

CIRCULAR DATED 29 SEPTEMBER 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Unionmet (Singapore) Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Investing in our Shares involves certain risks. In particular, please see “Risk Factors” beginning on page 16 of this Circular.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

UNIONMET (SINGAPORE) LIMITED

(Company Registration Number: 200409104W)

(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (A) PROPOSED ACQUISITION OF 51% OF THE TOTAL ISSUED SHARES IN BIOFUEL RESEARCH PTE. LTD. BY THE COMPANY’S WHOLLY-OWNED SUBSIDIARY, USP INDUSTRIAL PTE. LTD.; AND**
- (B) SPECIFIC APPROVAL FOR THE VOLUME OF BUSINESS TO CROSS 20% OF THE RELEVANT THRESHOLDS UNDER CHAPTER 10 OF THE LISTING MANUAL IN THE OIL BLENDING BUSINESS (AS DEFINED IN THIS CIRCULAR)**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	12 October 2014 at 10:00 a.m.
Date and time of Extraordinary General Meeting	:	14 October 2014 at 10:00 a.m.
Place of Extraordinary General Meeting	:	RELC International Hotel, Room 605, Level 6, 30 Orange Grove Road, Singapore 258352

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Act”* : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Accounts”* : The audited financial statements of Biofuel, prepared according to the Singapore Financial Reporting Standards for years ended 31 December 2011, 2012 and 2013;
- “Associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”* : The board of directors of the Company as at the date of this Circular
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 29 September 2014 in respect of the Proposed Acquisition and Specific Mandate
- “Company”* : Unionmet (Singapore) Limited
- “Completion”* : The completion of the Proposed Acquisition
- “Completion Date”* : The date of Completion, being 3 months from the date of the SPA subject to the fulfilment of the conditions precedent set out in Section 2.7 of this Circular
- “Control”* : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

DEFINITIONS

<i>“Controlling Shareholder”</i>	: A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the issued share capital of the Company; or(b) in fact exercises Control over the Company
<i>“Directors”</i>	: The directors of the Company as at the date of this Circular
<i>“Diversification Circular”</i>	: The circular dated 10 February 2014 issued by the Company to its Shareholders to seek approval for diversification of its business to the Property Development Business (as defined in the Diversification Circular) and the Oil Blending Business
<i>“EGM”</i>	: The extraordinary general meeting of the Company, notice of which is given on page 23 of this Circular
<i>“Financier”</i>	: Hong Leong Finance Limited
<i>“FY”</i>	: Financial year of the Company ended or ending 30 November
<i>“Group”</i>	: The Company and its Subsidiaries
<i>“HOA”</i>	: The binding Heads of Agreement made between the Company and the Vendor in relation to the Proposed Acquisition, the principal terms of which are summarised in paragraph 2 of the Company’s announcement dated 24 June 2014
<i>“JTC”</i>	: Jurong Town Corporation
<i>“JTC Property”</i>	: The leasehold property at No. 2 Tuas South Street 15 Singapore 637079
<i>“July 2009 SHA”</i>	: The shareholders agreement entered into between the Vendors and Biofuel dated 8 July 2009
<i>“Latest Practicable Date”</i>	: 22 September 2014, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	: The listing manual of the SGX-ST and its relevant rules, as amended or modified from time to time
<i>“Management Accounts”</i>	: The unaudited management financial statements of Biofuel prepared according to the Singapore Financial Reporting Standards, as at 30 June 2014
<i>“OEL”</i>	: OEL (Holdings) Limited
<i>“Oil Blending Business”</i>	: The business of blending and distribution of diesel and engine oil further, details of which are set out in Section 3.2(ii) of the Diversification Circular

DEFINITIONS

“PRC”	: The People’s Republic of China, excluding Hong Kong Special Administrative Region and Macau Special Administrative Region for the purposes of this Circular
“Proposed Acquisition”	: The acquisition of the Sale Shares pursuant to the provisions of the SPA
“Purchase Consideration”	: The aggregate sum of \$3,000,000 for the acquisition of the Sale Shares
“Sale Shares”	: 1,300,500 ordinary shares in Biofuel representing 51% of the total issued shares in Biofuel at the date of the SPA
“Securities Account”	: The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share(s)”	: Ordinary share(s) in the share capital of the Company
“Shareholders”	: The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“SPA”	: The conditional share sale and purchase agreement dated 14 August 2014 made between USPI and the Vendors in relation to the Proposed Acquisition, the material conditions are disclosed in Section 2.6 of this Circular
“Specific Mandate”	: Shall have the meaning ascribed to it in Section 5.1 of this Circular
“Spring Seeds”	: Spring Seeds Capital Pte. Ltd.
“Substantial Shareholders”	: A person (including a corporation) who holds directly or indirectly 5% or more of the issued capital in the Company
“Temporary Occupation Permit”	: Temporary occupation permit issued by the Building Control Authority
“USPI”	: USP Industrial Pte. Ltd.
“Vendors”	: OEL, Spring Seeds, Lee Mei Fong and Kom Mam Sun
Currencies, Units and Others	
“\$”	: Singapore dollar
“US cents”	: United States cents
“%” or “per cent”	: Per centum or percentage

DEFINITIONS

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them, respectively, in Section 130A of the Act. The term “Subsidiary” shall have the same meaning ascribed to it in Section 5 of the Act. The term “Direct Account Holder” shall have the same meaning ascribed to the term “account holder” in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

UNIONMET (SINGAPORE) LIMITED

(Company Registration Number: 200409104W)
(Incorporated in the Republic of Singapore)

Directors:

