

RH PETROGAS LIMITED

(Company Registration No.: 198701138Z)

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

The Board of Directors of RH Petrogas Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to its announcement issued on 21 October 2016 (SGXNET Announcement No. SG161021OTHROGPG, the “**21 October Announcement**”) and wishes to provide an update on additional loans extended and expected to be extended by the Group to RHP (Mukah) Pte. Ltd. (“**RHP (Mukah)**”) for the financial year ending 31 December 2018, which constitute interested person transactions under Chapter 9 of the Listing Manual (“**Listing Manual**”) of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

As explained in the 21 October Announcement, RHP (Mukah) is a joint venture subsidiary of the Company. The Company holds a 51% equity interest in RHP (Mukah) through its wholly owned subsidiary RH Petrogas Investments Pte. Ltd. (“**RHPI**”) and the remaining 49% equity interest is held by Tumbuh Tiasa Enterprises Sdn. Bhd. (“**TTE**”), an associate of Tan Sri Datuk Sir Tiong Hiew King and Dato’ Sri Dr Tiong Ik King who are directors and controlling shareholders of the Company (the “**Controlling Shareholders**”). As the Controlling Shareholders are deemed to have a 49% equity interest in RHP (Mukah) (through their interests in TTE), RHP (Mukah) would also constitute an associate of the Controlling Shareholders and accordingly, an interested person in relation to the Company, for the purposes of Chapter 9 of the Listing Manual.

RHP (Mukah) is the operator of and holds an 80% working interest in the SK331 Production Sharing Contract (the “**SK331 PSC**”), onshore Sarawak, Malaysia. The operational and capital expenditure requirements of RHP (Mukah) including the exploration and evaluation activities of the SK331 block, are funded through interest-free shareholder loans by each of TTE (the “**TTE Loans**”) and RHPI (the “**RHPI Loans**”) in proportion to their equity interest in RHP (Mukah) pursuant to the shareholders’ agreement between RHPI, TTE and RHP (Mukah) (the “**Shareholders’ Agreement**”).

The TTE Loans were on an interest-free basis and therefore are not subject to the announcement or shareholder approval requirements under Rules 905 and 906 respectively of the Listing Manual. Notwithstanding that the RHPI Loans were on an interest free basis, pursuant to Rule 909 of the Listing Manual, the value at risk arising from the RHPI Loans would be the aggregate principal amount of the RHPI Loans.

As announced on 7 October 2016 (SGXNET Announcement No. SG161007OTHR39JX), the SGX-ST has granted approval to the Company to use the Company’s market capitalisation as at the previous financial year end instead of the Group’s consolidated net tangible assets (“**NTA**”) as the basis for computing the materiality thresholds in respect of Rules 905 and 906 of the Listing Manual, for so long as the Group’s NTA or net asset value (“**NAV**”) remains negative. The Group’s NTA and NAV are currently negative.

As explained in the 21 October Announcement, (i) RHPI intends to continue to provide RHPI Loans to RHP (Mukah) pursuant to the terms of the Shareholders' Agreement, on terms and conditions which are similar to those RHPI Loans which had been disclosed in the 21 October Announcement; (ii) the Company will announce any RHPI Loan which alone or which causes the aggregate value of all interested person transactions to amount to or exceed 3% of the Company's market capitalisation; and (iii) in respect of any RHPI Loan which alone or which causes the aggregate value of all interested person transactions to amount to or exceed 5% of the Company's market capitalisation, the Company intends to continue to rely on the exception under Rule 916(3) of the Listing Manual from the requirement to seek shareholders' approval.

RATIONALE AND DETAILS OF THE ADDITIONAL LOANS

Pursuant to the approvals received in April and September 2018, Petroliam Nasional Berhad ("**PETRONAS**") has granted RHP (Mukah) approval for a further two (2) year extension to the exploration period for the SK331 PSC until 5 December 2019, subject to the fulfillment of certain terms and conditions ("**Extension Conditions**"), including:

- (i) conversion of outstanding work commitment to drill one (1) exploration well into a new 2D seismic acquisition and processing program commitment;
- (ii) partial relinquishment of the existing block acreage by 3,291 km² (constituting approximately 28% of the block's original/existing acreage); and
- (iii) extension of the validity of the existing Banker's Guarantee to 5 December 2019 to reflect the exploration extension period.

To enable RHP (Mukah) to fulfill the Extension Conditions, RHPI and TTE have been required to continue to extend to RHP (Mukah) additional interest-free shareholder loans in proportion to their equity interest in RHP (Mukah).

The aggregate value of all interested person transactions (excluding transactions which are less than S\$100,000) with the Controlling Shareholders and their associates for the period from 1 January 2018 to 30 September 2018 is approximately US\$1,389,000, comprising the aggregate principal amount of all the RHPI Loans extended to RHP (Mukah) for the period from 1 January 2018 to 30 September 2018. There are no other interested person transactions (excluding transactions which are less than S\$100,000) for the period from 1 January 2018 to 30 September 2018. This sum has exceeded 3% of the Company's market capitalisation as at 31 December 2017 and represents approximately 3.24% of the Company's market capitalisation as at 31 December 2017.

Based on the current estimation and assumptions and for the purposes of Rules 905 and 906 of the Listing Manual, the aggregate value of all interested person transactions (excluding transactions which are less than S\$100,000) with the Controlling Shareholders and their associates for the financial year ending 31 December 2018 (comprising the aggregate principal amount of all the RHPI Loans expected to be extended to RHP (Mukah) for the financial year ending 31 December 2018) is estimated to be approximately US\$3,749,000. There are no other interested person transactions (excluding transactions which are less than S\$100,000) expected for the financial year ending 31 December 2018. This sum is expected to exceed 5% of the Company's market capitalisation as at 31 December 2017. As explained, the Company intends to continue to rely on the exception under Rule 916(3) of the Listing Manual from the requirement to seek shareholders' approval.

AUDIT COMMITTEE'S STATEMENTS

In accordance with Rule 916(3) of the Listing Manual, the Audit Committee of the Company has reviewed the RHPI Loans and is of the view that:

- (a) the provision of such loans is not prejudicial to the interests of the Company and its minority shareholders; and
- (b) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
28 September 2018