Audit Committee, our 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 our Company and our minority Shareholders, for example, in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Person are conducted, or in the event of any amendment to Chapter 9 of the Catalist Rules, our Audit Committee will, in consultation with our 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 our Company to seek a fresh general mandate from Shareholders based on new methods and procedures for transactions with Interested Persons.
- (e) Our Board of Directors 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.

Opinion of the Independent Financial Adviser

Xandar Capital has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalist Rules, to opine on whether the methods and review procedures, as set out above, 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 our Company and our minority Shareholders.

Having considered, *inter alia*, the methods and procedures set up by our Company for determining the transaction prices of the Mandated Transactions, the role of our Audit Committee in enforcing the Shareholders' Mandate, and the rationale for and benefits of the Shareholders' Mandate, and subject to the qualifications and assumptions made in the letter from Xandar Capital as set out in

INTERESTED PERSON TRANSACTIONS

Appendix C of this Offer Document entitled “Letter from the Independent Financial Adviser”, Xandar Capital is of the opinion that the methods and procedures of our Company as set out in the sub-section entitled “Review Procedures under the Mandated Transactions with Mandated Interested Persons” for determining the transaction prices of the Mandated Transactions, 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 our Company and our minority Shareholders. Please refer to Appendix C entitled “Letter from the Independent Financial Adviser” of this Offer Document for more details.

Audit Committee’s Statement

Our Audit Committee is of the view that the methods and review procedures for determining the transaction prices of the Mandated Transactions, as set out above, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Review Procedures for the Dealership Agreement

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

All Interested Person Transactions under the Dealership Agreement 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 our Audit Committee. Our 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.

Our Audit Committee will review the Minimum Volume and % Change (as defined in the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document) of the UEC Group Premium (including the basis for % Change and Minimum Volume) negotiated between our Group and Summit Gas and approve the % Change and Minimum Volume on an annual basis. Our Audit Committee may request for additional information pertaining to the Dealership Agreement as they deem fit. In addition, our Audit Committee shall also review each amendment proposed to be made to the Dealership 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 Dealership Agreement shall be subject to the approval of our Audit Committee and the relevant Catalyst Rules. Please refer to the section entitled “General Information on Our Group – Our Procurement Process” for more details on the Dealership Agreement.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR OTHER INTERESTED PERSON TRANSACTIONS

Save for the Interested Persons Transactions that are subject to the Shareholders' Mandate (as defined and set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions" of this Offer Document) and the Dealership Agreement, all future Interested Person Transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Catalist Rules, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority Shareholders. In the event that such Interested Person Transactions require the approval of our Board and our Audit Committee, relevant information will be submitted to our Board and our Audit Committee for review.

In the event that such Interested Person Transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future Interested Person Transactions, the following procedures will be applied:

- (a) In relation to any purchase of products or procurement of services from Interested Persons, successful quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as a comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier;
- (b) In relation to any sale of products or provision of services to Interested Persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than that charged to the unrelated third parties;
- (c) When renting properties from or to an Interested Person, our Audit Committee shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.

Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

In addition, we shall monitor all Interested Person Transactions (other than the Mandated Transactions) entered into by us by categorising the transactions as follows:

- (a) a "category one" Interested Person Transaction is one where the value thereof is equal to or in excess of three per cent. (3.0%) of the NTA of our Group; and

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- (b) a “category two” Interested Person Transaction is one where the value thereof is below three per cent. (3.0%) of the NTA of our Group.

“Category one” Interested Person Transactions must be approved by our CFO and Audit Committee, all of whom are not related to the Interested Person(s), prior to entry. “Category two” Interested Person Transactions must be approved by our CFO who is not related to the Interested Person(s) prior to entry, and shall be reviewed on a quarterly basis by our Audit Committee.

In the event that it is not possible for appropriate information (for comparative purposes) to be obtained, our Audit Committee will determine whether the price, fees and/or the other terms offered by or to the interested persons are fair and reasonable, and approve such Interested Person Transaction. In so determining, our Audit Committee will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length basis and on normal commercial terms.

Our Audit Committee shall ensure that all Interested Person Transactions comply with the provisions in Chapter 9 of the Catalist Rules, and if required, we will seek independent Shareholders' approval for such transactions. In accordance with Rule 919 of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving Interested Person Transactions involving themselves and our Group. In addition, such Interested Persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholder(s).

Our Board will ensure that all Interested Person Transactions will be subject to the disclosure requirements of the Catalist Rules, and will be subject to Shareholders' approval if deemed necessary under the provisions of the Catalist Rules. We will disclose in our annual report the aggregate value of Interested Person Transactions conducted during the financial year.

POTENTIAL CONFLICTS OF INTEREST

INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

In general, a conflict of interest arises when any of our Directors, CEO, Controlling Shareholders or their Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group.

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Our Directors, Mr. Teo Kiang Ang and Alexis Teo is or was interested or holds or held directorships in certain entities as described below.

A. The UEC Group

As at the Latest Practicable Date, Mr. Teo Kiang Ang has 61.89% shareholding interest in UEC and Alexis Teo has 5.38% shareholding interest in UEC. The remaining 32.73% shareholding interests are held by Mr. Teo Kiang Ang's other children. Mr. Teo is also the director of UEC.

As at the Latest Practicable Date, Choon Hin, Gasmart, Jurong Ind. LPG, Sembas, Semgas, Firstway, United Gas and Summit Gas which are subsidiaries of UEC, presently engage in, amongst other things, a similar but not competing business to that of Union Energy. Excell Gas and Semgas Supply, which are also subsidiaries of UEC, are currently dormant.

Our Retail LPG Business is engaged in the retail distribution of bottled LPG cylinders and the sale of LPG-related accessories to mainly domestic households in Singapore. The bottled LPG cylinders we supply to our customers comprise the standard 4.5 kg, 11 kg, 12.7 kg and 14 kg cylinders. Most of our sales to our customers pertain to the 12.7 kg cylinder. This is distinct from the UEC Group's similar offering which involves the retail distribution of LPG to commercial and industrial customers instead, such as hotels, food establishments (such as restaurants and coffee shops) and factories. The bottled LPG cylinders the UEC Group supplies to its industrial and commercial customers comprise mainly 50 kg cylinders. The UEC Group also provides piping and necessary installation works to such commercial and industrial customers.

In addition, the UEC Group also sells bottled LPG cylinders to third-party dealers, who then on-sell them to domestic customers. We are one of the dealers for the UEC Group and we sell bottled LPG cylinders to end-users, which are mainly domestic households. We do not engage in the sale of bottled LPG cylinders to third-party dealers. To ensure that we have assured supply of bottled LPG, we have entered into the Dealership Agreement with Summit Gas for the supply of bottled LPG cylinders. Please refer to the section entitled "General Information on Our Group – Our Procurement Process", "Risk Factors – We are dependent on the UEC Group for the supply of bottled LPG cylinders" and "Interested Person Transactions – Present and Ongoing Interested Person Transactions – Purchase of bottled LPG cylinders by Union Energy from the UEC Group" of this Offer Document for further information on the Dealership Agreement.

POTENTIAL CONFLICTS OF INTEREST

Our Directors believe that the UEC Group is not a direct competitor of our Group for the following reasons:

- (a) our Retail LPG Business focuses on serving mainly domestic households in Singapore through supplying them with bottled LPG cylinders which are suitable for domestic use as well as LPG-related accessories while the UEC Group's business focuses on serving commercial and industrial customers in Singapore through mainly 50 kg cylinders, providing ancillary services such as installation works and on-site servicing of the gas piping system for its commercial and industrial services;
- (b) the bottled LPG cylinders sold by our Group are of different specifications compared to those sold to end-users by the UEC Group. The UEC Group supplies its commercial and industrial customers with mainly 50 kg bottled LPG cylinders, whilst we supply our customers with mainly the standard 4.5 kg, 11 kg, 12.7 kg and 14 kg bottled LPG cylinders;
- (c) the UEC Group does not supply bottled LPG cylinders directly to domestic households in Singapore. Instead, it sells bottled LPG cylinders to third-party dealers, who then on-sell them to domestic customers. We do not engage in the sale of bottled LPG cylinders to third-party dealers;
- (d) Mr. Teo Kiang Ang is not involved in the day-to-day operations of our Group and does not have an executive role in our Group; and
- (e) Alexis Teo is not involved in the operations of the UEC Group, does not have any current management role in the UEC Group or any current directorships in the UEC Group. She currently does not receive any salary or remuneration from the UEC Group.

In addition, the following deeds have been entered into to mitigate any potential conflicts of interest that might arise:

- (a) Mr. Teo Kiang Ang has entered into a non-competition deed ("**Non-Competition Deed**") with our Company;
- (b) Summit Gas and UEC have jointly and severally granted a right of first refusal ("**ROFR**") in the event of a sale of the Bottling Plant by Summit Gas or a sale of all or any of the shares in the capital of Summit Gas (the "**Summit Gas Shares**") by UEC, as the case may be, and a call option to acquire the Bottling Plant (the "**Bottling Plant Call Option**") or the Summit Gas Shares (the "**Summit Gas Shares Call Option**", and together with the Bottling Plant Call Option, the "**Call Option**") to our Company; and
- (c) UEC has granted a call option in favour of us to acquire the Commercial UEC Companies ("**Commercial Business Call Option**").

B. Sembas International Trading Pte Ltd

Mr. Teo Kiang Ang is a director and shareholder of Sembas International Trading Pte Ltd ("**Sembas International**"). Sembas International is not a part of the UEC Group and is currently engaged in the rental of properties. Sembas International was previously dealing in the sale and distribution of LPG which has since ceased since 2002.

POTENTIAL CONFLICTS OF INTEREST

Our Directors are of the view that as Sembas International is currently engaged in the rental of properties, it is not a competitor to our Group. Nevertheless, to mitigate any potential conflicts of interest, Mr. Teo Kiang Ang has provided us with a Non-Competition Deed on 27 June 2017 in favour of our Company.

Non-Competition Deed

To mitigate any potential conflicts of interest that may arise, Mr. Teo Kiang Ang has provided us with a Non-Competition Deed on 27 June 2017 in favour of our Company that is effective upon admission to Catalist and until the earlier of him and his Associates ceasing to be, directly or indirectly, a Controlling Shareholder and Director of our Company, or the date of which we cease to be listed on Catalist (the “**Applicable Period**”).

Pursuant to the terms of the same, Mr. Teo Kiang Ang has irrevocably and unconditionally confirmed and undertaken to our Company that for the duration of the Applicable Period:

- (a) save for the existing businesses as at the date of the Non-Competition Deed described above in the sub-section entitled “Interests of Directors, Controlling Shareholders or their Associates – A. The UEC Group” and “Interests of Directors, Controlling Shareholders or their Associates – B. Sembas International Trading Pte Ltd”, he shall not, and shall use all reasonable endeavours to procure that his Associates (excluding any Group Company) shall not, directly or indirectly, whether on his own or jointly with, through or on behalf of any person, company or entity carry on, or be engaged, or interested in any capacity (save for interests in the nature of investment in quoted or listed securities of up to 5.0% of the total issued securities of the same class in a corporation listed on any stock exchange, but without any executive or management role, control or influence over such entity) in any other business, trade or occupation in Singapore or elsewhere which is in competition with or similar to any existing or future businesses carried on by any Group Company (“**Competing Business**”), including but not limited to the Retail LPG Business, the CNG Business and the Diesel Business, in each case, whether as shareholder, director, employee, partner or otherwise;
- (b) he shall not, and shall use all reasonable endeavours to procure that his Associates (excluding any Group Company) shall not, directly or indirectly, either alone or jointly with, through or on behalf of any person, company or entity, assist any person, company or entity engaged in any Competing Business in any way, including but not limited to managing, providing technical or other advice, financial assistance or otherwise;
- (c) he shall not, and shall use all reasonable endeavours to procure that his Associates (excluding any Group Company) shall not, directly or indirectly, either alone or jointly with, through or on behalf of any person, company or entity solicit, attempt to solicit, interfere with or endeavour to entice away from any Group Company any person who to his knowledge, is now or has been an employee, director, customer or supplier of, or in the habit of dealing with, any Group Company;
- (d) he shall not, and shall use all reasonable endeavours to procure that his Associates (excluding any Group Company) shall not, directly or indirectly, divulge any trade secret or any confidential information concerning the business, accounts or finances of any Group Company or any of its suppliers and customers’ transactions or affairs to any person whatsoever, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction;

POTENTIAL CONFLICTS OF INTEREST

- (e) he shall not, and shall use all reasonable endeavours to procure that his Associates (excluding any Group Company) shall not, directly or indirectly, share resources (including employees, customers and suppliers information), marketing campaigns, trade secrets, operational premises and facilities with any person, company or entity engaged in any Competing Business; and
- (f) if any business opportunity is offered to him or any of his Associates (excluding any Group Company) which falls within the scope of our Group Business in the territories in which our Group operates, he shall immediately notify or cause his Associate (excluding any Group Company) to notify our Group of such business opportunity, and if directed to do so by the Board, he will assist our Group to obtain such business opportunity on terms acceptable to our Group.

Mr. Teo Kiang Ang has also confirmed and undertaken to our Company to:

- (a) provide the Board, the Sponsor or the SGX-ST with evidence of or any information requested for to show compliance with his Non-Competition Deed; and
- (b) inform the Board immediately should he be aware of any breach of the terms of his Non-Competition Deed is imminent, likely or has taken place,

for the duration of the Applicable Period.

ROFR and Call Option in connection with the sale of the Bottling Plant and the Summit Gas Shares

On 27 June 2017, Summit Gas, a wholly-owned subsidiary of UEC, and UEC entered into a deed to jointly and severally grant our Company or our nominee with the ROFR and the Call Option.

Summit Gas owns the Bottling Plant at 43 Jalan Buroh, Singapore 619490, which has a land area of approximately 8,132.3 sq m. The Bottling Plant contains two (2) filling carousels which consist of conveyer belts which go around a series of filling stations. The two (2) carousels have a filling capacity of more than 120 mt per day in aggregate and comprise an industrial carousel which is used to fill 50 kg LPG cylinders and a domestic carousel which is used to fill all other types of LPG cylinders.

In the course of its business, the UEC Group and certain of its customers (other than our Group) incur fines from time to time arising from breaches (“Breaches”) under the Fire Safety Regulations. The Bottling Plant is involved in the filling and supply of bottled LPG cylinders and is therefore both directly, and indirectly through abetment, exposed to the Breaches. In view of the above, our Company has decided not to include the Bottling Plant in our Group at present.

Through the Dealership Agreement, our Group is one of a number of authorised dealers of bottled LPG cylinders for the UEC Group. The risk of breaches by the UEC Group of the Fire Safety Regulations having any legal impact on our Group is remote in view that our Group does not sell or supply to the commercial or industrial segment involved in the Breaches and the UEC Group’s non-compliant actions cannot be reasonably anticipated or linked to our Group. Hence, the risk of our Group being exposed to abetment is remote.

POTENTIAL CONFLICTS OF INTEREST

In addition, in the event of any non-compliance with the relevant Fire Safety Regulations by the UEC Group, there are clauses in the Dealership Agreement that allow our Group to terminate the Dealership Agreement. Further, our Group is able to discontinue the use of the “Union” brand in the sale of products. This will disassociate our Group’s business from those of the UEC Group and reduce any adverse impact on the daily operations of our Group.

For the avoidance of doubt, the ROFR and Call Option are applicable regardless of whether or not Summit Gas has complied with the Fire Safety Regulations. In the event the ROFR or Call Option is exercised and the Bottling Plant becomes part of our Group, the Bottling Plant will supply LPG to the UEC Group only if our Group is satisfied that the UEC Group is in compliance with the relevant Fire Safety Regulations and on terms acceptable to our Group.

The exercise of the ROFR or Call Option shall be subject to the licencing requirements in relation to transfer of ownership of the Bottling Plant and the purchase price of the Bottling Plant will be determined by an independent valuer.

The key terms of the ROFR are as such:

- (a) UEC or Summit Gas, as the case may be, shall give written notice to our Company (the “**ROFR Written Notice**”) for any proposed offer by a third party (the “**Third Party Offer**”) to purchase all or any of the Summit Gas Shares held by UEC or the Bottling Plant owned by Summit Gas (together with the Summit Gas Shares, the “**Relevant Asset**”) as soon as possible upon receipt of the Third Party Offer (the Relevant Asset subject to the Third Party Offer shall be defined as the “**ROFR Asset**”);
- (b) Subject to our Company giving confidentiality undertakings on customary and usual terms in favour of UEC or Summit Gas, as the case may be, the ROFR Written Notice shall be accompanied by copies of the offer documents and other supporting documentation in connection with the relevant Third Party Offer (collectively, the “**Transaction Documents**”) made by, or made available to, UEC or Summit Gas, as the case may be;
- (c) Thereafter our Company or our nominee shall have the right (but not the obligation) to enter into a binding commitment (in the form of a sale and purchase agreement or a put and call option agreement) for the purchase of the ROFR Asset on the same terms as the Third Party Offer, taking into account compliance with all applicable laws, regulations, government policies and/or listing rules to which our Company is subject (a “**ROFR Offer**”);
- (d) If our Company makes a ROFR Offer within the period of 90 days (or such longer period as may be mutually agreed) from the date of the ROFR Written Notice (the “**Notice Period**”), UEC or Summit Gas, as the case may be, shall accept the ROFR Offer in preference to the Third Party Offer;
- (e) In the event that:
 - i. our Company fails to make a ROFR Offer during the Notice Period;
 - ii. our Company indicates in writing to UEC or Summit Gas, as the case may be, that it shall not be purchasing the ROFR Asset; or
 - iii. the proposed purchase of the ROFR Asset is aborted by our Company,

POTENTIAL CONFLICTS OF INTEREST

UEC or Summit Gas shall be entitled to, as the case may be, sell the ROFR Asset under the Third Party Offer on terms no more favourable than what was offered to our Company. If the completion of the sale of the ROFR Asset by the UEC or Summit Gas does not occur within six (6) months from the date of the ROFR Written Notice, any proposal to sell such ROFR Asset after the aforesaid six (6)-month period, or such other period that our Company agrees in writing, shall then remain subject to the ROFR; and

- (f) If our Company makes a ROFR Offer, UEC or Summit Gas, as the case may be, shall, subject to applicable laws and regulations, procure that all licences held by Summit Gas and its entities (if any) required for its operation, including but not limited to the operation of the Bottling Plant, shall be valid notwithstanding the exercise of the ROFR.

The key terms of the Call Option are as such:

- (a) The Call Option is applicable provided a ROFR Written Notice has not been served by UEC or Summit Gas, as the case may be;
- (b) Under the Call Option, our Company has the right (but not the obligation) to call for the sale by UEC or Summit Gas, as the case may be, and the purchase by our Company or our nominee from UEC or Summit Gas, as the case may be, of the Relevant Asset at the purchase price to be determined in accordance with the conditions below (the “**Purchase Price**”);
- (c) The Purchase Price at the time of exercise of the Call Option and the method of satisfaction of the same shall be determined by our Company and UEC or Summit Gas, as the case may be, at the fair value as determined by an independent valuation of the Bottling Plant or each Summit Gas Share, depending on whether the Call Option is exercised in relation to the Bottling Plant or the Summit Gas Shares by a reputable independent accounting firm or valuer determined by the Audit Committee of our Company;
- (d) The Call Option may only be exercised by our Company by serving written notice to UEC or Summit Gas, as the case may be, (“**Call Option Written Notice**”) during the Applicable Period;
- (e) Upon service of the Call Option Written Notice by us, UEC or Summit Gas, as the case may be, will be bound to complete the sale and we will be bound to complete the purchase (or ensure that our nominee, as the case may be, completes the purchase) (subject to the completion of due diligence satisfactory to us) of the Relevant Asset;
- (f) Each of UEC and Summit Gas irrevocably agrees that it will, upon receiving the Call Option Written Notice from our Company, sell to our Company or our nominee free from any and all encumbrances and with all rights attaching thereto on the date of receipt of the Call Option Written Notice, the Relevant Asset at the Purchase Price; and
- (g) If our Company exercises the Call Option, UEC or Summit Gas, as the case may be, shall, subject to applicable laws and regulations, procure that all relevant licences held by Summit Gas and its entities (if any) required for its operation, including but not limited to the operation of the Bottling Plant, shall be valid notwithstanding the exercise of the Call Option.

The ROFR and Call Option will be in place during the Applicable Period.

POTENTIAL CONFLICTS OF INTEREST

The exercise of the ROFR or Call Option will be an Interested Person Transaction, and hence shall be subject to the approval of our Board and our Audit Committee. The Directors interested in the transaction shall abstain from voting. Our Audit Committee will review the terms of the transaction to satisfy itself that the transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. We will make available to our Independent Directors access to independent professional advice (if required) when conducting their review of the transaction. In the event that the exercise of the ROFR or the Call Option requires the approval of Shareholders under Chapter 9 of the Catalist Rules, we will seek the approval of Shareholders prior to the completion of the transaction.

Commercial Business Call Option in connection with the sale of the Commercial UEC Companies

On 27 June 2017, UEC entered into a deed to grant our Company or our nominee with the Commercial Business Call Option.

In the course of its business, the UEC Group and certain of its customers (other than our Group) incur fines from time to time arising from the Breaches under the Fire Safety Regulations. The abovementioned Breaches relate only to certain parts of the UEC Group's Commercial Business Segment, which are currently housed under the Call Option Companies. In view of the above, our Company has decided not to include the Call Option Companies in our Group at present.

For the avoidance of doubt, the Commercial Business Call Option in relation to the Commercial UEC Companies is applicable regardless of whether or not the Commercial UEC Companies have complied with the Fire Safety Regulations. However, the exercise of the Commercial Business Call Option shall be subject to the relevant Commercial UEC Company being in compliance with the Fire Safety Regulations.

In the event that we exercise the Commercial Business Call Option, UEC shall, subject to applicable laws and regulations, procure that all relevant licences held by each of the Commercial UEC Companies required for their operation shall be valid notwithstanding the exercise of the Commercial Business Call Option.

The key terms of the Commercial Business Call Option are as such:

- (a) Under the Commercial Business Call Option, our Company has the right (but not the obligation) to call for the sale by UEC, and the purchase by our Company or our nominee from UEC, of all or any of the shares in the capital of any Commercial UEC Company ("**Relevant Asset**") held by UEC at such purchase price to be determined in accordance with the conditions below (the "**Commercial Business Purchase Price**");
- (b) If a Relevant Asset that is the subject of a Commercial Business Call Option is subject to any prior overriding contractual obligations such as pre-emption rights, UEC shall not offer the Relevant Asset under such pre-emption rights to third parties on terms more favourable than those offered to our Company;
- (c) The Commercial Business Purchase Price at the time of exercise of the Commercial Business Call Option and the method of satisfaction of the same shall be determined by our Company and UEC at the fair value as determined by an independent valuation of the Relevant Asset by a reputable independent accounting firm or valuer determined by the Audit Committee of our Company;

POTENTIAL CONFLICTS OF INTEREST

- (d) The Commercial Business Call Option may only be exercised by our Company by serving written notice to UEC (“**Commercial Business Call Option Written Notice**”) during the Applicable Period;
- (e) Upon service of the Commercial Business Call Option Written Notice by us, UEC will be bound to complete the sale and we will be bound to complete the purchase (or ensure that our nominee, as the case may be, completes the purchase) (subject to the completion of due diligence satisfactory to our Company) of the Commercial Business Call Option Shares;
- (f) UEC irrevocably agrees that it will, upon receiving the Commercial Business Call Option Written Notice from our Company, sell to our Company or our nominee free from any and all encumbrances and with all rights attaching thereto on the date of receipt of the Commercial Business Call Option Written Notice, the Relevant Asset at the Commercial Business Purchase Price; and
- (g) If our Company exercises the Commercial Business Call Option, UEC shall, subject to applicable laws and regulations, procure that all relevant licences held by each of the Commercial UEC Companies required for their operation shall be valid notwithstanding the exercise of the Commercial Business Call Option.

The Commercial Business Call Option will be in place during the Applicable Period.

The exercise of the Commercial Business Call Option will be an Interested Person Transaction, and hence shall be subject to the approval of our Board and our Audit Committee. The Directors interested in the transaction shall abstain from voting. Our Audit Committee will review the terms of the transaction to satisfy itself that the transaction will be carried out on normal commercial terms and will not be prejudicial to interests of our Company and our minority Shareholders. We will make available to our Independent Directors access to independent professional advice (if required) when conducting their review of the transaction. In the event that the exercise of the Commercial Business Call Option requires the approval of Shareholders under Chapter 9 of the Catalist Rules, we will seek the approval of Shareholders prior to the completion of the transaction.

Save as disclosed in the sections entitled “General Information on Our Group – Major Suppliers”, “Restructuring Exercise” and “Interested Person Transactions” of this Offer Document:

- (a) none of our Directors, Executive Officers, Controlling Shareholder or any of their Associates has any interest, direct or indirect, in any material transactions to which our Company or any of our subsidiaries was or is a party;
- (b) none of our Directors, Executive Officers, Controlling Shareholder or any of their Associates has any interest, direct or indirect, in any entity carrying on the same business or dealing in similar products which competes materially and directly with the existing business of our Group;
- (c) none of our Directors, Executive Officers, Controlling Shareholder or any of their Associates has any interest, direct or indirect, in any enterprise or company that is our customer or supplier of goods or services; and
- (d) none of our Directors, Executive Officers, Controlling Shareholder or any of their Associates has any interest in any existing contract or arrangement which is significant in relation to the business of our Group.

POTENTIAL CONFLICTS OF INTEREST

INTERESTS OF EXPERTS

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or any of its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

No expert is employed on a contingent basis by our Company or any of our subsidiaries; or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

INTERESTS OF THE SPONSOR AND ISSUE MANAGER, AND THE UNDERWRITER AND PLACEMENT AGENT

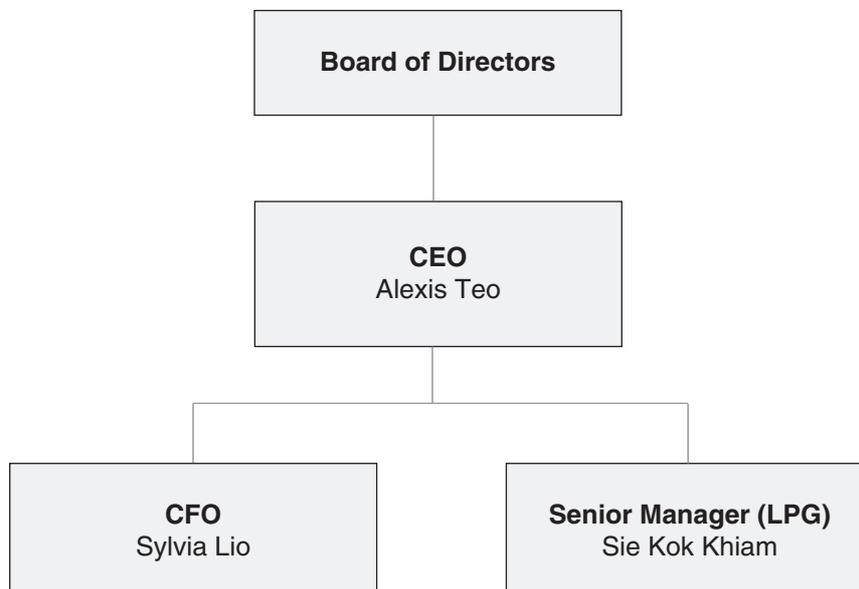
In the reasonable opinion of our Directors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent do not have any material relationships with our Company save as disclosed below and in the section entitled "Management, Underwriting and Placement Arrangements" of this Offer Document:

- (a) CIMB Bank is the Sponsor and Issue Manager of the Invitation;
- (b) CIMB Securities is the Underwriter and Placement Agent of the Invitation;
- (c) CIMB Bank is the Receiving Bank of the Invitation; and
- (d) CIMB Bank will be the continuing sponsor of our Company for an initial period of three (3) years from the date our Company is admitted and listed on Catalist.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



DIRECTORS

Our Directors are entrusted with the responsibility for the overall management and organisation of our Group. The particulars of our Directors as at the date of this Offer Document are set out below:

Name	Age	Address	Designation
Teo Kiang Ang	67	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Non-executive Chairman
Alexis Teo	34	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Executive Director and CEO
Loo Hock Leong	46	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Lead Independent Director
Lim Chwee Kim	59	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Independent Director
Heng Chye Kiou	66	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Independent Director

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The working and business experience of our Directors and their areas of responsibility within our Group are set out below:

Teo Kiang Ang

Teo Kiang Ang is our founder and the Non-executive Chairman of our Group. Having founded the business as a sole proprietorship in 1974, Mr. Teo has more than 40 years of experience in the LPG market in Singapore and has gained an intimate knowledge and understanding of the business. He is responsible for formulating our Group's strategic focus and direction.