Li Hua (Executive Chairman and Chief Executive Officer)
Raphael Tham Wai Mun (Executive Director)
Weng Huixin (Non-Executive Director)
Yip Mun Foong (Lead Independent Director)
Ngan See Juan (Independent Director)

Registered Office:

8 Shenton Way
#42-02 AXA Tower
Singapore 068811

29 September 2014

To: The Shareholders of Unionmet (Singapore) Limited

Dear Sir/Madam

(A) PROPOSED ACQUISITION OF 51% OF THE TOTAL ISSUED SHARES IN BIOFUEL RESEARCH PTE. LTD. BY THE COMPANY'S WHOLLY-OWNED SUBSIDIARY USP INDUSTRIAL PTE. LTD.; AND

(B) SPECIFIC APPROVAL FOR THE VOLUME OF BUSINESS TO CROSS 20% OF THE RELEVANT THRESHOLDS UNDER CHAPTER 10 OF THE LISTING MANUAL IN THE OIL BLENDING BUSINESS

1. INTRODUCTION

On 10 February 2014, the Company issued the Diversification Circular to its Shareholders, and subsequently obtained approval from its Shareholders in an EGM to diversify its business to the Property Development Business (as defined in the Diversification Circular) and the Oil Blending Business.

On 24 June 2014, the Company announced that it has entered into a HOA with OEL to acquire the Sale Shares constituting 51% of the total issued shares in Biofuel Research Pte. Ltd. ("**Biofuel**"). On 23 July 2014, the Company announced that it had entered into a supplemental HOA to extend the timeline to enter into the SPA to 23 August 2014 and on 14 August 2014, the Company further announced that its wholly-owned subsidiary, USP Industrial Pte. Ltd. ("**USPI**") has entered into the SPA with the Vendors, namely OEL, Spring Seeds, Lee Mei Fong and Kom Mam Sun, to proceed with the Proposed Acquisition.

The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for, and to seek the Shareholders' approval for:

- (i) the Proposed Acquisition; and
- (ii) the Company to undertake business activities and to enter into contracts in relation to the Oil Blending Business at such aggregate value which will cross 20% of the relevant thresholds under Chapter 10 of the Listing Manual in this business segment,

at the forthcoming EGM.

The Directors are convening the EGM to be held on 14 October 2014 to seek the approval of Shareholders in respect of the matters set out in the foregoing paragraph. The Notice of the EGM is set out in page 23 of this Circular.

LETTER TO SHAREHOLDERS

2. PROPOSED ACQUISITION

2.1 Information on Biofuel

Biofuel is a company incorporated in Singapore in 2003 currently operating at a leased premises located at No. 3 Tuas View Close Singapore 637491. Biofuel has a paid-up capital of \$3,750,000 comprising 2,550,000 ordinary shares at the date of this Circular. The principal business of Biofuel is in the research and development, and the production, of renewable biochemicals and biofuels from all types of vegetable oil by-products such as acid oils, used cooking oils, greasy waste and sludge oils by using green biomass energy plant. The biodiesel produced from Biofuel's production facility can either be blended into normal diesel and sold or sold on its own.

Biofuel has constructed a new factory, which is currently pending the issue of the Temporary Occupation Permit, to carry out the production of renewable biochemicals and biofuels on the JTC Property. The JTC Property has a leasehold interest of 17 years and 10 months commencing on 16 February 2013. The Company understands that the Temporary Occupation Permit is scheduled to be issued before the end of 2014, barring any unforeseen circumstances. JTC has required, *inter alia* that the JTC Property is to be developed within three years from 16 February 2013 with at least 61% of the total land area being developed and the gross plot ratio not exceeding 1.0.

Pending the issue of the Temporary Occupation Permit, Biofuel is carrying on operations in its existing factory mentioned in Section 2.3.2(ii) below. Biofuel has been producing biodiesel using its technology mentioned below and has generated revenues of approximately S\$1.9 million, S\$2.1 million and S\$1.6 million in its financial years of 2011, 2012 and 2013 respectively from the sale of biodiesel which it has produced at its existing factory (please refer to Appendix A of this Circular for more details). Biofuel intends to continue its production and sale of biodiesel at its existing factory until the new production facility in the JTC Property are ready.

To the best knowledge of the Directors, Biofuel pioneered a technology to convert waste cooking oil to biodiesel and has successfully developed a waterless process to produce biodiesel from vegetable oil by-products (ie. fatty acids/acid oils) and non-food oils such as sewage grease. Biofuel was the first renewable energy company to receive equity funding from Spring Seeds under the SEEDS program in 2006, followed on by a second round of funding in 2009.

2.2 Information on the Vendors

The following table indicates the changes in the approximate percentage and number of ordinary shares in Biofuel held by the Vendors after the Completion:

Vendor	Approximate Percentage of total number of ordinary shares in the issued capital of Biofuel before Completion	Number of ordinary shares in the issued capital of Biofuel before Completion	Number of Sale Shares	Number of ordinary shares in the issued capital of Biofuel after Completion	Approximate Percentage of total number of ordinary shares in the issued capital of Biofuel after Completion
OEL	51%	1,300,500	663,255	637,245	25%
Spring Seeds	33%	850,000	433,500	416,500	16%
Lee Mei Fong	6%	150,000	76,500	73,500	3%
Kom Mam Sun	10%	249,500	127,245	122,255	5%

LETTER TO SHAREHOLDERS

Following completion of the Proposed Acquisition (“**Completion**”), the Vendors will continue to collectively hold 49% of total issued shares of Biofuel with OEL holding 25%, Spring Seeds holding 16% and Kom Mam Sun and Lee Mei Fong holding an aggregate of 8%.

