

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of Union Gas Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2023 (“**FY2023**”), the Board and Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”), which was issued by the Monetary Authority of Singapore (“**MAS**”) on 6 August 2018, where applicable, and pursuant to Rule 710 of the Listing Manual of The Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This report outlines the Company’s corporate governance practices with reference to both the principles and provisions set out in the Code. The Company has also taken into consideration the Practice Guidance provided by MAS. The Board of Directors is pleased to confirm that for FY2023, the Company has adhered to the principles of the Code as well as the Rules of the Listing Manual of SGX-ST, where appropriate. Where the Company’s practices vary from any provisions of the Code, the reasons for the deviations explaining how the practices the Company has adopted are consistent with the intent of the relevant principle.

(A) BOARD MATTERS

Principle 1 – The Board’s Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company.

In discharging the Directors’ fiduciary duties, all Directors are expected to exercise objective judgement and make decisions in the best interest of the Company. A Director who is interested in a transaction or proposed transaction is required to declare if he has a conflict of interest and will recuse themselves from discussion and abstain from voting on the matter.

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board, amongst others, include:

- (a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and
- (b) Oversees and safeguards shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board has in place an authority matrix to provide guidelines on the approval for material transactions. Matters that require the Board’s approval include, amongst others, the following:

- Board authorisation limits;
- Appointment and re-election of Directors at general meeting;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Evaluation and approval of investments, mergers and acquisitions (“**M&A**”) transactions and divestments;
- Significant capital expenditure;
- Public announcements and responses to the SGX-ST/regulators, if any;
- Financial results announcements or press releases;
- Dividend decisions; and
- Auditors’ reports if deemed satisfactory and free of material errors after review.

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The Board adopted a Code of Business Conduct and Ethics for Directors which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out his duties and responsibilities. It is a requirement under Rule 210(5) of the Listing Manual of SGX-ST for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director (“LED”) programme organised by the Singapore Institute of Directors (“SID”) as prescribed under Practice Note 2.3 of the Listing Manual of SGX-ST.

The Directors may join institutes and group associations of specific interests and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the directors to attend courses in areas of directors’ duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 1967 of Singapore (the “Companies Act”) and industry-related matters, to develop themselves professionally, at the Company’s expense.

During FY2023, the Company Secretary provided the Board with updates on changes in laws and regulations, including the Companies Act, Rules of the Listing Manual of SGX-ST and the Code of Corporate Governance, which are relevant to the Group. The external auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates the Directors on the business activities of the Group during Board and Board Committee meetings.

In March 2022, SGX RegCo announced eight sustainability training courses that directors of listed companies can attend to equip themselves with basic knowledge on sustainability matters. Directors must attend a sustainability training course to meet the enhanced SGX listing rules that mandated sustainability training for all board directors of equity issuers listed on SGX. All the Board members have attended the sustainability training courses for Directors prescribed by SGX in FY2022.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the “AC”), the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”) (collectively, the “Board Committees”). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board Committees have been constituted with clearly defined written terms of reference, setting out the compositions, authorities and duties, including reporting back to the Board. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and regulatory environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company (the “Constitution”) allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and Management.

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from the Management.

When necessary or appropriate, members of the Board exchange view outside the formal environment of board meetings. Each Board member is expected to discharge his duties and fiduciary responsibilities objectively at all times in the best interests of the Company.

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The attendance record of each Director at meetings of the Board and Board Committees during FY2023 is disclosed below:

	Board	AC	NC	RC
Number of meetings held in FY2023	5	4	1	5
Name of Director	Number of meetings attended in FY2023			
Teo Kiang Ang	4	4 [#]	1 [#]	–
Teo Hark Piang	5	4 [#]	1 [#]	4 [#]
Loo Hock Leong	5	4	1	5
Lim Chwee Kim	5	4	1	4
Heng Chye Kiou	5	4	1	5

Note:

[#] By Invitation

The Management provides members of the Board with quarterly management accounts, as well as relevant background information relating to the matters that are discussed at the Board and Board Committee meetings. Such reports keep the Board informed of the Group's performance, financial position and prospects, and consist of the consolidated financial statements, major operational updates, background and/or updates on matters before the Board for decision or information. The Board is also provided with minutes of the previous Board meetings and minutes of meetings of all Board Committees held.

Senior executives also make presentations on performance of the Group's various businesses and business strategies at these meetings. These allow the Board to have a good understanding of the Group's operations and actively engage in robust discussions with the Group's senior executives. Directors may request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management. As and when required, Board members meet to exchange views outside the formal environment of Board meetings.

Detailed board papers are distributed to the Directors and any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentations and answer any queries that the Directors may have at the meetings.

The Board can have separate and independent access to the Management, the company secretary and external professionals including legal counsels and auditors. The appointment and removal of the company secretaries are subject to the approval of the Board as a whole.

The principal functions of the Board are:-

1. Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of the Management;
2. Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
3. Approving the nominations of Directors and appointment of key personnel;
4. Approving major funding proposals, investment and divestment proposals; and
5. Assuming responsibility for corporate governance.

All Directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

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Principle 2 – Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Currently, the Board comprises five (5) directors, as set out below. There is one Executive Director namely Mr Teo Hark Piang, who is also the Chief Executive Officer (“CEO”), and one Non-Executive Director namely Mr Teo Kiang Ang, who is the Chairman of the Group. The Non-Executive and Independent Directors comprise Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou.

Director	Designation	Date of Initial Appointment as Director	Date of Last Re-Election	AC	NC	RC
Teo Kiang Ang ⁽¹⁾	Non-Executive Chairman and Honorary Advisor	3 October 2016	29 April 2021	–	–	–
Loo Hock Leong	Lead Independent Director	20 June 2017	27 April 2023	Chairman	Member	Member
Lim Chwee Kim ⁽²⁾	Independent Director	20 June 2017	28 April 2022	Member	Member	Chairman
Heng Chye Kiou	Independent Director	20 June 2017	27 April 2023	Member	Chairman	Member
Teo Hark Piang	Executive Director and Chief Executive Officer	1 November 2018	28 April 2022	–	–	–

Notes:

- (1) Mr Teo Kiang Ang will retire pursuant to Regulation 117 of the Constitution and he is subject to re-election as a director of the Company at the forthcoming AGM of the Company.
- (2) Mr Lim Chwee Kim will retire pursuant to Regulation 117 of the Constitution and he will not seek for re-election as a director of the Company at the forthcoming AGM of the Company.

