



UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 3 October 2016)

(Company Registration No: 201626970Z)

INVITATION IN RESPECT OF 60,000,000 INVITATION SHARES IN UNION GAS HOLDINGS LIMITED COMPRISING 30,000,000 NEW SHARES AND 30,000,000 VENDOR SHARES, AS FOLLOWS: (A) 1,280,000 INVITATION SHARES BY WAY OF PUBLIC OFFER (“OFFER SHARES”); AND 58,720,000 INVITATION SHARES BY WAY OF PLACEMENT (“PLACEMENT SHARES”), AT S\$0.25 FOR EACH INVITATION SHARE, PAYABLE IN FULL ON APPLICATION (THE “INVITATION”)

Prior to making a decision to subscribe for and/or purchase the Invitation Shares, you should carefully consider all the information contained in the offer document dated 13 July 2017 issued by Union Gas Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) in respect of the Invitation (the “Offer Document”). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Invitation Shares, you should consult your legal, financial, tax or other professional adviser(s).

This Product Highlights Sheet¹ is an important document.

- **It highlights the key information and risks relating to the Invitation contained in the Offer Document. It complements the Offer Document².**
- **You should not subscribe for and/or purchase the Invitation Shares if you do not understand the nature of this investment in our ordinary shares, our business or are not comfortable with the accompanying risks.**
- **If you wish to subscribe for and/or purchase the Invitation Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.**

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities in the Company, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Product Highlights Sheet shall be read in conjunction with the Offer Document.

The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for and/or purchase any securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

² The Offer Document, registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 13 July 2017, 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, or accessible at the SGX-ST’s website: <http://www.sgx.com>.

| | | | |
|-----------------------------------|---|---|--|
| Issuer | Union Gas Holdings Limited | Place of incorporation | Singapore |
| Details of this Invitation | Total number of Invitation Shares which are the subject of the Invitation – 60,000,000 Offer – 1,280,000 Offer Shares Placement – 58,720,000 Placement Shares | Total amount to be raised in this Invitation | <ul style="list-style-type: none"> Gross proceeds of approximately S\$7.50 million and net proceeds of approximately S\$5.72 million from the issue of the New Shares Gross proceeds of approximately S\$7.50 million and net proceeds of approximately S\$7.28 million from the sale of the Vendor Shares |
| Invitation Price | S\$0.25 for each Invitation Share | Listing status of Issuer and the Securities | An application has been made 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 Shares are expected to be listed on 21 July 2017. |
| Sponsor and Issue Manager | CIMB Bank Berhad, Singapore Branch | Underwriter and Placement Agent | CIMB Securities (Singapore) Pte. Ltd. |

OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

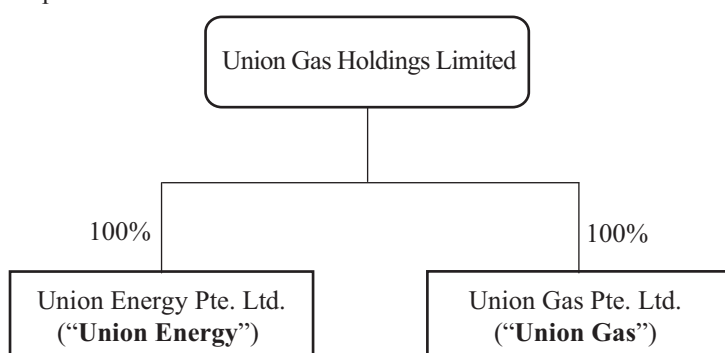
We are an established provider of fuel products in Singapore with over 40 years of operating track record. Currently, our business can be categorised into the following three (3) segments:

- 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 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”.

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



Refer to “*General Information On Our Group – History and Development*” on page 111 and “*General Information On Our Group – Our Business*” on pages 112 to 113 of the Offer Document for more information on our background and business.

Refer to “*Group Structure*” on page 74 of the Offer Document for our Group structure.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

DIRECTORS

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.

Alexis Teo is our Executive Director and Chief Executive Officer. 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.

Loo Hock Leong is our Lead Independent Director. Mr. Loo brings with him more than 20 years of extensive banking and corporate experience. Mr. Loo has been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT for the past 8 years since January 2009.

Lim Chwee Kim is our Independent Director. Mr. Lim was the founder and Chief Executive Officer of RichLand Group Limited where his primary responsibility was to formulate business strategies to chart the future growth of the group.