Mr. Teo is also the Chairman and CEO of Trans-cab which is principally engaged in the operation of taxi services in Singapore.

Mr. Teo serves as a committee member of Ngee Ann Kongsi, president of Chui Huay Lim (a Teochew clan association) and was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2011.

Alexis Teo

Alexis Teo is our Executive Director and CEO. She has more than 13 years of experience in the LPG industry in Singapore and is responsible for our Group's overall management, developing and maintaining relationships with our suppliers and customers as well as overseeing the daily operations of our Group. Before joining our Group in 2016, Alexis Teo worked in Summit Gas, a wholly-owned subsidiary of UEC which is engaged in the manufacturing, processing and the sale of LPG, for approximately 13 years as a deputy manager who was responsible for the plant operations and facilities management. Alexis Teo has a Bachelor in Commerce degree from Murdoch University, Perth, Western Australia.

Loo Hock Leong

Loo Hock Leong was appointed as our Lead Independent Director on 20 June 2017. Mr. Loo brings with him more than 20 years of extensive banking and corporate experience. Mr. Loo has been the CFO of Parkway Trust Management Limited, Manager of Parkway Life REIT for the past 8 years since January 2009. He was previously the Senior Vice President, Corporate Advisory of Global Financial Markets with DBS Bank. He had provided advisory services on corporate treasury management to large corporations in the areas of corporate finance and merger & acquisition. He has extensive experience in financial structuring of interest rate and foreign exchange risk management solutions for these clients.

Mr. Loo graduated from the National University of Singapore with a Bachelor of Electrical Engineering (Hons) degree in 1995. In 2000, he obtained a Masters of Applied Finance from the Macquarie University with three distinguished awards: Best Overall Performance, Best in Derivatives Valuation and Best in Legal & Tax Risk in Finance. He also possesses a professional qualification in accounting from the Institute of Singapore Chartered Accountants (ISCA) and is a Chartered Accountant with ISCA.

Lim Chwee Kim

Lim Chwee Kim was appointed as our Independent Director on 20 June 2017. Mr. Lim was the founder and CEO of RichLand Group Limited where his primary responsibility was to formulate business strategies to chart the future growth of the group. Mr Lim started the business of providing cargo transportation services, container haulage and project cargo movement in 1992

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

under a sole proprietorship known as RichLand Cargo Trucking & Labour Service Agency and spearheaded the group's expansion into related businesses such as airport cargo terminal handling in 1994 and warehousing, storage and micro distribution in 1996. He was a member of the Community Centre Management Committee of Pioneer constituency, West Coast Group Representation Constituency (GRC) from 1 March 2002 until 29 February 2004. He is currently the Vice Chairman of the Citizen Consultative Committee of Pioneer constituency, West Coast GRC and the Vice Chairman of the Citizen Consultative Committee of Hougang Single Member Constituency (SMC).

Heng Chye Kiou

Heng Chye Kiou was appointed as our Independent Director on 20 June 2017. He previously served as the executive director and CEO of VICOM Ltd for 17 years before retiring on 30 April 2012. He is an Honorary Vice-President of the Belgium-based Bureau Permanent of the International Vehicle Inspection Committee, and Member of the School Advisory Committee of National Junior College. He has served as Chairman of the Institute of Technical Education's Automotive Training Advisory Committee from May 1999 to April 2002. For his contribution to education, he was conferred the Public Service Medal (Pingat Bakti Masyarakat) in 2001 and the Public Service Star Award in 2013. Mr Heng holds a Bachelor of Engineering (Mechanical) from the University of Singapore and a Master of Science (Industrial Engineering) from the National University of Singapore.

Our Non-executive Chairman, Mr. Teo Kiang Ang, is the father of our Executive Director and CEO, Alexis Teo. Save as disclosed above, none of our Directors has any familial relationship with another Director or any Executive Officer or Substantial Shareholder of our Company. There is no agreement, arrangement or understanding with any Substantial Shareholder, customer or supplier pursuant to which any of our Directors was selected as a Director.

None of our Independent Directors sit on the boards of any of our subsidiaries. The list of past and present directorships of our Directors over the last five (5) years up to the Latest Practicable Date and excluding those held in our Company is set out below.

Name	Present Directorships	Past Directorships
Teo Kiang Ang	<u>Group Companies</u> Union Energy Pte. Ltd. Union Gas Pte. Ltd. <u>UEC Group</u> Choon Hin Gas Supply Pte. Ltd. Excell Gas Services Pte. Ltd. Firstway LPG Pte. Ltd. Gasmart Pte. Ltd. Health Domain Pte. Ltd. Jurong Ind. LPG Pte. Ltd. Sembas (Asia) Trading Pte. Ltd. Semgas Supply Pte. Ltd. Semgas (S) Pte. Ltd. Summit Gas Systems Pte. Ltd. UE Land Pte. Ltd. Union Energy Corporation Pte. Ltd. Union Power Pte. Ltd.	<u>Group Companies</u> – <u>UEC Group</u> PT Union Energy

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Name	Present Directorships	Past Directorships
	<u>Other Companies</u> A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Changi Investments Pte. Ltd. Cheng Kharp Foam Manufacturers Pte Ltd Choon Hin Investments Pte. Ltd. Choon Hin (T.K.A.) Trading Pte Ltd Citiwood Pte. Ltd. D Investments Pte. Ltd. East Bright Pte. Ltd. L Investments Pte. Ltd. Leong Yew Timber Co (Pte) Ltd Nam Hwa Opera Limited North Bright Pte. Ltd. Oasis Holdings Private Limited Oasis Investments Pte Ltd Oasis Paradise Pte Ltd See Young Investments Holdings Pte. Ltd Sembas International Trading Pte Ltd Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. TCSP Investments Pte. Ltd. TCSP Pte. Ltd. T K A Construction Pte. Ltd. TK90 Pte. Ltd. TKA Developers Pte. Ltd TL Civil Construction Pte. Ltd. Trans-cab Auto Services Pte. Ltd. Trans-cab Car Rental Pte. Ltd. Trans-cab Holdings Ltd. Trans-cab Logistics Pte. Ltd. Trans-cab Services Pte Ltd	<u>Other Companies</u> Singapore Taxi Academy
Alexis Teo	<u>Group Companies</u> Union Energy Pte. Ltd. Union Gas Pte. Ltd. <u>UEC Group</u> – <u>Other Companies</u> –	<u>Group Companies</u> – <u>UEC Group</u> – <u>Other Companies</u> U.Build Pte. Ltd.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Name	Present Directorships	Past Directorships
Loo Hock Leong	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>UEC Group</u> –	<u>UEC Group</u> –
	<u>Other Companies</u> Matsudo Investment Pte. Ltd. Parkway Life Japan2 Pte. Ltd. Parkway Life Japan3 Pte. Ltd. Parkway Life Japan4 Pte. Ltd. Parkway Life Malaysia Pte. Ltd. Parkway Life Malaysia Sdn. Bhd. Parkway Life MTN Pte. Ltd. Unoterra Trustee Pte. Ltd.	<u>Other Companies</u> –
Lim Chwee Kim	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>UEC Group</u> –	<u>UEC Group</u> –
	<u>Other Companies</u> Broyland China Investment Pte. Ltd. BroyLand Logistics Services Pte. Ltd. BroyLand Trading Pte. Ltd. Jason Holdings Limited	<u>Other Companies</u> BroyLand Holdings Pte. Ltd. Fuyuan Resources Pte. Ltd. Sai Ho Realty Pte Ltd Chengdu Broyland Logistics Investment Management Co., Ltd Chengdu Broyland Logistics Services Co., Ltd Lim Chwee Kim Pte. Ltd. RLG Development Pte. Ltd. Broyland Properties Pte. Ltd. Crownshine Season Fruits Private Limited
Heng Chye Kiou	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>UEC Group</u> –	<u>UEC Group</u> –
	<u>Other Companies</u> GBAD Services Pte. Ltd.	<u>Other Companies</u> Scientec Pte. Ltd.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Each of Lim Chwee Kim and Heng Chye Kiou has prior experience as a director of a public listed company on the SGX-ST. Save for Lim Chwee Kim and Heng Chye Kiou, our Directors do not have prior experiences as directors of public listed companies in Singapore but have received relevant training to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST.

EXECUTIVE OFFICERS

Our Directors are assisted by a team of experienced and qualified Executive Officers who are responsible for the various functions of our Group. The particulars of our Executive Officers as at the date of this Offer Document are set out below:

Name	Age	Address	Position
Sylvia Lio	36	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	CFO
Sie Kok Khiam	55	25 Genting Road, #04-01, Union Energy Group Building, Singapore 349482	Senior Manager (LPG)

The business and working experience and areas of responsibility of our Executive Officers within our Group are as follows:

Sylvia Lio

Sylvia Lio is our CFO and is responsible for overseeing all finance and accounting functions of our Group, including treasury, taxation, budgetary controls and systems. Prior to joining our Group in October 2016, she served in the UEC Group for over seven (7) years as a Senior Accountant and subsequently the Senior Manager for Accounting. She was responsible for the financial management, accounting and management reporting as well as financial operations of the entities within the UEC Group. She has more than 10 years of experience in the accounting and finance fields. Prior to joining the UEC Group, she was an auditor with BSL Public Accounting Corporation in 2008. From 2007 to 2008, she was a senior accountant with Priority Fortune Trading Sdn Bhd where she was responsible for the preparation of financial statements and management reporting. Between 2004 and 2007, she was an auditor with Ernst & Young (Malaysia). She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and an Associate Member of the Institute of Singapore Chartered Accountants (ISCA).

Sie Kok Khiam

Sie Kok Khiam is our Senior Manager (LPG) and is responsible for managing various sales managers and formulating strategies to improve the sales of bottled LPG cylinders in their respective territories. Mr. Sie was a delivery driver for Choon Hin Company for bottled LPG cylinders for over 5 years since 1994 and was promoted to sales manager of the UEC Group responsible for sales of bottled LPG cylinders from 2000 to 2002. He left the UEC Group in 2002 to pursue a career in the logistics industry and subsequently re-joined the UEC Group in 2004 as sales manager and was subsequently promoted to senior manager in 2014.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

None of our Executive Officers has any familial relationship with another Executive Officer or with any Director or Substantial Shareholder of our Company.

There is no agreement, arrangement or understanding with any Substantial Shareholder, customer or supplier pursuant to which any of our Executive Officers was selected as an Executive Officer.

The list of past and present directorships of each of our Executive Officers over the last five (5) years up to the Latest Practicable Date is set out below:

Name	Present Directorships	Past Directorships
Sylvia Lio	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>UEC Group</u> –	<u>UEC Group</u> –
	<u>Other Companies</u> –	<u>Other Companies</u> –
Sie Kok Khiam	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>UEC Group</u> –	<u>UEC Group</u> –
	<u>Other Companies</u> –	<u>Other Companies</u> –

SERVICE AGREEMENT

On 27 June 2017, our Company entered into a Service Agreement with our Executive Director and CEO, Alexis Teo (the “**Appointee**”). The Service Agreement is valid for an initial period of three (3) years and automatically renewable on a yearly basis thereafter unless otherwise terminated by either party giving not less than six (6) months’ notice in writing to the other (the “**Employment**”). The Service Agreement will take effect from the date our Company is admitted to Catalist.

Our Company may terminate the employment of the Appointee under the following circumstances:

- (a) the Appointee is, in the opinion of our Board, guilty of dishonesty or serious or persistent misconduct which, in the opinion of our Board, is likely to bring any Group Company or any of its officers or employees into disrepute, in all cases whether or not in connection with or referable to her employment with our Group;
- (b) the Appointee becomes of unsound mind or becomes a patient within the meaning of the Mental Health (Care and Treatment) Act 2008 (No. 21 of 2008), or becomes permanently incapacitated by accident or ill-health and is unable to perform her duties under the Service Agreement or is otherwise prevented by any illness or disability which, in the opinion of our Board, prevents her from properly performing her duties hereunder for a continuous period of six (6) months or more;

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

- (c) the Appointee becomes bankrupt or has a receiving order made against her or makes any general composition with her creditors;
- (d) the Appointee neglects or refuses, without reasonable cause, to attend to the business of our Company or any other Group Company;
- (e) the Appointee fails to observe and perform any of the duties and responsibilities imposed by the Service Agreement or which are imposed by law;
- (f) the Appointee is convicted of any criminal offence and/or other offences which, in the opinion of our Board, would affect her position or performance as an executive director of our Company;
- (g) the Appointee becomes prohibited by law or any order from any regulatory body or governmental body from being an employee or director of our Company;
- (h) the Appointee is found to have made any illegal monetary profit or received any gratuities or other rewards (whether in cash or kind) out of any of our Company's affairs;
- (i) our Company is required or requested by any authority (whether governmental or statutory) to terminate the services of the Appointee; or
- (j) if the Appointee otherwise acts in breach of the Service Agreement so as materially to prejudice the business of our Company and/or any other Group Company.

Pursuant to the terms of the Service Agreement, the Appointee will be entitled to receive an annual basic salary of S\$228,000, an annual wage supplement of 1 month's basic salary and an annual variable bonus determined at the sole and absolute discretion of our Company, taking into account the work performance of the Appointee.

The Appointee shall be entitled to all travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the Appointee in the course of discharging her duties on behalf of our Group in line with the staff policy applicable to our Executive Directors.

Pursuant to the Service Agreement, the Appointee has covenanted and undertaken that she shall not at any time during the period of her Employment and within one (1) year after the expiry or termination of her Employment, either alone, jointly or in association with or as manager or agent or adviser or consultant (save for temporary employment e.g. as locum) for any organisation, person, firm or company, directly or indirectly and whether or not for gain, amongst others, be engaged or interested in any business in Singapore or any other country in which our Group conducts its business which is in competition with the business of our Group, provided that nothing therein shall prevent the Appointee from holding equity interest in such company the share capital of which is quoted and dealt in upon any recognised stock exchange to the extent that the aggregate of her such holding and the holding of such shares by her Associates does not exceed 5.0% of the total issued share capital (excluding our Company) and neither her nor any of her Associates participate in or are involved in the management of such company.

The remuneration of our Executive Director, including changes to annual salary, may be adjusted as our Remuneration Committee may, subject to compliance with the provisions of our Constitution and applicable laws and regulations, determine from time to time in its absolute discretion. No compensation will be paid upon termination of the Appointee under the Service Agreement.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Our Executive Director was transferred from the UEC Group to our Group in October 2016. Had the transfer been completed and the Service Agreement been in existence since the beginning of FY2016, the aggregate remuneration paid to our Executive Director would have been approximately S\$0.34 million instead of approximately S\$0.12 million which took into account the aggregate remuneration paid to our Executive Director from October to December 2016, and our profit before tax and net profit for FY2016 would have been approximately S\$4.53 million (instead of S\$4.75 million) and S\$3.78 million (instead of S\$3.96 million) respectively. Had the Service Agreement been in existence since the beginning of FY2016, our pro forma profit before tax and pro forma net profit for FY2016 would have been approximately S\$7.30 million (instead of S\$7.34 million) and S\$6.08 million (instead of S\$6.11 million) respectively.

Save as disclosed above, there are no existing or proposed service agreements between our Company, our subsidiaries and any of our Directors. There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment. There are no existing or proposed contracts of services entered or to be entered into by our Executive Officers with our Company or our subsidiaries which provide for benefits upon termination of employment.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation (which includes benefits-in-kind, directors' fees and bonuses) paid to each of our Directors and Executive Officers for services rendered to us during FY2015 and FY2016 and the estimated compensation to be paid for FY2017 are set out in the following remuneration bands⁽¹⁾:

Name	FY2015	FY2016	FY2017 (estimated)
Directors			
Mr. Teo Kiang Ang	— ⁽²⁾	— ⁽²⁾	Band A
Alexis Teo ⁽³⁾	— ⁽⁴⁾	Band A ⁽⁴⁾	Band A
Mr. Loo Hock Leong	— ⁽⁵⁾	— ⁽⁵⁾	Band A
Mr. Lim Chwee Kim	— ⁽⁵⁾	— ⁽⁵⁾	Band A
Mr. Heng Chye Kiou	— ⁽⁵⁾	— ⁽⁵⁾	Band A
Executive Officers			
Ms. Sylvia Lio	— ⁽⁴⁾	Band A ⁽⁴⁾	Band A
Mr. Sie Kok Khiam	— ⁽⁴⁾	Band A ⁽⁴⁾	Band A

Notes:

- (1) "Band A" refers to remuneration of an amount up to S\$250,000 per annum.
- (2) Our Non-executive Chairman, Mr. Teo Kiang Ang, did not draw any compensation from us in FY2015 and FY2016.
- (3) The amount of compensation in FY2016 for our Executive Director and CEO, Alexis Teo, took into account the annual variable bonus paid to her. The estimated amount of compensation in FY2017 does not take into account the annual variable bonus that she may be entitled to receive under her Service Agreement, which will only be determined after the year end. Please refer to the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document for further details.
- (4) Our Director and CEO, Alexis Teo, and our Executive Officers were employed by the UEC Group during the relevant periods prior to October 2016.
- (5) Not appointed or employed by our Group during the relevant periods.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Save as disclosed above and in the section entitled “Directors, Executive Officers and Employees – Service Agreement” of this Offer Document, no compensation was paid to any of our Directors or Executive Officers in FY2015 or FY2016, and no compensation is expected to be paid to any of our Directors or Executive Officers in FY2017 pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

As at the Latest Practicable Date, save for the Union Gas ESOS and Union Gas PSP, no compensation has been paid or will be paid in the form of stock options or shares to any of our Directors, Executive Officers or employees.

As at the Latest Practicable Date, other than the amounts set aside or accrued as required for compliance with the applicable laws of Singapore, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

EMPLOYEES

As at the Latest Practicable Date, we have 121 employees of whom 111 are full-time employees and 10 are part-time employees working in our call centre. All our employees are based in Singapore. Save for our personnel at our call centre where a number of our employees are employed on a part-time basis, we do not employ a significant number of temporary or part-time employees. We do not experience any significant seasonal fluctuation in the number of our employees.

Our employees are not unionised. The relationship between our management and employees has been good and is expected to continue to remain so in the future. During the Period under Review and up to the Latest Practicable Date, there has not been any incidence of work stoppages or labour disputes which materially affected our operations.

A breakdown of the number of employees of our Group by business function as at the end of each of FY2014, FY2015 and FY2016 and as at the Latest Practicable Date is as follows:

Function	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at the Latest Practicable Date
Management ⁽¹⁾	–	–	3	3
Sales	–	–	7	10
Finance, HR and Administration	–	–	4	6
Operations	–	–	17	102
Total	–	–	31	121

Note:

(1) Management refers to our Executive Director and Executive Officers.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Prior to October 2016, the UEC Group provides operational services to our Group in our sale of products, and administrative services to our Group such as accounting and finance, IT, HR, customer service and marketing. From October 2016 to the Latest Practicable Date, we have transferred the staff involved in the provision of the aforesaid services to our Group and our Group now performs our own operational and administrative functions independently. Please refer to the section entitled “Interested Person Transactions – Past Interested Person Transactions” of this Offer Document for more details.

Related Employees

As at the Latest Practicable Date, none of our employees are related to our Directors, Executive Officers and Substantial Shareholder by blood or marriage.

UNION GAS ESOS

Union Gas ESOS

In conjunction with our listing on Catalist, we have adopted a share option scheme known as the Union Gas Employee Share Option Scheme (the “**Union Gas ESOS**”), which was approved by our Shareholders on 19 June 2017. The rules of our ESOS are set out in Appendix G of this Offer Document. The Union Gas ESOS complies with the relevant rules as set out in Chapter 8 of the Catalist Rules.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in Appendix G of this Offer Document.

The Union Gas ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Union Gas ESOS, which forms an integral and important component of our employee compensation plan, is designed to primarily reward and retain directors and employees whose services are vital to our well-being and success.

As at the Latest Practicable Date, no options have been granted under the Union Gas ESOS.

Objectives of the Union Gas ESOS

The objectives of the Union Gas ESOS are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

Summary of the Union Gas ESOS

A summary of the rules of the Union Gas ESOS is set out as follows:

1. Participants

Under the rules of the Union Gas ESOS, executive directors and employees of our Group and our associated companies (“**Group Employees**”) and non-executive directors (including our Independent Directors) of our Group and our associated companies (as they may exist from time to time), are eligible to participate in the Union Gas ESOS. For this purpose, a company is our “associated company” if our Company or our Company and our subsidiaries and associated companies (as they may exist from time to time) hold at least 20% but not more than 50% of the issued shares in that company and provided our Company has control (as defined in the Catalist Rules) over the associated company.

UNION GAS ESOS

Pursuant to Rule 852 of the Catalist Rules, participation in Union Gas ESOS by Controlling Shareholders or Associates of such Controlling Shareholders must be approved by independent Shareholders of our Company and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Union Gas ESOS and grant of Options to them.

2. Scheme administration

The Union Gas ESOS shall be administered by our Remuneration Committee with powers to determine, *inter alia*, the following:

- (a) persons to be granted Options;
- (b) number of Options to be granted; and
- (c) recommendations for modifications to the Union Gas ESOS.

Our Remuneration Committee may consist of Directors (including Directors or persons who may be participants of the Union Gas ESOS). A member of our Remuneration Committee who is also a participant of the Union Gas ESOS must not be involved in its deliberation in respect of Options granted or to be granted to him.

3. Size of the Union Gas ESOS

The aggregate number of shares over which our Remuneration Committee may grant Options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all Options granted under the Union Gas ESOS and the number of Shares issued and issuable or transferred and to be transferred in respect of all Options or awards granted under any other share option schemes or share schemes of our Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made.

Our Company believes that this 15.0% limit gives our Company sufficient flexibility to decide the number of Option Shares to offer to our existing and new employees. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of our talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants, will increase as a result. If the number of Options available under the Union Gas ESOS is limited, our Company may only be able to grant a small number of options to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of options to offer to new employees as well as to existing employees. The number of options offered must also be significant enough to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that our Remuneration Committee will definitely issue Option Shares up to the prescribed limit. Our Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee, which will depend on the performance and value of the employee to our Group.

UNION GAS ESOS

The aggregate number of Shares which may be issued or transferred pursuant to Options under the Union Gas ESOS to participants who are Controlling Shareholders and their Associates collectively shall not exceed 25.0% of the Shares available under the Union Gas ESOS. The number of Shares which may be issued or transferred pursuant to Options under the Union Gas ESOS to each participant who is a Controlling Shareholder or his Associates shall not exceed 10.0% of the Shares available under the Union Gas ESOS.

4. Maximum entitlements

The aggregate number of Shares comprised in any Options to be offered to a grantee shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service and potential for future development of that grantee.

5. Options, exercise period and exercise price

The Options that are granted under the Union Gas ESOS may have exercise prices that are, at our Remuneration Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for a Share on the SGX-ST for the five (5) consecutive market days immediately preceding the date on which an offer to grant an Option is made or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the date on which an offer to grant that Option is made while Options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that Option is made ("**Incentive Option**"). Options granted under the Union Gas ESOS to any Group Employee will have a life span of up to 10 years from the date on which they are granted and all other Options granted under the Union Gas ESOS will have a life span of five (5) years from the date on which they are granted.

6. Grant of options

Under the rules of the Union Gas ESOS, there are no fixed periods for the grant of options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of our Remuneration Committee. However, no Option shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made on or after the third market day from the date on which the aforesaid announcement is made.

7. Termination of options

Special provisions in the rules of the Union Gas ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company, and the winding-up of our Company.

UNION GAS ESOS

8. Acceptance of options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to grantees, if not accepted in accordance with the rules of the Union Gas ESOS before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S\$1.00.

9. Rights of shares arising

Subject to the prevailing legislation, our Company will deliver Shares to participants upon exercise of their Options by way of either (i) an allotment and issue of new Shares; or (ii) a transfer of Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares.

In determining whether to issue new Shares or deliver existing Shares to participants upon exercise of their Options, our Company will take into account factors such as (but not limited to) the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

Shares arising from the exercise of Options are subject to the provisions of our Constitution. Shares allotted and issued, and existing Shares procured by our Company for transfer, upon the exercise of an Option shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions, the record date (“**Record Date**”) for which is prior to the relevant exercise date of the Option. “**Record Date**” means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

10. Duration of the Union Gas ESOS

The Union Gas ESOS shall continue in operation for a maximum duration of 10 years commencing from the date of listing of our Company on Catalist, and may, subject to compliance with any applicable laws and regulations in Singapore, be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

11. Abstention from voting

Shareholders who are eligible to participate in the Union Gas ESOS are to abstain from voting on any shareholders’ resolution relating to the Union Gas ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the Union Gas ESOS shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Union Gas ESOS; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

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12. Reporting requirements

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Option and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of the Options granted;
- (c) number of Options granted;
- (d) market price of the Shares on the date of grant;
- (e) number of Options granted to each Director and Controlling Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the Union Gas ESOS continues in operation:

- (a) the names of the members of our Remuneration Committee administering the Union Gas ESOS;
- (b) the following information required in the table below for the following participants of the Union Gas ESOS:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) participants (other than those in paragraph (b)(i) and (b)(ii) above) who have received Shares pursuant to the exercise of Options under the Union Gas ESOS which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Union Gas ESOS:

Name of participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the Union Gas ESOS to end of financial year under review	Aggregate Options exercised since commencement of the Union Gas ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) the number and proportion of Options granted at a discount during the financial year under review in respect of every 10.0% discount range, up to the maximum quantum of discount granted; and

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- (d) such other information as may be required by the Catalyst Rules or the Companies Act, provided that if any of the above requirements are not applicable, an appropriate negative statement will be included in our annual report.

Grant of options with a discounted exercise price

The ability to offer Options to participants of the Union Gas ESOS with exercise prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. The Union Gas ESOS will also serve to recruit new Group Employees whose contributions are important to the long-term growth and profitability of our Group. Discounted options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Options at a discount as only employees who have made outstanding contributions to the success and development of our Group would be granted Options at a discount.

At present, our Company foresees that Options may be granted with a discount principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of an Incentive Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the Incentive Option serves as additional incentives to such Group Employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer such Options at a discount would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Options granted at a discount will give an opportunity to Group Employees to realise some tangible benefits even if external events cause the share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through an Incentive Option rather than paying him a cash bonus. For example, Options granted at a discount may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Incentive Options, as part of eligible employees' compensation packages. The Union Gas ESOS will provide Group Employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.
- (c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the Options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

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Our Remuneration Committee will have the absolute discretion to grant Options where the exercise price is discounted, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Union Gas ESOS at a discount not exceeding the maximum discount as aforesaid.

In deciding whether to give a discount and the quantum of such discount (subject to the aforesaid limit), our Remuneration Committee will have regard to the financial and other performance of our Company and our Group, the years of service and individual performance of the grantee, the contribution of the grantee to the success and development of our Group and the prevailing market conditions.

