

RH PETROGAS LIMITED

(Company Registration Number: 198701138Z)

PROPOSED CAPITALISATION OF SHAREHOLDERS' LOANS OWING BY RHP (MUKAH) PTE. LTD. ("RHPM") TO ITS SHAREHOLDERS INTO AN AGGREGATE 38,112,167 NEW ORDINARY SHARES OF RHPM CREDITED AS FULLY PAID TO BE ALLOTTED AND ISSUED TO RHPM'S SHAREHOLDERS AS FULL DISCHARGE OF THE SHAREHOLDERS' LOANS

1. INTRODUCTION

The Board of Directors (the "**Board**") of RH Petrogas Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's indirect subsidiary RHPM has on 5 November 2021 entered into a capitalisation deed (the "**Capitalisation Deed**") with RHPM's two shareholders, RH Petrogas Investments Pte. Ltd. ("**RHPI**") and Tumbuh Tiasa Enterprises Sdn. Bhd. ("**TTE**"), pursuant to which RHPM, RHPI and TTE have agreed to capitalise interest-free shareholders' loans (the "**Loans**") amounting to an aggregate of US\$28,001,004 (equivalent to S\$38,112,167 based on the exchange rate of US\$1.00 : S\$1.3611 as at 30 September 2021) advanced by RHPI and TTE in proportion to their shareholding interests in RHPM to RHPM, into an aggregate of 38,112,167 new ordinary shares of RHPM (the "**Capitalisation Shares**") credited as fully paid to be allotted and issued to RHPI and TTE in full repayment and discharge of the Loans (the "**Proposed Capitalisation**"). The Proposed Capitalisation was effected and completed on 5 November 2021.

RHPI is a wholly owned subsidiary of the Company and has a 51% shareholding interest in RHPM. TTE is an associate of the Controlling Shareholders (as defined below) and holds the remaining 49% shareholding interest in RHPM. The 49% shareholding interest which TTE holds in RHPM was acquired from RHPI in 2014. Prior to the completion of the acquisition, all the operational and capital expenditure requirements of RHPM were fully borne by the Group and provided solely through interest-free shareholders loans from RHPI as the sole shareholder of RHPM. After the acquisition, RHPI and TTE provided funding to RHPM by way of interest-free loans in proportion to their equity interests in RHPM. The Loans were provided by each of RHPI and TTE to RHPM for the funding of RHPM's exploration and evaluation activities, administrative expenses and support costs in respect of Block SK331.

For further details of the Loans, please refer to the Company's announcements issued on 31 December 2019 (SGXNET Announcement No. SG191231OTHRW0FL), 11 October 2019 (SGXNET Announcement No. SG191011OTHRX7IE), 4 January 2019 (SGXNET Announcement No. SG190104OTHRMFQQ), 28 September 2018 (SGXNET Announcement No. SG180928OTHRHSFT) and 21 October 2016 (SGXNET Announcement No. SG161021OTHROGPG).

The effect of the Proposed Capitalisation is to discharge the Loans from each of RHPI and TTE to RHPM and increase the equity investments of each of RHPI and TTE in RHPM.

The Proposed Capitalisation facilitates the repayment of the Loans through the conversion of debt to equity. This will reduce the debt burden of the Group without adversely affecting its operating cash flow.

2. INTERESTED PERSON TRANSACTIONS

Dato' Sri Dr. Tiong Ik King is a Director of the Company. Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King are controlling shareholders of the Company (the "**Controlling Shareholders**"). Tan Sri Datuk Sir Tiong Hiew King holds approximately 63.92% shareholding interest (direct and deemed) in the Company. Dato' Sri Dr Tiong Ik King holds approximately 28.63% deemed shareholding interest in the Company (for the avoidance of doubt, these shares over which Dato' Sri Dr Tiong Ik King has a 28.63% deemed shareholding interest, is included and also forms part of Tan Sri Datuk Sir Tiong Hiew King's deemed interest holding). The Controlling Shareholders, together with their family members, indirectly own and/or control the majority of the issued share capital of TTE. Hence, TTE is an associate of the Controlling Shareholders and accordingly, an interested person for the purpose of Chapter 9 of the Listing Manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). In addition, as the Controlling Shareholders are deemed to have a 49% equity interest in RHPM (through their interests in TTE), RHPM 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.

The Proposed Capitalisation (comprising the RHPI Loan Capitalisation and the TTE Loan Capitalisation (each as defined below)) therefore is an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

As at the date of this announcement, the Loans owing by RHPM to each of RHPI and TTE comprise:

- (i) a principal sum of US\$14,280,512 (equivalent to S\$19,437,205, based on the exchange rate of US\$1.00 : S\$1.3611 as at 30 September 2021) owing to RHPI (the "**RHPI Loan Sum**"); and
- (ii) a principal sum of US\$13,720,492 (equivalent to S\$18,674,962, based on the exchange rate of US\$1.00 : S\$1.3611 as at 30 September 2021) owing to TTE (the "**TTE Loan Sum**").