2.2.1 **Information on OEL**

OEL is an investment holding company with diversified businesses in shipyard operations, biofuel and property management. Established in Singapore in 1984, OEL was renamed from Oakwell Engineering Limited in November 2013 after the divestment of its distributorship business and related engineering and assembly services. OEL has been listed on the Catalist of the SGX-ST since 21 December 1994. Save for the Proposed Acquisition, none of OEL, its controlling shareholders or directors are related to and have no connection with, or are substantial shareholders of the Company as of the date of this Circular.

2.2.2 **Information on Spring Seeds**

Spring Seeds is an investment arm of SPRING Singapore that co-invests with independent investor(s) into commercially viable Singapore-based start-ups with innovative and strong intellectual content that are scalable across international markets. Save for the Proposed Acquisition, none of Spring Seeds, its controlling shareholders or directors are related to and have no connection with, or are substantial shareholders of the Company as of the date of this Circular.

2.2.3 **Information on Kom Mam Sun and Lee Mei Fong**

The founder of Biofuel is Kom Mam Sun and each of Kom Mam Sun and Lee Mei Fong, hold 10% and 6% of the total issued shares of Biofuel respectively as at the date of this Circular and are both directors of Biofuel. Kom Mam Sun founded Biofuel in 2003 and has been the Chief Executive Officer since then. Save for the Proposed Acquisition, neither Kom Mam Sun or Lee Mei Fong are related to and have no connection with, or are substantial shareholders of the Company as of the date of this Circular.

2.3 **Purchase Consideration**

2.3.1 **Amount and Method of Payment**

The Purchase Consideration is payable by USPI to the Vendors in the following manner:

- (i) 5% of the Purchase Price (being \$150,000) has been paid as a refundable deposit at signing of the HOA (“**Refundable Deposit**”) to OEL (as nominee of the Vendors, whose receipt of the Refundable Deposit shall be deemed as the Vendors’ due receipt of the Refundable Deposit) and is refunded in full free of interest in the event the acquisition of the Sale Shares is terminated or not completed for whatever reasons; and
- (ii) the balance 95% of the Purchase Price (being \$2,850,000) is payable by USPI to the Vendors on the Completion Date.

LETTER TO SHAREHOLDERS

2.3.2 Basis of the Purchase Consideration

The Purchase Consideration was agreed upon pursuant to arm's length negotiations between USPI and the Vendors on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*:

- (i) Biofuel has the production facility, as well as the technology, know-how and skills to produce biodiesel from vegetable oil by-products (ie. fatty acids/acid oils) and non-food oils such as sewage grease;
- (ii) Biofuel has an existing factory at No. 3 Tuas View Close Singapore 637491 and a leasehold interest of 17 years and 10 months commencing on 16 February 2013 in the JTC Property where it is building its new factory ("**New Factory**");
- (iii) The audited total shareholders' equity of Biofuel for the financial year ended 31 December 2013 is approximately \$1,259,549;
- (iv) Biofuel has planned to commence commercial production of its biodiesel products in the New Factory within the next 4 months, barring unforeseen circumstances; and
- (v) The business potential of Biofuel in light of that it is expected to generate revenue from its New Factory within the next 4 months and the good prospects of the oil industry due to high fossil oil prices and strong demand for fuel to produce energy as a result of a continuing growth in such demand.

No formal valuation was commissioned in respect of the Sale Shares.

2.3.3 Other Amounts Payable and Capital Commitments

(i) Related Party Loan

Following the completion of the Proposed Acquisition, USPI agrees and undertakes to procure Biofuel to repay within a reasonable time period from the Completion Date (provided that such reasonable time period shall be no later than three (3) months after the Completion Date) the loan of approximately \$1,367,700.50 owing to Kom Mam Sun (which is interest-free) and the loan of \$1,017,761.07 owing to OEL (which, as at 31 July 2014, has accrued interest payable of approximately \$13,451.16) as of the date of the SPA together with all accrued interest payable.

(ii) Corporate Guarantees

As at the date of this Circular, Biofuel has entered into facility arrangements with Hong Leong Finance Limited ("**Financier**") to finance the purchase, construction and development of the JTC Property. The loan facilities from the Financier of an aggregate of \$2,850,000 have been guaranteed by certain guarantees extended by OEL and Kom Mam Sun, a director and shareholder of Biofuel. Subsequent to Completion, the Company may be required by the Financier to extend a replacement corporate guarantee of \$1,453,500 (based on 51% of the total \$2,850,000 of the loan facilities from the Financier) as partial replacement of the aforesaid guarantees, based on the current information available to the Company.

2.4 Funding of the Purchase Consideration

The Purchase Consideration for the Proposed Acquisition will be paid in cash. The Group intends to fund the Purchase Consideration and the repayment of loan facility referred to in Section 2.3.3 above using existing internal cash resources and the entire net proceeds of approximately \$3.7 million previously raised from its rights issue exercises.

LETTER TO SHAREHOLDERS

2.5 Rationale for the Proposed Acquisition

The Group's existing business provides services in the following business segments:

- (i) manufacturing and trading of non-ferrous metals comprising indium ingots, and their related by-products; and
- (ii) the trading of (a) ferrous, non-ferrous and precious metals; (b) kaolin and barite; and (c) coal and coke.

The entry into the Oil Blending Business is intended to be a diversification of the Group's existing business as the Board believes that such diversification could allow the Group to have better prospects of achieving long term growth through such new engine of growth, at the same time accessing to new business opportunities. This could in turn enhance the return on the Group's assets and improve Shareholders' value in the long run.