Our Company may also grant Options without any discount to the market price. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Adjustments and Alterations under the Union Gas ESOS

The following describes the adjustment events under, and provisions relating to alterations of, the Union Gas ESOS.

1. Adjustment events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation or distribution, or otherwise) shall take place, then:

- (a) the exercise price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one financial year; and/or
- (d) the class and/or number of Shares of which additional Options may be granted to participants under the Union Gas ESOS,

shall be adjusted in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made (i) if as a result, the participant receives a benefit that a Shareholder does not receive, and (ii) unless our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless our Remuneration Committee considers an adjustment to be appropriate.

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Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

2. Modifications or alterations to the Union Gas ESOS

The Union Gas ESOS may be modified and/or altered from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration which shall adversely affect the rights attached to any Options granted prior to such modification or alteration and which in the opinion of our Remuneration Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, shall be made except with the written consent of such number of participants under the Union Gas ESOS who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding Options.

No modification or alteration shall be made to particular rules of the Union Gas ESOS to the advantage of participants under the Union Gas ESOS except with the prior approval of Shareholders in general meeting.

Rationale for participation of Group Employees and non-executive directors (including our Independent Directors) of our Group and our associated companies (as they may exist from time to time) in the Union Gas ESOS

The extension of the Union Gas ESOS to Group Employees and non-executive directors (including our Independent Directors) of our Group and our associated companies (as they may exist from time to time) allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the Union Gas ESOS will also enable us to attract, retain and provide incentives to its participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Although the non-executive directors are not involved in the day-to-day running of our Group's business, they nonetheless play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the non-executive directors in the Union Gas ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment.

In order to minimise any potential conflict of interests and not to compromise the independence of the non-executive directors, our Company intends to grant only a nominal number of options under the Union Gas ESOS to such non-executive directors.

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Rationale for the participation of Controlling Shareholders and their Associates in the Union Gas ESOS

Although the Controlling Shareholders and their Associates already have shareholding interests in our Company, our Directors are of the view that they should be provided an opportunity to participate in the Union Gas ESOS as they have contributed significantly to the growth and performance of our Group, and the opportunity to participate therein will further motivate and encourage them to continue expending great energies towards the success of our Group. Options, unlike cash bonuses, will additionally encourage such Controlling Shareholders and their Associates to take a long term view of our Group, and will motivate them towards improving the return on equity as this will affect the amount of benefit that they will ultimately derive from their participation in the Union Gas ESOS. It is in the long-term interests of our Company to ensure that these Controlling Shareholders and their Associates who are actively contributing to our Group be incentivised to remain in and contribute to the growth and development of our Group. Their continued contribution will benefit our Group.

Pursuant to Rule 852 of the Catalist Rules, participation in the Union Gas ESOS by Controlling Shareholders and their Associates must be approved by independent Shareholders of our Company and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Union Gas ESOS and grant of Options to them.

Financial effects of the Union Gas ESOS

The Union Gas ESOS will increase our issued share capital to the extent of the new Shares that will be issued and allotted pursuant to the exercise of Options. Under the Financial Reporting Standard 102 on Share-based Payment (“**FRS 102**”), the fair value of employee services received in exchange for the grant of the Options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Option granted at the grant date and the number of Options vested by vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made. The proceeds net of any directly attributable transaction costs are credited to the share capital when the Options are exercised.

During the vesting period, the consolidated earnings per share would be reduced by both the expenses recognised and the potential ordinary shares to be issued under the Union Gas ESOS. When the Options are exercised, the consolidated NTA will be increased by the amount of cash received for exercise of the Options. On a per share basis, the effect is accretive if the exercise price is above the net tangible assets per share but dilutive otherwise.

There will be no cash outlay expended by us at the time of grant of such Options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any Options granted to subscribe for new shares (whether the exercise price is set at the market price of the shares at the date of grant or otherwise) have a fair value at the time of grant. The fair value of an Option is an estimate of the amount that a willing buyer would pay a willing seller for the Option on the grant date. Options are granted to participants at a nominal consideration of S\$1.00. Insofar as

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such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the Option a consideration that is less than the fair value of the Option.

The following sets out the financial effects of the Union Gas ESOS.

(a) Share capital

The Union Gas ESOS will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, *inter alia*, the size of the Options granted under the Union Gas ESOS. Whether and when the Options granted under the Union Gas ESOS will be exercised will depend on the exercise price of the Options, when the Options will vest as well as the prevailing trading price of the Shares. In any case, the Union Gas ESOS provides that the number of Shares to be issued or transferred under the Union Gas ESOS, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the Union Gas ESOS will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the grant of Options will be recognised as an expense, the amount of which will be computed in accordance with FRS 102. When new Shares are issued pursuant to the exercise of Options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased.

(c) EPS

Without taking into account earnings that may be derived by our Company from the use of the proceeds from the issuance of Shares pursuant to the exercise of Options granted under the Union Gas ESOS, any new Shares issued pursuant to any exercise of the Options will have a dilutive impact on our Company's EPS.

(d) Dilutive impact

The issuance of new Shares under the Union Gas ESOS will have a dilutive impact on our consolidated EPS.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Option Shares which may be issued upon the exercise of the Options to be granted under the Union Gas ESOS. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares, the New Shares, the Option Shares or the Award Shares.

UNION GAS PSP

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On 19 June 2017, our Shareholder approved a performance share scheme known as the Union Gas Performance Share Plan (the “**Union Gas PSP**”), the rules of which are set out in Appendix H of this Offer Document. The Union Gas PSP complies with the relevant rules as set out in Chapter 8 of the Catalist Rules.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in Appendix H of this Offer Document.

Rationale for the Union Gas PSP

Our Directors have implemented the Union Gas PSP to increase our Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate Group Employees and Non-executive directors to achieve increased performance. Our Directors believe that, in addition to the Union Gas ESOS, the plan will further strengthen our Company’s competitiveness in attracting and retaining superior local and foreign talent.

The Union Gas PSP allows our Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. Our Directors believe that the Union Gas PSP will provide our Company with a flexible approach to provide performance incentives to our Group Employees and Non-executive directors and, consequently, to improve performance and achieve sustainable growth for our Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Operation of the Union Gas PSP

Awards granted under the Union Gas PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management and Non-executive directors aimed at delivering long-term shareholder value.

The Union Gas PSP uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve predetermined targets which create and enhance economic value for Shareholders. Our Company believes that the Union Gas PSP will be an effective tool in motivating senior executives, key senior management and Non-executive directors to work towards stretched goals.

The Union Gas PSP contemplates the award of fully paid Shares, when and after pre-determined performance or service conditions are accomplished.

A participant’s award under the Union Gas PSP will be determined at the sole discretion of our Remuneration Committee. In considering an award to be granted to a participant who is an employee, our Remuneration Committee may take into account, *inter alia*, the participant’s capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skills set. In considering an Award to be granted to a participant who is a Non-executive director, our Remuneration Committee may take into account, *inter alia*, the services and contributions made to the growth of our Group, attendance and participation in meetings and the years of service.

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Awards granted under the Union Gas PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by our Remuneration Committee are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company's corporate key performance indicators.

Under the Union Gas PSP, participants are encouraged to continue serving our Group beyond the achievement date of the pre-determined performance targets. Our Remuneration Committee has the discretion to impose a further vesting period after the performance period to encourage the participant to continue serving our Group for a further period of time.

Maximum Limits on Shares

In order to reduce the dilutive impact of the Union Gas PSP, the maximum number of Shares issuable or to be transferred by our Company pursuant to Awards granted under the Union Gas PSP, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of our Company, will be 15.0% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day preceding that date.

Summary of the Union Gas PSP

A summary of the rules of the Union Gas PSP is set out as follows:

1. Eligibility

Executive directors and employees of our Group and our associated companies (as they may exist from time to time) ("**Group Employees**") who have attained the age of twenty-one (21) years and hold such rank as may be designated by our Remuneration Committee from time to time, and Non-executive directors (including our Independent Directors) of our Group, shall be eligible to participate in the Union Gas PSP at the absolute discretion of our Remuneration Committee. For this purpose, a company is our "associated company" if we and/or our subsidiaries hold at least 20% but not more than 50% of the issued shares in that company and provided our Company has control (as defined in the Catalist Rule) over the associated company.

Pursuant to Rule 852 of the Catalist Rules, participation in Union Gas PSP by Controlling Shareholders or Associates of such Controlling Shareholders must be approved by independent Shareholders of our Company and a separate resolution must be passed for each such person to approve the actual number and terms of the Awards to be granted to such person. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Union Gas PSP and grant of Awards to them.

2. Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

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Shares which are allotted and issued or transferred to a participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Remuneration Committee in the award letter), except to the extent approved by our Remuneration Committee.

3. Participants

The selection of a participant and the number of Shares which are the subject of each Award to be granted to a participant in accordance with the Union Gas PSP shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

4. Details of Awards

Our Remuneration Committee shall decide, in relation to each award to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (e) any other condition which our Remuneration Committee may determine in relation to that Award.

Our Remuneration Committee may consist of Directors (including Directors or persons who may be participants of the Union Gas PSP). A member of our Remuneration Committee who is also a participant of the Union Gas PSP must not be involved in its deliberation in respect of awards granted or to be granted to him.

5. Timing

While our Remuneration Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that awards would in general be made once a year. An award letter confirming the Award and specifying, *inter alia*, the number of Shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an Award.

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6. Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (i) the misconduct on the part of a participant as determined by our Remuneration Committee in its discretion;
- (ii) the participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (v) below);
- (iii) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;
- (iv) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (v) the participant ceases to be in the employment of our Group by reason of:
 - (1) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);
 - (2) redundancy;
 - (3) retirement at or after the legal retirement age;
 - (4) retirement before the legal retirement age with the consent of our Remuneration Committee;
 - (5) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group, as the case may be;
 - (6) any other event approved by our Remuneration Committee;
- (vi) the death of a participant;
- (vii) any other event approved by our Remuneration Committee; or
- (viii) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (iii) above or for amalgamation or reconstruction).

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii), an Award then held by a participant shall, subject as provided in the rules of the Union Gas PSP and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

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Upon the occurrence of any of the events specified in paragraphs (iv), (v), (vi) and (vii) above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, our Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the events specified in paragraph (viii) above, our Remuneration Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant. If our Remuneration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, our Remuneration Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

7. Size and Duration of the Union Gas PSP

The total number of Shares which may be issued or transferred pursuant to awards granted under the Union Gas PSP on any date, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, shall not exceed 15.0% of the total number issued Shares (excluding Shares held by our Company as treasury shares) on the day preceding that date.

The aggregate number of Shares over which Awards may be granted under the Union Gas PSP to Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Union Gas PSP, and the number of Shares over which an Award may be granted under the Union Gas PSP to each Controlling Shareholder and his Associate shall not exceed 10.0% of the Shares available under the Union Gas PSP.

The Union Gas PSP shall continue in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Union Gas PSP is adopted by our Company in general meeting, provided always that the Union Gas PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Union Gas PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

8. Operation of the Union Gas PSP

Subject to the prevailing legislation, our Company will deliver Shares to participants upon vesting of their Awards by way of either (i) an issue of new Shares; or (ii) a transfer of Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares.

In determining whether to issue new Shares to participants upon vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

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The financial effects of the above methods are discussed below.

New Shares allotted and issued and existing Shares procured by our Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

9. Administration of the Union Gas PSP

The Union Gas PSP shall be administered by our Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by our Board.

Our Remuneration Committee may consist of directors of our Company (including directors of our Company or persons who may be participants of the Union Gas PSP). A member of our Remuneration Committee who is also a participant of the Union Gas PSP must not be involved in its deliberation in respect of Awards granted or to be granted to him.

Our Remuneration Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, our Remuneration Committee shall have the right to make computational adjustments to the audited results of our Company or our Group, to take into account such factors as our Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if our Remuneration Committee decides that a properly adjusted performance target would be a fairer measure of performance.

10. Abstention from voting

Shareholders who are eligible to participate in the Union Gas PSP are to abstain from voting on any shareholders' resolution relating to the Union Gas PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the Union Gas PSP shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Union Gas PSP; and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

11. Reporting requirements

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Award and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the vesting period in relation to the Award.

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The following disclosures (as applicable) will be made by our Company in our annual report for so long as the Union Gas PSP continues in operation:

- (a) the names of the members of our Remuneration Committee administering the Union Gas PSP;
- (b) the following information required in the table below for the following participants of the Union Gas PSP:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) participants (other than those in paragraph (b)(i) and (b)(ii) above) who have received Shares pursuant to the release of Awards granted under the Union Gas PSP which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Union Gas PSP:

Name of participant	Aggregate number of Shares comprised in Awards under the Union Gas PSP during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such participant since commencement of the Union Gas PSP to end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the Union Gas PSP to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review

- (c) such other information as may be required by the Catalist Rules or the Companies Act, provided that if any of the above requirements are not applicable, an appropriate negative statement will be included in our annual report.

Adjustments and Alterations under the Union Gas PSP

The following describes the adjustment events under, and provisions relating to alterations of, the Union Gas PSP.

1. Adjustment events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation or distribution, or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Union Gas PSP,

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shall be adjusted in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the participant receives a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless our Remuneration Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

2. Modifications or alterations to the Union Gas PSP

The Union Gas PSP may be modified and/or altered from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of participants under the Union Gas PSP who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding awards under the Union Gas PSP.

No alteration shall be made to particular rules of the Union Gas PSP to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

Rationale for participation of Group Employees and Non-executive directors (including our Independent Directors) of our Group and our associated companies (as they may exist from time to time) in the Union Gas PSP

The extension of the Union Gas PSP to Group Employees and Non-executive directors (including our Independent Directors) of our Group allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the Union Gas PSP will also enable us to attract, retain and provide incentives to its participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Although the Non-executive directors are not involved in the day-to-day running of our Group's business, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the Non-executive directors in the Union Gas PSP will provide our Company with a further avenue to acknowledge

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and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment.

In order to minimise any potential conflict of interests and not to compromise the independence of the Non-executive directors, our Company intends to grant only a nominal number of Awards under the Union Gas PSP to such Non-executive directors.

Rationale for the participation of Controlling Shareholders and their Associates in the Union Gas PSP

Although the Controlling Shareholders and their Associates already have shareholding interests in our Company, our Directors are of the view that they should be provided an opportunity to participate in the Union Gas PSP as they have contributed significantly to the growth and performance of our Group, and the opportunity to participate therein will further motivate and encourage them to continue expending great energies towards the success of our Group. Awards will additionally encourage such Controlling Shareholders and their Associates to achieve performance targets as this will affect the amount of benefit that they will ultimately derive from their participation in the Union Gas PSP. It is in the long-term interests of our Company to ensure that these Controlling Shareholders and their Associates who are actively contributing to our Group be incentivised to remain in and contribute to the growth and development of our Group. Their continued contribution will benefit our Group.

Financial effects of the Union Gas PSP

The Union Gas PSP is considered a share-based payment that falls under FRS 102 where participants will receive Shares and the awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an Award. The fair value per share of the Awards granted will be determined using an option pricing model. The significant inputs into the option pricing model will include, *inter alia*, the share price as at the date of grant of the Award, the risk free interest rate, the vesting period, volatility of the share and dividend yield. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made.

The amount charged to the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on

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an assessment by our CFO at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the income statement if the Awards do not ultimately vest.

The following sets out the financial effects of the Union Gas PSP.

(a) Share capital

The Union Gas PSP will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Union Gas PSP. In any case, the Union Gas PSP provides that the number of Shares to be issued or transferred under the Union Gas PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the Union Gas PSP will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the Union Gas PSP is likely to result in a charge to our Company's income statement over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the Union Gas PSP, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the Union Gas PSP will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The Union Gas PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to participants of the Union Gas PSP will generally be contingent upon the participants meeting the prescribed performance targets and conditions.

(d) Dilutive impact

The issuance of new Shares under the Union Gas PSP will have a dilutive impact on our consolidated EPS.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Award Shares which may be issued upon the release of the share awards to be granted under the Union Gas PSP. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares, the New Shares, the Option Shares or the Award Shares.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and offering high standards of accountability to our Shareholders.

Our Board has formed three (3) committees: (i) the Nominating Committee; (ii) the Remuneration Committee; and (iii) the Audit Committee. In addition, we have appointed Loo Hock Leong as our Lead Independent Director. As our Lead Independent Director, he is the contact person for Shareholders in situations where there are concerns or issues which communication with our Non-executive Chairman, CEO, and/or CFO has failed to resolve or where such communication is inappropriate.

Our Board of Directors comprises five (5) Directors, of which three (3) are Independent Directors. Our Independent Directors do not have any past or existing business or professional relationship of a material nature with our Group, our other Directors and/or Substantial Shareholder. Our Independent Directors are also not related to other Directors and/or Substantial Shareholder.

Risk Management

Our Board of Directors has overall responsibility for the governance of risk and exercises oversight of the material risks in our Group's business.

Our Board of Directors will be responsible for determining our Company's levels of risk tolerance and risk policies, and overseeing our management in the design, implementation and monitoring of the risk management and internal control systems. Our Board of Directors will also review the adequacy and effectiveness of our Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The identification and management of risks will be delegated to our management who assumes ownership and day-to-day management of such risks. Our management will be responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by our Board of Directors.

Nominating Committee

Our Nominating Committee comprises Heng Chye Kiou, Loo Hock Leong and Lim Chwee Kim. The Chairman of our Nominating Committee is Heng Chye Kiou.

Our Nominating Committee will be responsible for:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Directors' contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (d) reviewing and approving any new employment of persons related to Directors, Executive Officers or Controlling Shareholder and the proposed terms of their employment;

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- (e) reviewing of board succession plans for Directors, in particular, our Non-executive Chairman and our CEO;
- (f) developing a process for evaluation of the performance of the Board, its committees and Directors; and
- (g) reviewing training and professional developments programmes for the Board.

Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of our Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises Lim Chwee Kim, Loo Hock Leong and Heng Chye Kiou. The Chairman of our Remuneration Committee is Lim Chwee Kim.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers, and determine specific remuneration packages for each Executive Director and Executive Officer. The recommendations of our Remuneration Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards and other benefits-in-kind shall be covered by our Remuneration Committee. Our Remuneration Committee will also review our obligations arising in the event of termination of our Executive Director's and Executive Officers' contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

The remuneration of employees related to Directors, Executive Officers and Controlling Shareholder will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from participating in the review.

Audit Committee

Our Audit Committee comprises Loo Hock Leong, Lim Chwee Kim and Heng Chye Kiou. The Chairman of our Audit Committee is Loo Hock Leong.

Our Audit Committee will assist our Board of Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

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Our Audit Committee will provide a channel of communication between our Board of Directors, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:

- (a) review with the external auditors the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;
- (b) review with the internal auditors the internal audit plans and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);
- (c) review the internal control and procedures and ensure coordination between the external and internal auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, and any matters which auditors may wish to discuss in the absence of our management where necessary;
- (d) review and report to our Board, at least annually, the adequacy and effectiveness of our Group's internal controls, including financial, operational, compliance and information technology controls and discuss issues and concerns, if any, prior to the incorporation of such results in our annual report (where necessary);
- (e) review the financial statements of our Company and our Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to our Board for approval;
- (f) review and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (g) review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;
- (h) review all Interested Person Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) every quarter and approving all Interested Person Transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% of the value of the latest audited NTA of our Group, prior to such transactions being entered into, and monitoring the procedures established to regulate Interested Person Transactions, including ensuring compliance with our Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place;

CORPORATE GOVERNANCE

- (i) review and approve under the Dealership Agreement the Minimum Volume and % Change (as defined in the section entitled “General Information on our Group – Our Procurement Process” of this Offer Document) of the UEC Group Premium (including the basis for % Change and Minimum Volume) on an annual basis, and any amendment proposed to be made to the Dealership Agreement, and review the terms of the Dealership Agreement every three (3) years with the assistance from independent advisers, to ensure that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of our Company and our minority shareholders;
- (j) appraise the performance of the CFO on an annual basis;
- (k) review potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;
- (l) review and approve all hedging policies and instruments implemented by our Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (m) review our key financial risk areas, with a view to providing an independent oversight on our Group’s financial reporting, the outcome of such review to be disclosed in the annual reports or where the findings are material, immediately announced via SGXNET;
- (n) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (p) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group’s operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group’s internal controls are robust and effective enough to mitigate our Group’s internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group’s internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

CORPORATE GOVERNANCE

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews by our management, our Board of Directors and our Audit Committee, our Board of Directors, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

Our Audit Committee has conducted an interview with our CFO, Sylvia Lio. Our Audit Committee has further considered the following:

- (a) the qualifications and past working experiences of Sylvia Lio (as described in the section entitled “Directors, Executive Officers and Employees – Executive Officers” of this Offer Document) which are compatible with her position as CFO of our Group;
- (b) Sylvia Lio’s past audit, financial and accounting related experiences;
- (c) Sylvia Lio’s demonstration of the requisite competency in finance-related matters in connection with the preparation for the listing of our Company;
- (d) the absence of negative feedback on Sylvia Lio from the representatives of our Group’s Independent Auditor and Reporting Accountant; and
- (e) the absence of internal control weaknesses attributed to Sylvia Lio identified during the internal control review conducted,

and is of the view that Sylvia Lio is suitable for the position of CFO of our Group. Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Sylvia Lio does not have the competence, character and integrity expected of a CFO of a listed issuer.

In addition, Sylvia Lio shall be subject to performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

POLICIES

Our Board has adopted or intends to adopt the following policies.

Conflict of Interest Policy

Our Group will adopt a conflict of interest policy to guide our employees in the identification and management of conflicts of interests. Conflicts of interest is defined broadly in the policy to refer to any situation where an employee has a personal interest that is sufficient to influence, or appears to influence, the objective exercise of his official duties. Pursuant to the policy, our employees are required to declare real or perceived conflicts of interests in accordance with documented procedures and to comply with the actions recommended by our management to address such conflicts.

All of our key management, including but not limited to our Executive Director and Executive Officers, are to complete annual conflict of interest disclosures to our Board.

CORPORATE GOVERNANCE

Insider Trading Policy

Our Group intends to adopt an insider trading policy to preserve the reputation and integrity of our Group and our affiliates, and to promote compliance with the relevant requirements of, amongst others, the SFA. In accordance with the policy, any person who possesses material, non-public information relating to our Company, or any other publicly-traded company, including our customers and suppliers, obtained in the course of employment or by association with our Group, is considered an insider to such information. An insider may not buy or sell securities of our Company or communicate such information to a third party.

The insider trading policy shall include a restriction on the dealing in Shares during the period commencing two (2) weeks before the announcement of our Group's financial statements for each of the first three (3) quarters of our financial year and one (1) month before the announcement of our Group's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of our Group's half year and full year financial statements (if not required to announce quarterly financial statements).

Fraud and Whistleblowing Policy

Our Group is committed to maintaining high ethical standards, honesty and accountability and eliminating fraud and corruption in the conduct of our business. As such, our Group intends to adopt a fraud and whistleblowing policy which is made known to our employees, contractors, agents and consultants.

In addition to the establishment of operational systems which incorporate internal controls designed to minimise the incidence of fraud, limit its impact and ensure prompt detection, our employees are provided an avenue to report incidents of fraud or malpractice to their immediate supervisor or any of our Executive Director or Executive Officers. Our Board believes that it is in the interest of our Group to have prompt knowledge of such illegal, dishonest or improper activities. A preliminary investigation will be conducted on any information received to determine whether further investigation or disciplinary action is necessary or the matter should be referred to the local authorities. The whistle-blower can be assured that our Group intends to protect our business and reputation.

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting and an election of our Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each AGM. Further, all our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled "Summary Of Our Constitution" as set out in Appendix E of this Offer Document.

EXCHANGE CONTROLS

Currently, there are no Singapore governmental laws, decrees, regulations and other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Saved as disclosed below, none of our Directors, Executive Officers and Controlling Shareholder:
 - (a) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
 - (b) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) has, at any time during the last ten (10) years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Disclosure in relation to Mr. Teo Kiang Ang

Mr. Teo Kiang Ang was involved in the following incidents:

Incidents involving entities which Mr. Teo is/was a director/partner

- (a) Sembas International Trading Pte Ltd paid small penalties amounting to approximately S\$2,000 for omissions in relation to: (i) filing of GST for 1994 and 1995 and income tax returns for 1995; and (ii) holding its annual general meetings and submitting its audited accounts for the financial years of 1994, 1995 and 1996. Mr. Teo Kiang Ang is a director of Sembas International Trading Pte Ltd.
- (b) Choon Hin (T.K.A.) Trading Pte Ltd paid a composition fine of S\$450 for omissions in filing income tax returns and audited accounts for 1995. Mr. Teo Kiang Ang is a director of Choon Hin (T.K.A.) Trading Pte Ltd.
- (c) TKA Auto Service Centre paid a total sum of approximately S\$66,000 in 2011 and 2012 for inadvertent errors in collection and filing of GST. Mr. Teo Kiang Ang is the manager and owner of TKA Auto Service Centre.
- (d) In 2012, Semgas and Gasmart, wholly-owned subsidiaries of UEC, paid composition sums amounting to an aggregate of approximately S\$117,000 to the IRAS as full settlement of the penalty for their inadvertent omission of certain income items in the IR8A forms for their employees for the years of assessment (“YA”) 2004 to 2009. Mr. Teo Kiang Ang is a director of Semgas and Gasmart.

GENERAL AND STATUTORY INFORMATION

Other Incidents

- (a) In 2006, Mr. Teo Kiang Ang was interviewed by the CPIB to assist in investigations concerning an employee of SPC. Sembas, which he is a director of, had contractual dealings with SPC and the CPIB had queried if any unauthorised payments were made to that employee of SPC under investigation. As at the Latest Practicable Date, to the best of Mr. Teo's knowledge and belief, he was not the subject of the investigations and there has been no further contact or request for assistance from the CPIB in relation to this matter thereafter.
- (b) In 2007, Mr. Teo Kiang Ang was interviewed by the MOM to assist in its review of a civil complaint of unfair dismissal filed by a foreign worker dismissed by Trans-cab Services Pte Ltd ("**Trans-cab Services**"). As at the Latest Practicable Date, to the best of Mr. Teo's knowledge and belief, there has been no further contact or request for assistance from MOM in relation to this matter thereafter.
- (c) In 2009, Mr. Teo Kiang Ang was investigated by the IRAS in relation to his inadvertent failure to report certain income items (including interest income which he received from various banks in Singapore which was then taxable and trade income from his partnership, TKA Auto Service Centre) in his personal tax returns between YA 2003 and YA 2009. The matter was subsequently settled in 2012 between the IRAS and Mr. Teo after Mr. Teo paid a composition sum of approximately S\$878,000.
- (d) In or around 2009, Mr. Teo Kiang Ang was interviewed by the CPIB in relation to the alleged corrupt practices involving an officer of the NEA. The said NEA officer was subsequently charged in April 2010 and granted a discharge amounting to an acquittal in October 2010. As at the Latest Practicable Date, to the best of Mr. Teo's knowledge and belief, he was not the subject of the investigation, and there has been no further contact or request for assistance from the CPIB, and Mr. Teo Kiang Ang has not been charged with any offence in relation to the incident.
- (e) In November 2012 and in March or April 2014, Mr. Teo Kiang Ang was interviewed by the CAD on three (3) separate occasions. The interviews related to an incident whereby Trans-cab Services had placed an order for the proposed purchase of 2,000 new taxis by way of a purchase order issued by the automobile dealer on 1 June 2012. Before Trans-cab Services could take delivery of the 2,000 new taxis, LTA announced in July 2012 the imposition of a 2% cap on the annual increase in fleet size of taxi operators ("**2% Cap Rule**"). As such, Trans-cab Services wrote in to seek approval from LTA to take delivery of the 2,000 vehicles, and following the request for additional documentation to support the purchase, Trans-cab Services entered into a sale and purchase agreement which was dated the same day as the purchase order. CAD investigated the possible circumvention of the 2% Cap Rule by Trans-cab Services in respect of its purchase order for new taxis in June 2012. Trans-cab Services believes that it had acted in good faith in placing the orders for the new taxis with no intent to circumvent the rules imposed by LTA. In addition, Trans-cab Services has not taken delivery of any vehicle under the above-mentioned purchase order. In line with past practices, it continues to order vehicles from automobile dealers by way of purchase orders without any additional sale and purchase agreements. As at the Latest Practicable Date, there has been no follow-up from the CAD, and Mr. Teo Kiang Ang has not been charged with any offence in relation to the incident.