Pursuant to the Capitalisation Deed, each of RHPI and TTE have agreed to convert the Loans into equity in RHPM as follows:

- (a) the RHPI Loan Sum is to be capitalised and RHPM will allot and issue RHPI an aggregate of 19,437,205 new ordinary shares of S\$1.00 each in the capital of RHPM credited as fully paid (the "**RHPI Capitalisation Shares**") in full repayment and discharge of the RHPI Loan Sum (the "**RHPI Loan Capitalisation**"); and
- (b) the TTE Loan Sum is to be capitalised and RHPM will allot and issue TTE an aggregate of 18,674,962 new ordinary shares of S\$1.00 each in the capital of RHPM

credited as fully paid (the “**TTE Capitalisation Shares**”) in full repayment and discharge of the TTE Loan Sum (the “**TTE Loan Capitalisation**”).

In summary, the new ordinary shares in the capital of RHPM allotted and issued to each of RHPI and TTE pursuant to the Proposed Capitalisation is as follows:

	Number of RHPM shares issued (held) immediately before the Proposed Capitalisation	Percentage of total ordinary issued shares of RHPM	Number of RHPM shares issued (held) immediately after the Proposed Capitalisation	Percentage of total ordinary issued shares of RHPM
RHPI	3,314,877	51%	22,752,082	51%
TTE	3,184,881	49%	21,859,843	49%
Total	6,499,758	100%	44,611,925	100%

As announced on 7 October 2016, the SGX-ST had granted its approval for the Company to determine the materiality of “interested person transaction” for the purposes of Rules 905 and 906 of the Listing Manual based on the Company’s market capitalisation as at the previous financial year end, for so long as the Group’s consolidated net tangible assets (“**NTA**”) or consolidated net asset value (“**NAV**”) remains negative. The Group’s NTA and NAV have been and are currently negative.

The amount of the Proposed Capitalisation of US\$28,001,004 (equivalent to S\$38,112,167) represents approximately 207.6% of the Company’s market capitalisation as at 31 December 2020 (“**FYE 2020 Market Capitalisation**”). As the value of the Proposed Capitalisation exceeds 5% of the FYE 2020 Market Capitalisation, Rule 906 of the Listing Manual provides that shareholders’ approval will be required for the Proposed Capitalisation.

Rule 916(2) of the Listing Manual provides that investments in a joint venture with an interested person would not be required to comply with Rule 906 if three conditions are satisfied.

The Company fulfils the three conditions set out in Rule 916(2) of the Listing Manual in relation to the Proposed Capitalisation on the following basis:

- (I) the first condition (that the risks and rewards are in proportion to the equity of each joint venture partner) is fulfilled as the RHPI Loan Capitalisation and the TTE Loan Capitalisation are to capitalise, respectively, the RHPI Loan Sum and the TTE Loan Sum, which were provided by each of RHPI and TTE to RHPM pursuant to the funding of cash calls made by RHPM to RHPI and TTE respectively in proportion to their shareholding interest in RHPM and on the same terms; and the RHPI Loan Capitalisation and the TTE Loan Capitalisation will result in the issuance of the RHPI Capitalisation Shares and the TTE Capitalisation Shares respectively, which are in proportion to the equity of each joint venture partner (i.e. RHPI and TTE) in RHPM;
- (II) the second condition (that the issuer confirms by an announcement that its audit committee is of the view that 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 issuer and its minority shareholders) is fulfilled as the Company is issuing this announcement to confirm that the Company's Audit Committee is of the view that the risks and rewards arising from their respective shareholding in RHPM are in proportion to the equity of each joint venture partner (i.e. RHPI and TTE) in RHPM and the terms of the joint venture and the Proposed Capitalisation are not prejudicial to the interests of the issuer and its minority shareholders; and

- (III) the third condition (that the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture) is fulfilled as RHPM was wholly-owned by the Company (through RHPI) before TTE acquired its 49% shareholding interest in RHPM from RHPI, and the Proposed Capitalisation will result in the issuance of the RHPI Capitalisation Shares and the TTE Capitalisation Shares which are in proportion to the equity of each joint venture partner (i.e. RHPI and TTE) in RHPM.

Save for the Proposed Capitalisation, the proposed capitalisation of a significant portion of the shareholder's loans owing by the Company to Surreyville Pte Ltd ("**Surreyville**") pursuant to a conditional capitalisation deed entered into between the Company and Surreyville on 6 October 2021 (please refer to the Company's announcement issued on 6 October 2021 (SGXNET Announcement No. SG211006OTHR0MBI)) and approximately US\$26,000 in aggregate principal amount of interest-free shareholder loans provided by RHPI to RHPM to fund the operating expenditure of RHPM in proportion to RHPI's equity interest in RHPM (which for the avoidance of doubt, is included within the RHPI Loan Sum), no other interested person transactions (excluding transactions which are less than S\$100,000) were entered into by the Company with the Controlling Shareholders or any other interested person for the period commencing from the beginning of the current financial year, being 1 January 2021, and ending on the date of this announcement.

3. INCREASE IN SHARE CAPITAL OF SUBSIDIARY

Following the Proposed Capitalisation, RHPI's investment in RHPM will increase from S\$3,314,877 to S\$22,752,082 (the "**Additional Investment**").

The Additional Investment is not expected to have any material impact on the consolidated earnings and net tangible assets per share of the Group for the current financial year ending 31 December 2021.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
5 November 2021