Details of the Directors’ qualifications and experiences are set out on pages 6 to 8 (Directors’ Profile) of this Annual Report.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and the Rules of the Listing Manual of SGX-ST. The NC adopts the Code’s definition of what constitutes an “independent” Director in its review.

An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and Rules 210(5)(d)(i) and (ii) of the Listing Manual of SGX-ST and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director’s independent judgement.

On 11 January 2023, Singapore Exchange Regulation (“SGX RegCo”) announced Listing Rule changes to limit to nine (9) years the tenure of Independent Directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving Independent Directors who have served for more than nine (9) years. The two-tier vote was removed on 11 January 2023. As transition, Independent Directors whose tenure exceeds the nine-year limit can continue to serve as Independent Directors until the listed companies’ annual general meeting held for the financial year ending on or after 31 December 2023. On or after 31 December 2023, a director who has served on the board for a cumulative period of nine (9) years will no longer be deemed to be independent.

There is no Independent Director who has served beyond nine (9) years since the date of his first appointment.

For FY2023, the NC has reviewed and confirmed the independence of the Independent Directors, Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou in accordance with the Code.

The Independent Directors have also confirmed their independence in accordance with the Code. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence.

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As majority of the Board is independent, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman and the Chief Executive Officer (or equivalent) are immediate family members, is part of the management team and is not an independent director, is satisfied.

For FY2023, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of accounting and finance, and relevant industry experience. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group.

The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In FY2023, the Board Diversity Policy was revised to reflect the Company's commitment to consider suitable candidates in the Board appointment selection process. The NC will consider candidates on merit against objective criteria and with due regard for diversity on the Board.

The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board including giving due regard to the benefits of all aspects of diversity striving to ensure that the Board is appropriately balanced.

The main objective of the Board Diversity Policy is to continue to maintain appropriate balance of the Board's perspectives, skills and experience to support the Company's long-term goals and success. The Board also recognises that diversity is not limited any personal attributes and believes that having experienced Directors with an independent mindset is important for the Board to be effective.

The NC is also responsible for developing a framework to identify the skills that the Board collectively needs to discharge the Board's responsibilities effectively, taking into account the existing risk profile, business operations and future business strategy.

The Company's Board Diversity Policy endorses the principle that its Board should have the balance of experience, skills, knowledge and independence that supports the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board Diversity Policy provides for NC to consider a combination of factors such as skills, knowledge, professional experience, educational background etc.

In addition, the Board consists of directors with ages ranging from 40s to 70s, who serve on the Board for different tenures. The Board members with their combined business, management and professional and industrial experiences, knowledge and expertise, provide core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The Board will continue taking the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

The NC ensures that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate number of Independent Directors to provide diversity in expertise, knowledge and experience. Members of the Board include seasoned professionals in engineering, finance and business management. The Board believes that its members' different backgrounds, skill sets and experience provide a diversity of perspectives which contribute to the quality of its decision-making.

The NC is of the view that the current Board comprises persons who collectively possess the necessary core competencies, and as a group, provide an appropriate level of independence and diversity of skills, experience and knowledge of the Company, and that the current Board size and diversity are appropriate, taking into consideration the nature and scope of the Group's operations. Every year, the NC conducts its review of the composition of the Board, which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirements of the Group at the point in time. The NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC and the Board will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity on the Board.

The Company is committed to ensuring and enhancing diversity on the board and will consider the benefits of all aspects of diversity, including diversity of skills, experience, background and other relevant factors. The NC will ensure that board appointments are made based on merit, in the context of skills, experience, independence and knowledge of the candidate.

The NC will also continue to assess independence, bearing in mind Principle 2 of the Code and Provisions 2.2 and 2.3 of the Code, in any change in the Board composition when appropriate, as part of the Board's renewal process.

The NC believes that there is an appropriate balance of industry knowledge, skills, background, experience and professional qualifications on the Board, and is satisfied that the objectives of the Board Diversity Policy continue to be met.

When appropriate, the Company may engage external consultant to search for appropriate and suitable candidate to the Board.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy. The NC reviews annually the size of the Board, balance and diversity of skills, knowledge and experience required by the Board. All Directors are professionals in their own fields. Together they bring to the Board multiple skill sets, relevant competencies and attributes to discharge the functions of the Board and Board Committees. The NC also aims to maintain a diversity of expertise, knowledge and experience in the fields of engineering, finance, law and business as attributes among the Directors.

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Non-Executive Chairman, as appropriate.

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Principle 3 – Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Mr Teo Kiang Ang is our Non-Executive Chairman and Honorary Advisor and Mr Teo Hark Piang, who is an immediate family member of the Chairman, is our CEO. Accordingly, pursuant to Provision 3.3 of the Code, the Board has appointed Mr Loo Hock Leong as the Lead Independent Director.

The roles of the Non-Executive Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that there is a clear division of responsibilities between the leadership of the Board and the Management.

The Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow directors and other executives, and if warranted, with professional advisors.

The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He promotes high standards of corporate governance as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Independent Directors during the Board meetings.

The CEO is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Management.

The role of the Lead Independent Director is to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is available to shareholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairman or the Management.

Principle 4 – Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments.

The NC comprises three directors, three of whom including the NC Chairman, are non-executive and independent. The Lead Independent Director is also a member of the NC. Currently, the NC members are:

- Heng Chye Kiou (Chairman)
- Lim Chwee Kim
- Loo Hock Leong

The key terms of reference of the NC include:

- (a) making recommendations to the Board on relevant matters relating to:
 - (i) the review of board succession plans for Directors and in particular, the Chairman and the CEO;
 - (ii) the reviewing of training and professional development programmes for the Board; and
 - (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;

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- (c) reviewing the structure, size and composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provides an appropriate balance and diversity of the Group and provides core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation and other principal commitments;
- (e) identifying and developing training programmes/schedules for the Board and Board Committees and to ensure that all Board appointees undergo appropriate induction programme; and
- (f) reviewing and providing the Board with succession plans for the Board Chairman, Directors, CEO and key management personnel.

In addition, the NC has developed a process for the evaluation and performance of the Board, its Board Committees and individual Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria.