GENERAL AND STATUTORY INFORMATION

Minor breaches

- (a) In 1972, Mr. Teo Kiang Ang paid a fine of Malaysian Ringgit 5,000 for bringing cassette tapes from Singapore to Malaysia.
- (b) In or about 1978, Mr. Teo Kiang Ang paid a penalty of S\$2,000 for purchasing LPG from a supplier who had not paid customs duties.
- (c) In 1997, Mr. Teo Kiang Ang paid a fine of S\$600 for failing to file his personal income tax returns for YA 1996.

Disclosure in relation to Alexis Teo

Alexis Teo was involved in the following incidents:

- (a) In or around 2009, Alexis Teo failed to declare certain car benefits in her personal tax returns between YA 2004 and YA 2009. Alexis Teo paid a composition sum of approximately S\$6,000 as full settlement of the additional tax and penalty, which was paid in August 2012.
- (b) In 2014, Alexis Teo assisted the MOM in its investigation of a case of a sub-contractor of Summit Gas claiming unfair work practice. The case concluded after a few weeks and MOM dismissed the sub-contractor's claim. As at the Latest Practicable Date, to the best of Alexis Teo's knowledge and belief, there has been no further contact or request for assistance from MOM in relation to this matter thereafter.

Disclosure in relation to Mr. Lim Chwee Kim

Mr. Lim Chwee Kim was involved in the following incidents:

- (a) Sometime between 1997 and 1998, Mr. Lim Chwee Kim had assisted in an investigation by the CPIB in his capacity as the managing director of Richland Logistics Services Pte Ltd ("**Richland Logistics Services**"). To the best of Mr. Lim's knowledge, the investigation involved alleged activities of a manager of a freight forwarder customer of Richland Logistics Services receiving bribes. Mr. Lim was queried by the CPIB on whether he had extended bribes to this manager, to which he had confirmed that he had not. The CPIB did not approach him following the said investigation and as at the Latest Practicable Date, to the best of Mr. Lim's knowledge and belief, there has been no further contact or request for assistance from the CPIB in relation to this matter thereafter.
- (b) Between September and October 2001, Mr. Lim Chwee Kim had assisted in an investigation by the CPIB in his capacity as the managing director of Richland Logistics Services. To the best of Mr. Lim's knowledge, the investigation concerned whether Richland Logistics Services had extended bribes in order to obtain business. Mr. Lim was queried by the CPIB on whether Richland Logistics Services had extended bribes to certain clients in question, to which he had confirmed that Richland Logistics Services had not. The CPIB did not approach him following the said investigation and as at the Latest Practicable Date, to the best of Mr. Lim's knowledge and belief, there has been no further contact or request for assistance from the CPIB in relation to this matter thereafter.

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- (c) Sometime in 2009, Mr. Lim Chwee Kim had assisted in an investigation by the CPIB in his capacity as a personal friend of the subject of the investigation. Mr. Lim was not the subject of the investigation. To the best of Mr. Lim's knowledge, the investigation involved corruption charges against his personal friend. Mr. Lim was queried by the CPIB on whether he had extended a loan to his friend, to which he had confirmed that he had extended a loan of S\$5,000 in his capacity as a personal friend. The CPIB did not approach him following the said investigation and to the best of Mr. Lim's knowledge and belief, there has been no further contact or request for assistance from the CPIB in relation to this matter thereafter.
- (d) Mr. Lim Chwee Kim is a non-executive director and chairman of Jason Holdings Limited ("**Jason Holdings**"). Mr. Lim Chwee Kim was appointed as a non-executive director and chairman of Jason Holdings (together with its subsidiaries, the "**Jason Holdings Group**") on 10 December 2015. He is not involved in the management and day-to-day affairs of the Jason Holdings Group. He was also not a director, shareholder or involved in the management of the subsidiaries of Jason Holdings, which includes Jason Parquet Specialist (Singapore) Pte Ltd ("**JPSS**"). He became a shareholder of Jason Holdings from a purchase of shares from Jason Sim in October 2015. As at the Latest Practicable Date, Mr. Lim Chwee Kim has a direct interest of 92.18% in Jason Holdings.

From 10 December 2015 to the Latest Practicable Date, the Jason Holdings Group was involved in the following incidents, which includes, amongst others, (i) in relation to Jason Holdings, a charge by MOM under the WSHA and a winding up application by a creditor and subsequently a scheme of arrangement that was approved by its creditors; (ii) in relation to JPSS, a litigation claim by a sub-contractor, receipt of letters of demand from various creditors, winding up application against JPSS, charges and conviction under the WSHA and investigation by the CAD; and (iii) in relation to the directors and employees of Jason Holdings Group, bankruptcy applications against the executive directors of Jason Holdings and sole directors of JPSS, suspension of key executives from their various roles, investigations on various employees and key executives of Jason Holdings by the CAD and charges under the Employment Act.

Please refer to the announcements released by Jason Holdings on SGXNET for further details in relation to the above.

In relation to the above, Mr. Lim Chwee Kim is not the subject of any investigations with CAD or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Since early 2016, he has been involved in resolving the outstanding issues of the Jason Holdings Group as stated in its announcements on SGXNET.

Disclosure in relation to Mr. Sie Kok Khiam

In 2009, a bankruptcy application was filed against Mr. Sie Kok Khiam by Abwin Private Limited ("**Abwin**") for a sum of S\$16,988.51 in relation to a guarantee provided by Mr. Sie on behalf of his personal friend who defaulted on his payment obligation in relation to a hire purchase facility for a motor vehicle. The suit was subsequently withdrawn on 4 February 2010 pursuant to resolution of the matter by his personal friend.

GENERAL AND STATUTORY INFORMATION

2. No option to subscribe for shares in, or debentures of, our Company has been granted to, or was exercised by, any Director or Executive Officer within the last financial year.
3. Save as disclosed in the sections entitled “Restructuring Exercise” and “Interested Person Transactions” of this Offer Document, no Director or expert is (i) interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, our Company within two (2) years preceding the Latest Practicable Date, or in any proposal for such acquisition or disposal or leased as aforesaid, or (ii) interested where the interest consists in being a partner in a firm or a holder of shares in or debentures of a corporation interested in the same.
4. Save as disclosed in the section entitled “Interested Person Transactions” of this Offer Document, no Director has any interest in any existing contract or arrangement which is significant in relation to our business taken as a whole.
5. There is no shareholding qualification for Directors in the Constitution of our Company.
6. No sum or benefit has been paid or has been agreed to be paid to any Director or expert who is a partner of any firm in which a Director or expert or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise by any person (i) (in the case of a Director) to induce him to become, or to qualify him as our Director or otherwise for the services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company or (ii) (in the case of an expert) for services rendered by him or such firm or corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

7. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company, being ordinary shares in the share capital of our Company. There is no founder, management or deferred share. Our existing Shares (including the Vendor Shares) do not carry voting rights which are different from the Invitation Shares. The rights and privileges attached to our Shares are stated in our Constitution.
8. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the three (3) years preceding the Latest Practicable Date.
9. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries has been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three (3) years preceding the date of this Offer Document.

GENERAL AND STATUTORY INFORMATION

MATERIAL CONTRACTS

10. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) the sale and purchase agreement dated 31 March 2017 entered into between UEC and our Company pursuant to which our Company acquired the entire issued share capital of Union Energy and Union Gas, details of which can be found in the section entitled “Restructuring Exercise – Acquisition of Union Energy and Union Gas” of this Offer Document;
 - (b) the Dealership Agreement dated 1 April 2017 entered into between Summit Gas and Union Energy, details of which can be found in the section entitled “General Information on Our Group – Our Procurement Process” of this Offer Document;
 - (c) the Trade mark Licence Agreement dated 1 April 2017, as amended, modified and/or supplemented on 20 June 2017 entered into between UEC and our Company, details of which can be found in the section entitled “General Information on Our Group – Intellectual Property” of this Offer Document;
 - (d) the Non-Competition Deed dated 27 June 2017 granted by Mr. Teo Kiang Ang to our Company, details of which can be found in the section entitled “Potential Conflicts of Interest” of this Offer Document;
 - (e) the deed dated 27 June 2017 granted by Summit Gas and UEC to our Company in relation to the Call Option and ROFR, details of which can be found in the section entitled “Potential Conflicts of Interest” of this Offer Document;
 - (f) the deed dated 27 June 2017 granted by UEC to our Company in relation to the Commercial Business Call Option, details of which can be found in the section entitled “Potential Conflicts of Interest” of this Offer Document; and
 - (g) the Service Agreement of Alexis Teo dated 27 June 2017, details of which can be found in the section entitled “Directors, Executive Officers and Employees – Service Agreement” of the Offer Document.

LITIGATION

11. From time to time, we are subject to claims under our insurances, for instance, fire incidents and motor vehicle accidents, against us in the course of our business. Generally, such claims are settled through our insurers pursuant to the relevant insurance policies. As at the Latest Practicable Date, there are no ongoing litigation or arbitration proceedings in relation to any of such claims.
12. As at the Latest Practicable Date, neither our Company nor any member of our Group is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of this Offer Document a material effect on our Group’s financial position or profitability.

GENERAL AND STATUTORY INFORMATION

MISCELLANEOUS

13. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred between 1 January 2017 and the Latest Practicable Date which may have a material effect on the financial position and results of operations of our Group or the financial information provided in this Offer Document.
14. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within two (2) years preceding the date of this Offer Document.
15. There has not been any public takeover offer by a third party in respect of our Shares, or by our Company in respect of shares of another corporation or units of a business trust which has occurred since our Company's incorporation and the Latest Practicable Date.
16. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or other benefit arising therefrom.

Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on revenues or operating income.
17. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditor of our Company since incorporation are as follows:

Name and address	Partner-in-charge	Professional body	Professional qualification
RSM Chio Lim LLP 8 Wilkie Road #04-08 Wilkie Edge Singapore 228095	Mr. Adrian Tan Khai-Chung	Institute of Singapore Chartered Accountants	Chartered Accountant of Singapore

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

GENERAL AND STATUTORY INFORMATION

CONSENTS

18. The Independent Auditor and Reporting Accountant has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Independent Auditor's Reports on the Audited Combined Financial Statements, and the Unaudited Pro Forma Combined Financial Information as set out in Appendices A and B of this Offer Document respectively, in the form and context in which it is respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
19. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of (a) its opinion as set out in the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions – Purchase of bottled LPG cylinders by Union Energy from the UEC Group" of this Offer Document and all references thereto; (b) its opinion as set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions – Opinion of the Independent Financial Adviser" of this Offer Document and all references thereto; and (c) the "Letter from the Independent Financial Adviser" as set out in Appendix C to this Offer Document in the form and context in which it is included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
20. The Sponsor and Issue Manager, and the Underwriter and Placement Agent, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation of this Offer Document.
21. The Solicitors to the Invitation and the Legal Advisers to our Company on Singapore Law, the Share Registrar, the Principal Bankers and the Receiving Bank do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information or opinions in, or omission from, this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND VENDOR

22. This Offer Document has been seen and approved by our Directors and the Vendor and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors and the Vendor are not aware of any facts, the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

GENERAL AND STATUTORY INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

23. The following documents or copies thereof may be inspected at our registered office at 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482 during normal business hours for a period of six (6) months from the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority:
- (a) the Constitution of our Company;
 - (b) the Audited Combined Financial Statements as set out in Appendix A of this Offer Document;
 - (c) the Unaudited Pro Forma Combined Financial Information as set out in Appendix B of this Offer Document;
 - (d) the material contracts referred to in this Offer Document;
 - (e) the letters of consent referred to in this Offer Document;
 - (f) the Letter from the Independent Financial Adviser as set out in Appendix C of this Offer Document; and
 - (g) the audited financial statements of all companies within our Group for FY2014, FY2015 and FY2016.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

UNION GAS HOLDINGS LIMITED
and its subsidiaries

Statement by directors and combined financial statements

Reporting years ended 31 December 2014, 2015 and 2016

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

Statement by directors

The directors of Union Gas Holdings Limited (the “Company”) are pleased to present the combined financial statements of the Company and its subsidiaries (the “Group”) for the reporting years ended 31 December 2014, 2015 and 2016.

In the opinion of the directors,

- (a) the accompanying combined financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group as at 31 December 2014, 2015 and 2016 and the financial performance, changes in equity and cash flows of the Group for the reporting years ended 31 December 2014, 2015 and 2016; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Teo Kiang Ang
Director

Teo Soak Theng Alexis
Director

Singapore
13 July 2017

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

The Board of Directors
Union Gas Holdings Limited
25 Genting Road
#04-01
Union Energy Group Building
Singapore 349482

Report on the audit of the combined financial statements

Opinion

We have audited the accompanying combined financial statements of Union Gas Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages A-6 to A-44, which comprise the combined statements of financial position of the Group as at 31 December 2014, 2015 and 2016, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the years ended 31 December 2014, 2015 and 2016, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the financial position of the Group as at 31 December 2014, 2015 and 2016 and the financial performance, changes in equity and cash flows of the Group for each of the years ended 31 December 2014, 2015 and 2016.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the combined financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the offer document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on the Catalist Board of Singapore Exchange Securities Trading Limited.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

13 July 2017

Partner-in-charge: Adrian Tan Khai-Chung
A member of the Institute of Singapore Chartered Accountants

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

**Combined statements of profit or loss and other comprehensive income
Years ended 31 December 2014, 2015 and 2016**

	Note	2014 \$'000	2015 \$'000	2016 \$'000
Revenue	5	44,450	35,130	35,725
Cost of sales		(36,260)	(24,869)	(24,128)
Gross profit		8,190	10,261	11,597
Other gains	6	–	–	34
Other income	7	1,388	545	321
Marketing and distribution costs	8	(5,912)	(6,266)	(6,344)
Administrative expenses	9	(614)	(565)	(784)
Finance costs	10	(58)	(54)	(42)
Other losses	6	(56)	(191)	(34)
Profit before income tax		2,938	3,730	4,748
Income tax expense	12	(557)	(742)	(788)
Profit, net of tax and total comprehensive income for the year		2,381	2,988	3,960
		Cents	Cents	Cents
Basic and diluted earnings per share	13	1.40	1.76	2.33

The accompanying notes form an integral part of these combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

**Combined statements of financial position
As at 31 December 2014, 2015 and 2016**

	Note	2014 \$'000	2015 \$'000	2016 \$'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	15	5,183	4,411	9,122
Total non-current assets		5,183	4,411	9,122
<u>Current assets</u>				
Inventories	17	37	211	271
Trade and other receivables	18	8,067	8,565	9,309
Other assets	19	115	61	263
Cash and cash equivalents	20	4,199	4,159	1,149
Total current assets		12,418	12,996	10,992
Total assets		17,601	17,407	20,114
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the Company</u>				
Share capital	21	10,000	10,000	10,000
Retained earnings		302	1,390	1,085
Merger reserve	22	(1,800)	(1,800)	(1,800)
Total equity		8,502	9,590	9,285
<u>Non-current liabilities</u>				
Deferred tax liabilities	12	222	188	424
Other financial liabilities	23	1,741	1,146	525
Provisions	24	247	247	247
Total non-current liabilities		2,210	1,581	1,196
<u>Current liabilities</u>				
Income tax payable		705	817	577
Trade and other payables	25	5,595	4,820	8,436
Other financial liabilities	23	589	599	620
Total current liabilities		6,889	6,236	9,633
Total liabilities		9,099	7,817	10,829
Total equity and liabilities		17,601	17,407	20,114

The accompanying notes form an integral part of these combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

**Combined statements of changes in equity
Years ended 31 December 2014, 2015 and 2016**

	Share capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Total equity \$'000
<u>2014</u>				
At 1 January 2014	10,000	1	(1,800)	8,201
Total comprehensive income for the year	–	2,381	–	2,381
Dividends paid to the then-existing shareholder of subsidiaries (note 14)	–	(2,080)	–	(2,080)
At 31 December 2014	<u>10,000</u>	<u>302</u>	<u>(1,800)</u>	<u>8,502</u>
<u>2015</u>				
At 1 January 2015	10,000	302	(1,800)	8,502
Total comprehensive income for the year	–	2,988	–	2,988
Dividends paid to the then-existing shareholder of subsidiaries (note 14)	–	(1,900)	–	(1,900)
At 31 December 2015	<u>10,000</u>	<u>1,390</u>	<u>(1,800)</u>	<u>9,590</u>
<u>2016</u>				
At 1 January 2016	10,000	1,390	(1,800)	9,590
Total comprehensive income for the year	–	3,960	–	3,960
Dividends paid to the then-existing shareholder of subsidiaries (note 14)	–	(4,265)	–	(4,265)
At 31 December 2016	<u>10,000</u>	<u>1,085</u>	<u>(1,800)</u>	<u>9,285</u>

The accompanying notes form an integral part of these combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

**Combined statements of cash flows
Years ended 31 December 2014, 2015 and 2016**

	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Cash flows from operating activities</u>			
Profit before income tax	2,938	3,730	4,748
Interest expense	58	54	42
Depreciation of property, plant and equipment	1,735	1,388	1,096
Gain on disposal of property, plant and equipment	–	125	(34)
Operating cash flows before changes in working capital	4,731	5,297	5,852
Inventories	42	(174)	(60)
Trade and other receivables	286	(46)	(725)
Other assets	(35)	54	(202)
Trade and other payables	(878)	(775)	410
Net cash flows from operations	4,146	4,356	5,275
Income taxes paid	(338)	(664)	(792)
Net cash flows from operating activities	3,808	3,692	4,483
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment (note 20A)	(4)	(741)	(2,613)
Proceeds from disposal of property, plant and equipment	–	–	46
Other receivables from related party	1,890	(452)	(4,284)
Net cash flows from/(used in) investing activities	1,886	(1,193)	(6,851)
<u>Cash flows from financing activities</u>			
Dividends paid (note 20A)	(2,080)	(1,900)	–
Repayment of other financial liabilities	(576)	(585)	(600)
Interest expense paid	(58)	(54)	(42)
Net cash flows used in financing activities	(2,714)	(2,539)	(642)
Net increase/(decrease) in cash and cash equivalents	2,980	(40)	(3,010)
Cash and cash equivalents, combined statements of cash flows, beginning balance	1,219	4,199	4,159
Cash and cash equivalents, combined statements of cash flows, ending balance (note 20)	4,199	4,159	1,149

The accompanying notes form an integral part of these combined financial statements.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Notes to the combined financial statements Years ended 31 December 2014, 2015 and 2016

1. General information and business restructuring

1.1 Corporate information

Union Gas Holdings Pte. Ltd. (the “Company”) was incorporated on 3 October 2016 under the Companies Act as a private limited company domiciled in Singapore. On 22 June 2017, the Company was converted to a public company limited by shares and changed its name to Union Gas Holdings Limited.

The registered office and principal place of business of the Company is located at 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in note 16 to the combined financial statements.

These combined financial statements are prepared solely for inclusion in the offer document of the Company in connection with the proposed listing of the Company’s shares on the Catalist Board of Singapore Exchange Securities Trading Limited (the “Catalist”).

The combined financial statements are expressed in Singapore dollars (“SGD”) and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

1.2 Reorganisation

The Group undertook the following transactions as part of a corporate reorganisation implemented in preparation for its listing on the Catalist (the “Reorganisation”):

(i) Incorporation of the Company

The Company was incorporated on 3 October 2016 with an initial share capital of \$2 comprising two shares held by Mr. Teo Kiang Ang (the “Controlling Shareholder”).

On 17 April 2017, the Company issued an aggregate of 9,999,998 shares to the Controlling Shareholder for a consideration of \$9,999,998. Accordingly, the issued and paid-up capital of the Company increased to \$10,000,000 comprising 10,000,000 shares.

(ii) Acquisitions of Union Energy Pte Ltd (“UEPL”) and Union Gas Pte Ltd (“UGPL”)

Pursuant to an agreement dated 31 March 2017 entered into between the Company and Union Energy Corporation Pte Ltd (“UEC”), the then-existing shareholder of UEPL and UGPL, the Company acquired the entire issued and paid-up capital of UEPL and UGPL for an aggregate consideration of \$10,800,000, which was determined based on the combined net asset values of UEPL and UGPL as recorded in their respective unaudited management accounts as at 28 February 2017.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

1.2 Reorganisation (cont’d)

(iii) Sub-division of shares

On 22 June 2017, 10,000,000 shares in the capital of the Company were sub-divided into 170,000,000 shares (the “Sub-Division”).

Prior to the Reorganisation and during the years ended 31 December 2014, 2015 and 2016, UEPL and UGPL were controlled by the Controlling Shareholder.

The Reorganisation is, therefore, considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method as disclosed in note 2A. Although the Reorganisation occurred subsequent to the year ended 31 December 2016, the combined financial statements present the financial position and financial performance as if the businesses had always been combined since the beginning of the earliest period presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Accounting convention

The combined financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council. The combined financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these combined financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current reporting year that were recognised in other comprehensive income in the current or previous reporting years.

Basis of preparation of combined financial statements

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the combined financial statements, are disclosed at the end of this note to the combined financial statements, where applicable.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

2A. Significant accounting policies (cont’d)

Basis of consolidation and business combinations

Basis of consolidation

The combined financial statements comprise the financial statements of the Company and its subsidiaries (the “Group”) as at the end of the reporting periods. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

The combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016 have been prepared using the pooling of interest method as the Reorganisation described in note 1.2 is a legal reorganisation of businesses or entities under common control. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting periods. The Company has been treated as the holding company of its subsidiaries for the reporting years presented rather than from the date of completion of the Reorganisation.

Business combinations involving businesses or entities under common control

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of combined business or entities are reflected at their existing amounts;
- The retained earnings recognised in the combined financial statements are the retained earnings of the combining entities or businesses immediately before the combination;
- No additional goodwill is recognised as a result of the combination; and
- The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

2A. Significant accounting policies (cont’d)

Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes, estimated returns, discounts and volume rebates. Revenue from the sale of liquefied petroleum gas (“LPG”), compressed natural gas (“CNG”) and diesel are recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest income is recognised using the effective interest method. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user’s benefit, even if the payments are not on that basis.

Government grant

Government grant is recognised at fair value when there is reasonable assurance that the conditions attached to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position. The interest saved from government loans is regarded as additional government grant.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

2A. Significant accounting policies (cont’d)

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity’s legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss. The presentation of the combined financial statement is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the combined financial statements, the assets and liabilities denominated in other currencies are translated at year end rates of exchange and profit or loss items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED
31 DECEMBER 2014, 2015 AND 2016**

2A. Significant accounting policies (cont’d)

Income tax

Income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws by the end of the reporting year; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income; and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the financial entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold land and buildings	–	12%, i.e., over the term of lease
Plant and equipment	–	6.67% to 33.33%
Motor vehicles	–	10%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

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2A. Significant accounting policies (cont’d)

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at the end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee’s incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user’s benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user’s benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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2A. Significant accounting policies (cont’d)

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and de-recognition

A financial asset is recognised on the combined statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets at fair value is normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit and loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based on the de-recognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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2A. Significant accounting policies (cont’d)

Subsequent measurement

Subsequent measurement based on the classification of financial assets in one of the following four categories under FRS 39 is as follows:

- (i) Financial assets at fair value through profit and loss: As at end of the reporting year, there were no financial assets classified in this category.
- (ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically, trade and other receivables are classified in this category.
- (iii) Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
- (iv) Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances. For the combined statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction that form an integral part of cash management.

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2A. Significant accounting policies (cont’d)

Financial liabilities

Initial recognition, measurement and de-recognition

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is de-recognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

- (i) Liabilities at fair value through profit and loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the “fair value option” and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
- (ii) Other financial liabilities: All liabilities which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity’s intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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2A. Significant accounting policies (cont’d)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

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2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors that could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the Group’s class of assets at the end of the reporting year affected by the assumption are disclosed in note 15.

Allowance for doubtful receivables

An allowance is made for doubtful receivables for estimated losses resulting from the subsequent inability of customers to make the required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future reporting years. Management generally analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating adequacy of allowance for doubtful receivables.

To the extent that it is feasible, impairment and uncollectibility are determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the carrying amount of the receivables approximates the fair value and the carrying amount might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts of the Group’s receivables are disclosed in note 18.

Deposits for LPG cylinders

Included in trade and other payables are deposits for LPG cylinders. Management has measured these amounts based on the estimated number of cylinders in circulation and held by customers, and taking into account the probable rates of refund that will be made to these customers when they eventually return the LPG cylinders to the Group.

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3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose:

- (a) transactions with its related parties; and
- (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties.

A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is the Controlling Shareholder.

3A. Related companies

Related companies in these financial statements include members of the Company’s group of companies.

Intra-group transactions and balances that have been eliminated in these combined financial statements are not disclosed as related party transactions and balances below.

3B. Related parties other than related companies

Related parties in these financial statements refer to the entities controlled by the Controlling Shareholder and are outside the Group.

There are transactions and arrangements between the Group and related parties and the effects of these, on the basis determined between the parties, are reflected in these combined financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions

In addition to the transactions and balances disclosed elsewhere in the notes to the combined financial statements, other significant related party transactions include:

	2014	2015	2016
	\$’000	\$’000	\$’000
Acquisition of motor vehicles	–	–	3,206
Purchase of diesel	–	–	8
Purchase of health products	–	–	36
Purchase of LPG	16,036	12,487	11,701
Recovery of costs	1,070	213	–
Rental expense of motor vehicles	1,548	1,429	1,139
Rental income from motor vehicles	–	–	18
Sale of diesel	–	21	232
Service charges	822	3,265	4,071
Servicing fees	41	50	52

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3C. Key management compensation

	2014	2015	2016
	\$'000	\$'000	\$'000
Salaries and other short-term employee benefits	–	–	199
	<u>–</u>	<u>–</u>	<u>199</u>

The above amount is included in employee benefits expense. Included in the above amounts are the following items:

	2014	2015	2016
	\$'000	\$'000	\$'000
Remuneration of directors	–	–	–
Fees to directors	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Prior to October 2016, key management compensation of the Group were borne by a related party.

Certain key management personnel and directors of the Company received compensation from related corporations in their capacity as directors and or key executives of those related corporations.

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3D. Other receivables from and other payables to related parties

Trade transactions and trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the combined financial statements.

Movements in other receivables from and other payables to related parties are as follows:

	Related parties		
	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Other receivables/(other payables)</u>			
At beginning of year	6,995	6,419	6,569
Amounts paid out and settlements of liabilities on behalf of another party, net	(576)	150	1,830
Dividends (note 14)	–	–	(4,265)
At end of year (notes 18 and 25)	<u>6,419</u>	<u>6,569</u>	<u>4,134</u>

	Director		
	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Other payables</u>			
At beginning of year	–	–	–
Amounts paid in and settlements of liabilities on behalf of the Company	–	–	130
At end of year (note 25)	<u>–</u>	<u>–</u>	<u>130</u>

3E. Guarantees

The Controlling Shareholder, UEC, and a director of UEC have provided guarantees to a bank in relation to performance guarantees issued in favour of suppliers on behalf of the Group.