The Group wishes to undertake the Proposed Acquisition in order to gain a foothold in the Oil Blending Business as the Proposed Acquisition is in line with the Group's strategic plans and on-going efforts to pursue suitable new business opportunities. Although Biofuel is currently not profitable, the Board has taken into account the following factors in assessing the opportunities arising from the Proposed Acquisition:

- (i) Biofuel has been conducting research and development in the biofuel sector since 2003 and has been successfully operating a biofuel facility selling to multinational corporations with operations in Singapore.
- (ii) Biofuel has proven its business model and technology with operating profits of \$43,413 and \$64,748 in each of financial year ended 31 December 2011 and financial year ended 31 December 2012 respectively. Although Biofuel incurred losses of \$531,594 for the financial year ended 31 December 2013, the Directors believe that those losses arose mainly from the increase in rental and related expenses due to the proposed New Factory.
- (iii) Biofuel has a leasehold interest of 17 years and 10 months commencing on 16 February 2013 in the JTC Property, and the construction of the new production facility located at the JTC Property has been completed with commercial production of biodiesel products targeted to commence within the next 4 months, barring unforeseen circumstances.
- (iv) The founder of Biofuel (who will spearhead the management team of Biofuel) together with OEL, Spring Seeds (the investment vehicle of SPRING Singapore, the government enterprise development agency) which has become its investor since 2009, will continue to hold the remaining 49% of the total issued shares in Biofuel subsequent to Completion.
- (v) Biofuel is involved in the green and renewable energy sector using technologies to convert waste to energy, whereby its production facility will be able to produce biodiesel from vegetable oil by-products (i.e. fatty acids/acid oils) and non-food oils such as sewage grease. This is an exciting space which has huge business potential as it provides a green solution to dispose and treat waste, as well as to produce energy in the form of biodiesel as an alternative to fossil energy. The advantages of using biodiesel as an alternative to fossil energy is that biodiesel has lower carbon emissions than fossil fuels, which helps in reducing greenhouse effect and global warming, and is more environment-friendly.

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- (vi) Due to the high fossil oil prices and strong demand for fuel to produce energy, the biodiesel to be produced by Biofuel is expected to enjoy good business prospects.

In light of the foregoing, the Board expects good potential in the business prospects of Biofuel, and that the revenues to be generated from Biofuel's new production facility after commercial production will contribute positively to the Group's financial performance.

2.6 Material Conditions of the SPA

2.6.1 Conditions Precedent

The completion of the Proposed Acquisition is conditional upon, *inter alia*, the following:

- (i) USPI being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by USPI in respect of Biofuel, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of Biofuel;
- (ii) all consents, approvals and authorisations of the bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities (including waiver of pre-emption rights from the existing shareholders of Biofuel) which are necessary in connection with the transfer of the Sale Shares from the Vendors to USPI and the ownership by USPI of the Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to USPI, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the Completion Date, including all such relevant consents from the Financier in relation to the change of ownership in shares.
- (iii) the approval of the Board of USPI for the transaction contemplated in the SPA;
- (iv) the approval of the shareholders of USPI and the Company in an extraordinary general meeting being obtained for the acquisition of the Sale Shares;
- (v) the approval of the Board of the Vendors for the transaction contemplated in the SPA (as required);
- (vi) the approval of the shareholders of the Vendors in an extraordinary general meeting being obtained for the sale of the Sale Shares (if required);
- (vii) obtained all relevant acknowledgements and/or consents (if required and/or necessary) from the JTC in respect of the JTC Property, including the change of ownership in shares and use of premises;
- (viii) termination of the July 2009 SHA;
- (ix) all representations, warranties and undertakings of the Vendors and USPI under the SPA being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date hereof and Completion;
- (x) each of the Vendors and USPI having performed all of the covenants and agreements required to be performed or caused to be performed by it under the SPA;

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- (xi) the Vendors or USPI not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by USPI, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (xii) there has been no change in the shareholding or capital structure of USPI occurring on or before the Completion Date;
- (xiii) the delivery by the Vendors to USPI of the Accounts and the Management Accounts, in form acceptable to USPI; and
- (xiv) there has been no cancellation by the Financier of any loans which have been extended by the Financier to Biofuel or if the Financier has notified Biofuel of the Financier's intention to cancel any of the loans extended to Biofuel by the Financier, Biofuel has on or before the Completion Date refinanced the relevant loan with such other financial institution as USPI may approve.

As at the Latest Practicable Date, the conditions precedent set out in paragraphs (i) and (xiii) above have been fulfilled.

The existing permitted use of premises includes production of renewable biochemicals and biofuel from all types of vegetable oil by-products such as acid oils, used cooking oils, greasy waste, sludge oils by using green biomass energy plant (for instance wood pallets). In regard to the change of shareholding in Biofuel, the Vendors have sought JTC's clearance for the purpose of fulfilling the condition precedent in Section 2.6.1(vii).

In respect of the condition precedent in Section 2.6.1(viii), the understanding for the termination of the July 2009 SHA has been agreed upon by the Vendors (being the shareholders of Biofuel). Upon execution of the deed of termination of the July 2009 SHA by the Completion Date, the rights and obligations of the shareholders of Biofuel will be regulated by the articles of association of Biofuel.

2.6.2 **Effect of Non-Fulfillment of Conditions Precedent**

In the event that any of the conditions precedent set out in the SPA is not fulfilled by the relevant party or is not waived by the other party by three (3) months from the date of the SPA, the SPA shall *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a party against the other arising from antecedent breaches of the terms hereof and save that the parties' obligation in relation to confidentiality under shall survive the termination of the SPA.