Heng Chye Kiou is our Independent Director. He previously served as the executive director and Chief Executive Officer of VICOM Ltd for 17 years before retiring on 30 April 2012.

EXECUTIVE OFFICERS

Sylvia Lio is our Chief Financial Officer. She is responsible for overseeing all finance and accounting functions of our Group, including treasury, taxation, budgetary controls and systems.

Sie Kok Khiam is our Senior Manager (LPG). He is responsible for managing various sales managers and formulating strategies to improve the sales of bottled LPG cylinders in their respective territories.

Refer to “*Directors, Executive Officers and Employees – Directors*” on pages 189 to 194 and “*Directors, Executive Officers and Employees – Executive Officers*” on pages 194 to 195 of the Offer Document for more information on our Directors and Executive Officers.

WHO IS OUR CONTROLLING SHAREHOLDER?

Our Controlling Shareholder is Mr. Teo Kiang Ang, our Non-executive Chairman and the founder of our Group.

Immediately before the Invitation, Mr. Teo Kiang Ang held 100% of our Company's total pre-Invitation share capital.

Immediately after the Invitation, Mr. Teo Kiang Ang is expected to hold 70% of our Company's total post-Invitation share capital. Accordingly, Mr. Teo Kiang Ang will remain as a Controlling Shareholder after the Invitation.

Refer to “*Shareholders*” on pages 66 to 67 of the Offer Document for more information on our Controlling Shareholder.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

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

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

Refer to “*Management's Discussion and Analysis of Results of Operations and Financial Position*” on pages 82 to 107 of the Offer Document for more information on our financial performance and position.

Selected Items from the Combined Statements of Cash Flows

| S\$'000 | ← Audited → | | | Unaudited Pro Forma FY2016 |
|--|-------------|---------|---------|----------------------------------|
| | FY2014 | FY2015 | 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 |

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

| S\$'000 | Audited | Unaudited |
|--------------------------------------|------------------------|--|
| | as at 31 December 2016 | Pro Forma ⁽³⁾ 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) ⁽⁴⁾ | 5.46 | 6.73 |

Notes:

- (1) The basic EPS for FY2014, FY2015 and FY2016 is calculated based on the profit, net of tax for the financial year and our pre-Invitation share capital of 170,000,00 Shares.
- (2) The adjusted EPS for FY2014, FY2015 and FY2016 is calculated based on the profit, net of tax for the financial year and our post-Invitation share capital of 200,000,000 Shares.
- (3) 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.
- (4) The NAV per Share as at 31 December 2016 has been computed based on our pre-Invitation share capital of 170,000,000 Shares.

The most significant factors contributing to our financial performance in FY2016 were as follows:

- 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.
- 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.

- 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 High Sulfur Fuel Oil prices; and (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.
- 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.
- 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.
- Our profit before income tax increased by approximately S\$1.02 million or 27.3% from S\$3.73 million in FY2015 to S\$4.75 million in FY2016. The increase in profit before income tax was mainly due to an increase in gross profit of approximately S\$1.34 million and a decrease in other losses of approximately S\$0.16 million, partially offset by a decrease in other income of approximately S\$0.22 million and an increase in administrative expenses of approximately S\$0.22 million.
- In FY2016, our net cash flows from operating activities amounted to approximately S\$4.48 million due to operating cash flows before changes in working capital of approximately S\$5.85 million, adjusted for net cash outflow from working capital changes of approximately S\$0.58 million and income tax paid of approximately S\$0.79 million.
- As at 31 December 2016, equity attributable to owners of our Company, which comprised share capital, retained earnings and merger reserve, amounted to approximately S\$9.29 million.

The above factors are not the only factors contributing to our financial performance in FY2014, FY2015 and FY2016. Please refer to the other factors set out in “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 82 to 107 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

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 through the acquisition of local existing dealers of bottled LPG cylinders and leveraging on their customer base. 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.

Refer to “*General Information on Our Group – Business Strategies and Future Plans*” on pages 134 to 135 of the Offer Document for more information on our business strategies and future plans.

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 Energy Market Authority of Singapore 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.

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.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

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; 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.

Refer to “*General Information on Our Group – Prospects*” on pages 132 to 133, “*General Information on Our Group – Trend Information*” on page 133 and “*Business Strategies and Future Plans*” on pages 134 to 135 of the Offer Document for more information on our business and financial prospects.

