

**RH PETROGAS LIMITED**  
(Company Registration Number: 198701138Z)

**ANNOUNCEMENT**

**PROPOSED DISPOSAL OF MASTIQUE INVESTMENTS LIMITED**

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**1. INTRODUCTION**

**1.1 Proposed Disposal**

The Board of Directors (the “**Board**”) of RH Petrogas Limited (the “**Company**”, together with its subsidiaries, the “**RHP Group**”) refers to the Company’s announcement dated 8 March 2019 (Announcement Reference SG190308OTHR3Q3I) (the “**8 March 2019 Announcement**”). The Board is pleased to announce that RH Petrogas Investments Pte. Ltd. (“**RHPI**”), a wholly-owned subsidiary of the Company, has today entered into a share purchase agreement (the “**Agreement**”) with 吉林成阳能源开发技术服务有限公司 (Jilin Chengyang Energy Development Technology Service Co., Ltd) (the “**Purchaser**”), pursuant to which RHPI has agreed to sell and the Purchaser has agreed to purchase all of the issued shares in Mastique Investments Limited (“**Mastique**” and the shares, the “**Sale Shares**”) (the “**Proposed Disposal**”).

**1.2 Closing**

Completion of the Proposed Disposal (“**Closing**”) is subject to and conditional upon certain conditions precedent (“**Conditions**”) as set out in paragraph 3.4 below. Following Closing, RHPI will no longer hold any interest in Mastique and its only subsidiary (the “**Mastique Group**”), and the Mastique Group will cease to be a member of the RHP Group.

**2. INFORMATION ON THE PARTIES**

**2.1 Information on RHPI**

RHPI was incorporated on 22 July 2002 in Singapore and is an investment holding vehicle. As at the date of this Announcement, RHPI has an issued and paid-up capital of S\$340,766 comprising 340,766 ordinary shares and the Company owns the entire issued share capital of RHPI.

**2.2 Information on Mastique**

Mastique was incorporated on 2 July 2008 in the British Virgin Islands. As at the date of this Announcement, Mastique has an issued and paid-up capital of US\$94,707,000 comprising one (1) share with a par value of US\$1.00. Mastique is an investment holding vehicle which owns all the issued shares of Kingworld Resources Limited (“**KRL**”), its only subsidiary and only asset. As at the date of this Announcement, the Company, through RHPI, has a deemed interest in one (1) share of Mastique, representing all the issued shares of Mastique.

**2.3 Information on KRL**

KRL was incorporated on 18 October 2005 in the British Virgin Islands. As at the date of this Announcement, KRL has an issued and paid-up capital of US\$5,857,668 comprising

5,857,668 shares with a par value of US\$1.00 each. The principal activities of KRL are that of oil and gas exploration and production. On 12 November 2007, KRL entered into a petroleum production sharing contract (“**Fuyu PSC**”) with China National Petroleum Corporation (“**CNPC**”) relating to the joint development and production of hydrocarbon resources in Fuyu block located at Songliao Basin, Jilin Province, the People’s Republic of China (“**PRC**”) (“**Fuyu Block**”).

## **2.4 Information on the Purchaser**

The Purchaser is a limited liability company registered/incorporated in the PRC, located at Jindian Plaza 289-C1, Platinum Road, Ningjiang District, Songyuan City, Jilin Province.

## **3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

### **3.1 Consideration**

- (a) The consideration for the Proposed Disposal is US\$1.00, which was arrived at on a willing buyer and willing seller basis, taking into consideration that the Mastique Group recorded an unaudited negative net tangible assets of approximately US\$2,420,000 (excluding the interest free inter-company loan and the interest free loan from related parties) as at 30 June 2019.
- (b) In addition, the Purchaser will provide a security deposit of an aggregate amount of RMB 1,207,998.97 (equivalent to approximately US\$176,000 based on an exchange rate of US\$1.00 : RMB6.8656 as of 30 June 2019) (the “**Security Deposit**”) to KRL, which will be used by KRL to partially repay certain outstanding loans of KRL.