2.7 **Completion**

Completion is expected to occur no later than by the date falling three (3) months from the date of the SPA (unless otherwise agreed upon by the parties), upon satisfaction of all the conditions precedent set out in the SPA (unless waived by the relevant party) or such other date as the parties may mutually agree (the "**Completion Date**").

2.8 **Management**

The founder and current director of Biofuel, Kom Mam Sun, is holding the designation of chief executive officer in Biofuel. He has agreed to enter into a service agreement to continue employment with Biofuel as chief executive officer for another 3 years after Completion.

As of the date of this Circular, no individuals will be appointed as Directors in connection with the Proposed Acquisition.

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2.9 Financial highlights of Biofuel

The financial highlights of Biofuel for its financial years ended 31 December 2011, 2012 and 2013 is set out in Appendix A hereto.

3. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

For the purposes of this section, the financial effects of the Proposed Acquisition on the earnings per Share, the NTA per Share of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company. As the Purchase Consideration is paid in cash, the Proposed Acquisition will have no impact on the number of issued Shares. The financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 November 2013 (“FY2013”) and the audited financial statements of Biofuel for the financial year ended 31 December 2013.

3.1 Net tangible assets (“NTA”) per Share

Assuming that the Proposed Acquisition had been effected on 30 November 2013, the effects of the Proposed Acquisition on the NTA per Share as at 30 November 2013, based on the Group’s FY2013 financial statements, would be as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
NTA as at 30 November 2013 (US cents)	5.67	5.83 ⁽¹⁾

Note⁽¹⁾: Based on Biofuel’s audited statement of financial position as at 31 December 2013.

3.2 Earnings per Share (“EPS”)

Assuming that the Proposed Acquisition had been effected on 1 December 2012, the impact of the Proposed Acquisition on the EPS of the Group would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
EPS for FY2013 (US cents)	(0.51)	(0.58) ⁽²⁾

Note⁽²⁾: Based on Biofuel’s audited statement profit or loss and other comprehensive income for the year ended 31 December 2013.

LETTER TO SHAREHOLDERS

4. SHAREHOLDERS' APPROVAL FOR THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

As announced on 14 August 2014, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Listing Manual with reference to the signing of the SPA are as follows:

Rule 1006	Basis	Relative Figures
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
Rule 1006(b)	Net profit attributable to the Proposed Acquisition compared with the Group's net profit	19.39% ⁽¹⁾
Rule 1006(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the market capitalisation of the Company	20.06% ⁽²⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable as the Company did not issue equity securities as consideration for the Proposed Acquisition
Rule 1006(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	Not applicable

Note⁽¹⁾: Based on the Group's net loss before tax of US\$2.20 million as disclosed in the Company's latest announced consolidated accounts and Biofuel's audited net loss before tax of \$0.53 million for the financial year ended 31 December 2013 (using average exchange rate of 0.8048).

Note⁽²⁾: The aggregate value of consideration of \$7,353,000 is derived as the total of (i) purchase consideration of \$3,000,000; (ii) corporate guarantee of \$1,453,500 (based on 51% of the \$2,850,000 of the loan facilities from the Financier, which the Group understands from the Financier that the Company may be required to provide a replacement corporate guarantee of \$1,453,500); and (iii) repayment of related party loan up to a maximum of \$2,900,000; whereas the market capitalisation of the Company is based on 670,120,238 Shares in issue as at 13 August 2014 (being the last trading day immediately preceding the date of the SPA) and the weighted average price of \$0.0547 of the Shares transacted on the SGX-ST on the same date of \$36.66 million.

As the relative figure computed under Rule 1006(c) of Listing Manual exceeds 20%, the Proposed Acquisition is considered a "major transaction" as defined in Chapter 10 of the Listing Manual of the SGX-ST and is therefore subject to Shareholders' approval. In addition, Shareholders' approval for the Proposed Acquisition will also be obtained as Biofuel incurred a loss of \$531,594 in the financial year ended 31 December 2013 and in light of the reasons set out in Section 5.1 of this Circular.

LETTER TO SHAREHOLDERS

5. SPECIFIC APPROVAL FOR THE VOLUME OF BUSINESS TO CROSS 20% OF THE RELEVANT THRESHOLDS UNDER CHAPTER 10 OF THE LISTING MANUAL IN THE OIL BLENDING BUSINESS

5.1 Need for Further Shareholders' Approval

On 10 February 2014, the Company issued the Diversification Circular to its Shareholders, and subsequently obtained approval from its Shareholders in an EGM to diversify its business to the Property Development Business (as defined in the Diversification Circular) and the Oil Blending Business.

Upon the approval by Shareholders of the diversification into Oil Blending Business, any acquisition which is in or in connection therewith may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Listing Manual. Notwithstanding the foregoing, Section 5 of the Diversification Circular has indicated that, *inter alia*, where the Group enters into the first major transaction involving the Proposed New Businesses as defined in the Diversification Circular (including the Oil Blending Business), or where the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual in respect of several transactions aggregated over the course of a financial year exceeds 20%, such first major transaction or (as the case may be) the last of the aggregated transactions shall be subject to the approval by Shareholders at a general meeting.

Accordingly, the Company wishes to seek the Shareholders' approval for the Company to undertake business activities and to enter into contracts in relation to the Oil Blending Business at such aggregate value which will cross 20% of the relevant thresholds under Chapter 10 of the Listing Manual in this business segment ("**Specific Mandate**"). For the purposes of the Specific Mandate, the Company would like to provide information to Shareholders on the progress of its Oil Blending Business, apart from the Proposed Acquisition as set out in Section 5.2 of this Circular.

