

**RH PETROGAS LIMITED**  
(the "Company")  
(Incorporated in Singapore)  
(Company Registration Number: 198701138Z)

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**SALE AND PURCHASE AGREEMENT IN RESPECT OF THE LEASEHOLD LAND AND FACTORY BUILDING IN PENANG, MALAYSIA**

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The Board of Directors of RH Petrogas Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Trim Technologies (M) Sdn Bhd ("**TRIM**"), entered into a Sale and Purchase Agreement ("SPA") on 4 May 2010 with Pan-International Wire & Cable (Malaysia) Sdn Bhd ("**Purchaser**") for the proposed disposal of the leasehold land known as PT 3245, Mukim 1 held under HSD 31801, Daerah Seberang Perai Tengah, Pulau Pinang together with a single storey detached factory building erected on it bearing postal address Plot 16, Lorong Jelawat 1, Seberang Jaya Industrial Park, 13700 Prai, Penang, Malaysia, ("land and factory building") for an aggregate consideration of RM8,150,000 (the "**Disposal**").

**1. ASSETS SOLD UNDER THE SPA**

The assets sold are land and factory building which was previously used by TRIM for assembling of printed circuit boards and related accessories and box build services.

TRIM is a subsidiary of the Company, whose issued and paid up share capital is currently owned by the Company. Its principal business is the assembly of printed circuit boards and related accessories. TRIM ceased operations on 31 December 2008 and has remained dormant since then.

**2. PURCHASE CONSIDERATION**

The purchase consideration of RM8,150,000 is to be paid by the Purchaser in the following manner:

- (a) 10% of the purchase consideration being deposit to be paid to TRIM's solicitors upon execution of the SPA; and
- (b) The balance purchase price or any part thereof to TRIM's bankers (if applicable) to redeem the land and factory building and remainder to TRIM's solicitors to be dealt with in accordance with the terms and conditions of the SPA.

The outstanding sum shall be held by TRIM's solicitors as stakeholders to be used in connection with the completion of the Disposal on or before the expiry of 90 days from the date of the SPA which is conditional upon paragraph 3(i) and (ii).

The purchase consideration was arrived on a willing-buyer and willing-seller basis having regard to the net book value of the land and factory building which as at 31 December 2009, was approximately RM7,377,000.

### **3. MATERIAL TERMS**

The completion of the Disposal is conditional upon the following conditions of disposal:

- (a) that the land and factory building are free from all encumbrances whatsoever;
- (b) subject to any express conditions of title and restrictions in interest endorsed on the register document of title to the land and factory building;
- (c) the existing category of land use and any restrictions conditions affecting the land and factory building;
- (d) that save and except for the furniture and fittings listed in the SPA which does not form part of the sale and purchase of the land and factory building and the relocation of the perimeter fencing, the fire hydrant and all water supply piping mentioned in Section B(e) of Schedule 1 to the SPA, on an "as is where is" basis;
- (e) the land and factory building are delivered vacant possession;
- (f) subject to TRIM relocating the perimeter fencing, the fire hydrant and all water supply piping mentioned in Section B(e) of Schedule 1 to the SPA at its own costs and expense prior to the completion date; and
- (g) subject to the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the sale of the land and factory building upon the terms and conditions in the SPA, if required.

The other material terms of the SPA are as follows:-

- (i) TRIM at its own cost and expense shall immediately upon execution of the SPA to apply and obtain the relevant state authority's written consent for the disposal and transfer of the land and factory building to the Purchaser within six (6) months from the date of the SPA or such other extension of time as may be mutually agreed upon by both parties; and
- (ii) the actual land area of the land and factory building as per the original issue document of title to the land and factory building being ascertained within one (1) month from the date of the SPA.

### **4. RATIONALE**

On 30 September 2008, the Group announced the closure of its manufacturing operations in Penang, Malaysia. After assessing and evaluating the current market conditions of the electronics business, the Board of the Company was of the view that it was no longer viable to maintain a separate manufacturing facility in Penang. The Group had decided to dispose the majority of its assets to fund the closure of its Penang plant.