### **3.2 Security Deposit**

- (a) If the Conditions are not satisfied or waived on or before 31 March 2020 (the “**Long-Stop Date**”), RHPI and the Purchaser shall reach an agreement as to whether the Agreement shall be terminated or proceed until the satisfaction of all Conditions. If RHPI and the Purchaser mutually agree to terminate the Agreement due to the non-satisfaction of any of the Conditions by the Long-Stop Date, the Security Deposit shall be returned to the Purchaser.
- (b) If the Purchaser fails to perform its pre-Closing obligations under the Agreement or Closing does not take place on or before the Long-Stop Date due to the Purchaser’s action, negligence, fault or any other reason, the Security Deposit shall not be returned to the Purchaser.
- (c) If the Agreement is terminated by RHPI (i) due to a breach of the Purchaser’s Closing obligations, (ii) due to a breach of the Purchaser’s pre-Closing obligations, or (iii) any other reason attributable to the Purchaser, and in each of the said circumstances, no Closing occurs, the Security Deposit shall not be returned to the Purchaser.
- (d) If the Agreement is terminated by the Purchaser (i) due to a breach of RHPI’s Closing obligations, (ii) due to a breach of RHPI’s and Mastique’s pre-Closing obligations, or (iii) any other material reason attributable to RHPI, and in each of the said circumstances, no Closing occurs, the Security Deposit shall be returned to the Purchaser.

### 3.3 Sales Revenue

From Closing until the expiry of the term of the Fuyu PSC, RHPI is entitled to the net sale proceeds from three (3) per cent. of the future production of crude oil under the Fuyu PSC, after accounting for its share of costs and taxes ("**Sales Revenue Payments**").

### 3.4 Conditions Precedent

Pursuant to the terms of the Agreement, Closing is subject to and conditional upon the satisfaction of the Conditions set out below:

- (a) the completion of the capitalisation of the outstanding amounts under the following loans (the "**Capitalisation**"):
  - (i) the interest free loans of an aggregate amount of approximately US\$35,007,000 as at 30 June 2019 together with any further interest free loans extended by the Company to KRL from 1 July 2019 until Closing for the purposes of financing the operational and capital expenditure of the Fuyu Block; and
  - (ii) the interest free loans of an aggregate amount of approximately US\$2,477,000 extended by an entity controlled by Tan Sri Datuk Sir Tiong Hiew King and his family members to KRL for the purposes of financing the operational and capital expenditure of the Fuyu Block;
- (b) the approval of the board of directors of RHPI for the transactions contemplated under the Agreement; and
- (c) if required, the approval of the shareholders of the Company ("**Shareholders**") for the Proposed Disposal.

## 4. RATIONALE FOR THE PROPOSED DISPOSAL

As announced in the 8 March 2019 Announcement, the RHP Group had initiated the relinquishment of its working interest in the Fuyu PSC (the "**Relinquishment**") due to challenging market conditions and development risks of the Fuyu Block.

Following the initiation of the Relinquishment, KRL has been in discussions with CNPC on the processes and arrangement towards the final relinquishment of the Fuyu Block. Based on guidance provided by CNPC, the Relinquishment will only be completed after all outstanding matters have been settled, which include matters relating to financial accounts and audits, data and inventory transfer, site restoration and well abandonment, among others. Assuming completion of the Relinquishment occurs by the end of 2019, the total cost to be incurred by the RHP Group (including the CNPC fees, abandonment costs and general and administrative expenses) is estimated to be around US\$4 million. With the Proposed Disposal, the RHP Group would benefit from tremendous savings of the abovementioned costs. In addition, under the terms of the Agreement, as stated in paragraph 3.3 above, the RHP Group is entitled to the potential Sales Revenue Payments.

## 5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the RHP Group's consolidated net tangible assets ("NTA") per share of the Company ("Share") and the earnings per Share ("EPS") are set out below. The financial effects below are purely for illustrative purposes and are therefore not necessarily indicative of the actual financial position of the RHP Group after Closing.

### 5.1 Bases and Assumptions

The financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the RHP Group for the financial year ended 31 December 2018 ("FY2018"). The financial effects have also been prepared based on, *inter alia*, the following bases and assumptions:

- (a) the Proposed Disposal had been effected on 31 December 2018, being the end of the most recently completed financial year of the RHP Group, for illustrating the financial effects on the consolidated NTA of the RHP Group (before accounting for the share of non-controlling interests);
- (b) the Proposed Disposal had been effected on 1 January 2018, being the beginning of the most recently completed financial year of the RHP Group, for illustrating the financial effects on the consolidated EPS of the RHP Group (before accounting for the share of non-controlling interests);
- (c) the Security Deposit is not returned to the Purchaser; and
- (d) the transaction costs for the Proposed Disposal have been disregarded.