5.2 Progress on the Oil Blending Business

In addition to the Proposed Acquisition, the Company has also taken the following steps in regard to the Oil Blending Business:

The Company had conducted many laboratory testings on blended diesel and engine oil in Singapore and the PRC based on different technology providers and equipment manufacturers. As the sources of oils are distinct and diverse, extensive tests are required to ensure that the technologies and equipment are applicable and feasible in both countries. A number of suppliers and end users had already expressed their interests in the blended products as well as offered collaboration opportunities to work together. Currently, the Company is at the stage of conducting laboratory research and development work relating to the blended oil products. A Japanese technology partner and a university in Shanghai are helping the Company to perform laboratory testing in Shanghai and Singapore.

In addition, the Company is currently in the final stages of negotiations with a manufacturer of oil blending equipment with the technology to blend diesel and engine oil that will produce potential cost savings when compared to regular diesel and engine oil. The potential cost savings lie in the lower cost of producing blended diesel and blended engine oil as biodiesel and/or water will be used as cheaper substitutes for part of the fossil fuel used in traditional fuel, which is of higher cost.

LETTER TO SHAREHOLDERS

The Proposed Acquisition is synergistic to the Oil Blending Business of the Company in that the Company intends to leverage on the biodiesel production capabilities of Biofuel by using biodiesel which it produces as one of the raw materials in the Company's Oil Blending Business. The timeline for commercialisation of the Company's proposed oil blending facilities will depend on the timing for the issue of the Temporary Occupation Permit for the New Factory and the results of final testing and commissioning of oil blending equipment mentioned above. Pending commercialisation of the proposed oil blending facilities of the Company, the Oil Blending Business is still expected to recognised revenues from the sale of biodiesel produced by Biofuel, after its completion of the Proposed Acquisition. Please refer to Section 2.1 for information relating to the business of Biofuel and revenues which it has generated in the last three financial years from the production and sale of biodiesel at its existing factory.

If the Proposed Acquisition is approved by Shareholders, the Group will, through Biofuel enter into subsequent agreements and contracts which are necessary for the provision of biofuel and such subsequent agreements and contracts does not require further approvals from Shareholders in an EGM.

As disclosed in Section 3.2 of the Diversification Circular, the Oil Blending Business will undertake the business relating to:

- (a) leasing, acquiring and building production and storage facilities in Singapore and the PRC;
- (b) acquiring and purchasing oil blending related entities, technology, patents, machinery, equipment, feedstock and materials for the Oil Blending Business;
- (c) blending, producing, marketing, as well as sale and distribution of blended diesel and engine oil; and
- (d) blending, producing, marketing, as well as sale and distribution of blended additives and equipment.

In addition to the above, the Oil Blending Business will also cover the following aspect of the business activities which are incidental and ancillary to the above:

- (i) reprocessing renewable energy products such as biochemical, biofuel and emulsified fuel (composed of water and a combustible liquid, either oil or a fuel); and
- (ii) blending, marketing as well as sale and distribution of the reprocessed renewable energy products and related equipment.

In future, the Company intends undertake activities relating to the Oil Blending Business in Singapore at the New Factory if the Proposed Acquisition is approved by Shareholders. This is likely to bring about benefits arising from the economies of scale derived from sharing of resources invested in infrastructure, rental, human resources, contacts and network of potential suppliers and/or customers.

As the Company believes that it has made significant progress in the segment of Oil Blending Business, it is important for the Company to obtain a clear mandate from shareholders to be able to undertake business activities and enter into contracts in relation to the Oil Blending Business at such aggregate value which will cross 20% of the relevant thresholds under Chapter 10 of the Listing Manual. In addition, as the nature of the Oil Blending Business is part of the ordinary course of the business operations of the Company as a recurring business, the Company will need to have the flexibility to engage in contracts and transactions where the contract value exceeds 20% of the relevant thresholds under Chapter 10 of the Listing Manual in order to conduct the intended business activities effectively without adversely changing the risk profile of the Group.

LETTER TO SHAREHOLDERS

6. RISK FACTORS

In addition to the risk factors listed in Section 4 of the Diversification Circular under the headings “**RISKS RELATING TO THE PROPOSED DIVERSIFICATION**” and “**RISKS RELATING TO THE OIL BLENDING BUSINESS**”, the following are the risk factors relating to the Proposed Acquisition:

The Group has no prior experience operating a production facility to produce biodiesel

The Group has no prior experience in the business of producing biodiesel and is dependent on the founder and current management team of Biofuel to carry out such operations. As such, the future performance and operations of Biofuel are largely dependent on our ability to retain our key personnel as well as on a suitable succession plan. The loss of the services of any such key personnel without appropriate replacements may adversely impact the business of Biofuel.

The Group may not achieve the revenue according to its expected timeframe due to a delay in commercial production or significant or prolonged disruption to the production facilities

There are a number of operational risks at Biofuel, especially in light that it has not commenced commercial production in its new factory. In the event that the commercial production is delayed due to any technical or production issue, there will be a delay in achieving the Group’s expected revenue contribution from the Oil Blending Business. In addition, as Biofuel has only one facility in production, any prolonged and/or significant downtime arising from major and unexpected repairs or servicing or mechanical failure of any major part, machinery and/or equipment of the production facility will result in major disruptions to the operations and production of biodiesel. Similarly, the Biofuel’s production facility is also subject to a number of risks, such as fires, floods, explosions, natural disasters, spills from storage tanks, third-party interference, disruptions in the supply of water or electricity, war or terrorism and communal unrest. This could lead to significant disruption to the operations or result in significant damage to Biofuel’s production facility or inventories. These hazards could also result in environmental pollution, personal injury or wrongful death claims and other damage to properties. These may in turn materially and adversely affect the financial performance of the Group.