The NC has a process for assessing the effectiveness of the Board as a whole and its committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of the Board in place. The NC Chairman will act on the results of the evaluation of the Board, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through our network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. No talent acquisition firm was engaged in FY2023. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Directors.

In recommending to the Board on appointment and re-appointment of Directors, the NC considers the needs of the Group, qualifications, experience and knowledge of the candidate, his contribution and performance as Director of the Company, officer of other companies and/or professionals in his area of expertise, candidate's competence, integrity and independence of the candidate (for Independent Directors).

At each AGM of the Company, the Constitution requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one third of those who have been longest in office since their last re-elections. Newly appointed Directors will have to retire at the next AGM following their appointments. The retiring Directors are eligible to offer themselves for re-election.

The NC has noted that the following directors will retire by rotation at the forthcoming AGM pursuant to the following Regulation:

Name of Director	Designation	Retiring Pursuant to Regulation Number
Teo Kiang Ang	Non-Executive Chairman and Honorary Advisor	117
Lim Chwee Kim	Independent Director	117

Mr Lim Chwee Kim, who will be retiring at the forthcoming AGM pursuant to Regulation 117 of the Company's Constitution, had indicated his intention to retire and not seeking for re-election at the forthcoming AGM. Mr Lim will relinquish as Chairman of the RC and Member of the AC and NC.

Mr Yee Chia Hsing has been identified (the "**Proposed Incoming ID**") and his proposed appointment ("**Appointment**") will be subject to the approval of shareholders by way of a resolution at the forthcoming AGM to be convened on 30 April 2024. Please refer to the Company's announcements dated 15 April 2024. Shareholders' approvals will be sought for the appointment of Mr Yee Chia Hsing as Director pursuant to Regulation 122 of the Company's Constitution at the forthcoming AGM.

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As at the date of this annual report and pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information as set out in Appendix 7.4.1 relating to Mr Teo Kiang Ang and Mr Yee Chia Hsing are disclosed below:

Name	Teo Kiang Ang	Yee Chia Hsing
Date of appointment / proposed appointment	3 October 2016	30 April 2024
Date of last re-appointment	29 April 2021	Not Applicable
Age	74	52
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>Pursuant to Regulation 117 of the Constitution, Mr Teo Kiang Ang will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Teo's overall contributions and performance as well as his extensive knowledge of the industry which will continue to enhance board deliberation, has recommended him for re-election at the forthcoming AGM and the Board has approved the recommendation.</p>	<p>The Nominating Committee and the Board have reviewed and considered the qualifications and working experience of Mr Yee and found that Mr Yee to be suitable candidate for the appointment as Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee.</p> <p>Accordingly, the Nominating Committee has recommended and the Board has approved the appointment of Mr Yee as Independent Director of the Company, Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee. The Board considers Mr Yee is independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Yee's appointment will be subject to the approval of shareholders by way of a resolution to be tabled at the forthcoming annual general meeting to be convened on 30 April 2024.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead Independent Director, AC Chairman, AC Member etc.)	Non-Executive Chairman and Honorary Advisor	Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee

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Name	Teo Kiang Ang	Yee Chia Hsing
Professional qualifications	Nil	Bachelor of Accountancy Degree (First class Honours) - Nanyang Technological University
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Mr Teo Hark Piang, Chief Executive Officer and Substantial Shareholder of the Company, Mr Teo Woo Yang, Business Development Director, and Ms Alexis Teo Soak Theng, General Manager (Plant Operations).	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1)	Yes	Yes
Working experience and occupation(s) during the past 10 years	<p>Union Energy Corporation Group See Young Group Trans-cab Group TCSP Group TCSP Investment Group Ngee Ann Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Bloomsville Investments Pte. Ltd. Changi Investments Pte. Ltd. Cheng Kharp Foam Manufacturer Pte. Ltd. Choon Hin (T.K.A.) Trading Pte. Ltd. D Investments Pte. Ltd. L Investments Pte. Ltd. LK Tang Pte. Ltd. Nam Hwa Opera Limited RE Properties Pte. Ltd. Sembas International Trading Pte. Ltd. Singapore Taxi Academy Singapore Teochew Foundation Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. TKA Developers Pte. Ltd. Limited Vault@268 Pte. Ltd.</p>	<p>August 2022 to January 2024 - Executive Director / Chief Executive Officer of Datapulse Technology Limited</p> <p>March 2021 to July 2022 - Director of Corporate Affairs of iX Biopharma Ltd and General Manager of Entity Health, its nutraceutical business</p> <p>January 2011 to February 2021 - Head of Catalyst, Managing Director, CIMB Bank (Singapore Branch)</p>
Shareholding interest in the listed issuer and its subsidiaries	Yes	No
Shareholding details	67,813,500 (Direct Interests) 119,106,435 (Deemed Interests)	Not Applicable

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Name	Teo Kiang Ang	Yee Chia Hsing
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Evergreen Scaffolding Pte. Ltd. Gasmart Pte. Ltd. Leong Yew Timber Co (Pte) Ltd Nam Hwa Opera Limited Oasis Holdings Private Limited Oasis Investments Pte. Ltd. Oasis Paradise Pte. Ltd. Semgas (S) Pte. Ltd. TKA Developers Pte. Ltd. Trans Recovery Towing Services Pte. Ltd. Trans Towing Services Pte. Ltd.	Datapulse Technology Limited Ezion Holdings Limited
Present	Union Energy Corporation Group See Young Group Trans-cab Group TCSP Pte. Ltd. TCSP Investment Group Ngee Ann Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Bloomsville Investments Pte. Ltd. Changi Investments Pte. Ltd. Cheng Kharp Foam Manufacturer Pte. Ltd. Choon Hin (T.K.A.) Trading Pte. Ltd. D Investments Pte. Ltd. L Investments Pte. Ltd. LK Tang Pte. Ltd. RE Properties Pte. Ltd. Sembas International Trading Pte. Ltd. Singapore Teochew Foundation Limited Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. Trans Recovery Services Pte. Ltd. Vault@268 Pte. Ltd.	Beng Kuang Marine Limited First Sponsor Group Limited Zhongmin Baihui Retail Group Ltd. Ren Ci Hospital (Audit Committee Member, non director role)