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.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in “Risk Factors” on pages 39 to 55, “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 82 to 107, “General Information on Our Group – Prospects” on pages 132 to 133, “General Information on Our Group – Trend Information” on page 133 and “General Information on Our Group – Business Strategies and Future Plans” on pages 134 to 135 of the Offer Document.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and financial results, and your investment in our Shares.

Refer to “Risk Factors” on pages 39 to 55 of the Offer Document for more information on risk factors.

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

We currently purchase all of our bottled LPG cylinders from the UEC Group and 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. 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. 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

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 compared to the prior year and this may affect our gross margins and results of operations.

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

The number of NGVs in Singapore has been decreasing. 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 Trans-cab Holdings Ltd. and its subsidiaries who operate CNG-powered taxis. The population of CNG-powered taxis has been declining. 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. 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.

Technological advances may slow the need to diversify fuels and affect the growth of the NGV market. In addition, alternative fuels in 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. Any measures 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.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and financial results, and ownership of our Shares. Please refer to “Risk Factors” on pages 39 to 55 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to subscribe for and/or purchase the Invitation Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As at the date of the Offer Document, the issued and paid-up share capital of our Company is S\$10,000,000 comprising 170,000,000 Shares.

We have only one (1) class of shares, being ordinary shares. The New Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares (including the Vendor Shares). All dividends are paid *pro-rata* amongst our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. 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.

Refer to “Share Capital” on pages 62 to 65 and “Description of Ordinary Shares” on pages D-1 to D-6 of the Offer Document for more information on the Invitation Shares.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds attributed 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 |

Refer to "Use of Proceeds and Listing Expenses" on pages 56 to 57 of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

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 certain factors, including but not limited to, the level of our cash and retained earnings, our actual and projected financial performance, our projected levels of capital expenditure and other investment plans, our working capital requirements and general financing condition, and restrictions on payment of dividends imposed on us by our financing arrangements (if any).

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.

Refer to "Dividend Policy" on page 61 of the Offer Document for further details on our dividend policy.

DEFINITIONS

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|--------------------------------------|---|
| <i>“50 Old Toh Tuck Road”</i> | : 50 Old Toh Tuck Road, Singapore 597657 |
| <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>“CNG”</i> | : Compressed natural gas |
| <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>“Directors”</i> | : The directors of our Company as at the date of the Offer Document, unless otherwise stated |
| <i>“EPS”</i> | : Earnings per Share |
| <i>“FY”</i> | : Financial year ended or ending 31 December, as the case may be |
| <i>“HY”</i> | : Half year ended or ending 30 June, as the case may be |
| <i>“Latest Practicable Date”</i> | : 15 June 2017, being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore |
| <i>“LPG”</i> | : Liquefied petroleum gas |
| <i>“NAV”</i> | : Net asset value |
| <i>“NGV”</i> | : Natural gas vehicle, a vehicle that operates on CNG or CNG and petrol |
| <i>“Period under Review”</i> | : The period which comprises FY2014, FY2015 and FY2016 |
| <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>“SGX-ST”</i> | : Singapore Exchange Securities Trading Limited |
| <i>“Shares”</i> | : Ordinary share(s) in the capital of our Company |
| <i>“UEC”</i> | : Union Energy Corporation Pte. Ltd. (formerly known as “Union Gas Supply Pte. Ltd.”) |
| <i>“UEC Group”</i> | : UEC and its subsidiaries |
| <i>“UEC Group Premium”</i> | : The mark-up on bottled LPG cylinders charged by Summit Gas Systems Pte. Ltd., a wholly-owned subsidiary of UEC, which takes into account various commercial factors |
| <i>“Vendor”</i> | : Mr. Teo Kiang Ang |

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

HOW DO YOU CONTACT US?

The Company

Union Gas Holdings Limited

Address : 25 Genting Road, #04-01 Union Energy Group Building, Singapore 349482

Telephone : +65 6316 6666

Website : <http://www.uniongas.com.sg>

Information contained in our website does not constitute part of the Offer Document.

Sponsor and Issue Manager

CIMB Bank Berhad, Singapore Branch

Address : 50 Raffles Place

#09-01 Singapore Land Tower

Singapore 048623

Telephone : +65 6337 5115

Underwriter and Placement Agent

CIMB Securities (Singapore) Pte. Ltd.

Address : 50 Raffles Place

#16-02 Singapore Land Tower

Singapore 048623

Telephone : +65 6538 9889