The following table shows the amounts of performance guarantees utilised at the end of the reporting year:

	2014	2015	2016
	\$'000	\$'000	\$'000
Performance guarantees utilised	<u>4,226</u>	<u>4,123</u>	<u>2,027</u>

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4. Segment information

4A. Primary analysis by business segment

For management purposes, the Group is organised into the following two major operating segments that offer different products:

- (1) Retail LPG business, which includes the sale and distribution of bottled LPG and LPG-related accessories and provision of LPG-related services to domestic households; and
- (2) Retail station business, which includes the retail sale of CNG and diesel to vehicles in Singapore, through a CNG and diesel refilling station at 50 Old Toh Tuck Road in Singapore.

This is determined by the nature or risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It also represents the basis on which management reports the primary segment information.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Retail LPG \$'000	Retail station \$'000	Corporate \$'000	Elimination \$'000	Total \$'000
<u>2014</u>					
External revenue	24,772	19,678	–	–	44,450
Segment results					
Finance costs	–	(58)	–	–	(58)
Profit before income tax	2,156	782	–	–	2,938
Income tax expense	(307)	(250)	–	–	(557)
Profit, net of tax	1,849	532	–	–	2,381
Segment assets	4,136	13,465	–	–	17,601
Segment liabilities	4,146	4,153	800	–	9,099
Other segment information:					
Capital expenditure	–	(4)	–	–	(4)
Depreciation expense	(4)	(1,731)	–	–	(1,735)
Impairment losses	(4)	–	–	–	(4)

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4A. Primary analysis by business segment (cont’d)

	Retail LPG \$’000	Retail station \$’000	Corporate \$’000	Elimination \$’000	Total \$’000
<u>2015</u>					
External revenue	21,494	13,636	–	–	35,130
Segment results					
Finance costs	–	(54)	–	–	(54)
Profit before income tax	2,134	1,596	–	–	3,730
Income tax expense	(286)	(456)	–	–	(742)
Profit, net of tax	1,848	1,140	–	–	2,988
Segment assets	3,988	13,419	–	–	17,407
Segment liabilities	3,151	3,866	800	–	7,817
Other segment information:					
Capital expenditure	–	(741)	–	–	(741)
Depreciation expense	(1)	(1,387)	–	–	(1,388)
Impairment losses	(5)	–	–	–	(5)
<u>2016</u>					
External revenue	21,244	14,481	–	–	35,725
Segment results					
Finance costs	(42)	–	–	–	(42)
Profit/(loss) before income tax	2,357	2,403	(12)	–	4,748
Income tax expense	(345)	(443)	–	–	(788)
Profit, net of tax	2,012	1,960	(12)	–	3,960
Segment assets	6,221	13,765	128	–	20,114
Segment liabilities	5,672	4,218	939	–	10,829
Other segment information:					
Capital expenditure	(4,397)	(1,422)	–	–	(5,819)
Depreciation expense	(148)	(948)	–	–	(1,096)
Impairment losses	(5)	(8)	–	–	(13)

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4B. Geographical information

As the business activities of the Group are conducted in Singapore, the reporting format by geographical segment is not presented.

4C. Information on major customers

There were no customers with revenue transactions in excess of 10% of the Group’s revenue.

5. Revenue

	2014	2015	2016
	\$’000	\$’000	\$’000
Sale of LPG and LPG-related accessories	24,772	21,494	21,244
Sale of CNG	19,678	12,921	9,408
Sale of diesel	–	715	5,073
	<u>44,450</u>	<u>35,130</u>	<u>35,725</u>

6. Other gains/(losses)

	2014	2015	2016
	\$’000	\$’000	\$’000
Allowance for impairment of trade and other receivables	(4)	(5)	(13)
Bad debts written-off – trade receivables	–	(2)	(1)
Foreign exchange losses, net	(52)	(59)	(20)
(Loss)/gain on disposal of plant and equipment	–	(125)	34
	<u>(56)</u>	<u>(191)</u>	<u>–</u>
Presented in profit or loss as:			
Other gains	–	–	34
Other losses	<u>(56)</u>	<u>(191)</u>	<u>(34)</u>
	<u>(56)</u>	<u>(191)</u>	<u>–</u>

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7. Other income

	2014	2015	2016
	\$'000	\$'000	\$'000
Rental income	265	263	268
Recovery of costs	1,071	213	–
Others	52	69	53
	<u>1,388</u>	<u>545</u>	<u>321</u>

8. Marketing and distribution costs

Major components include the following:

	2014	2015	2016
	\$'000	\$'000	\$'000
Commission expense	372	391	474
Service charges	3,656	4,066	4,191
Depreciation of property, plant and equipment	–	–	142
Insurance expense	21	43	140
Marketing expenses	119	148	61
Rental expense of motor vehicles	1,534	1,408	1,115
	<u>1,534</u>	<u>1,408</u>	<u>1,115</u>

Service charges relates to delivery expenses charged by a related party for the delivery of bottled LPG cylinders and LPG-related accessories to domestic households.

9. Administrative expenses

Major components include the following:

	2014	2015	2016
	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	21	9	55
Printing and stationery	219	206	143
Telecommunications	82	62	77
	<u>82</u>	<u>62</u>	<u>77</u>

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10. Finance costs

	2014	2015	2016
	\$'000	\$'000	\$'000
Interest expense on bank loans	58	54	42

11. Employee benefits expenses

	2014	2015	2016
	\$'000	\$'000	\$'000
Salaries, bonuses and other employee benefits	–	–	192
Contributions to defined contribution plans	–	–	24
	–	–	216

Employee benefit expenses are included in administrative expenses.

12. Income tax expense

12A. Components of tax expense recognised in profit or loss

	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Current tax</u>			
Current tax expense	674	785	575
Adjustments in respect of prior years	5	(9)	(23)
Subtotal	679	776	552
<u>Deferred tax</u>			
Deferred tax (benefit)/expense	(88)	(34)	236
Adjustments in respect of prior years	(34)	–	–
Subtotal	(122)	(34)	236
Total income tax expense	557	742	788

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12A. Components of tax expense recognised in profit or loss (cont’d)

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17%, for each of the three years ended 31 December 2014, 2015 and 2016, to profit before income tax for the reporting years due to the following differences:

	2014	2015	2016
	\$’000	\$’000	\$’000
Profit before income tax	2,938	3,730	4,748
Income tax expense at the above rate	499	634	807
Expenses not deductible for tax purposes	198	208	112
Stepped income exemption and rebates	(111)	(91)	(92)
Adjustments to current tax in respect of prior years	5	(9)	(23)
Adjustments to deferred tax in respect of prior years	(34)	–	–
Enhanced capital allowance	–	–	(16)
	<u>557</u>	<u>742</u>	<u>788</u>

There are no income tax consequences of dividends to owners of the Company.

12B. Deferred tax expense recognised in profit or loss

	2014	2015	2016
	\$’000	\$’000	\$’000
Excess of net carrying value over tax value of property, plant and equipment	(122)	(35)	236

12C. Deferred tax balance in combined statement of financial position

	2014	2015	2016
	\$’000	\$’000	\$’000
Excess of net carrying value over tax value of property, plant and equipment	222	188	424

It is impracticable to estimate the amount expected to be settled or used within one year.

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13. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the pre-invitation share capital of the Company. The Company’s pre-invitation number of ordinary shares of 170,000,000 has been used in the calculation of basic and diluted earnings per share for all periods presented in accordance with FRS 33, as it reflects the weighted average number of shares for the three years after adjusting for changes in number of shares arising from the Reorganisation as described in note 1.2.

The following illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	2014 \$'000	2015 \$'000	2016 \$'000
<u>Numerator</u>			
Profit, net of tax	2,381	2,988	3,960
	2014 '000	2015 '000	2016 '000
<u>Denominator</u>			
Weighted average number of equity shares	170,000	170,000	170,000

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

14. Dividends

	Rate per share					
	2014 \$	2015 \$	2016 \$			
<u>UEPL</u>						
1st Interim exempt (1-tier) dividend paid	500,000	500,000	1,150,000	1,000	1,000	2,300
<u>UGPL</u>						
1st Interim exempt (1-tier) dividend paid	0.12	0.10	0.22	1,080	900	1,965
				2,080	1,900	4,265

The above dividends have been declared by UEPL and UGPL to their then-existing shareholder prior to the Reorganisation. The dividend per share is calculated based on the number of ordinary shares of the respective subsidiaries in issue at the date of the dividend declaration.

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15. Property, plant and equipment

	Leasehold land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost</u>				
At 1 January 2014	7,922	3,493	–	11,415
Additions	48	4	–	52
At 31 December 2014	7,970	3,497	–	11,467
Additions	110	631	–	741
Disposals	–	(429)	–	(429)
At 31 December 2015	8,080	3,699	–	11,779
Additions	982	103	4,734	5,819
Disposals	–	–	(12)	(12)
At 31 December 2016	9,062	3,802	4,722	17,586
<u>Accumulated depreciation</u>				
At 1 January 2014	3,087	1,462	–	4,549
Depreciation for the year	1,209	526	–	1,735
At 31 December 2014	4,296	1,988	–	6,284
Depreciation for the year	866	522	–	1,388
Disposals	–	(304)	–	(304)
At 31 December 2015	5,162	2,206	–	7,368
Depreciation for the year	376	564	156	1,096
At 31 December 2016	5,538	2,770	156	8,464
<u>Carrying value</u>				
At 31 December 2014	3,674	1,509	–	5,183
At 31 December 2015	2,918	1,493	–	4,411
At 31 December 2016	3,524	1,032	4,566	9,122

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15. Property, plant and equipment (cont’d)

Depreciation expense is charged as follows:

	2014	2015	2016
	\$’000	\$’000	\$’000
Cost of sales	1,714	1,379	899
Marketing and distribution costs	–	–	142
Administrative expenses	21	9	55
	<u>1,735</u>	<u>1,388</u>	<u>1,096</u>

The leasehold land and buildings are mortgaged as securities for bank facilities (note 23).

16. Investments in subsidiaries

Details of the subsidiaries held by the Company are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2014	2015	2016
UEPL	Singapore	Retailers, distributors, general merchants, importers and exporters, wholesalers, dealers and suppliers of LPG and related products	100	100	100
UGPL	Singapore	Sale of CNG and diesel in retail and wholesale markets	100	100	100

The financial statements of the subsidiaries for the reporting years ended 31 December 2014, 2015 and 2016 were audited by RSM Chio Lim LLP, a member firm of RSM International.

17. Inventories

	2014	2015	2016
	\$’000	\$’000	\$’000
LPG-related accessories	37	199	231
Diesel	–	12	40
	<u>37</u>	<u>211</u>	<u>271</u>
Changes in inventories of finished goods – (decrease)/increase	(42)	174	60
Amount of inventories included in cost of goods sold	<u>294</u>	<u>876</u>	<u>4,565</u>

There are no inventories pledged as security for liabilities.

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18. Trade and other receivables

	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Trade receivables</u>			
Outside parties	444	583	991
Less: Allowance for impairment	(8)	(9)	(21)
	436	574	970
Related parties (note 3)	99	3	202
Sub-total	535	577	1,172
<u>Other receivables</u>			
Outside parties	32	31	31
Less: Allowance for impairment	(32)	(31)	(31)
	–	–	–
Related parties (note 3)	7,455	7,907	7,926
Refundable deposits	77	81	211
Sub-total	7,532	7,988	8,137
Total trade and other receivables	8,067	8,565	9,309

Movements in allowance for trade receivables from outside parties:

	2014	2015	2016
	\$'000	\$'000	\$'000
At beginning of year	5	8	9
Charged to profit or loss included in other losses	3	5	13
Bad debts written-off	–	(4)	(1)
At end of year	8	9	21

Movements in allowance for other receivables from outside parties:

	2014	2015	2016
	\$'000	\$'000	\$'000
At beginning of year	31	32	31
Charged to profit or loss included in other losses	1	–	–
Bad debts written-off	–	(1)	–
At end of year	32	31	31

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19. Other assets

	2014	2015	2016
	\$'000	\$'000	\$'000
Prepayments	25	2	104
Deposits to secure services	78	47	153
Others	12	12	6
	<u>115</u>	<u>61</u>	<u>263</u>

20. Cash and cash equivalents

	2014	2015	2016
	\$'000	\$'000	\$'000
Not restricted in use	<u>4,199</u>	<u>4,159</u>	<u>1,149</u>

The interest earning balances are not significant.

20A. Significant non-cash transactions

During the reporting year ended 31 December 2016, there were the following significant non-cash transactions:

- Acquisitions of items of property, plant and equipment from a related party, amounting to \$3,206,000, were off-set against amounts due to that related party; and
- Dividends declared by the subsidiaries to their then-existing shareholder, amounting to \$4,265,000, were off-set against amounts due from the then-existing shareholder.

21. Share capital

	2014		2015		2016	
	Number of shares		Number of shares		Number of shares	
	'000	\$'000	'000	\$'000	'000	\$'000
<u>Issued and fully paid</u>						
Ordinary shares	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

The Company was incorporated on 3 October 2016 with an initial share capital of \$2 comprising two shares held by the Controlling Shareholder.

On 17 April 2017, the Company issued 9,999,998 shares to the Controlling Shareholder for a consideration of \$9,999,998 pursuant to the Reorganisation as described in note 1.2.

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21. Share capital (cont’d)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

On 22 June 2017, pursuant to the Sub-Division, 10,000,000 shares in the capital of the Company were sub-divided into 170,000,000 shares.

Capital management

The objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	2014	2015	2016
	\$’000	\$’000	\$’000
<u>Net debt</u>			
All current and non-current borrowings	2,330	1,745	1,145
Less: Cash and cash equivalents	(4,199)	(4,159)	(1,149)
Net debt	<u>(1,869)</u>	<u>(2,414)</u>	<u>(4)</u>
<u>Adjusted capital</u>			
Total equity	<u>8,502</u>	<u>9,590</u>	<u>9,285</u>
Debt-to-adjusted capital ratio	<u>N.M.</u>	<u>N.M.</u>	<u>N.M.</u>

The debt-to-equity ratio is not meaningful as the Group has net surplus cash over debt.

22. Merger reserve

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in note 1.2 to the financial statements.

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23. Other financial liabilities

	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Non-current</u>			
Bank loan (secured)	1,741	1,146	525
Sub-total	1,741	1,146	525
<u>Current</u>			
Bank loan (secured)	589	599	620
Sub-total	589	599	620
Total	2,330	1,745	1,145
Non-current portion is repayable as follows:			
Due within 2 to 5 years	1,741	1,146	525

The loan is repayable by equal monthly instalments over 5 years from November 2013. The floating interest rates range from 2.19% to 2.20%, 2.41% to 3.01% and 2.64% to 3.21% per annum for the years ended 31 December 2014, 2015 and 2016, respectively.

The agreement for the bank loan provides for, among other matters, the following:

- (i) First legal mortgage over the leasehold property of the Group (note 15);
- (ii) Joint and several guarantees from the Controlling Shareholder and a director of UEC;
and
- (iii) Corporate guarantee from UEC.

24. Provisions

	2014	2015	2016
	\$'000	\$'000	\$'000
Provision for dismantling and removal costs	247	247	247
Movements in the above provision are as follows:			
At beginning of year	200	247	247
Additions	47	–	–
At end of year	247	247	247

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24. Provisions (cont’d)

The provision is recognised for expected dismantling and removal costs upon expiry of the land lease where the Group’s CNG and diesel refilling station is located. The estimate is based on quotation from an external contractor.

25. Trade and other payables

	2014	2015	2016
	\$’000	\$’000	\$’000
<u>Trade payables</u>			
Outside parties and accrued liabilities	1,481	1,444	2,304
Related parties (note 3)	1,074	–	–
Subtotal	<u>2,555</u>	<u>1,444</u>	<u>2,304</u>
<u>Other payables</u>			
Outside parties	125	198	323
Related parties (note 3)	1,036	1,338	3,792
Director (note 3)	–	–	130
Deposits for LPG cylinders	1,879	1,828	1,875
Other deposits from customers	–	12	12
Subtotal	<u>3,040</u>	<u>3,376</u>	<u>6,132</u>
Total trade and other payables	<u><u>5,595</u></u>	<u><u>4,820</u></u>	<u><u>8,436</u></u>

26. Financial instruments: information on financial risks

26A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities at the reporting date:

	2014	2015	2016
	\$’000	\$’000	\$’000
<u>Financial assets</u>			
Cash and cash equivalents	4,199	4,159	1,149
Loans and receivables	8,067	8,565	9,309
	<u>12,266</u>	<u>12,724</u>	<u>10,458</u>
<u>Financial liabilities</u>			
Trade and other payables measured at amortised cost	5,595	4,820	8,436
Other financial liabilities measured at amortised cost	2,330	1,745	1,145
	<u>7,925</u>	<u>6,565</u>	<u>9,581</u>

Further quantitative disclosures are included throughout these financial statements.

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26B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group’s operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not documented in formal written documents. The following guidelines are followed:

- All financial risk management activities are carried out and monitored by senior management staff; and
- All financial risk management activities are carried out following market practices.

There have been no changes to the exposures to risks, the objectives, policies and processes for managing the risks and the methods used to measure the risks.

26C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

26D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the Group could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counterparties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

Note 20 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is approximately 30 days. However, certain customers may take a longer period to settle the amounts.

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26D. Credit risk on financial assets (cont’d)

Ageing analysis of trade receivables that are past due but not impaired as at the end of the reporting year is as follows:

	2014	2015	2016
	\$’000	\$’000	\$’000
31 – 60 days	34	182	156
61 – 90 days	26	21	41
Over 90 days	10	3	132
	<u>70</u>	<u>206</u>	<u>329</u>

Ageing analysis of trade receivables that are impaired as at the end of the reporting year is as follows:

	2014	2015	2016
	\$’000	\$’000	\$’000
Over 90 days	<u>8</u>	<u>9</u>	<u>21</u>

Ageing analysis of other receivables that are impaired as at the end of the reporting year is as follows:

	2014	2015	2016
	\$’000	\$’000	\$’000
Over 90 days	<u>32</u>	<u>31</u>	<u>31</u>

There is no concentrate of credit risk with respect to trade receivables as there are a large number of customers.

26E. Liquidity risk – financial liabilities maturity analysis

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at end of reporting year:

	Less than 1 year \$’000	1 – 5 years \$’000	Total \$’000
<u>2014</u>			
Trade and other payables	5,595	–	5,595
Other financial liabilities	634	1,797	2,431
	<u>6,229</u>	<u>1,797</u>	<u>8,026</u>

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26E. Liquidity risk – financial liabilities maturity analysis (cont’d)

	Less than 1 year \$’000	1 – 5 years \$’000	Total \$’000
<u>2015</u>			
Trade and other payables	4,820	–	4,820
Other financial liabilities	643	1,179	1,822
	<u>5,463</u>	<u>1,179</u>	<u>6,642</u>
<u>2016</u>			
Trade and other payables	8,436	–	8,436
Other financial liabilities	643	531	1,174
	<u>9,079</u>	<u>531</u>	<u>9,610</u>

The above amounts disclosed in the maturity analysis are the contractual and undiscounted cash flows and such undiscounted cash flows differ from the amounts included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is approximately between 30 to 120 days. The other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

Bank facilities

	2014 \$’000	2015 \$’000	2016 \$’000
Undrawn borrowing facilities	<u>3,099</u>	<u>4,202</u>	<u>6,298</u>

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations.

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26F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	2014	2015	2016
	\$'000	\$'000	\$'000
<u>Financial liabilities</u>			
Floating rate	<u>2,330</u>	<u>1,745</u>	<u>1,145</u>

The floating rate debt instruments are with interest rates that are re-set regularly at three or six month intervals. The interest rates are disclosed in note 23.

Sensitivity analysis: The impact on profit before tax is not significant.

26G. Foreign currency risk

Analysis of amounts denominated in non-functional currency at end of reporting year:

	2014	USD	2016
	\$'000	2015	\$'000
		\$'000	
Trade and other payables	<u>387</u>	<u>208</u>	<u>154</u>

There is exposure to foreign currency risk as part of the Group’s normal business. The Group has a foreign currency exposure to USD as it purchases natural gas in this currency and sells them in SGD.

Sensitivity analysis: The impact on profit before tax is not significant.

27. Operating lease payment commitments

At the end of the reporting year, total of future minimum lease payment committed under non-cancellable operating leases are as follows:

	2014	2015	2016
	\$'000	\$'000	\$'000
Not later than one year	<u>–</u>	<u>–</u>	<u>47</u>
Rental expense for the year	<u>36</u>	<u>–</u>	<u>4</u>

Operating lease payments are for rental payable for office, call centre and housing for certain employees. The lease rental terms range between four months to two years.

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28. Operating lease income commitments

At the end of the reporting year, total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	2014	2015	2016
	\$'000	\$'000	\$'000
Not later than one year	111	213	111
Later than one year but not later than five years	–	102	–
	<u>111</u>	<u>315</u>	<u>111</u>
Rental income for the year	<u>265</u>	<u>263</u>	<u>251</u>

The lease rental income terms are negotiated for terms ranging from one to two years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

29. Events subsequent to end of reporting year

During the reporting years ended 31 December 2014, 2015 and 2016, the Group purchased bottled LPG mainly from a subsidiary of UEC. UEC and its subsidiaries (the “UEC Group”) are controlled by the Controlling Shareholder.

On 1 April 2017, the Company entered into a dealership agreement with the UEC Group (the “Dealership Agreement”) for the supply of bottled LPG by the UEC Group to the Group. The Dealership Agreement sets out, *inter alia*, the validity period, minimum volume and price for the supply of such bottled LPG to the Group.

On 1 April 2017, the Company also entered into an agreement with the UEC Group pursuant to which the Company secured: (i) a right of first refusal from the UEC Group in the event of a sale by the UEC Group of its bottling plant; and (ii) a call option to acquire the UEC Group’s bottling plant.

Further, the UEC Group also supplies LPG to hotels, food establishments and factories (the “Commercial Segment Business”). On 1 April 2017, the Group entered into an agreement with the UEC Group pursuant to which the Group is granted a call option to acquire the Commercial Segment Business from the UEC Group.

30. Changes and adoption of FRS

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2014, 2015 and 2016. During the reporting years ended 31 December 2014, 2015 and 2016, the Group has adopted all the new and revised standards which are effective for annual reporting periods beginning on or after 1 January 2014, 2015 and 2016 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Group.

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31. New or amended standards in issue but not yet effective

For the future reporting years, new or revised FRS and the related Interpretations to FRS (“INT FRS”) were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

IFRS Convergence in 2018

Singapore-incorporated companies listed on SGX-ST will be required to apply new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (“IFRS”) for annual reporting periods beginning on or after 1 January 2018. Upon listing, the Group will be adopting the new framework for the first time for reporting year ending 31 December 2018, with retrospective application to the comparative reporting year ending 31 December 2017, and the opening statement of financial position as at 1 January 2017 (date of transition). The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

UNION GAS HOLDINGS LIMITED
and its subsidiaries

Unaudited pro forma combined financial information

Reporting years ended 31 December 2014, 2015 and 2016

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

The Board of Directors
Union Gas Holdings Limited
25 Genting Road
#04-01 Union Energy Group Building
Singapore 349482

Report on the compilation of pro forma combined financial information

We have completed our assurance engagement to report on the compilation of pro forma combined financial information of Union Gas Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) by management. The unaudited pro forma combined financial information consists of the pro forma combined statement of financial position as at 31 December 2016, the pro forma combined statements of comprehensive income for each of the reporting years ended 31 December 2014, 2015 and 2016, the pro forma combined statement of cash flows for the reporting year ended 31 December 2016, and related notes as set out on pages B-5 to B-17 of the offer document issued by the Company. The applicable criteria on the basis of which management has compiled the pro forma combined financial information are described in note 3.

The pro forma combined financial combined information has been compiled by management to illustrate the impact of the events set out in note 2 on:

- (i) the unaudited pro forma financial position of the Group as at 31 December 2016 as if the events had occurred on 31 December 2016;
- (ii) the unaudited pro forma financial performance of the Group for the reporting years ended 31 December 2014, 2015 and 2016 as if the events had occurred on 1 January 2014; and
- (iii) the unaudited pro forma cash flows of the Group for the reporting year ended 31 December 2016 as if the events had occurred on 31 December 2016.

As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by management from the Group’s combined financial statements for the reporting years ended 31 December 2014, 2015 and 2016, on which an audit report has been published.

Management’s responsibility for the pro forma combined financial information

Management is responsible for compiling the pro forma combined financial information on the basis as described in note 3.

Our independence and quality control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Our independence and quality control (cont’d)

The firm applies *Singapore Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner’s responsibilities

Our responsibility is to express an opinion about whether the pro forma combined financial information has been compiled, in all material respects, by management on the basis as described in note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma combined financial information on the basis as described in note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined financial information.

The purpose of the pro forma combined financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) the related pro forma adjustments give appropriate effect to those criteria; and
- (ii) the pro forma combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner’s judgement, having regard to the practitioner’s understanding of the nature of the Group, the event or transaction in respect of which the pro forma combined financial information has been compiled, and other relevant engagement circumstances.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
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Practitioner’s responsibilities (cont’d)

The engagement also involves evaluating the overall presentation of the pro forma combined financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma combined financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its audited combined financial statements as included in Appendix A of the offer document, which are in accordance with Singapore Financial Reporting Standards;
 - (ii) on the basis stated in note 3 of the pro forma combined financial information; and
- (b) each material adjustment made to the information used in the preparation of the pro forma combined financial information is appropriate for the purpose of preparing such unaudited pro forma financial information.