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Name	Teo Kiang Ang	Yee Chia Hsing
Information Required Pursuant to Rule 704(7) of the Listing Manual of SGX-ST		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	<p>Yes</p> <p>Mr Yee was an Independent Non-Executive Director of Ezion Holdings Limited (“Ezion”) from 5 January 2016 to 9 April 2021.</p> <p>Ezion filed an application pursuant to Section 125(1)(e) and Section 125(1)(i) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) on 28 January 2022 for Ezion to be placed in liquidation (“Winding Up Application”).</p> <p>On 18 February 2022, Ezion announced that the Court granted the Winding Up Application for Ezion to be placed into liquidation and for Messrs Ng Kian Kiat and Goh Wee Teck of RSM Corporate Advisory Pte Ltd to be appointed as joint and several liquidators.</p>
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

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Name	Teo Kiang Ang	Yee Chia Hsing
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes, please refer to paragraphs 1(a), 1(b), 1(d), 2(a), 2(b) and 2(e) of the disclosure in relation to Mr Teo Kiang Ang.	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	Yes, please refer to paragraph 1(c) of the disclosure in relation to Mr Teo Kiang Ang.	No

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Name	Teo Kiang Ang	Yee Chia Hsing
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes, please refer to paragraphs 2(c) and 3 of the disclosure in relation to Mr Teo Kiang Ang.	No

Disclosure in relation to Mr Teo Kiang Ang

Mr Teo Kiang Ang was involved in the following incidents:

1. Incidents involving entities which Mr Teo Kiang Ang is/was a director/partner
 - (a) Mr Teo Kiang Ang was a director of Sembas International Trading Pte. Ltd., which paid penalties in relation to various minor offences relating to the filing of GST, holding of annual general meetings and submission of its audited accounts between 1994 and 1996.
 - (b) Mr Teo Kiang Ang was a director of Choon Hin (T.K.A.) Trading Pte. Ltd., which paid minor compositions for omissions in filing income tax returns and audited accounts for 1995.
 - (c) Mr Teo Kiang Ang was the manager of TKA Auto Service Centre, which paid minor fines for inadvertent errors in collection and filing of GST between 2011 and 2012.
 - (d) Mr Teo Kiang Ang was a director of Semgas (S) Pte. Ltd. and Gasmart Pte. Ltd., both which paid composition sums to the Inland Revenue Authority of Singapore (“IRAS”) in 2012 for their inadvertent omission of certain income items in their IR8A forms.

2. Other Incidents
 - (a) In 2006, Mr Teo Kiang Ang was interviewed by the Corrupt Practices Investigation Bureau (“CPIB”) to assist in investigations concerning dealings between Sembas (Asia) Trading Pte. Ltd., which he was a director of, and an employee of Singapore Petroleum Company Ltd.
 - (b) In 2007, Mr Teo Kiang Ang was interviewed by the Singapore Ministry of Manpower to assist in its review of a civil complaint of unfair dismissal filed by a foreign worker dismissed by Trans-cab Services Pte. Ltd. (“Trans-cab Services”), a wholly-owned subsidiary of Trans-cab Holdings Ltd., which he was a director of.

REPORT ON CORPORATE GOVERNANCE

- (c) In 2009, Mr Teo Kiang Ang was investigated by the IRAS for an inadvertent failure to report certain income items between 2003 and 2009, which has been subsequently settled.
- (d) In or around 2009, Mr Teo Kiang Ang was interviewed by the CPIB in relation to the alleged corrupt practices involving an officer of the Singapore National Environment Agency, who was granted a discharge amounting to an acquittal in 2010.
- (e) Between 2012 and 2014, Mr Teo Kiang Ang was interviewed by the Commercial Affairs Department in relation to an apparent circumvention of a rule set by the Land Transport Authority of Singapore by Transcab Services.

As at the date of this annual report, Mr. Teo Kiang Ang has not been charged with any of the offences disclosed and there has not been any follow up contact or request for further assistance from any of the aforementioned authorities.

3. Mr Teo Kiang Ang was involved in other minor breaches and paid minor compositions and fines between 1972 to 1996.

Please refer to the Company's prospectus dated 13 July 2017 for further details on the disclosures in relation to Mr Teo Kiang Ang.

The NC had reviewed, taking into consideration Mr Teo Kiang Ang, being the Non-Executive Chairman and Honorary Advisor, and his continued ability to contribute through his extensive industry knowledge to the Company, recommends that Mr Teo Kiang Ang who will retire by rotation pursuant to Regulation 117 of the Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected. Mr Teo Kiang Ang will remain as the Non-Executive Chairman and Honorary Advisor. Key information details on Mr Teo Kiang Ang are set out on page 6 of this Annual Report.

Upon re-election as Director, Mr Teo Kiang Ang will remain as Non-Executive Chairman and Honorary Advisor and will be considered non-independent.

The NC had reviewed and the Board, taking into consideration of Mr Yee Chia Hsing's qualifications and working experience and found that Mr Yee to be suitable candidate for the appointment as Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings, and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), as an Independent Director.

The NC may also engage external search consultants to search for new Directors at the Company's expense. New Directors are appointed by way of a board resolution after the NC recommends the appointment for the consideration and approval by the Board.

As a broad-based NC policy, the board nomination process for evaluating an Executive Director vis-à-vis a Non-Executive or Independent Director is different. For an Executive Director, the nomination process would in general be tied to his ability to contribute through his business acumen and strategic thinking process for the business.

As for an Independent Director, his nominations are hinged on myriad of criteria whereby he should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The existing Independent Directors were selected from contacts as recommended to the Management, where the Management had in their opinion, deemed that these professionals will be able to give an independent view to take the Group's business to a higher level as the current Executive Directors lacked listed company directorship experience and would depend on the stewardship of more experienced Independent Directors.

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Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2023 from carrying out their duties to the Company:

- (a) expected and/or competing time commitments of each Director;
- (b) number of board representation held by each Director;
- (c) structure, size and composition of the Board; and
- (d) nature and scope of the Group's operations and size.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

For FY2023, the Board did not set any limit on the number of listed company directorships given that all Independent Directors were able to dedicate their time to the Group. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a limit in future. There is no alternate director appointed in FY2023.

The following key information regarding Directors are set out on the following pages of this Annual Report:

- (a) Pages 6 to 8 – Academic and professional qualifications, date of first appointment as director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) Page 73 – Shareholdings, if any, in the Company and its subsidiaries.

Principle 5 – Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The NC meets once a year, and as warranted by circumstances, to discharge its functions. In FY2023, one NC meeting was held.