### 5.2 NTA

For illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2018, the financial effects of the Proposed Disposal on the consolidated NTA of the RHP Group (before accounting for the share of non-controlling interests) as at 31 December 2018 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$ million)	-13.22	-10.75
No. of Shares	734,277,400	734,277,400
NTA per Share (US cents)	-1.80	-1.46

**Note:** The NTA of the RHP Group for FY2018 was negative.

### 5.3 EPS

For illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 January 2018, the financial effects of the Proposed Disposal on the consolidated EPS of

the RHP Group (before accounting for the share of non-controlling interests) for FY2018 are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit after tax (US\$ million)	3.75	7.93
Weighted Average no. of Shares	734,410,299	734,410,299
Earnings per Share (US cents)	0.51	1.08

#### **5.4 Proceeds arising from the Proposed Disposal**

As the consideration for the Proposed Disposal is US\$1.00, the RHP Group is not expected to receive any net proceeds arising from the Proposed Disposal. As highlighted in paragraph 3.1(b), the Security Deposit will be used by KRL to partially repay certain outstanding loans of KRL.

#### **5.5 Net Losses and Gain on Proposed Disposal**

- (a) Based on the unaudited financial statements of the Mastique Group for the six (6) months period ended 30 June 2019, the net loss attributable to the Sale Shares is approximately US\$1,007,000.
- (b) Based on the unaudited financial statements of the Mastique Group for the six (6) months period ended 30 June 2019, the Proposed Disposal will result in a gain on disposal of an estimated amount of US\$4,332,000.

#### **5.6 Book Value and Net Tangible Asset Value**

The book value and net tangible asset value of the Sales Shares are both approximately negative US\$2,420,000 (excluding the interest free inter-company loan and the interest free loan from related parties) as at 30 June 2019.

### **6. CHAPTER 10 OF THE LISTING MANUAL**

#### **6.1 Relative Figures**

The relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are calculated based on the latest announced unaudited financial statements of the RHP Group for the six (6) months period ended 30 June 2019 ("**6M 2019**").

<b>Rule 1006</b>	<b>Bases</b>	<b>Proposed Disposal (US\$'000)</b>	<b>RHP Group (US\$'000)</b>	<b>Relative Figures (%)</b>
(a)	Net asset value of the Sale Shares to be disposed of, compared with the RHP Group's net asset value	-2,420 <sup>(1)</sup>	-13,224 <sup>(2)</sup>	18.30
(b)	Net losses attributable to the Sale Shares to be disposed of, compared with the RHP Group's net losses	-1,007 <sup>(1)</sup>	-14 <sup>(2)</sup>	7,193
(c)	Consideration payable for the Proposed Disposal compared with the Company's market capitalisation <sup>(3)</sup>	176 <sup>(4)</sup>	20,277	0.87
(d)	Number of equity securities issued as consideration compared with the number of equity securities previously in issue <sup>(5)</sup>			N/A
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the aggregate of the RHP Group's proved and probable reserves <sup>(6)</sup>			N/A

**Notes:**

- (1) Based on the unaudited financial statements of the Mastique Group for 6M 2019 before accounting for the share of non-controlling interests.
- (2) Based on the unaudited consolidated financial statements of the RHP Group for 6M 2019 before accounting for the share of non-controlling interests.
- (3) The Company's market capitalisation is based upon 734,277,400 Shares (excluding treasury shares), at a volume weighted average price of S\$0.038 per Share on 18 September 2019, being the last day on which Shares were traded prior to the date of this Announcement, and based on the exchange rate on the Monetary Authority of Singapore's website on 23 September 2019 of US\$1.00 : S\$1.3761.
- (4) For the purposes of the Listing Manual, the consideration payable for the Proposed Disposal is the sum of US\$1.00 and the Security Deposit.
- (5) The Proposed Disposal does not involve any equity securities being issued.
- (6) The Proposed Disposal does not involve any proved and probable reserves being disposed of.
- N/A Not applicable

## **6.2 Discloseable Transaction**

As the relative figure computed on the basis set out in Rule 1006(a) of the Listing Manual exceeds five (5) per cent. but is less than 20 per cent., the Proposed Disposal constitutes a “discloseable transaction” as defined in Chapter 10 of the Listing Manual.

## **7. FURTHER INFORMATION**

### **7.1 Interests of Directors and Controlling Shareholders of the Company**

None of the Directors and the Controlling Shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal.

### **7.2 Directors’ Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **7.3 Inspection**

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 20 Harbour Drive, #06-03 PSA Vista, Singapore 117612 for three (3) months from the date of this Announcement.

## **BY ORDER OF THE BOARD**

Chang Cheng-Hsing Francis  
Group CEO & Executive Director  
24 September 2019