At 31 December 2008, all its plant and equipment were written down to net realisable values. The leasehold vacant land was recognised at fair value determined by reference to open market values on an existing use basis, while the leasehold land and factory building was determined by reference to the forced disposal value based on a valuation performed by an accredited independent valuer, Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. on 26 September 2008. The other assets were fully impaired.

Subsequent to the Disposal, the Company will continue to explore other suitable investment, business, merger and acquisition opportunities and will make the necessary announcement to appraise shareholders of any development in due course.

## 5. USE OF PROCEEDS

In the event that the Disposal proceeds to completion, TRIM will receive net proceeds of approximately RM7,882,000 from the Disposal. The net proceeds from the Disposal will be first applied towards payment of any redemption in respect of any charge or encumbrance over the land and factory. The remainder is intended to be used as working capital for the Group to fund the existing operations.

## 6. NET PROFIT ATTRIBUTABLE TO ASSETS SOLD

Assuming that the Disposal had been completed on 31 December 2009 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2009, the gain on the Disposal is approximately S\$332,000 and the net profit attributable to the assets sold is approximately S\$217,000 for the land and factory building.

## 7. FINANCIAL EFFECTS OF THE DISPOSAL

### (a) Net Asset Value ("NAV") and Net Tangible Assets ("NTA")

Assuming that the Disposal had been completed on 31 December 2009 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2009, the financial effects of the Disposal on the audited consolidated NAV and NTA of the Group for the financial year ended 31 December 2009 would be as follows:

As at 31 December 2009	Before Disposal	After Disposal
NAV (S\$'000)	138,598	138,815
NAV per share (cents)	30.41	30.45
NTA (S\$'000)	22,464	22,681
NTA per share (cents)	4.93	4.98

The above computation is based on the issued share capital of 455,821,443 as at 31 December 2009.

### (b) Loss Per Share

Assuming that the Disposal had been completed on 1 January 2009 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2009, the financial impact on the audited consolidated losses of the Group would be as follows:

For the year ended 31 December 2009	Before Disposal	After Disposal
Loss after tax (\$'000)	4,570	4,353
Loss per share (cents)	1.35	1.29

The above computation is based on the weighted average number of ordinary shares of 337,505,005 as at 31 December 2009.

## 8. RELATIVE FIGURES OF THE DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2009, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

1006 (a)	Net Asset Value Test	Based on the audited financial statements of the Group for the year ended 31 December 2009, the net asset value of the assets sold being approximately S\$3,166,000 represents approximately 2.28% of the Group's net asset value of approximately S\$138,598,000.
1006 (b)	Profits Test	The net profits attributable to the assets sold is approximately S\$217,000. The Group's audited net loss for the year ended 31 December 2009 was S\$4,570,000. As such, a comparison is not meaningful.
1006 (c)	Consideration Test	The Consideration of RM8,150,000 (approximately equivalent to S\$3,498,000 based on an exchange rate of S\$1.00 : RM2.33) represents approximately 1.27% of the Company's market capitalisation of approximately S\$275,771,973 as at 3 May 2010 (the market day preceding the date the SPA is executed).
1006 (d)	Equity Securities Test	Not applicable.

As the relative figures under Rule 1006 of the Listing Manual as computed above does not exceed 20%, the Disposal does not constitute a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Disposal will not be subject to the approval of the Shareholders.

## 9. Interest of Directors and Controlling Shareholders

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Disposal. None of the Directors or substantial shareholders of the Company is related to the Purchaser.

## 10. Documents for Inspection

A copy of the SPA is available for inspection at the Company's registered office at Blk 19 Kallang Avenue #06-163 Singapore 339410 for three months from the date of this Announcement.

BY ORDER OF THE BOARD

Tan Sri Datuk Sir Tiong Hiew King  
Executive Chairman  
4 May 2010