The Board has implemented a process for assessing its effectiveness as a whole and the Board committees and each individual Director to the effectiveness of the Board. The assessments of the Board, the Board Committees and the individual directors will be carried out annually.

The assessment utilises a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group's performance, the effectiveness of the Board and the Board Committees. The questionnaires are completed by members of the Board and the Board Committees. The completed qualitative assessment questionnaires are collated for deliberation by the NC. The results, conclusions and recommendations are then presented to the Board by the NC.

REPORT ON CORPORATE GOVERNANCE

The assessment of the individual directors will be done through peer-assessments, in each case through a confidential questionnaire to be completed by the directors individually. The assessment parameters for such individual evaluation include attendance and contributions during Board and Board Committee meetings as well as commitment to their roles as directors. The completed questionnaires will then be collated for the NC's deliberation and reported to the Chairman of the Board. The Chairman will act on the results of the performance evaluation and the recommendations of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

The NC has reviewed the overall performance of the Board as a whole, the Board Committees and Individual Director for FY2023.

Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2023, both the NC and the Board are of the view that the Board has met its performance objectives for FY2023. No external facilitator was used in the process.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

All appointments to the Board are made on merit and measured against objective criteria. In identifying and evaluating nominees for appointment as Directors, the NC will evaluate the skills, knowledge and experience as well as any other attributes of the potential candidates and in consultation with Management, determine the role and the desirable competencies for a particular appointment. Where the need to appoint a new Director arises, the NC will review the composition and range of knowledge, expertise, skills and attributes of the Board and Board committees. The NC identifies the Company's needs with the appropriate profile for nomination before management's sourcing for candidates through a network of contacts. The NC will conduct interviews with the short-listed candidates to assess their suitability and verify that candidates are aware of the expectations and level of commitment required. Finally, the NC will make a recommendation on the appointment to the Board for approval.

(B) REMUNERATION MATTERS

Principle 6 – Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his own remuneration.

The RC comprises entirely of Non-Executive Directors, all of whom are independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2023, five RC meetings were held.

Currently, the RC members are:

- Lim Chwee Kim (Chairman)
- Loo Hock Leong
- Heng Chye Kiou

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");
- (b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;

REPORT ON CORPORATE GOVERNANCE

- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;
- (d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- (e) reviewing the link between performance and reward in the remuneration structure of each of the Director and Key Management Personnel and recommends such targets for each of such Director and Key Management Personnel, for endorsement by the Board.

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted to endorsement by the Board. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him. As and when deemed appropriate by the RC, independent expert advice will be sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The RC considers all aspects of remuneration (including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) in the review of remuneration packages for the Directors and executive officers with an aim to be fair and to avoid rewarding poor performance, before making any recommendations to the Board.

The Independent Directors receive Directors' Fees in accordance with their contributions and taking into account factors such as effort and time spent and their responsibilities. The Directors' Fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

The Executive Directors have each entered into a service agreement with the Company, under which terms of their employment are stipulated.

Principle 7 – Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC recommends to the Board the quantum of Directors' Fees and the Board in turn endorses the recommendations for shareholders' approvals at each AGM. To facilitate timely payment of Directors' Fees, the Company has recommended for the Directors' Fees amounting to S\$773,686 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2024 once approvals are obtained from shareholders at the forthcoming AGM.

For FY2023, the payment of \$242,678 as Directors' Fees to Non-Executive and Independent Directors had been approved at the AGM held on 27 April 2023.

The remuneration packages take into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board and taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Directors.

For the Executive Directors and Key Management Personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Key Management Personnel. The Company may terminate a service agreement if, *inter alia*, the relevant Executive Directors or Key Management Personnel is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts in breach of the service agreement so as to materially prejudices the business of the Company or Group.

REPORT ON CORPORATE GOVERNANCE

The Company has entered into a service agreement with the Executive Director and CEO, namely, Teo Hark Piang. The Company has also entered into an agreement appointing Mr Teo Kiang Ang as Honorary Advisor with effect from 1 January 2023.

The RC will ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the Share Option Scheme and Performance Share Plan (as defined below) and hold shares in the Company so as to better align their interests with the interests of shareholders.

During FY2023, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities. For FY2023, the Company engaged an external remuneration consultants, to assist in the review of compensation and remuneration packages.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the Chairman, CEO and top 5 Key Management Personnel.

The Company has not adopted the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company. It shall consider such use of contractual provisions in future or at a more appropriate juncture depending on factors such as the scale and size of the Group's operations.

Principle 8 – Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown (in percentage terms) of the remuneration and other payments and benefits of Directors of the Company for FY2023 is set out below:

Directors	Salary ¹ (%)	Bonus and Others ¹ (%)	Director's Fees (%)	Total ¹ (%)
<u>Above \$1,000,000</u>				
Teo Hark Piang ²	64	36	–	100
<u>Below \$500,001 to \$750,000</u>				
Teo Kiang Ang	–	84 ³	16	100
<u>Below \$250,000</u>				
Loo Hock Leong	–	–	100	100
Lim Chwee Kim	–	–	100	100
Heng Chye Kiou	–	–	100	100

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The breakdown (in percentage terms) of the remuneration of 5 Key Management Personnel (who are not Directors) of the Group for FY2023 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary ¹ (%)	Bonus and Others ¹ (%)	Total (%)
<u>Between \$250,001 to \$500,000</u>				
Teo Woo Yang	Business Development Director	69	31	100
Alexis Teo Soak Theng	General Manager (Plant Operations)	60	40	100
Hong Pay Leng	Chief Financial Officer	70	30	100
<u>Below \$250,000</u>				
Sim Lai Kitt	Group General Manager	89	11	100
Sylvia Lio	Chief Accounting Officer	68	32	100

Notes:

- The salary and bonus amounts shown are inclusive of Singapore's Central Provident Funds contributions.
- Remuneration of Mr Teo Hark Piang is calculated based on the Service Agreements.
- This is advisory fees.

The Company's success depends to a significant extent upon the Directors and Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term service agreements, could have a material adverse effect on the Company. In view of this and in the best interest of the Company, the Company is not disclosing the exact remuneration of the Directors or the link between performance and remuneration paid to the Directors and Key Management Personnel. In aggregate, the total remuneration paid to the above Key Management Personnel was \$1,660,812 in FY2023. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the remuneration for the Executive Directors and Key Management Personnel. Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2023.