The acceptance of the products from Biofuel’s production facility may take time

Although the products are biodiesel which is an accepted commodity, time is still required to market such products to potential new customers and to develop distribution network. In the event that more time than expected is needed to market and distribute such products, there will be a delay in the timeframe for the Group to achieve its desired revenue, which will affect the financial performance of the Group.

Dependency on the supply of raw materials and feedstocks

The biodiesel production facility is dependent on the supply of raw materials and feedstocks (such as biomass waste, vegetable oil by-products (ie. fatty acids/acid oils) and non-food oils such as sewage grease. There is no assurance that Biofuel can secure a steady and regular stream of raw materials at suitable prices. In the event there is a lack of availability of raw materials at commercially viable prices, the biodiesel production facility will not be able to operate at an optimum level, thereby adversely affecting the profitability and financial position of Biofuel and the Group.

LETTER TO SHAREHOLDERS

Renewable energy business is affected by technology changes

The production of biodiesel relies on deploying and harnessing the benefits of proven technologies and experience of key personnel. Where Biofuel is unable to upgrade its production facility to keep abreast with new changes in technologies used in its production facility, the production yield and competitiveness of Biofuel in the marketplace will be adversely affected vis-a-vis its competitors who use more advance and up-to-date technologies.

The business of Biofuel may be affected by other available alternatives

Biofuel is exposed to threats by multiple substitutes that are capable of performing the same or similar function as its products are offering. Any cheaper substitutes of products similar to the biodiesel products to be offered by Biofuel will erode its profit margin and commercial viability of its production.

7. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:

Directors	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Li Hua	1,800,000	0.27	Nil	Nil
Raphael Tham Wai Mun	Nil	Nil	Nil	Nil
Weng Huixin ⁽¹⁾	Nil	Nil	199,668,333	29.8
Yip Mun Foong	Nil	Nil	Nil	Nil
Ngan See Juan	Nil	Nil	Nil	Nil

Substantial Shareholders (other than Directors) (5% or more)	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Bestway Premium Investments Pte. Ltd.	73,014,555	10.90	Nil	Nil
Precious Stream Holdings Limited ⁽¹⁾	Nil	Nil	199,668,333	29.8

Note⁽¹⁾: Shares of Precious Stream Holdings Limited are held under a nominee account with DBS Vickers Securities. Madam Weng Huixin owns 100% of the shares of Precious Stream Holdings Limited.

None of the Directors or Controlling Shareholders has any interest, direct or indirect in the Proposed Acquisition and the Specific Mandate.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the rationale for the Proposed Acquisition and Specific Mandate, the Directors are of the opinion that the Proposed Acquisition and the Specific Mandate is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Acquisition and the Specific Mandate at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for and/or the risk factors relating to the Proposed Acquisition set out in Section 2.5 and Section 6 respectively and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 23 of this Circular, will be held at RELC International Hotel, Room 605, Level 6, 30 Orange Grove Road, Singapore 258352 on 14 October 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 48 hours before the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Specific Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 8 Shenton Way #42-02 AXA Tower Singapore 068811, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report of the Company for FY2013;
- (c) the HOA; and
- (d) the SPA.

Yours faithfully

For and on behalf of the Board
Unionmet (Singapore) Limited

Li Hua
Executive Chairman and Chief Executive Officer

APPENDIX A

STATEMENT OF FINANCIAL POSITION OF BIOFUEL AS AT 31 DECEMBER 2011, 2012 AND 2013 (AS EXTRACTED FROM THE AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013)

ASSETS	As at 31 December		
	2013	2012	2011
	\$	\$	\$
Current assets			
Bank balances	235,076	505,404	421,307
Trade and other receivables	657,069	306,690	256,236
Inventories	47,923	20,796	91,032
Total current assets	940,068	832,890	768,575
Non-current assets			
Deposits	50,651	-	-
Plant and equipment	5,040,110 ⁽¹⁾	2,638,701 ⁽¹⁾	2,900,251
Total non-current assets	5,090,761	2,638,701	2,900,251
Total assets	6,030,829	3,471,591	3,668,826
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	1,941,816 ⁽²⁾	271,064 ⁽²⁾	187,574
Loan from a director/shareholder	1,367,700	1,367,700	1,667,700
Current portion of finance lease	33,815	41,684	45,473
Total current liabilities	3,343,331	1,680,448	1,900,747
Non-current liabilities			
Finance lease	39,451	-	41,684
Loan from financial institution	1,388,498	-	-
Total non-current liabilities	1,427,949	-	41,684
Capital and accumulated losses			
Share capital	3,750,000	3,750,000	3,750,000
Accumulated losses	(2,490,451)	(1,958,857)	(2,023,605)
Net equity	1,259,549	1,791,143	1,726,395
Total liabilities and equity	6,030,829 ⁽³⁾	3,471,591	3,668,826

APPENDIX A

Note:

- (1): There was an increase in property plant and equipment in FY2013 to approximately \$5.04 million (the increase was approximately \$2.4 million from \$2.64 million in FY2012) due to Biofuel incurring approximately \$2.7 million on construction work-in-progress for the new factory.
- (2): There was an increase in trade and other payables in FY2013 to approximately \$1.94 million (the increase was approximately \$1.67 million from \$0.27 million in FY2012). This increase was due to the increase in loans extended by OEL (by approximately \$0.32 million), deposit received from counterparty being Makeway Pte. Ltd. of approximately \$0.48 million for services provided to the said counterparty, loan from independent party of approximately \$0.35 million from ATXL Investment Pte. Ltd. (which has since been fully repaid as at the date of this Circular), deferred rental for the New Factory of approximately \$0.14 million, increase in accounts payable of approximately \$0.35 million due to increase in construction material and construction consulting related payables.
- (3): As at 31 December 2013, the loan amount payable to the Financier was \$1,388,498, the loan amount payable to OEL was \$317,861.07. After 31 December 2013, an additional loan of \$1,461,502 was drawn-down from the Financier and an additional loan of \$700,000 was extended by OEL.