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the offer document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on the Catalist Board of the Singapore Exchange Securities Trading Limited.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants

Singapore

13 July 2017

Partner-in-charge: Adrian Tan Khai-Chung
A member of the Institute of Singapore Chartered Accountants

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

Unaudited pro forma combined statements of comprehensive income

Years ended 31 December 2014, 2015 and 2016

	2014	2015	2016
	\$'000	\$'000	\$'000
Revenue	44,450	35,130	35,725
Cost of sales	(33,192)	(21,451)	(20,481)
Gross profit	11,258	13,679	15,244
Other gains	–	–	34
Other income	1,669	710	492
Marketing and distribution costs	(5,950)	(5,717)	(6,136)
Administrative expenses	(1,928)	(2,079)	(2,217)
Finance costs	(58)	(54)	(42)
Other losses	(56)	(191)	(34)
Profit before income tax	4,935	6,348	7,341
Income tax expense	(896)	(1,187)	(1,229)
Profit, net of tax and total comprehensive income for the year	4,039	5,161	6,112
Earnings per share (cents)			
Basic and diluted	2.38	3.04	3.60

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**Unaudited pro forma combined statement of financial position
As at 31 December 2016**

	2016 \$'000
ASSETS	
<u>Non-current assets</u>	
Property, plant and equipment	9,059
Total non-current assets	9,059
<u>Current assets</u>	
Inventories	271
Trade and other receivables	9,309
Other assets	218
Cash and cash equivalents	1,149
Total current assets	10,947
Total assets	20,006
EQUITY AND LIABILITIES	
<u>Equity attributable to owners of the Company</u>	
Share capital	10,000
Retained earnings	3,237
Merger reserve	(1,800)
Total equity	11,437
<u>Non-current liabilities</u>	
Deferred tax liabilities	424
Other financial liabilities	525
Provisions	247
Total non-current liabilities	1,196
<u>Current liabilities</u>	
Income tax payable	1,018
Trade and other payables	5,735
Other financial liabilities	620
Total current liabilities	7,373
Total liabilities	8,569
Total equity and liabilities	20,006

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**Unaudited pro forma combined statement of cash flows
Year ended 31 December 2016**

	2016 \$'000
<u>Cash flows from operating activities</u>	
Profit before income tax from continuing operations	7,341
Interest expense	42
Depreciation of property, plant and equipment	1,546
Gain on disposal of property, plant and equipment	(34)
	8,895
Operating cash flows before changes in working capital	8,895
Inventories	(60)
Trade and other receivables	(725)
Other assets	(157)
Trade and other payables	(2,678)
	5,275
Net cash flows from operations	5,275
Income taxes paid	(792)
	4,483
Net cash flows from operating activities	4,483
<u>Cash flows from investing activities</u>	
Purchase of property, plant and equipment	(2,613)
Proceeds from disposal of property, plant and equipment	46
Other receivables from related party	(4,284)
	(6,851)
Net cash flows used in investing activities	(6,851)
<u>Cash flows from financing activities</u>	
Repayment of other financial liabilities	(600)
Interest expense paid	(42)
	(642)
Net cash flows used in financing activities	(642)
Net decrease in cash and cash equivalents	(3,010)
Cash and cash equivalents at 1 January	4,159
Cash and cash equivalents at 31 December	1,149

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

Statement of adjustments for unaudited pro forma combined statement of comprehensive income

Year ended 31 December 2014

	Audited combined statement of comprehensive income 2014 \$'000	Pro forma adjustments (see explanatory notes) \$'000	Unaudited pro forma combined statement of comprehensive income 2014 \$'000
Revenue	44,450		44,450
Cost of sales	(36,260)	3,068 ⁽¹⁾	(33,192)
Gross profit	8,190		11,258
Other income	1,388	281 ⁽²⁾	1,669
Marketing and distribution costs	(5,912)	(38) ⁽²⁾	(5,950)
Administrative expenses	(614)	(1,314) ⁽²⁾	(1,928)
Finance costs	(58)		(58)
Other losses	(56)		(56)
Profit before income tax	2,938		4,935
Income tax expense	(557)	(339) ⁽³⁾	(896)
Profit, net of tax and total comprehensive income for the year	<u>2,381</u>		<u>4,039</u>
Earnings per share (cents)			
Basic and diluted	<u>1.40</u>		<u>2.38</u>

Notes to pro forma adjustments

- ⁽¹⁾ The pro forma adjustment relates to note 2.1 to the unaudited pro forma combined financial information.
- ⁽²⁾ The pro forma adjustments relate to notes 2.2 to 2.10 to the unaudited pro forma combined financial information.
- ⁽³⁾ The pro forma adjustment relates to notes 2.11 to the unaudited pro forma combined financial information.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**Statement of adjustments for unaudited pro forma combined statement of comprehensive
income**

Year ended 31 December 2015

	Audited combined statement of comprehensive income 2015 \$'000	Pro forma adjustments (see explanatory notes) \$'000	Unaudited pro forma combined statement of comprehensive income 2015 \$'000
Revenue	35,130		35,130
Cost of sales	(24,869)	3,418 ⁽¹⁾	(21,451)
Gross profit	10,261		13,679
Other income	545	165 ⁽²⁾	710
Marketing and distribution costs	(6,266)	549 ⁽²⁾	(5,717)
Administrative expenses	(565)	(1,514) ⁽²⁾	(2,079)
Finance costs	(54)		(54)
Other losses	(191)		(191)
Profit before income tax	3,730		6,348
Income tax expense	(742)	(445) ⁽³⁾	(1,187)
Profit, net of tax and total comprehensive income for the year	<u>2,988</u>		<u>5,161</u>
Earnings per share (cents)			
Basic and diluted	<u>1.76</u>		<u>3.04</u>

Notes to pro forma adjustments

- ⁽¹⁾ The pro forma adjustment relates to note 2.1 to the unaudited pro forma combined financial information.
- ⁽²⁾ The pro forma adjustments relate to notes 2.2 to 2.10 to the unaudited pro forma combined financial information.
- ⁽³⁾ The pro forma adjustment relates to notes 2.11 to the unaudited pro forma combined financial information.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

Statement of adjustments for unaudited pro forma combined statement of comprehensive income

Year ended 31 December 2016

	Audited combined statement of comprehensive income 2016 \$'000	Pro forma adjustments (see explanatory notes) \$'000	Unaudited pro forma combined statement of comprehensive income 2016 \$'000
Revenue	35,725		35,725
Cost of sales	(24,128)	3,647 ⁽¹⁾	(20,481)
Gross profit	11,597		15,244
Other gains	34		34
Other income	321	171 ⁽²⁾	492
Marketing and distribution costs	(6,344)	208 ⁽²⁾	(6,136)
Administrative expenses	(784)	(1,433) ⁽²⁾	(2,217)
Finance costs	(42)		(42)
Other losses	(34)		(34)
Profit before income tax	4,748		7,341
Income tax expense	(788)	(441) ⁽³⁾	(1,229)
Profit, net of tax and total comprehensive income for the year	<u>3,960</u>		<u>6,112</u>
Earnings per share (cents)			
Basic and diluted	<u>2.33</u>		<u>3.60</u>

Notes to pro forma adjustments

- ⁽¹⁾ The pro forma adjustment relates to note 2.1 to the unaudited pro forma combined financial information.
- ⁽²⁾ The pro forma adjustments relate to notes 2.2 to 2.10 to the unaudited pro forma combined financial information.
- ⁽³⁾ The pro forma adjustment relates to notes 2.11 to the unaudited pro forma combined financial information.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**Statement of adjustments for unaudited pro forma combined statement of financial position
As at 31 December 2016**

	Audited combined statement of financial position 2016 \$'000	Pro forma adjustments (see explanatory notes) \$'000	Unaudited pro forma combined statement of financial position 2016 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	9,122	(63) ⁽¹⁾	9,059
Total non-current assets	9,122		9,059
<u>Current assets</u>			
Inventories	271		271
Trade and other receivables	9,309		9,309
Other assets	263	(45) ⁽²⁾	218
Cash and cash equivalents	1,149		1,149
Total current assets	10,992		10,947
Total assets	20,114		20,006
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	10,000		10,000
Retained earnings	1,085	2,152	3,237
Merger reserve	(1,800)		(1,800)
Total equity	9,285		11,437
<u>Non-current liabilities</u>			
Deferred tax liabilities	424		424
Other financial liabilities	525		525
Provisions	247		247
Total non-current liabilities	1,196		1,196
<u>Current liabilities</u>			
Income tax payable	577	441 ⁽³⁾	1,018
Trade and other payables	8,436	(2,701) ⁽⁴⁾	5,735
Other financial liabilities	620		620
Total current liabilities	9,633		7,373
Total liabilities	10,829		8,569
Total equity and liabilities	20,114		20,006

Notes to pro forma adjustments

- (1) The pro forma adjustments relate to notes 2.2, 2.3, 2.9 and 2.10 to the unaudited pro forma combined financial information.
- (2) The pro forma adjustment relates to note 2.10 to the unaudited pro forma combined financial information.
- (3) The pro forma adjustment relates to note 2.11 to the unaudited pro forma combined financial information.
- (4) The pro forma adjustments relate to notes 2.1, 2.4, 2.5, 2.6, 2.7, 2.8 and 2.9 to the unaudited pro forma combined financial information.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**Statement of adjustments for unaudited pro forma combined statement of cash flows
Year ended 31 December 2016**

	Audited combined statement of cash flows 2016 \$'000	Pro forma adjustments (see explanatory notes) \$'000	Unaudited pro forma combined statement of cash flows 2016 \$'000
<u>Cash flows from operating activities</u>			
Profit before income tax	4,748	2,593	7,341
Interest expense	42		42
Depreciation of property, plant and equipment	1,096	450 ⁽¹⁾	1,546
Gain on disposal of property, plant and equipment	(34)		(34)
Operating cash flows before changes in working capital	5,852		8,895
Inventories	(60)		(60)
Trade and other receivables	(725)		(725)
Other assets	(202)	45 ⁽²⁾	(157)
Trade and other payables	410	(3,088) ⁽³⁾	(2,678)
Net cash flows from operations	5,275		5,275
Income taxes paid	(792)		(792)
Net cash flows from operating activities	4,483		4,483
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	(2,613)		(2,613)
Proceeds from disposal of property, plant and equipment	46		46
Other receivables from related party	(4,284)		(4,284)
Net cash flows used in investing activities	(6,851)		(6,851)
<u>Cash flows from financing activities</u>			
Repayment of other financial liabilities	(600)		(600)
Interest expense paid	(42)		(42)
Net cash flows used in financing activities	(642)		(642)
Net decrease in cash and cash equivalents	(3,010)		(3,010)
Cash and cash equivalents at 1 January	4,159		4,159
Cash and cash equivalents at 31 December	1,149		1,149

Notes to pro forma adjustments

- ⁽¹⁾ The pro forma adjustments relate to notes 2.3, 2.9 and 2.10 to the unaudited pro forma combined financial information.
- ⁽²⁾ The pro forma adjustment relates to note 2.10 to the unaudited pro forma combined financial information.
- ⁽³⁾ The pro forma adjustments relate to notes 2.1, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.10 to the unaudited pro forma combined financial information.

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Notes to the unaudited pro forma combined financial information Years ended 31 December 2014, 2015 and 2016

1. General

Union Gas Holdings Pte. Ltd. (the “Company”) was incorporated on 3 October 2016 under the Companies Act as a private limited company domiciled in Singapore. On 22 June 2017, the Company was converted to a public company limited by shares and changed its name to Union Gas Holdings Limited.

The registered office and principal place of business of the Company is located at 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in note 16 to the audited combined financial statements for the reporting years ended 31 December 2014, 2015 and 2016 as set out in Appendix A of the offer document.

The unaudited pro forma combined financial information of the Company and its subsidiaries (the “Group”) for the reporting years ended 31 December 2014, 2015 and 2016 were approved and authorised for issue in accordance with a resolution of the directors on 28 June 2017.

2. Significant events

The unaudited pro forma combined financial information of the Group, because of their nature, are not necessarily indicative of the financial position and of the financial performance and cash flows that would have been attained had the significant events actually occurred earlier. Save as disclosed in this report, management, for the purpose of preparing this set of unaudited pro forma combined financial information of the Group, have not considered the effects of other events.

Save for the following significant events (the “Significant Events”) discussed below, the directors, as at the date of this report, are not aware of other significant events subsequent to 31 December 2016.

The Group undertook and/or will undertake the following transactions as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “Catalist”).

2.1 Purchase price of liquefied petroleum gas

The Group purchases bottled liquefied petroleum gas (“LPG”) mainly from a subsidiary of Union Energy Corporation Pte Ltd (“UEC”). UEC and its subsidiaries (the “UEC Group”) are controlled by Mr. Teo Kiang Ang, who is also the controlling shareholder of the Group.

At present, the price for the supply of bottled LPG to the Group is based on:

- (a) the Saudi Aramco Contract Price, an international market price for LPG published on the first working day of each month and applicable to all purchases of LPG throughout the particular month;
- (b) the premium that the UEC Group pays its third party LPG suppliers; and
- (c) the mark-up charged by the UEC Group, which takes into account various commercial factors such as material, manpower and logistics costs of the UEG Group (“UEC Group Premium”).

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

2.1 Purchase price of liquefied petroleum gas (cont’d)

On 1 April 2017, to ensure that the Group has an assured supply of bottled LPG, the Group entered into a dealership agreement with the UEC Group for the supply of bottled LPG (the “Dealership Agreement”). For the first year from the Dealership Agreement, the UEC Group Premium will be at a fixed rate agreed between the Group and the UEC Group. For subsequent years, subject to negotiation and agreement in writing between the Group and the UEC Group, the UEC Group Premium for a particular year may increase or decrease compared to the prior year. In the event of an increase, the UEC Group Premium may increase by up to 20% over the preceding year’s UEC Group Premium.

For the purpose of preparation of these unaudited pro forma combined financial information, the Dealership Agreement is assumed to commence since the beginning of the earliest period presented and accordingly, the UEC Group Premium is assumed to be at the fixed rate agreed between the Group and the UEC Group since the beginning of the earliest period presented.

2.2 Transfers of motor vehicles

The Group previously rented the fleet of motor vehicles from the UEC Group. These motor vehicles are mainly delivery trucks used to deliver the bottled LPG to the Group’s customers.

Prior to October 2016, these motor vehicles were owned by the UEC Group and the UEC Group would bear the running costs of these motor vehicles, including depreciation, insurance, and the upkeep and maintenance expenses. At the same time, the Group would be charged for the rental of these motor vehicles by the UEC Group. Commencing from October 2016, the Group began to acquire these motor vehicles from the UEC Group.

For the purpose of preparation of these pro forma combined financial information, these transfers are assumed to have occurred since the beginning of the earliest period presented.

2.3 Depreciation of motor vehicles

Based on the assumption of the transfers of motor vehicles set out in note 2.2 above, for the purpose of preparation of these unaudited pro forma combined financial information, the depreciation charges of the motor vehicles are assumed to have occurred since the beginning of the earliest period presented.

2.4 Insurance and road tax of motor vehicles

Based on the assumption of the transfers of motor vehicles set out in note 2.2 above, for the purpose of preparation of these unaudited pro forma combined financial information, the insurance and road tax of the motor vehicles are assumed to have occurred since the beginning of the earliest period presented.

2.5 Servicing of motor vehicles

Based on the assumption of the transfers of motor vehicles set out in note 2.2 above, for the purpose of preparation of these unaudited pro forma combined financial information, the servicing costs of the motor vehicles are assumed to have occurred since the beginning of the earliest period presented.

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

2.6 Rental charges of motor vehicles

Based on the assumption of the transfers of motor vehicles set out in note 2.2 above, pro forma adjustments related to the reversal of rental charges of the motor vehicles paid by the Group during the reporting years ended 31 December 2014, 2015 and 2016 have been made accordingly.

2.7 Rental of office and call centre

The office space and call centre currently used by the Group are owned by the UEC Group. The UEC Group did not charge the Group rental during the reporting years ended 31 December 2014, 2015 and 2016. On 1 May 2017, the Group entered into a tenancy agreement with the UEC Group where the UEC Group will charge the Group rental based on \$5,830 per month. For the purpose of preparation of these unaudited pro forma combined financial information, these rental charges are assumed to have occurred since the beginning of the earliest period presented.

2.8 Payroll and marketing costs

The payroll costs of certain personnel of the Group, including call centre personnel, human resources department, finance department, cleaner and management personnel, are currently borne by the UEC Group. Additionally, the costs of certain marketing campaigns to promote the Group’s products during festive seasons are also currently borne by the UEC Group. The UEC Group did not recharge these expenses to the Group during the reporting years ended 31 December 2014, 2015 and 2016. Subsequent to the reporting year ended 31 December 2016, the Group will bear these costs directly. For the purpose of preparation of these unaudited pro forma combined financial information, these expenses are assumed to have occurred since the beginning of the earliest period presented.

2.9 Transfers of computers and related software

The computers and related software used by the Group and the UEC Group are currently owned by the UEC Group. The UEC Group did not charge the Group for the use of these items during the reporting years ended 31 December 2014, 2015 and 2016. In April 2017, the UEC Group transferred these computers and related software to the Group, and the Group recharged the related costs to the UEC Group based on the latter’s share of the use of these items. For the purpose of preparation of these unaudited pro forma combined financial information, these transfers are assumed to have occurred since the beginning of the earliest period presented. In addition, pro forma adjustments related to the depreciation and maintenance expenses and recharges of these computers and related software have also been made accordingly.

2.10 Office renovation

Renovation works had been performed to the office space currently occupied by the Group. These renovation works and the related costs were incurred subsequent to 31 December 2016. For the purpose of preparation of these unaudited pro forma combined financial statements, these renovation costs are assumed to have occurred since the beginning of the earliest period presented.

APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

2.11 Taxation

Based on the Significant Events set out from notes 2.1 to 2.10 above, for the purpose of preparation of these unaudited pro forma combined financial information, the related tax effect of these transactions are assumed to have occurred since the beginning of the earliest period presented and the pro forma adjustment has been made accordingly.

3. Basis of preparation of unaudited pro forma combined financial information

The unaudited pro forma combined financial information for the reporting years ended 31 December 2014, 2015 and 2016 have been prepared for inclusion in the offer document in connection with the offering of the shares of the Company on the Catalist and should be read in conjunction with the audited combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016 as set out in Appendix A of the offer document.

The unaudited pro forma combined financial information is expressed in Singapore dollars (“SGD” or “\$”) and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The unaudited pro forma combined financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:

- (i) the unaudited pro forma combined statements of comprehensive income of the Group for each of the reporting years ended 31 December 2014, 2015 and 2016 would have been if the Significant Events as described in note 2 had been in place on 1 January 2014;
- (ii) the unaudited pro forma combined statement of financial position of the Group as at 31 December 2016 would have been if the Significant Events as described in note 2 had taken place on 31 December 2016; and
- (iii) the unaudited pro forma combined statement of cash flows of the Group for the reporting year ended 31 December 2016 would have been if the Significant Events as described in note 2 had taken place on 31 December 2016.

The objective of the unaudited pro forma combined financial information of the Group is to show what the historical financial information would have been after making certain assumptions and after making certain adjustments in the notes set out above. However, the unaudited pro forma combined financial information of the Group is not necessarily indicative of the related effects on the financial position, comprehensive income and cash flows that would have been attained had the Significant Events actually existed earlier.

The unaudited pro forma combined financial information of the Group is based on the audited combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016, which have been prepared in accordance with Singapore Financial Reporting Standards.

The audited combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016 were audited by RSM Chio Lim LLP in accordance with Singapore Standards on Auditing. The independent auditor’s report relating to the aforementioned audited combined financial statements was not subject to any qualification.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

4. Significant accounting policies

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016 as disclosed in note 2 to the audited combined financial statements of the Group for the reporting years ended 31 December 2014, 2015 and 2016 set out as Appendix A of the offer document.

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APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

13 July 2017

Union Gas Holdings Limited

25 Genting Road
#04-01 Union Energy Group Building
Singapore 349482

Attention: The Audit Committee

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE AUDIT COMMITTEE OF UNION GAS HOLDINGS LIMITED IN RELATION TO:

- (A) THE DEALERSHIP AGREEMENT FOR THE SUPPLY OF BOTTLED LIQUEFIED PETROLEUM GAS CYLINDERS FROM SUMMIT GAS SYSTEMS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION; AND**
- (B) THE PROPOSED ADOPTION OF GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS WITH UNION ENERGY CORPORATION PTE. LTD. AND ITS SUBSIDIARIES,**

UNDER CHAPTER 9 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the offer document of Union Gas Holdings Limited dated 28 June 2017 (the “Offer Document”).

1. INTRODUCTION

This letter (the “**IFA Letter**”) has been prepared for the inclusion in the Offer Document of Union Gas Holdings Limited (the “**Company**”) in relation to:

- (a) the dealership agreement dated 1 April 2017 entered into between Union Energy Pte. Ltd. (“**Union Energy**”, a wholly-owned subsidiary of the Company as an entity-at-risk) and Summit Gas Systems Pte. Ltd. (“**Summit Gas**”, being an interested person) for the supply of bottled liquefied petroleum gas (“**LPG**”) cylinders by Summit Gas to Union Energy as an interested person transaction subject to shareholders’ approval under Chapter 9 of the Listing Manual (Section B: Rules of Catalist) (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (b) the adoption of the general mandate for recurrent interested person transactions between (a) the Company and its subsidiaries (the “**Group**”) and (b) Union Energy Corporation Pte. Ltd. (“**UEC**”) and its subsidiaries (the “**UEC Group**”) also known hereinafter as the “**Mandated Interested Persons**”), under Rule 921 of the Catalist Rules (the “**Shareholders’ Mandate**”).

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.1 THE DEALERSHIP AGREEMENT

In connection with the admission of the Company to the Catalist Board of the SGX-ST, Union Energy has entered into a dealership agreement with Summit Gas dated 1 April 2017 (the “**Dealership Agreement**”) pursuant to which Union Energy shall commence purchasing bottled LPG cylinders from Summit Gas from 1 April 2017 based on the terms and conditions set out in the Dealership Agreement.

Pursuant to Chapter 9 of the Catalist Rules, Summit Gas is an ‘interested person’ and the Dealership Agreement is an ‘interested person transaction’. As the value of the transactions conducted under the Dealership Agreement will exceed 5% of the Company’s latest audited combined net tangible assets (“**NTA**”) of S\$9,285,000 as at 31 December 2016, the Company is required to obtain an opinion from an independent financial adviser (“**IFA**”) on whether the Dealership Agreement is on normal commercial terms, and prejudicial to the interests of the Company and its minority shareholders.

1.2 THE SHAREHOLDERS’ MANDATE

Under Chapter 9 of the Catalist Rules, a listed company may seek a general mandate from its shareholders for recurrent interested person transactions of revenue or trading nature or for those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

It is anticipated that the Group would, following the admission of the Company to the Catalist Board of the SGX-ST, in the ordinary course of business, continue to enter into certain transactions with the Mandated Interested Persons (the “**Mandated Transactions**”). It is likely that such transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and recurrent nature of such transactions, the Company is adopting the Shareholders’ Mandate to enable the Group to enter into the Mandated Transactions in its normal course of business, provided that an IFA opines that the methods and procedures set out in the Shareholders’ 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.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat the Shareholders’ Mandate as having been given by its shareholders (“**Shareholders**”) for the Group to enter into the Mandated Transactions if the information required under Rule 920(1)(b) is included in the Offer Document.

To comply with the requirements of Chapter 9 of the Catalist Rules, Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed as the IFA to provide the following opinions:

- (a) whether the Dealership Agreement is on normal commercial terms, and prejudicial to the interests of the Company and its minority Shareholders; and
- (b) whether the methods and/or procedures as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document are sufficient to ensure that the Mandated Transactions between the Group and the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter (this “**IFA Letter**”) sets out our evaluation of the Dealership Agreement and the Shareholders’ Mandate, and our opinions thereof. This IFA Letter has been prepared for the use of the Audit Committee of the Company (the “**Audit Committee**”), who as at the date of the Offer Document, are considered to be independent for the purpose of the Dealership Agreement and the Shareholders’ Mandate. This IFA Letter forms part of the Offer Document.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Audit Committee on (a) whether the Dealership Agreement is on normal commercial terms, and prejudicial to the interests of the Company and its minority Shareholders; and (b) whether the methods or procedures as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document are sufficient to ensure that the Mandated Transactions between the Group and the Mandated Interested Persons 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 Dealership Agreement and the Shareholders’ Mandate, nor were we involved in the deliberations leading up to the decisions on the part of the directors of the Company (the “**Directors**”) to agree on the terms of the Dealership Agreement and to adopt the Shareholders’ Mandate. We do not, by this IFA Letter, make any representation or warranty in relation to the merits of the Dealership Agreement and the Shareholders’ Mandate. We have not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Dealership Agreement and the Shareholders’ Mandate. Our terms of reference do not require us to evaluate or comment on the strategic or commercial merits and/or risks of the Dealership Agreement and the Shareholders’ Mandate. As with other business transactions of the Company, the merit and/or associated risks, whether commercial, financial or otherwise, of the Dealership Agreement and the Shareholders’ Mandate are solely the responsibility of the Directors.

In the course of our evaluation and for the purpose of our opinions in relation to the Dealership Agreement and the Shareholders’ Mandate, we have had discussions with certain Directors and management of the Company (“**Management**”) and have examined information provided by the Directors and Management, and other publicly available information collated by us. 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 or reliability of such information. We have nevertheless made reasonable enquiries and used our judgement 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 stated in the Offer Document and confirm, after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, the Offer Document contains full and true disclosure of all material facts about the Dealership Agreement and the Shareholders’ Mandate, and the Directors are not aware of any facts the omission of which would make any statement in the Offer Document misleading. Where information in the Offer Document 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 Offer Document in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Dealership Agreement and the Shareholders’ Mandate, are to the best of their knowledge and belief, fair and accurate in all material aspects.

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above. Furthermore, our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company or the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group.

Our opinions are based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Offer Document as at 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 opinions contained therein.

In arriving at our opinions, 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 opinions are for the use and benefit of the Audit Committee in their deliberation of whether the Dealership Agreement is on normal commercial terms, and prejudicial to the interests of the Company and its minority Shareholders, and whether the methods and/or procedures as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document are sufficient to ensure that the Mandated Transactions between the Group and the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The statements made by the Audit Committee shall remain the responsibility of the Audit Committee.

Our opinions in relation to the Dealership Agreement and the Shareholders’ Mandate should be considered in the context of the entirety of this IFA Letter.

3. THE DEALERSHIP AGREEMENT

Details of the Dealership Agreement is set out in the sections entitled “General Information on our Group – Our Procurement Process – A. Retail LPG Business” and “Interested Person Transactions – Present and Ongoing Interested Person Transactions – (a) Purchase of bottled LPG cylinders by Union Energy from the UEC Group” of the Offer Document. Shareholders are advised to read the information carefully.

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.1 THE PRINCIPAL TERMS OF THE DEALERSHIP AGREEMENT

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

Term	Indefinite period commencing from 1 April 2017, until it is terminated by either party upon giving prior written notice of at least six (6) months.
Product	Bottled LPG cylinders under the “Union” trade name and logo. These bottled LPG cylinders comprise the standard 4.5 kilogram (“kg”), 11.0 kg, 12.7 kg and 14.0 kg cylinders.
Role of Union Energy	Authorised dealer.
Territory	Singapore.
Volume	<p>The parties shall agree in writing at the commencement of each consecutive period of one (1) year (the “Dealership Period”) during the term of the Dealership Agreement (the first of such period to commence on 1 April 2017) the minimum volume of Product (the “Minimum Volume”) to be supplied by Summit Gas to Union Energy every month during the particular upcoming Dealership Period.</p> <p>If the Minimum Volume is not met by Union Energy (the “Dealer Shortfall Quantity”) in a certain month, Union Energy shall compensate Summit Gas for the Dealer Shortfall Quantity for that particular month, with the value of the compensation based on the Dealer Shortfall Quantity and the agreed price for the month.</p> <p>If the Minimum Volume is not met by Summit Gas (the “Supplier Shortfall Quantity”) in a certain month, Summit Gas shall be invoiced for the Supplier Shortfall Quantity based on the difference between the price agreed with Summit Gas and the price paid by the Group to third party LPG suppliers for the Supplier Shortfall Quantity for the month.</p>

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<p>Price</p>	<p>The price payable by Union Energy to Summit Gas for the Product shall be based on the following formula:</p> $(a + b + c) \times \text{Foreign Exchange}$ <p>where</p> <p>“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;</p> <p>“b” means the actual price payable by Summit Gas to its third party LPG supplier;</p> <p>“c” means the mark-up charged by Summit Gas to Union Energy, taking into account various commercial factors such as material, manpower and logistics costs of Summit Gas (the “UEC Group Premium”); and</p> <p>“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 (for example, the Foreign Exchange to be applied for the month of April 2017 shall be the mid-day average exchange rate of the United States dollar to the Singapore dollar on 31 March 2017, being US\$1.00 to S\$1.3978).</p>
<p>Adjustment</p>	<p>For the first year commencing from 1 April 2017, the UEC Group Premium is at a fixed rate agreed between the UEC Group and the Group.</p> <p>For the subsequent years, subject to commercial negotiation and agreement in writing between the parties, the UEC Group Premium for a particular year may increase or decrease compared to the prior year (“% Change”). In the event of an increase, the UEC Group Premium may increase by up to 20% over the UEC Group Premium for the preceding year (the “% Increase”).</p>

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3.2 THE AMOUNT AT RISK TO THE GROUP

Based on the pro forma adjustments in the “Independent Auditor’s Report and the Unaudited Pro Forma Combined Financial Information for the Reporting Years ended 31 December 2014, 2015 and 2016 set out as Appendix B of the Offer Document, we calculate the value of the Group’s purchases under the Dealership Agreement, had the Dealership Agreement been effected from 1 January 2014, to be as follows:

	FY2014	FY2015	FY2016
Total purchase of bottled LPG cylinders by the Group from Sembas (Asia) Trading Pte. Ltd. (“Sembas”) (S\$’000)	16,036	12,487	11,701
Less: Net savings to the Group (S\$’000) ⁽¹⁾	(1,658)	(2,173)	(2,152)
Pro forma purchase value (S\$’000)	14,378	10,314	9,459
As a percentage of the Group’s latest audited combined NTA	154.85%	111.08%	102.84%

Note:

- (1) Please refer to paragraph 4.1 of this IFA Letter for our workings on the net savings to the Group had the Dealership Agreement been effected from 1 January 2014.