Accordingly, the Company is of the view that its practices of disclosing the remuneration of Key Management Personnel in bands of \$250,000 are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for shareholders.

During the financial year under review, employee in the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeded \$100,000 are shown as below:

Remuneration Band	Relationship to Director or CEO
<u>Between \$400,001 to \$500,000</u>	
Teo Woo Yang	Son of Mr Teo Kiang Ang and brother of Mr Teo Hark Piang
Alexis Teo Soak Theng	Daughter of Mr Teo Kiang Ang and sister of Mr Teo Hark Piang
<u>Between \$200,000 to \$300,000</u>	
Alice Teo Soak Imn	Daughter of Mr Teo Kiang Ang and sister of Mr Teo Hark Piang

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The remuneration received by the Executive Director and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2023. Their remuneration is made up of fixed and variable compensations.

SHARE OPTION SCHEME

On 19 June 2017, the shareholders adopted the “Union Gas Employee Share Option Scheme” (the “**Share Option Scheme**”). The Share Option Scheme has been assigned by the Board of Directors to be administered by our Remuneration Committee (the “**Committee**”).

The primary objective of establishing the Share Option Scheme is to provide eligible participants (the “**Participants**”) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain directors (including Independent Directors) and employees of the Group whose services are vital to our well-being and success. The other objectives of the Share Option Scheme are as follows:

- to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- to retain key employees and Directors whose contributions are essential to the long term growth and profitability of the Group;
- to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of the Group;
- to attract potential employees with relevant skills to contribute to our Group and to create value for shareholders of the Company; and
- to align the interests of Participants with the interests of our shareholders.

The Share Option Scheme allows for participation by confirmed employees and directors (including Independent Directors) of the Group and its associated companies, who have attained the age of 21 years on or before the relevant Offer Date, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. The aggregate number of shares in the capital of the Company (“**Shares**”) which may be offered by way of grant of options to the controlling shareholder and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of Shares available under the Share Option Scheme, with the number of Shares which may be offered by way of grant of options to each controlling shareholder and his respective associate not exceeding 10% of the total number of Shares available under the Share Option Scheme.

The total number of Shares over which the Committee may grant options on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme (including the PSP (as defined herein) and any other share schemes of our Company) shall not exceed 15% of the number of all issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant.

No Option or Share has been awarded to any Participant under the Share Option Scheme since adoption including in FY2023. The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Committee:

- (a) set at a discount to a price equal to the average of the last dealt prices for the Shares on the SGX-ST for the five (5) consecutive market days, on which transactions in the Shares were recorded, immediately preceding the relevant Offer Date of the relevant option (the “**Market Price**”) subject to a maximum discount of 20% (the “**Incentive Options**”); or
- (b) fixed at the Market Price (the “**Market Price Options**”).

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Subject as provided in the Share Option Scheme and any other conditions as may be introduced by the Committee from time to time, a Market Price Option or an Incentive Option, as the case may be and shall be exercisable, in whole or in part, as follows:

- (a) in the case of a Market Price Option, during the period commencing after the first anniversary of the offer date to grant an Option (“**Offer Date**”) and expiring on the tenth anniversary of the Offer Date (or such shorter period if so determined by the Committee); and
- (b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date, provided always that the Options granted to employees and executive directors of the Group and its associated companies shall be exercised before the tenth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee), and Options granted to non-executive directors of the Group and its associated companies shall be exercised before the fifth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee).

The Share Option Scheme shall continue in operation for a maximum period of 10 years provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

PERFORMANCE SHARE PLAN

On 19 June 2017, the shareholders adopted the “Union Gas Performance Share Plan” (the “**PSP**”). The PSP has been assigned by the Board of Directors to be administered by our Remuneration Committee (the “**Committee**”).

The PSP was established to increase our Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, executive directors and non-executive directors of the Group and its associated companies to achieve increased performance. The Directors believe that in addition to the Share Option Scheme, the PSP will further strengthen the Company’s competitiveness in attracting and retaining superior local and foreign talent.

The PSP allows our Company to target specific performance objectives and to provide an incentive for eligible participants (“**Participants**”) to achieve these targets. The Directors believe that the PSP will provide the Company with a flexible approach to provide performance incentives to the employees, executive directors and non-executive directors of the Group and its associated companies and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

The awards granted under the PSP represent the right of a participant to receive fully paid Shares free of charge provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period (the “**Awards**”).

Under the PSP, the selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant will be determined at the absolute discretion of the Committee based on, amongst others, his rank, job performance, creativity, innovativeness, entrepreneurship, years of service, potential for future development and his contribution to the success and development of the Group and if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period. The performance period, vesting period and other conditions will be determined by the Committee administering the PSP.

The PSP allows for participation by confirmed full time employees, executive directors and non-executive directors (including Independent Directors) of the Group and its associated companies who have attained the age of 21 years on or before the relevant date of grant of the Award. The aggregate number of Shares which may be issued or transferred to the controlling shareholder and their respective associates under the PSP shall not exceed 25% of the total number of Shares available under the PSP, with the number of Shares which may be delivered to each controlling shareholder and his respective associate not exceeding 10% of the total number of Shares available under the PSP.

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The total number of Shares over which may be issued or transferred pursuant to the vesting of Awards, when added to the number of shares issued and issuable in respect of all Awards granted under the PSP (including shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

Further details on the Company's PSP are set out on pages 210 to 219 of the Company's Offer Document dated 13 July 2017.

During the financial year, no award has been granted and no share has been vested to its employees in FY2023. No Share was also issued or allotted to a Director or controlling shareholder and each of their associates under the Share Option Scheme and PSP in FY2023.

(C) ACCOUNTABILITY AND AUDIT

Principle 9 – Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

The Company has adopted an enterprise risk management ("ERM") framework. This risk framework has five (5) principal risk categories, namely strategic, financial, operational, compliance and information technology risks.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the AC and Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. Identified risks that affect the achievement of the Group's business objectives are compiled in the Group Risks Register and are ranked according to the likelihood and consequential impact to the Group as a whole.

For further accountability, the announcements containing the half year financial statements are signed by the Executive Director and CEO, Mr Teo Hark Piang, and the Lead Independent Director, Mr Loo Hock Leong, for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Board approves the financial results after review and authorises the release of the results on SGXNet and the public. The Company also uploads latest announcement(s) which has been disseminated via SGXNet on its website www.uniongas.com.sg.