APPENDIX A

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013 (AS EXTRACTED FROM THE AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013)

	<u>For the financial years ended 31 December</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
	\$	\$	\$
Revenue	1,640,069 ⁽¹⁾	2,144,807 ⁽¹⁾	1,928,396
Cost of sales	(400,166)	(776,731)	(586,360)
Gross profit	1,239,903	1,368,076	1,342,036
Distribution costs	(302,234)	(285,197)	(234,634)
Administrative expenses	(1,454,133) ⁽²⁾	(1,014,039) ⁽²⁾	(1,059,864)
Finance costs	(15,130)	(4,092)	(4,125)
(Loss) / Profit before income tax	(531,594)	64,748	43,413
Income tax	-	-	-
(Loss) / Profit for the year representing total comprehensive income the year	<u>(531,594)</u>	<u>64,748</u>	<u>43,413</u>

Note:

- (1) Revenue fell by approximately \$0.5 million (being approximately 23%) in FY2013 to approximately \$1.64 million from approximately \$2.14 million in FY2012. The decrease was due to the combined effect of fall in sales quantity (of approximately 13%) and sales price (being approximately 12%). Fall in quantity was mainly due to the fact that the yield ratio of biodiesel which was extracted from PUB's greasy waste was relatively higher in FY2012 than FY2013. Fall in sales price was mainly due to the fact that the average price of palm oil was higher in FY2012 than FY2013 (generally the unit selling price of biodiesel is in line with the price of palm oil which saw a general reduction in selling price in FY2013).
- (2) Administrative expenses increased by approximately \$0.44 million (being approximately 43.4%) to approximately \$1.45 million in FY2013 from that of approximately \$1.01 million in FY2012 due to new additional rental expenses incurred for the New Factory being approximately \$0.30 million (which did not feature in FY2012) and adjustments proposed by the auditors of Biofuel on fair value of the lease of \$0.14 million (which also did not feature in FY2012).

NOTICE OF EXTRAORDINARY GENERAL MEETING

UNIONMET (SINGAPORE) LIMITED

(Company Registration Number: 200409104W)

(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Unionmet (Singapore) Limited (the “**Company**”) will be held at RELC International Hotel, Room 605, Level 6, 30 Orange Grove Road, Singapore 258352 on 14 October 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below as ordinary resolutions:

All capitalised terms used and not defined herein shall have the same meanings given to them in the circular to shareholders of the Company dated 29 September 2014 unless otherwise expressly stated or the context otherwise requires.

ORDINARY RESOLUTION 1:

PROPOSED ACQUISITION OF 51% OF THE TOTAL ISSUED SHARES IN BIOFUEL RESEARCH PTE. LTD. BY THE COMPANY’S WHOLLY-OWNED SUBSIDIARY, USP INDUSTRIAL PTE. LTD.

That:

- (a) pursuant to Chapter 10 of the Listing Manual, approval be and is hereby given for the Proposed Acquisition, the particulars of which are set out in the Circular;
- (b) the Directors or any of them be and are hereby authorised to take such steps, make such amendments to the terms and conditions of the SPA (provided that the amendments are not material) and exercise such discretion as they or he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and
- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

ORDINARY RESOLUTION 2:

SPECIFIC APPROVAL FOR THE VOLUME OF BUSINESS TO CROSS 20% OF THE RELEVANT THRESHOLDS UNDER CHAPTER 10 OF THE LISTING MANUAL IN THE OIL BLENDING BUSINESS

That:

- (a) approval be and is hereby given for the Company and its subsidiaries to undertake business activities and to enter into contracts in relation to the Oil Blending Business at such aggregate value to cross 20% of the relevant thresholds under the Listing Manual, on such terms and in such manner as the directors shall deem fit; and
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, any such assets, investments and shares/interests in any entity that is in the Oil Blending Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such to any such investment, purchase, acquisition or disposal; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

By Order of the Board

Li Hua
Executive Chairman and Chief Executive Officer

29 September 2014

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 8 Shenton Way #42-02 AXA Tower Singapore 068811, not later than 48 hours before the time appointed for the holding of the EGM.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (4) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 48 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

UNIONMET (SINGAPORE) LIMITED

(Company Registration Number: 200409104W)
(Incorporated in the Republic of Singapore)

PROXY FORM

Important:

1. For investors who have used their CPF monies to buy shares in the capital of Unionmet (Singapore) Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We* _____ (Name) NRIC/Passport number* _____
of _____ (Address) being a
shareholder/shareholders* of Unionmet (Singapore) Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the EGM of the Company to be held at RELC International Hotel, Room 605, Level 6, 30 Orange Grove Road, Singapore 258352 on 14 October 2014 at 10:00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM)

No.	Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
		For	Against	Number of Votes For**	Number of Votes Against**
1.	To approve the Proposed Acquisition				
2.	Specific approval for the volume of business in the Oil Blending Business to cross 20% of the relevant thresholds under Chapter 10 of the Listing Manual				

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total Number of Shares Held

Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 8 Shenton Way #42-02 AXA Tower Singapore 068811 not less than 48 hours before the time appointed for the EGM.
4. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 29 September 2014.