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 the UEC Group in the future.

3.3 RATIONALE FOR AND BENEFITS OF THE DEALERSHIP AGREEMENT

As set out in the section entitled “Risk Factors – We are dependent on the UEC Group for the supply of bottled LPG cylinders” of the Offer Document, there are a limited number of suppliers of bottled LPG cylinders in Singapore and alternative sources of supply of bottled LPG cylinders may not be able to meet the Group’s requirements and may cost more. As such, the Group has entered into the Dealership Agreement with the UEC Group for the supply of bottled LPG cylinders.

4. EVALUATION OF THE DEALERSHIP AGREEMENT

In our evaluation of the 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 historical purchase amount of the Group;
- (b) comparison with the unit prices charged by the UEC Group to its other customers;

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) comparison of the margin to be generated by Summit Gas from the sale of the Product under the Dealership Agreement versus the margins generated by listed companies which are principally engaged in the wholesale and distribution of LPG; and
- (d) other considerations.

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

Based on the information provided by the Company, the 12.7 kg bottled LPG cylinders accounted for more than 98% of the Group's purchases of bottled LPG cylinders from the UEC Group for FY2014, FY2015 and FY2016. Accordingly, references to unit prices of bottled LPG cylinders in our analysis below refer to unit prices of the 12.7 kg bottled LPG cylinders.

4.1 COMPARISON WITH THE HISTORICAL PURCHASE AMOUNT OF THE GROUP

As set out in the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions – (a) Purchase of bottled LPG cylinders by Union Energy from the UEC Group" of the Offer Document, Union Energy purchased all its bottled LPG cylinders from Sembas, a wholly-owned subsidiary of UEC prior to 1 April 2017. The aggregate values of the purchases of bottled LPG cylinders made by the Group from Sembas for each of FY2014, FY2015 and FY2016 are as follows:

	FY2014	FY2015	FY2016
Total purchase of bottled LPG cylinders by the Group from Sembas (S\$'000)	16,036	12,487	11,701

As noted from the "Independent Auditor's Report and the Unaudited Pro Forma Combined Financial Information for the Reporting Years ended 31 December 2014, 2015 and 2016 set out as Appendix B of the Offer Document, the Group will be paying a lower UEC Group Premium and accordingly, the Group will register a lower cost of sales for FY2014, FY2015 and FY2016 under the Dealership Agreement.

We have reviewed the fixed rate agreed between Summit Gas and the Group for the first year commencing from 1 April 2017 and understand that, the lower UEC Group Premium under the Dealership Agreement had taken into account, the Business Rationalisation Events set out in the section entitled "Selected Financial Information – Basis of Preparation" of the Offer Document. Previously, the Group had relied on the UEC Group for its accounting and finance, information technology ("IT") (including the IT hardware and equipment ("IT Infrastructure")), human resource, customer service, marketing and storage services (the "Shared Services"), motor vehicles for the transportation of products, and use of office space. In connection with the rationalisation of the Group's business and operations in relation to the admission of the Company to the Catalist Board of the SGX-ST, the Group transferred the relevant assets and staff to the Group so that the Group can operate independently. Accordingly, the purchase amount of the Group from the UEC Group for the Product would not need to account for the cost incurred by the UEC Group for the provision of the Shared Services, motor vehicles and office space by the UEC Group.

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The pro forma effects of the lower UEC Group Premium and the increased operating expenses of the Group, including higher tax payable with the higher profits of the Group from the lower UEC Group Premium and the increased operating expenses and taxes of the Group are as follows:

	FY2014	FY2015	FY2016
Savings from the lower UEC Group Premium (S\$'000)	3,068	3,418	3,647
Net increase in operating expenses (S\$'000)	(1,071)	(800)	(1,054)
Net increase in taxes due to lower cost of sales and higher operating expenses (S\$'000)	(339)	(445)	(441)
Net savings to the Group (S\$'000)	1,658	2,173	2,152
Net savings, as a percentage of the historical purchase value	10.34%	17.40%	18.39%

As set out above, the Group will have savings of between 10.34% and 18.39% had the Dealership Agreement been effected since 1 January 2014.

4.2 COMPARISON WITH THE UNIT PRICES CHARGED BY THE UEC GROUP TO ITS OTHER CUSTOMERS

For purposes of our evaluation, we have selected and the UEC Group has provided the payment vouchers issued by Sembas and Summit Gas to its other third party customers ("**Selected LPG Customers**") for the period between January 2016 and April 2017. The payment vouchers set out the unit price charged by the UEC Group to these Selected LPG Customers for each bottled LPG cylinder.

As set out in paragraph 3.2 of this IFA Letter, we calculated the value of the Group's purchases under the Dealership Agreement, had the Dealership Agreement been effected from 1 January 2014, to be S\$14,378,000, S\$10,314,000 and S\$9,459,000 for FY2014, FY2015 and FY2016 respectively. We divide the abovementioned values by the number of bottled LPG cylinders purchased by the Group from the UEC Group to obtain the average unit price paid by the Group for each bottled LPG cylinder. The average unit price paid by the Group for each bottled LPG cylinder is approximately 18.9% lower than the unit price charged by the UEC Group to the Selected LPG Customers for each bottled LPG cylinder.

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We wish to highlight that the other third party customers of the UEC Group are of much smaller scale as compared to the Group. The average monthly purchase volume of each third party customer of the UEC Group was about 600 bottled LPG cylinders which accounted for only about 1.0% of the average monthly purchase volume of the Group of approximately 60,000 bottled LPG cylinders. Accordingly, it is not unusual for the Group to enjoy bulk purchase discounts given the Group's sizeable purchases.

4.3 COMPARISON OF THE MARGIN TO BE GENERATED BY SUMMIT GAS FROM THE SALE OF THE PRODUCT UNDER THE DEALERSHIP AGREEMENT VERSUS THE MARGINS GENERATED BY LISTED COMPANIES WHICH ARE PRINCIPALLY ENGAGED IN THE WHOLESALE AND DISTRIBUTION OF LPG

Based on the formula set out above 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 the UEC Group for the sale of bottled LPG cylinders to the Group to be 23.33%.

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 2016	VND 1,337.95 billion	VND 256.47 billion	19.17%
Daimaru Enawin Co. Ltd.	Tokyo, Japan	The company distributes fuel products such as LPG, kerosene, light oil, and heavy oil.	31 March 2017	JPY 15,246.11 million	JPY 6,492.69 million	42.59%
Empresas Lipigas S.A.	Santiago, Chile	The company supplies liquefied petroleum and natural gas for residential, industrial, commercial, and automotive uses.	31 December 2016	CLP 406.21 billion	CLP 139.72 billion	34.40%
Misumi Co., Ltd	Fukuoka, Japan	The company wholesales gasoline, light oil, LPG, and other chemical products in Kyushu, Japan.	31 March 2017	JPY 51,787.87 million	JPY 11,680.52 million	22.55%

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Name	Exchange	Description	For the latest completed financial year			
			Financial year ended	Revenue ⁽¹⁾⁽²⁾	Gross profit ⁽¹⁾⁽²⁾	Gross profit margin
National Gas Company SAOG	Muscat, Oman	The company bottles LPG.	31 December 2016	OMR 60.7 million	OMR 11.1 million	18.29%
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 2016	VND 59,076.19 billion	VND 11,554.96 billion	19.56%
Pryce Corporation	Philippine, Philippines	The company, through its subsidiary, produces, sells industrial gases, and distributes LPG.	31 December 2016	PHP 6,722.20 million	PHP 1,713.80 million	25.49%
PT Surya Esa Perkasa Tbk	Jakarta, Indonesia	The company produces LPG.	31 December 2016	USD 29.1 million	USD 9.9 million	34.02%
Shenzhen Guangju Energy Co., Ltd.	Shenzhen, China	The company distributes and sells petroleum products and LPG.	31 December 2016	RMB 901.10 million	RMB 166.10 million	18.43%
Southern Gas Trading Joint Stock Company	Hanoi, Vietnam	The company exports, imports, and distributes LPG.	31 December 2016	VND 4,971.90 billion	VND 940.99 billion	18.93%
Maximum						42.59%
Minimum						18.29%
Average						25.34%
Median						21.06%
The UEC Group under the Dealership Agreement						23.33%

Notes:

- (1) VND, JPY, CLP, OMR, PHP, USD and RMB means Vietnam Dong, Japanese Yen, Chilean Peso, Omani Rial, Philippine Peso, United States Dollars and Chinese Renminbi 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. Bloomberg has not consented to the inclusion of the relevant information in this IFA Letter for the purposes of Section 249 of the Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time (the "SFA") and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA.

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

4.4 OTHER CONSIDERATIONS

4.4.1 The Minimum Volume

We note that the Audit Committee will review and approve the Minimum Volume on an annual basis, and the Audit Committee may request for additional information pertaining to the Dealership Agreement as they deem fit.

4.4.2 The % Increase

As set out in paragraph 3.1 of this IFA Letter, the Dealership Agreement has provided for annual adjustment of the UEC Group Premium, where:

- (a) such annual adjustment shall be subject to commercial negotiation and agreement in writing between Union Energy and Summit Gas. We note that the Audit Committee will review and approve the % Change on an annual basis, and the Audit Committee may request for additional information pertaining to the Dealership Agreement as they deem fit; and
- (b) the Dealership Agreement has provided a cap for the % Increase, being 20% over the UEC Group Premium for the preceding year. We note that there is no such cap in the event of a decrease.

4.4.3 Other amendments to the Dealership Agreement

We note that the Audit Committee will review each amendment proposed to be made to the 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 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 Dealership Agreement every three (3) years with the assistance from independent advisers, to ensure that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interest of the Company and its minority Shareholders.

5. OUR OPINION ON THE DEALERSHIP AGREEMENT

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 Dealership Agreement. 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.

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

- (a) As noted from the “Independent Auditor’s Report and the Unaudited Pro Forma Combined Financial Information for the Reporting Years ended 31 December 2014, 2015 and 2016 set out as Appendix B of the Offer Document, the Group will register a lower cost of sales for FY2014, FY2015 and FY2016 under the Dealership Agreement;
- (b) the average unit price for each bottled LPG cylinder purchased by the Group is lower than the unit price for each bottled LPG cylinder charged by the UEC Group to the Selected LPG Customers. It is also not unusual for the Group to enjoy bulk purchase discounts given the Group’s sizeable purchases;
- (c) the gross profit margin to be generated by Summit Gas for the first year under the Dealership Agreement is within the range, slightly below than the average and slightly above the median gross profit margin generated by the listed companies which are principally engaged in the wholesale and distribution of LPG; and
- (d) other considerations as set out in paragraph 4.4 of this IFA Letter.

Accordingly, after taking into account the above factors which we deemed relevant to our analysis of the Dealership Agreement and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the Dealership Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

6. THE SHAREHOLDERS’ MANDATE

Information on the Shareholders’ Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document.

6.1 CLASSES OF MANDATED INTERESTED PERSONS

Information on the classes of Mandated Interested Persons of the Shareholders’ Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Classes of Mandated Interested Persons” of the Offer Document.

We note that, as at the Latest Practicable Date, the classes of Mandated Interested Persons are limited to Sembas, Summit Gas, Health Domain Pte. Ltd. and Union Power Pte. Ltd., which are all corporations and are wholly-owned subsidiaries of UEC.

6.2 CATEGORIES OF MANDATED TRANSACTIONS

Information on the categories of Mandated Interested Person Transactions is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Mandated Transactions under the General Mandate” of the Offer Document.

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

- (a) sale of diesel at the fuel station to the Mandated Interested Persons;
- (b) provision of IT Infrastructure services to a Mandated Interested Person;
- (c) sale of diesel in bulk to a Mandated Interested Person;
- (d) purchase of health products from a Mandated Interested Person; and
- (e) purchase of electricity from a Mandated Interested Person.

collectively, the “**Mandated Transactions**”.

6.3 RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS’ MANDATE

Information on the rationale for and benefits of the Shareholders’ Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Rationale for and Benefits of the Shareholders’ Mandate” of the Offer Document.

We note that the Shareholders’ Mandate is intended to facilitate transactions in the normal course of the business of the Group which are entered into from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

6.4 METHODS AND/OR REVIEW PROCEDURES FOR THE MANDATED TRANSACTIONS

Detailed information on the methods and/or review procedures is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Review Procedures under the Mandated Transactions with Mandated Interested Persons” of the Offer Document.

We note that the methods and procedures include:

- (a) 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;
- (b) the Mandated Transactions in relation to the provision of IT infrastructure services to the Mandated Interested Person shall be carried out at cost recovery plus mark-up basis;
- (c) the Mandated Transactions in relation to the sale of diesel in bulk to, the purchase of health products and the purchase of electricity from the 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, or from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of products for the same or substantially similar types of transactions;

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

6.5 THE ROLE OF THE AUDIT COMMITTEE IN RELATION TO THE SHAREHOLDERS' MANDATE

We note that the Audit Committee will:

- (a) review and approve 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 "**IP 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 Shareholders' 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. 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.

6.6 VALIDITY PERIOD OF THE SHAREHOLDERS' MANDATE

Pursuant to Catalist Rule 920(2), the Shareholders' Mandate will be effective until the earlier of the following: (a) the conclusion of the first annual general meeting following the Company's admission to Catalist Board of the SGX-ST, or the date by which the next annual general meeting of the Company is required by law to be held; or (b) the first anniversary of the date of the Company's admission to the Catalist Board of the SGX-ST.

Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at each subsequent annual general meeting ("**AGM**") or the date by which the next AGM of the Company is required by law to be held, subject to the satisfactory review by the Audit Committee of its continued application to the Mandated Transactions. In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Mandated Interested Persons and their Associates shall abstain from voting on resolutions approving Mandated Transactions involving themselves and the Group. Furthermore, such Mandated Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, the interested Directors and their

APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Associates will abstain from voting on the resolutions approving the renewal of the Shareholders' Mandate. They shall also not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder.

7. OUR OPINION ON THE SHAREHOLDERS' MANDATE

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

Having regard to the considerations set out in paragraph 6 of this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Transactions, 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.

8. THIS IFA LETTER

This IFA Letter is addressed to the Audit Committee and for their benefit, in connection with and for the purpose of their consideration of the Dealership Agreement and the Shareholders' Mandate, and for inclusion in the Offer Document.

Whilst a copy of this IFA Letter may be reproduced in the Offer Document, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case, except for the purposes of the Dealership Agreement and the Shareholders' Mandate.

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.

ALEX TAN KAH KOON
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Constitution of our Company. These statements summarise the material provisions of the Constitution but are qualified in entirety by reference to the Constitution.

Ordinary Shares

There are no founders, management, deferred or unissued shares reserved for issue for any purpose. We have only one (1) class of shares, namely, our ordinary Shares which have identical rights in all respects and rank equally with one another. All of our Shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our own Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our Shareholders. The aggregate number of Shares to be issued pursuant to such approval may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being (the percentage of issued share capital being based on our issued Shares at the time such authority is given after adjusting for new Shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier but any approval may be previously revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. Our Company may close the register of Shareholders for any time or times if it provides the SGX-ST at least 10 clear market days' notice. However, the register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may decline to register any transfer of Shares which are not fully paid Shares, or Shares on which our Company has a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed.

Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as it may require. Our Company will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board may require.

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two (2) or more Shareholders holding not less than 10% of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Constitution, a change of the corporate name and a reduction in the share capital. Our Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business. All general meetings must be held in Singapore.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, five (5) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one (1) vote (provided that in the case of a Shareholder who is represented by more than one (1) proxy (subject to the provisions of the Companies Act), only one (1) of the proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. Under our Constitution, if required by the listing rules of the stock exchange upon which our Shares may be listed, all resolutions at general meetings must be voted on by poll (unless such requirement is waived by the stock exchange). A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder or Shareholders present in person or by proxy

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

and representing not less than 5% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by at least five (5) Shareholders present in person or by proxy and entitled to vote. Under the Catalist Rules, all resolutions at general meetings shall be voted by poll. In the case of an equality of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by our Board. Our Company must pay all dividends out of its profits. Our Board may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Take-overs

Under the Singapore Code on Take-overs and Mergers (“**Singapore Take-over Code**”), issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six (6) month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of (i), (ii), (iii) or (iv);

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

- (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
- (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. Our Company may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Take-overs” above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

APPENDIX D – DESCRIPTION OF ORDINARY SHARES

- (d) provide for the purchase of a minority Shareholder's shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that our Constitution be amended; or
- (f) provide that we be wound up.

APPENDIX E – SUMMARY OF OUR CONSTITUTION

The discussion below provides a summary of our Constitution, which is the instrument that constitutes and defines our Company. This discussion is only a summary and is qualified by reference to our Constitution.

The instrument that constitutes and defines our Company is the Constitution of our Company.

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who renders any special or extra services to our Company or goes or resides abroad in connection with the conduct of any of the affairs of our Company may be granted special remuneration by a lump sum or by way of salary, or, except in the case of a non-executive Director, by a percentage of profits, or by any or all of those modes, as the Directors may determine.

The remuneration of a Chief Executive Officer or persons holding equivalent positions shall be fixed by our Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

Our Directors shall have power to pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with our Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(c) Borrowing

Our Directors may borrow or raise money from time to time for the purpose of our Company or secure the payment of such sums as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the property or assets of our Company or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.

(d) Retirement age limit

There is no retirement age limit for Directors under our Constitution.

APPENDIX E – SUMMARY OF OUR CONSTITUTION

(e) Shareholding qualification

There is no shareholding qualification for Directors in our Constitution.

2. Share rights and restrictions

Our Company currently has one (1) class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders and in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we shall not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits; however, we may capitalise any sum standing to the credit of any of our Company's reserve accounts or other distributable reserve or any sum standing to the credit of profit and loss account and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by our Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by our Directors for the benefit of our Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to our Company but our Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled prior to the forfeiture.

Our Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, five (5) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every shareholder present in person and by proxy shall have one (1) vote, and on a poll, every shareholder present in person or by proxy shall have one (1)

APPENDIX E – SUMMARY OF OUR CONSTITUTION

vote for each share which he holds or represents. A shareholder who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote at the same general meeting. A shareholder who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. If required by the listing rules of the stock exchange upon which our shares may be listed, all resolutions at general meetings must be voted on by poll (unless such requirement is waived by the stock exchange). A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder or shareholders present in person or by proxy and representing not less than 5% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by not less than five (5) shareholders present in person or by proxy and entitled to vote. Under the Catalist Rules, all resolutions at general meetings shall be voted by poll. In the case of an equality of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

3. Change in Capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Constitution relating to general meetings of our Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one (1) vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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APPENDIX F – TAXATION

The summary below of certain taxes in Singapore is of a general nature. It is based on laws, regulations, interpretations, rulings and decisions presently in effect and available as at the Latest Practicable Date. These laws, regulations, interpretations, rulings and decisions, however, may change at any time, and any change could be retrospective to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out.

The summary is not intended to constitute a complete analysis of the taxes mentioned. It is not intended to be and does not constitute legal or tax advice.

Prospective investors of our Shares should consult their tax advisors concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

Singapore Income Tax

Corporate income tax

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless specifically exempt from income tax.

Foreign-sourced income in the form of branch profits, dividends and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident company are exempted from Singapore tax provided that the following qualifying conditions are met:

- (a) such income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

The prevailing corporate income tax rate in Singapore is 17.0% with the first S\$300,000 of chargeable income of a company being partially exempt from tax as follows:

- (a) 75% of the first S\$10,000 of chargeable income; and
- (b) 50% of the next S\$290,000 of chargeable income.

In the 2017 Budget, the Minister for Finance had announced that companies will enjoy a 50% corporate income tax rebate, capped at S\$25,000 for YA 2017. This tax rebate will be extended for another year to YA 2018 but at a reduced rate of 20% of tax payable and capped at S\$10,000. This tax rebate will not apply to income of a non-resident company that is subject to final withholding tax.

APPENDIX F – TAXATION

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Generally, control and management of a company is vested in its board of directors and its tax residency is generally where its board of directors meet to make strategic business decisions of the company.

Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Currently, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0% to 22.0%, after deductions of qualifying personal reliefs where applicable.

A non-Singapore tax resident individual is taxed at the tax rate of 22% except that Singapore employment income is taxed at a flat rate of 15% or at progressive resident rates, whichever yields a higher tax.

Dividend Distributions

Singapore adopts the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their tax advisors to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Capital Gains Tax

Singapore currently does not impose tax on capital gains. However, gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business in Singapore.

Any gains from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal gains would be taxable as trading income.

APPENDIX F – TAXATION

Section 13Z of the Income Tax Act (Chapter 134) of Singapore provides for exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both legal and beneficial owner of the ordinary shares which are disposed and must have held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

The rule is not applicable to shares held in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development), for a divesting company in the insurance business industry and the disposal of shares by a partnership, limited partnership or limited liability partnership where one or more of the partners of which is a company or are companies.

The tax exemption is applicable for disposals between 1 June 2012 to 31 May 2022 (both dates inclusive).

Shareholders are advised to consult their tax advisers on the Singapore tax consequences on their subscription, purchase, holding and disposal of our Shares.

Bonus Shares

Any bonus shares received by our Shareholders are not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at 0.2% on the consideration for, or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making this exempt supply is not recoverable from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business may be recoverable from the Comptroller of GST.

APPENDIX F – TAXATION

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate (currently at 7%). Similar services rendered to an investor belonging outside Singapore may be subject to GST at zero-rate if certain conditions are met.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

Estate Duty

Singapore estate duty is abolished with effect from 15 February 2008.

APPENDIX G – RULES OF THE UNION GAS ESOS

RULES OF THE UNION GAS EMPLOYEE SHARE OPTION SCHEME

1. DEFINITIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Act”</i>	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
<i>“Associate”</i>	:	Shall have the meaning assigned to it in the Catalist Rules
<i>“Associated Company”</i>	:	A company in which at least 20% but not more than 50% of its issued shares are held by the Company or the Group and over which the Company has Control
<i>“Associated Company Employee”</i>	:	Any confirmed employee (including directors) of an Associated Company selected by the Committee to participate in the Scheme
<i>“Auditors”</i>	:	The auditors of the Company for the time being
<i>“Board”</i>	:	The board of Directors of the Company for the time being.
<i>“Catalist Rules”</i>	:	The rules constituted in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Committee”</i>	:	The Remuneration Committee of the Company
<i>“Company”</i>	:	Union Gas Holdings Limited
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A shareholder who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this subparagraph is not a controlling shareholder); or (b) in fact exercises Control over the Company

APPENDIX G – RULES OF THE UNION GAS ESOS

<i>“Date of Grant”</i>	:	The date on which an Option is granted to a Participant pursuant to Rule 7
<i>“Director”</i>	:	A person holding office as a director for the time being of the Company
<i>“EGM”</i>	:	Extraordinary General Meeting
<i>“Executive Director”</i>	:	A director who is an employee of our Group and who performs and executive function
<i>“Exercise Price”</i>	:	The price at which a Participant shall acquire each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10
<i>“Financial Year”</i>	:	Each period of twelve (12) months or more or less than twelve (12) months, at the end of which the balance of accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company
<i>“Grantee”</i>	:	The person to whom an offer of an Option is made
<i>“Group”</i>	:	The Company, its Subsidiaries and Associated Companies (as they may exist from time to time)
<i>“Group Employee”</i>	:	Any confirmed employee of our Group (including an Executive Director) selected by the Committee to participate in the Scheme in accordance with Rule 4
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“Market Price”</i>	:	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Offer Date Provided always that in the case of a Market Day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
<i>“Non-executive Director”</i>	:	A director of our Group other than one who performs an executive function
<i>“Offer Date”</i>	:	The date on which an offer to grant an Option is made pursuant to the Scheme

APPENDIX G – RULES OF THE UNION GAS ESOS

<i>“Option”</i>	:	The right to acquire Shares granted or to be granted to a Group Employee or a Non-executive Director pursuant to the Scheme and for the time being subsisting
<i>“Option Period”</i>	:	Subject as provided in Rules 11 and 15, the period for the exercise of an Option being: <ul style="list-style-type: none">(a) in the case of an Option granted with the Exercise Price set at Market Price, a period beginning one (1) year from the Offer Date of that Option and expiring on the tenth year from the relevant Offer Date or such earlier date as may be determined by the Committee, subject as provided in Rules 11 and 15, and any other conditions as may be determined by the Committee from time to time; and(b) in the case of an Option granted with the Exercise Price set at a discount to the Market Price, a period beginning two (2) years from the Offer Date of that Option and expiring on the tenth year from the relevant Offer Date or such earlier date as may be determined by the Committee, subject as provided in Rules 11 and 15, and any other conditions as may be determined by the Committee from time to time
<i>“Participant”</i>	:	The holder of an Option
<i>“Record Date”</i>	:	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
<i>“Scheme”</i>	:	The Union Gas Employee Share Option Scheme
<i>“S\$”</i>	:	Singapore dollars
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Shareholders”</i>	:	The registered holders for the time being of the Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
<i>“Subsidiary”</i>	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act

APPENDIX G – RULES OF THE UNION GAS ESOS

The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively in the Securities and Futures Act (Chapter 289) of Singapore.

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

Any reference in the Scheme 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 used in this Scheme shall, where applicable, have the same meaning assigned to it under the Act. Any reference in this Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

2. NAME OF THE SCHEME

The Scheme shall be called the “Union Gas Employee Share Option Scheme”.

3. OBJECTIVES OF THE SCHEME

The Scheme will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group and Non-executive Directors and who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of the Company.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of Group Employees and Non-executive Directors are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to give recognition to the contributions made by such Group Employees and Non-executive Directors. At the same time, it will give such Group Employees and Non-executive Directors an opportunity to have a direct interest in the Company at no direct cost to its profitability and will also help to achieve the following positive objectives:

- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of the Group;
- (c) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Shareholders.

APPENDIX G – RULES OF THE UNION GAS ESOS

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

- (a) Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the Date of Grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and
- (b) Non-executive Directors who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors.

Directors and employees of the Company's parent company and its Subsidiaries (other than the Company and the Company's Subsidiaries) are not entitled to participate in the Scheme.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other company within the Group.

4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Paragraph 4.1 above shall be eligible to participate in the Scheme provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Options to be granted to them,

have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Options to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Scheme of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Scheme and the grant of Options to them.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Grantee.

APPENDIX G – RULES OF THE UNION GAS ESOS

6. LIMITATION ON THE SIZE OF THE SCHEME

- 6.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all Options granted under the Scheme and the number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding the Offer Date of the Option.
- 6.2 The aggregate number of Shares which may be issued or transferred pursuant to Options under the Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed twenty-five (25)% of the Shares available under the Scheme.
- 6.3 The number of Shares which may be issued or transferred pursuant to Options under the Scheme to each Participant who is a Controlling Shareholder or his Associate shall not exceed ten (10) per cent. of the Shares available under the Scheme.

7. OFFER DATE

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the third Market Day on which such announcement is released.
- 7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Annex 1, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Annex 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12) given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.

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- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
 - (b) the Participant dies prior to his acceptance of the Option; or
 - (c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Grantee, being a Group Employee, ceases to be in the employment of the Group or (being an Executive Director) ceases to be a director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
 - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:
- (a) the Market Price; or
 - (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price in respect of that Option.

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- 9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company, its Subsidiaries and Associated Companies, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
 - (b) the years of service and individual performance of the eligible Group Employee;
 - (c) the contribution of the eligible Group Employee to the success and development of the Company and/or the Group; and
 - (d) the prevailing market conditions.