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, with the assistance of the internal auditors, conduct reviews of the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The internal auditors have carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditors have in the course of its statutory audit, gained an understanding of those internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes. No material internal control weakness had been raised by the internal and external auditors in the course of their work for FY2023.

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Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

For FY2023, the Board had received assurance from the CEO and the Chief Financial Officer (the "CFO") the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board had also received assurance from the CEO, CFO and the Key Management Personnel, that there were no significant internal control issues or incidents to be brought to the AC's or the Board's attention in respect of the Group's effectiveness in terms of the risk management; and internal control systems addressing financial, operational and compliance risks and information technology are adequate and the Company's and the Group's risk management and internal control systems.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, reviews performed by the internal and external auditors, and assurance from the CEO, CFO and Key Management Personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls are adequate and effective as at 31 December 2023 in addressing financial, operational, compliance and information technology risks.

Principle 10 – Audit Committee ("AC")

The Board has an Audit Committee which discharges its duties objectively.

Currently, the AC comprises three members, all of whom are Non-Executive and Independent Directors. The members of the AC are:

- Loo Hock Leong (Chairman)
- Lim Chwee Kim
- Heng Chye Kiou

The terms of reference of the AC include the following:

- (a) review the relevance and consistency of the accounting standards, the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risks management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (c) review the effectiveness and adequacy of the Group's internal audit function at least annually, including the determination whether the internal auditors have direct and unrestricted access to the Chairman of the Board and AC, and is able to meet separately to discuss matters/concerns;
- (d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

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- (f) review the system of internal controls and management of financial risks with the internal auditors;
- (g) review the co-operation given by the Management to the internal and external auditors, where applicable;
- (h) keep abreast of changes in accounting standards and issues which have a direct impact on financial statements;
- (i) review the assurance provided by the CEO and CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;
- (j) participate in the appointment, replacement or dismissal of the head of internal audit or, if an external party, the internal auditors;
- (k) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of the Listing Manual of SGX-ST, including such amendments made thereto from time to time;
- (l) review and approve interested person transactions and review procedures thereof;
- (m) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (n) review the risk management framework with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet;
- (o) investigate any matters within its terms of reference;
- (p) review the policy and arrangements, by which the staff or any third party may, in confidence, raise concerns about possible improprieties including matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (q) where the AC deems necessary, to commission and review the findings of any internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position;
- (r) where the AC deems necessary, to commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective to mitigate the Group's internal control weaknesses (if any);
- (s) report to the Board its findings from time to time on matters arising and requiring the attention of the Committee or to undertake such other reviews and projects as may be requested by the Board; and
- (t) undertake such other functions and duties as may be required by statute or the Rules of the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

All members of the AC are not former partners or directors of the Company's external auditors.

The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or Key Management Personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and Key Management Personnel, as and when required, were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

During FY2023, the fees paid by the Company to the external auditors for audit and non-audit services amounted to \$195,000 and \$38,000 respectively. The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the independence and objectivity of the external auditors have not been affected.

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The AC and the Board are of the view that the external auditors are adequately resourced. The external auditors are registered with the Accounting and Corporate Regulatory Authority. The AC has recommended to the Board the re-appointment of RSM SG Assurance LLP as external auditors of the Company at the forthcoming AGM of the Company.

The Group has outsourced its internal audit function to Yang Lee & Associates (“YLA” or “Internal Auditor”) which reports directly to the AC. YLA is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing services, food and beverage, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing (“IIA Standards”) issued by the Institute of Internal Auditors. The engagement team is staffed with professionals with knowledge and experience in internal audit, risk management and other relevant disciplines.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The Internal Auditor reports its audit findings and recommendations directly to the AC. The Internal Auditor has unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC. The Internal Auditor completed one internal audit review based on the internal audit plan for the financial year ended 31 December 2023. The AC approved the internal audit report and the Management has adopted key recommendations of the Internal Auditor as set out in the internal audit report. The AC has reviewed and is satisfied that the internal audit function is independent, adequate, effective and has the appropriate standing in the Company to discharge its duties effectively.

The Group has not appointed different auditors for its subsidiaries and it is in compliance with Rules 712 and 715 of the Listing Manual of SGX-ST in relation to the appointment of external auditors.

The AC had met up with the internal and external auditors without the presence of Management for FY2023. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2023 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal accounting controls that are relevant to the statutory audit.

During FY2023, the AC reviewed the planned audit procedures and the potential key audit areas presented by the external auditors. At the AC meeting held in February 2024, the AC received a report on FY2023 audit results from the external auditors, which summarised the audit work performed for the key audit areas. In particular, the following key audit matter was discussed during the meeting:

Key Audit Matter	How the AC reviewed these matters and what decisions were made:
Revenue Recognition	The AC discussed the audit procedures with the external auditors, reviewed the audit report and accepted the conclusions.

The Company has a whistleblowing policy in place which sets out the procedures for a whistleblower to make a report to the whistle-blowing committee on misconduct or wrongdoing relating to the Company and its employees and clearly communicates to employees the existence of such policy.

The Company will treat all information received confidentially and protect the identity of all whistle-blowers. It is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the whistle-blowing committee via a dedicated email address (wbc@uniongas.com.sg).

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The AC, which is responsible for oversight and monitoring of whistle-blowing. The AC also has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. Depending on the nature of the concern raised or information provided, the investigation may be conducted involving one or more of these persons or entities:

- The investigation panel directed by the AC;
- The internal or external auditors; and/or
- Forensic professionals.

To date, no significant matter was raised through the Group's whistle-blowing channels.

For FY2023, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. The AC chairman is a Chartered Accountant with the Institute of Singapore Chartered Accountants, possesses a Masters of Applied Finance from the Macquarie University with three distinguished awards and holds the accreditation of Senior Accredited Director by SID including a GRI Certified Sustainability Professional. The AC chairman has also been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT (which is listed on SGX-ST) since January 2009. For FY2023, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditors in the course of its report to AC.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 – Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Prior to the onset of COVID-19 pandemic, the Company's principal form of dialogue with shareholders takes place at general meetings. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company. Shareholders will also be briefed during the general meetings on voting procedures of the general meetings.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have.

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

The Company's Constitution does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

However, the Constitution does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A shareholder of a company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), the Company allows a shareholder who is a relevant intermediary to appoint more than 2 proxies to attend and vote in his stead at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

Alternative Meeting Arrangement for 2023

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variables Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's AGM held on 27 April 2023 ("**2023 AGM**") was held by way of electronic means via live webcast. To enable the members to participate at the 2023 AGM, ask questions during AGM and exercise their votes effectively, instructions on how to register, participate, pose their questions, submission of proxy form, vote and etc. relating to the 2023 AGM was published at the SGXNet and Company's website. The Company has published, on the SGXNet, and the Company's website, its responses to questions raised by shareholders in advance of the 2023 AGM. At the 2023 AGM, all resolutions tabled at the 2023 AGM were conducted by live poll pursuant to Rule 730A(2) of the Listing Manual of SGX-ST, counted by the Polling Agent and verified by the Scrutineer at the 2023 AGM. The poll results were announced by the Company via SGXNet on the same day after the 2023 AGM. The minutes of the 2023 AGM was published via SGXNet and the Company's website within one month from the date of 2023 AGM.

The Company has a dividend policy that aims to provide shareholders of the Company with a target annual dividend pay-out of not less than 50% of the net profit attributable to Shareholders excluding non-controlling interests and non-recurring, one-off and exceptional items.

Such declaration and payment of dividends shall be determined at the sole discretion of the Board, taking into account, inter-alia:

- (i) the level of the Group's cash and retained earnings;
- (ii) the Group's actual and projected financial performance;
- (iii) the Group's projected levels of capital expenditure and other investment plans;
- (iv) the Group's working capital requirements and general financing condition;
- (v) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (vi) any other factors that the Directors deem appropriate.

The Company has adopted the Union Gas Scrip Dividend Scheme (the "**Scheme**") on 25 February 2022.

Principle 12 – Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company is committed to treating all shareholders fairly and equitably and to keep all its shareholders and other stakeholders informed of its corporate activities which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Rules of the Listing Manual of SGX-ST; and
- SGXNet and press releases on major developments of the Group.

SGXNet disclosures and press releases of the Group are also available on the Company's website at www.uniongas.com.sg.

REPORT ON CORPORATE GOVERNANCE

The Company has appointed an investor relations firm to focus on facilitating communications with shareholders and attending to their queries and concerns. As mentioned above, for the 2023 AGM, shareholders had submitted their questions before the meeting and the Company had announced its response via SGXNet before the 2023 AGM. The notice of general meeting in the annual report was released on SGXNet and on the Company's website to inform shareholders of the upcoming meeting.

Through the investor relations ("IR") personnel, the Company communicates and engages with shareholders to provide balanced, clear and relevant information on a regular basis, as well as to attend to their queries or concerns.

To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on Company's website. The IR personnel have procedures in place for following up and addressing shareholders queries.

Principle 13 – Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company takes pride in meeting and exceeding the expectations of stakeholders and the engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the "Sustainability Report" section of the Annual Report.

Stakeholders who wish to know more about the Group and the business and governance practices can visit the Company's website (www.uniongas.com.sg) which includes an investor relations section containing the Company's financial highlights, annual report, corporate announcements, whistle-blowing policy and investor relations policy.

The Group has identified 5 key stakeholder groups based on their relevance and influence to its business. They include customers, suppliers, employees, investors and regulatory bodies. The Group engages with these stakeholders through various informal and formal channels of communication as disclosed in the Sustainability Report.

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities in compliance with Rule 1207(19) of the Listing Manual of SGX-ST, which has been disseminated to all Directors and employees within the Group. The Company will also send a notification via email to notify all its Directors and officers a day prior to the close of window for trading of the Company's securities.

The Company, its Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities and Futures Act 2001. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

- (i) the period commencing one month before the announcement of the Company's financial statements for its half-year and full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial results of the Company.

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

REPORT ON CORPORATE GOVERNANCE

No IPT mandate has been obtained at the Annual General Meeting held on 27 April 2023. The aggregate value of all interested person transactions for FY2023 were as follows:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than \$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST) during FY2023 (\$'000)	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during FY2023 under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (\$'000)
Purchase of electricity by the Group from Union Power Pte. Ltd. and Union Solar Pte. Ltd.	179	-
Provision of diesel pump by the Group from Trans-Cab Services Pte. Ltd.	467	-

(G) USE OF PROCEEDS (LISTING RULE 1207(20))

The Company raised gross proceeds from the IPO of approximately \$7.50 million (the "Gross Proceeds"). The Gross Proceeds have been utilised and re-allocated as per the Company's announcement on 3 August 2018 ("Re-Allocation") with the Gross Proceeds been utilised as follows:

Use of Proceeds	Gross Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") (\$'000)	Proceeds utilised as at 28 February 2024 (\$'000)	Proceeds utilised from 28 February 2024 to the date of this annual report (\$'000)	Balance of Proceeds as at the date of this annual report (\$'000)
Acquisition of dealers for the Retail LPG Business	4,143	(4,143)	-	-
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	(153)	-	847
General working capital	724	(724)	-	-
Listing expenses	1,633	(1,633)	-	-
	<u>7,500</u>	<u>(6,653)</u>	<u>-</u>	<u>847</u>

The above utilisation of Gross Proceeds is in accordance with the intended use as stated in the Company's offer document dated 13 July 2017 and the Re-Allocation.

The Company will continue to make periodic announcement via SGXNet on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

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(H) MATERIAL CONTRACTS

There were no material contracts involving the interests of any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

(I) CORPORATE ACTIONS

AMALGAMATION

On 1 January 2023, the amalgamation of two subsidiaries in the Group, U-Gas Pte. Ltd. and Union LPG Pte. Ltd. was completed, with Union LPG Pte. Ltd. continuing as the surviving entity. The amalgamation is aimed at streamlining organisational structure and enhancing management control and efficiency.

ACQUISITION

During the first half ended 30 June 2023, the Company has acquired You Cai Engineering Pte. Ltd. (“**the Acquisition**”). The Acquisition is to acquire the rights to operate as general contractor, as well as continuing improvement plan to enhance management and efficiencies of the Group’s LPG infrastructure on provision of maintenance and support service in respect of construction works relating to the installations of LPG manifold systems, stoves, pipes, etc.