10. ALTERATION OF CAPITAL

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:
- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
 - (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
 - (c) the maximum entitlement in any one Financial Year; and/or
 - (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.
- 10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

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- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year.

11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Offer Date of that Option, provided always that the Options granted to Group Employees shall be exercised before the tenth anniversary of the relevant Offer Date, and Options granted to Non-executive Directors shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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11.4 If a Participant ceases to be employed by the Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director or a Non-executive Director (as the case may be), ceases to be a director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Annex 3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

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12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the Scheme and the Constitution of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares or, as the case may be, procure the transfer of existing Shares (which may include, where desired, any Shares held by the Company as treasury shares), in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.4 Shares which are all allotted or transferred on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of, or transferred to, CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.

12.5 Shares allotted and issued, and existing Shares procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.6 Except as set out in Rule 12 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

13. ALTERATIONS AND AMENDMENTS TO THE SCHEME

13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would be issued and allotted or transferred upon exercise in full of all outstanding Options;

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- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

14. DURATION OF THE SCHEME

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing from the date of the Company's listing on the SGX-ST. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND WINDING-UP OF THE COMPANY

- 15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
 - (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

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(b) the date of the expiry of the Option Period relating thereto;

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period.

- 15.2 If, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date.
- 15.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall, subject to Rule 15.5, be entitled within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

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16. ADMINISTRATION OF THE SCHEME

- 16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).
- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

17. NOTICES

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

- 18.1 The Scheme or any Option shall not form part of any contract of employment between the Company, any Subsidiary or Associated Company (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any Subsidiary and/or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any Subsidiary or Associated Company.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by the Participant.

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20. COSTS AND EXPENSES OF THE SCHEME

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's security account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment or transfer of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

22. DISPUTES

Any disputes or differences of any nature in connection with the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

24. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the Scheme, shall submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

25. REPORTING REQUIREMENTS

Under the Catalist Rules, an immediate announcement must be made on the Offer Date and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of the Options granted;
- (c) number of Options granted;

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- (d) market price of the Shares on the date of grant;
- (e) number of Options granted to each Director and Controlling Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

The Company shall make the following disclosure in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular Financial Year):
 - (i) participants who are Directors of the Company;
 - (ii) participants who are Controlling Shareholders and their Associates; and
 - (iii) participants, other than those in (i) and (ii) above, who receive Shares pursuant to the exercise of Options under the Scheme which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Scheme; and

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the Scheme to end of financial year under review	Aggregate Options exercised since commencement of the Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) the number and proportion of Options granted at a discount during the financial year under review in respect of every 10.0% discount range, up to the maximum quantum of discount granted; and
- (d) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement will be included in our annual report.

26. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Scheme are to abstain from voting on any Shareholders' resolution relating to the Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular Shareholders who are eligible to participate in the Scheme shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Scheme; (b) the maximum discount which may be given in respect of any Option, and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

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ANNEX 1

UNION GAS EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No.: _____

PRIVATE AND CONFIDENTIAL

Date:

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of Union Gas Holdings Limited (the “**Company**”) to participate in the Union Gas Employee Share Option Scheme (the “**Scheme**”). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$1.00, to acquire _____ ordinary shares in the capital of the Company at the price of S\$_____ per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than _____ a.m./p.m. on the _____ day of _____ failing which this offer will forthwith lapse.

Yours faithfully
For and on behalf of
Union Gas Holdings Limited

Name:
Designation:

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ANNEX 2

UNION GAS EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No.: _____

To: The Remuneration Committee
Union Gas Employee Share Option Scheme
c/o The Company Secretary
Union Gas Holdings Limited
25 Genting Road
#04-01 Union Energy Group Building
Singapore 349482

Closing Time and Date for Acceptance of Option : _____
No. of Shares in respect of which Option is offered : _____
Exercise Price per Share : S\$ _____
Total Amount Payable on Acceptance of Option : _____
(exclusive of the relevant CDP charges) S\$ _____

I have read your Letter of Offer dated _____ (the “**Offer Date**”) and agree to be bound by the terms thereof and of the Union Gas Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I hereby accept the Option to acquire _____ ordinary shares in the capital of Union Gas Holdings Limited (the “**Shares**”) at S\$ _____ per Share and enclose cash/banker’s draft/cashier’s order/postal order no. _____ for S\$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares in CDP’s name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the “**CDP charges**”).

I confirm that as at the date hereof:

- (a) I am not less than 21 years old, nor an undischarged bankrupt, nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and

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- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

APPENDIX G – RULES OF THE UNION GAS ESOS

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

- i. Option must be accepted in full or in multiples of 100 Shares.
- ii. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- iii. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

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ANNEX 3

UNION GAS EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Remuneration Committee
Union Gas Employee Share Option Scheme
c/o The Company Secretary
Union Gas Holdings Limited
25 Genting Road
#04-01 Union Energy Group Building
Singapore 349482

Total Number of ordinary shares (the “**Shares**”) at : _____
S\$_____ per Share under an option
granted on _____ (the “**Offer Date**”)

Number of Shares previously allotted and issued or : _____
transferred thereunder

Outstanding balance of Shares which may be : _____
allotted and issued or transferred thereunder

Number of Shares now to be acquired (in multiples : _____
of 100)

1. Pursuant to your Letter of Offer dated (the “**Offer Date**”) and my acceptance thereof, I hereby exercise the Option to acquire Shares in Union Gas Holdings Limited (the “**Company**”) at S\$_____ per Share.

2. I hereby request the Company to allot and issue or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my Securities Account with the CDP/Securities Sub-Account with a Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the “**CDP charges**”) and any stamp duties in respect thereof:

*(a) Direct Securities Account Number : _____

*(b) Securities Sub-Account Number : _____

Name of Depository Agent : _____

3. I enclose a cheque/cashier’s order/bank draft/postal order no. _____ for S\$ in payment for the Exercise Price of S\$_____ for the total number of the said Shares and the CDP charges of S\$_____.

4. I agree to acquire the Shares subject to the terms of the Letter of Offer, the Union Gas Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.

5. I declare that I am acquiring the Shares for myself and not as a nominee for any other person.

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PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

APPENDIX H – RULES OF THE UNION GAS PSP

RULES OF THE UNION GAS PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

- 1.1 The Plan shall be called the “Union Gas Performance Share Plan”.

2. DEFINITIONS

- 2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Adoption Date”	:	The date on which the Plan is adopted by the Company in general meeting
“Associate”	:	Shall have the meaning assigned to it in the Catalist Rules
“Associated Company”	:	A company in which at least 20% but not more than 50% of its issued shares are held by the company or the Group and over which the Company has Control
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of Shares under Rule 5
“Award Date”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Award Letter”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
“Catalist Rules”	:	The rules constituted in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The Remuneration Committee of the Company
“Company”	:	Union Gas Holdings Limited
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

APPENDIX H – RULES OF THE UNION GAS PSP

- “Controlling Shareholder”* : A person who holds directly or indirectly fifteen (15) per cent. or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this subparagraph is not a controlling shareholder); or in fact exercises Control over the Company
- “Group Executive Director”* : A director of the Company and/or any of its subsidiaries and/or any of its Associated Companies, as the case may be, who performs an executive function
- “Group”* : The Company and its subsidiaries and Associated Companies (as they may exist from time to time)
- “Group Executive”* : Any employee of the Group (including any Group Executive Director who meet the relevant criteria and who shall be regarded as a Group Executive for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4
- “Non-executive Director”* : A director of the Group, other than one who performs an executive function
- “Participant”* : A Group Executive or a Non-executive Director who has been granted an Award
- “Performance Condition”* : In relation to an Award, the condition specified on the Award Date in relation to that Award
- “Performance Period”* : The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied
- “Plan”* : The Union Gas Performance Share Plan, as the same may be modified from time to time
- “Release”* : In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and *“Released”* shall be construed accordingly

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- “Release Schedule”* : In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
- “Released Award”* : An Award which has been released in accordance with Rule 7
- “Retention Period”* : Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant
- “Shares”* : Ordinary shares in the capital of the Company
- “SGX-ST”* : The Singapore Exchange Securities Trading Limited
- “Trading Day”* : A day on which the Shares are traded on the SGX-ST
- “Vesting”* : In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and *“Vest”* and *“Vested”* shall be construed accordingly
- “Vesting Date”* : In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
- 2.2 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 2.3 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.4 Any reference in the Plan 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 the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

APPENDIX H – RULES OF THE UNION GAS PSP

3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of Group Executives and Non-executive Directors with the interests of shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world class company.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 (a) Group Executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least twelve (12) months (or in the case of any Group Executive Director, such shorter period as the Committee may determine); and

- (b) Non-executive Directors,

shall be eligible to participate in the Plan at the absolute discretion of the Committee.

- (c) Directors and employees of the Company's parent company and its Subsidiaries (other than the Company and the Company's Subsidiaries) are not entitled to participate in the Plan.

- 4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Paragraph 4.1 above shall be eligible to participate in the Plan provided that:

- (a) their participation; and

- (b) the actual or maximum number of Shares and terms of any Awards to be granted to them,

have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Plan of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Plan and the grant of Awards to them.

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5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Executives and Non-executive Directors as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort with which the Performance Condition may be achieved within the Performance Period.
- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the Performance Period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the Performance Condition;
 - (f) the Release Schedule; and
 - (g) any other condition which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived,and shall notify the Participants of such change or waiver.

APPENDIX H – RULES OF THE UNION GAS PSP

- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the Performance Period;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the Performance Condition;
 - (e) the Release Schedule; and
 - (f) any other condition which the Committee may determine in relation to that Award.
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.
- 5.8 The maximum number of Shares issuable or to be transferred by the Company pursuant to the Awards granted under the Plan, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, will be fifteen (15.0) per cent. of the Company's total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (b) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
 - (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, as the case may be;
 - (vi) (where applicable) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (c) the death of a Participant;
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding-up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

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the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

7.1.1 As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive or a Non-executive Director from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive or a Non-executive Director from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

7.1.2 Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1.1 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

7.1.3 Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

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7.2 Release of Award

Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For the purposes of this Rule 7.3, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

7.4 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen (15) per cent. of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.
- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates shall not exceed twenty-five (25) per cent. of the Shares available under the Plan.
- 8.3 The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed ten (10) per cent. of the Shares available under the Plan.
- 8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

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9. ADJUSTMENT EVENTS

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a shareholder of the Company does not receive.

9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION OF THE PLAN

10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.

APPENDIX H – RULES OF THE UNION GAS PSP

- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with: (a) the lapsing of any Awards pursuant to any provision of the Plan; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 10.5 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of dispatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;

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- (b) the definitions of “**Associated Company**”, “**Group Executive**”, “**Group Executive Director**”, “**Non-executive Director**”, “**Participant**”, “**Performance Period**” and “**Release Schedule**” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TAKE-OVER AND WINDING UP OF THE COMPANY

- 13.1 Subject to Rule 13.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Condition for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards shall not be affected by the take-over offer.
- 13.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Condition shall be entitled, notwithstanding the provisions under this Rule 13 but subject to Rule 13.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 13.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may not have been released to the Participants, shall be deemed null and void.
- 13.4 In the event of a members’ voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Condition prior to the date on which the members’ voluntary winding-up is deemed to have commenced or is effective in law.

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- 13.5 If in connection with the making of a general offer referred to in Rule 13.1 or the scheme referred to in Rule 13.2 or the winding-up referred to in Rule 13.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of the Participants, whether by the payment of cash or by any other form of benefit, no Release of Shares under the Award shall be made in such circumstances.

14. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. DURATION OF THE PLAN

- 15.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 15.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.
- 15.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

16. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

17. COSTS AND EXPENSES OF THE PLAN

- 17.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.
- 17.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

APPENDIX H – RULES OF THE UNION GAS PSP

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1.3.

19. REPORTING REQUIREMENTS

Under the Catalist Rules, an immediate announcement must be made on the Award Date and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the Award Date;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) in respect of the following Participants of the Plan:
 - (i) directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent five (5.0) per cent. or more of the aggregate of the total number of Shares available under the Plan,

APPENDIX H – RULES OF THE UNION GAS PSP

the following information:

Name of participant	Aggregate number of Shares comprised in Awards under the Union Gas PSP during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such participant since commencement of the Union Gas PSP to end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the Union Gas PSP to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review
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such other information as may be required by the Catalist Rules or the Act, provided that if any of the above requirements are not applicable, an appropriate negative statement will be included in the annual report.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders' resolution relating to the Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy for on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable (a) implementation of the Plan, and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

22. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

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APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for and/or purchase the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions set out below and in the relevant printed application forms to be used for the purpose of this Invitation and which forms part of the Offer Document (the “**Application Forms**” or, as the case may be the Electronic Applications (as defined herein)):

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks (“**ATM Electronic Applications**”) or through Internet Banking (“**IB**”) websites of the relevant Participating Banks (“**Internet Electronic Applications**”, which together with ATM Electronic Applications, shall be referred to as “**Electronic Applications**”).

Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Offer Shares. If you submit an application for Offer Shares by way of an Offer Shares Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.**

If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of an Offer Shares Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Offer Shares Application Form, you may not make any application for Placement Shares. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Joint and multiple applications for the Invitation Shares may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one (1) individual direct Securities Account with CDP, your application shall be rejected.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company and the Vendor, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance.**

Our Company and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company and the Vendor, the Sponsor and Issuer Manager, and the Underwriter and Placement Agent, as agents of our Company and the Vendor, have been authorised to accept, for and on behalf of our Company and the Vendor such other forms of application as the Sponsor and Issue Manager, and Underwriter and Placement Agent deem appropriate.

10. **Our Company and the Vendor reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment and/or allocation, which shall be at our discretion, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.**
11. **Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid applications and payment for the Invitation Shares, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Vendor. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue and/or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.**

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

12. In the event that our Company lodges a supplementary or replacement offer document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued and/or transferred, we (as well as on behalf of the Vendor) will (as required by law and subject to the SFA), at our sole and absolute discretion, either:
- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
 - (b) within seven (7) days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
 - (c) deem your application as withdrawn and cancelled and shall, within seven (7) days from the date of lodgement of the Relevant Document, return all monies paid in respect of any application, without interest or any share of revenue or benefit arising therefrom.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under Paragraph 12(a) and (b) above to withdraw your application, we (as well as on behalf of the Vendor) shall pay to you all monies paid by you on account of your application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification.

In the event that at the time of the lodgement of the Relevant Document, the Invitation Shares have already been issued and/or transferred but trading has not commenced, we (as well as on behalf of the Vendor) will (as required by law and subject to the SFA), at our sole and absolute discretion, either:

- (i) within two (2) days (excluding Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company the Invitation Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (ii) within seven (7) days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Invitation Shares which you do not wish to retain title in; or
- (iii) (A) in the case of the New Shares, deem the issue as void and refund your payments for the New Shares (without interest or any share of revenue or other benefits arising therefrom and at your own risk) within seven (7) days from the date of lodgement of the supplementary or replacement offer document; and

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- (B) in the case of Vendor Shares, deem the sale of the Vendor Shares as void, and in the case where documents to evidence title to the Vendor Shares (the “**title documents**”) have been issued to you, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform you to return the title documents within 14 Market Days from the date of lodgement of the supplementary or replacement offer document, and within seven (7) days from receipt of the title documents or the date of lodgement of the supplementary or replacement offer document, whichever is the later, refund your payments for the Vendor Shares (without interest or any share of revenue or other benefits arising therefrom and at your own risk),

and you shall not have any claim against our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Any applicant who wishes to exercise his option under paragraph 12(i) and (ii) above to return the Invitation Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Invitation Shares, whereupon we (as well as on behalf of the Vendor) shall, subject to compliance with applicable laws and the Constitution of our Company, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Invitation Shares issued and/or transferred to him shall be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allotted and/or allocated to you, may be found in such Relevant Document.

13. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendor after consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent and approved by the SGX-ST.

In all the above instances, the basis of allotment and/or allocation of the Invitation Shares as may be decided by our Company and the Vendor in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable via an announcement through the SGX-ST and through an advertisement in a local English newspaper.

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14. You (i) consent to the collection, use and disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar and Share Transfer Agent, Securities Clearing & Computer Services (Pte) Ltd (“**SCCS**”), SGX-ST, CDP, the Participating Banks, our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Invitation Shares; (ii) consent that the Relevant Persons may disclose or share Personal Data with third parties who provide necessary services to the Relevant Persons, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Persons may transfer your personal data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Invitation Shares; and (iv) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the consent of the beneficial owners to paragraphs (i), (ii) and (iii) and that any disclosure of Personal Data to our Company is in compliance with applicable law (collectively, the “**Personal Data Privacy Terms**”). Where any Personal Data is transferred to a country or territory outside of Singapore, the Relevant Persons will ensure that the recipient of the Personal Data provides a standard of protection that is comparable to the protection which Personal Data enjoys under the laws of Singapore, and where these countries or territories do not have personal data protection laws which are comparable to that in Singapore, the Relevant Persons will enter into legally enforceable agreements with the recipients to ensure that they protect the Personal Data to the same standard as required under the laws of Singapore. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted and/or allocated to you pursuant to your application, to us, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. None of our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the Participating Banks or CDP shall be liable for any delays, failures, or inaccuracies in the recording, storage, transmission or delivery of data relating to Electronic Applications.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agent by way of a Placement Shares Application Form.
16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that

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you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;

- (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to our Company and the Vendor upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Vendor in determining whether to accept your application and/or whether to allot and/or allocate any Invitation Shares to you; and
 - (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendor being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares (including the Vendor Shares) and the New Shares on Catalist;
 - (b) the Management and Sponsorship Agreement and the Underwriting and Placement Agreement referred to in the section entitled “Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the SGX-ST, acting as agent on behalf of the Authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted and/or allocated or issued and/or transferred.
18. In the event that a Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority or other competent authority, and
- (a) in the case where the Invitation Shares have not been issued and/or transferred, all applications shall be deemed to have been withdrawn and cancelled and our Company (as well as on behalf of the Vendor) shall refund all monies paid on account of your application of the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days of the date of the Stop Order; or
 - (b) in the case where the Invitation Shares have already been issued and/or transferred but trading has not commenced, the issue and/or transfer of the Invitation Shares shall be

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deemed to be void and our Company (as well as on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, refund all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk).

This shall not apply where only an interim Stop Order has been served.

19. In the event that an interim Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, no Invitation Shares shall be issued and/or transferred to you during the time when the interim Stop Order is in force.
20. The SGX-ST, acting as agent on behalf of the Authority or other competent authority, is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued and/or transferred, listed on a securities exchange and trading in the Invitation Shares has commenced. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com> and through a paid advertisement in a local English newspaper.
21. Our Company and the Vendor will not hold any application in reserve.
22. Our Company and the Vendor will not allot and/or allocate Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
23. Additional terms and conditions for applications by way of Application Forms are set out on pages I-8 to I-13 of this Offer Document.
24. Additional terms and conditions for applications by way of Electronic Applications are set out on pages I-13 to I-24 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document, as well as the Constitution of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Forms and **WHITE** envelopes “A” and “B” for Offer Shares, or the **BLUE** Application Forms for Placement Shares, accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendor, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application**

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Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. (50.0%) of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. (50.0%) of the issued share capital of or interests in such corporation.
7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a

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BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**UNION GAS SHARE ISSUE ACCOUNT**" crossed "A/C PAYEE ONLY", and with your name and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company, the Vendor, the Sponsor and Issue Manager, or the Underwriter and Placement Agent for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us (as well as on behalf of the Vendor) following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of the Participating Banks, our Company, our Directors, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or any other party involved in the Invitation, and if, in any such event, our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Application Form, you shall have no claim whatsoever against our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the relevant Participating Bank and/or any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 19 July 2017** or such other time or date as our Company and the Vendor may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide and by completing and delivering the Application Form:
 - (i) your application is irrevocable; and

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- (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) neither our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company and the Vendor decide to allot and/or allocate a smaller number of Invitation Shares or not to allot and/or allocate any Invitation Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope “A” provided;

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- (b) in the appropriate spaces on **WHITE** official envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) Seal the **WHITE** official envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **UNION GAS HOLDINGS LIMITED c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to **UNION GAS HOLDINGS LIMITED c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 19 July 2017 or such other time as our Company and the Vendor may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

- 1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- 2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **UNION GAS HOLDINGS LIMITED c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 19 July 2017 or such other time as our Company and the Vendor may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

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3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of the UOB Group are set out respectively in the “Steps for an ATM Electronic Application through ATMs of the UOB Group” and the “Steps for an Internet Electronic Application through the IB website of the UOB Group” (collectively, the “**Steps**”) appearing below.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

Applicants applying for the Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one (1) of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one (1) Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

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You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document as well as the Constitution of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) **that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the “Relevant Particulars”) with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent or other authorised operators (the “Relevant Parties”); and**
 - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three (3) statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE (1) ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN

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APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application at the ATM or the IB website of the relevant Participating Bank, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted and/or allocated to you in respect of your Electronic Application.

In the event that our Company and the Vendor decide to allot and/or allocate any lesser number of such Offer Shares or not to allot and/or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted and/or allocated to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of the Offer Shares that may be allotted and/or allocated to you.

5. **Our Company and the Vendor will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

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Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted and/or allocated to you before trading the Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment and/or allocation through a SGXNET announcement to be posted on the Internet at the SGX-ST's website at <http://www.sgx.com> and by advertisement in a local English newspaper). To sign up for the service, you may contact CDP's customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Vendor, the Sponsor and Issue Manager nor the Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
UOB Group	1 800 222 2121	ATM (Other Transactions – "IPO Results Enquiry")/Phone Banking/Internet Banking http://www.uobgroup.com ⁽¹⁾	24 hours a day	Evening of the balloting day
DBS Bank	1 800 339 6666 (for POSB account holders) 1 800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Phone Banking/ Internet Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, ATMs of the UOB Group or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the IB website or mBanking interface of DBS Bank, you may check the results of your application through the channel listed above.
- (3) If you have made your Electronic Application through the ATMs or the IB website of OCBC, you may check the results of your application through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.

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7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendor, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, and if, in any such event, our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.
8. **Electronic Applications shall close at 12.00 noon on 19 July 2017 or such other time as our Company and the Vendor may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent decide.** Subject to the paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank, that is, when there is an on-screen confirmation of the application.
9. You are deemed to have irrevocably requested and authorised our Company to:
 - (a) register the Offer Shares allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) at your own risk the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) at your own risk the balance of the application, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic**

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Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and/or allocation and other correspondence from the CDP will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendor, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
 - (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
 - (g) you irrevocably agree and undertake to subscribe for and/or purchase the number of Invitation Shares applied for as stated in your Electronic Application or any smaller number of such Invitation Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company and the Vendor decide to allot and/or allocate a smaller number of Invitation Shares or not to allot and/or allocate any Invitation Shares to you, you agree to accept such decision as final.

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Steps for Electronic Applications through the ATMs and the IB website of the UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of the UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens of the relevant Participating Banks (other than the UOB Group) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of the UOB Group

Owing to space constraints on the UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	THE CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO"	:	NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"YR"	:	YOUR
Step 1	:	Insert your personal Unocard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
2	:	Select "CASHCARD/OTHER TRANSACTIONS".
3	:	Select "SECURITIES APPLICATION".
4	:	Select "ESA-Fixed".

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5 : Select the share counter which you wish to apply for.

6 : Read and understand the following statements which will appear on the screen:

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT.**

YOU AGREE THAT THIS TRANSACTION IS ENTERED INTO TOTALLY ON YOUR OWN ACCORD AND THE AVAILABILITY OF THIS APPLICATION SERVICE SHALL NOT BE CONSTRUED AS A RECOMMENDATION OR ADVICE FROM UOB TO ENTER INTO THIS TRANSACTION. YOU MAY WISH TO SEEK PRIOR ADVICE FROM A QUALIFIED ADVISER AS TO THE TRANSACTION SUITABILITY.

(Press “ENTER” to continue)

- **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT. WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE AND/OR SGX WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT.**

(Press “ENTER” to continue)

7 : Read and understand the following statements which will appear on the screen:

- **YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT AND THIS ELECTRONIC APPLICATION.**

(Press “ENTER” to continue)

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- **YOU CONSENT TO DISCLOSE YOUR NAME, IC/PASSPORT, NATIONALITY, ADDRESS, APPLICATION AMOUNT, CPF INVESTMENT ACCOUNT NUMBER AND CDP ACCOUNT NUMBER FROM YOUR ACCOUNTS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S).**

THIS IS YOUR ONLY FIXED PRICE APPLICATION AND IS IN YOUR NAME AND AT YOUR RISK.

(Press “ENTER” to confirm)

- 8 : Screen will display:

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC NO./PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press “CANCEL” or “CONFIRM”)

- 9 : Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT/I-ACCOUNT/CAMPUS” OR “SAVINGS ACCOUNT/TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

- 10 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of the UOB Group). If this is the first time you are using the UOB Group’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of the UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.

- 11 : Read and understand the following terms which will appear on the screen:

1. YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO/SECURITIES APPLICATION.

THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.

2. DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR THIRD PARTIES.

3. PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) AND PRESS ENTER.

If you wish to terminate the transaction, please press “CANCEL”.

- 12 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.

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- 13 : Select your nationality status.
- 14 : Key in the number of Shares you wish to apply for and press the “ENTER” key.
- 15 : Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.
- 16 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of the UOB Group

Owing to space constraints on the UOB Group’s IB website screens, the following terms will appear in abbreviated form:

- “CDP” : The Central Depository (Pte) Limited
- “CPF” : The Central Provident Fund
- “NRIC” or “I/C” : National Registration Identity Card
- “PR” : Permanent Resident
- “SGD” or “S\$” : Singapore Dollars
- “SCCS” : Securities Clearing & Computer Services (Pte) Ltd
- “SGX-ST” : Singapore Exchange Securities Trading Limited

- Step 1 : Connect to the UOB Group website at <http://www.uobgroup.com>.
- 2 : Locate the UOB Online Services Login icon on the top right hand side next to “Internet Banking”.
- 3 : Click on UOB Online Services Login and at drop list select “UOB Personal Internet Banking”.
- 4 : Enter your Username and Password and click “Submit”.
- 5 : Click on “Proceed” under the Full Access Mode.
- 6 : You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click “Proceed”.
- 7 : Click on “Investment”, followed by “Securities”, followed by “Add”.
- 8 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.

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- 9 : Click “Proceed”.
- 10 : Select your country of residence (you must be residing in Singapore to apply), and click “Continue”.
- 11 : Select the “Securities Counter” from the drop list (if there are concurrent IPOs) and click “Submit”.
- 12 : Check the “Securities Counter”, select the mode of payment and account number to debit and click on “Submit”.
- 13 : Read the important instructions and click on “Continue” to confirm that:
1. **You have read, understood and agreed to all the terms of this application and Prospectus/Offer Document or Supplementary Document.**
 2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC/passport number, CDP Securities Account Number, CPF investment account number, application details and other personal data and disclosing the same from our records to CDP, CPF, SCCS, share registrars, SGX-ST & Issuer/Vendor(s), the Sponsor, Issue Manager, Underwriter and Placement Agent.**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price securities application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank’s exchange rate, or application monies may be debited and refunds credited in S\$ at the same exchange rate.**
 6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 14 : Check your personal details, details of the share counter you wish to apply for and account to debit.
- Select (a) Nationality;
- Enter (b) your CDP securities account number; and
- (c) the number of shares applied for.

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- 15 : Check the details of your application, your NRIC/Passport number, CDP Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit.
- 16 : Click “Submit”, “Clear” or “Home” as applicable.
- 17 : Print the Confirmation Screen (optional) for your own reference and retention only.

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UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 3 October 2016)
(Company Registration Number: 201626970Z)

25 Genting Road
#04-01 Union Energy Group Building
Singapore 349482