

APPENDIX DATED 15 APRIL 2024

This Appendix (as defined herein) is circulated to the shareholders of Union Gas Holdings Limited (the “**Company**”) together with the FY2023 Annual Report (as defined herein). The purpose of this Appendix is to provide information to the Shareholders in relation to, and seek Shareholders’ approval for the proposed renewal of the share buy-back mandate to be tabled at the AGM (as defined herein) of the Company to be held at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Cultural Training Room 1, Singapore 308409 on 30 April 2024 at 1.00 p.m..

The Notice of AGM and the accompanying Proxy Form are enclosed with the Annual Report.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.



APPENDIX TO NOTICE OF THE ANNUAL GENERAL MEETING

IN RELATION TO:

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

“Act” or “Companies Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
“AGM”	:	Annual general meeting
“Appendix”	:	This appendix to Shareholders dated 15 April 2024
“Board”	:	The board of directors of the Company as at the date of this Appendix
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Union Gas Holdings Limited
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Directors”	:	Directors of the Company as at the date of this Appendix
“FY2023”	:	The financial year ended 31 December 2023
“FY2023 Annual Report”	:	The annual report of the Company for FY2023
“Group”	:	The Company, its subsidiaries and associated companies (if any)
“Latest Practicable Date”	:	19 March 2024, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST (Section A: Rules of Mainboard), as amended, modified or supplemented from time to time
“Listing Rules”	:	The listing rules under the Listing Manual
“Notice of AGM”	:	The Notice of AGM dated 15 April 2024
“Register of Directors’ Shareholdings”	:	The register maintained by the Company setting out details of the Directors and their respective shareholdings
“Regulations”	:	The regulations of the Company contained in the Constitution, and “Regulation” shall be construed accordingly
“Relevant Period”	:	The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date the resolution relating to the Share Buy-Back Mandate has passed
“SFA”	:	Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Shareholders”	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the register of members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in the Appendix as well as the rules and regulations set forth in the Act and the Listing Manual
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“SRS”	:	Supplementary Retirement Scheme
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“2024 AGM”	:	The annual general meeting of the Company to be held on 30 April 2024
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**associates**” and “**controlling shareholders**” shall have the meanings ascribed to them respectively in the Listing Manual.

The terms “**subsidiaries**”, “**Substantial Shareholders**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Appendix refer to the Group.

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

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

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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

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

The Company has appointed Genesis Law Corporation as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Buy-Back Mandate.

UNION GAS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201626970Z)

LETTER TO SHAREHOLDERS

Directors:

Mr. Teo Kiang Ang (Non-Executive Chairman and Honorary Advisor)
Mr. Teo Hark Piang (Executive Director and Chief Executive Officer)
Mr. Loo Hock Leong (Lead Independent Director)
Mr. Lim Chwee Kim (Independent Director)
Mr. Heng Chye Kiou (Independent Director)

Registered Office:

89 Defu Lane 10
Union Gas House
Singapore 539220

15 April 2024

To: **The Shareholders of Union Gas Holdings Limited**

Dear Sir / Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

- 1.1 The Directors intend to seek Shareholders' Approval at the forthcoming AGM to be held on 30 April 2024 for the proposed renewal of the Share Buy-Back Mandate (the "**Proposed Share Buy-Back Mandate Renewal**") by Ordinary Resolution.
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Share Buy-Back Mandate Renewal, and to seek Shareholders' approval for the resolution in relation thereto at the AGM.
- 1.3 The SGX-ST takes no responsibility for the contents of this Appendix including the accuracy of any of the statements or opinions made or reports contained in this Appendix.
- 1.4 Shareholders should read this Appendix carefully and consider the recommendation of the Directors in paragraph 13 of this Appendix.

2. THE PROPOSED SHARE BUY-BACK MANDATE RENEWAL

2.1 Background

At the Annual General Meeting of the Company held on 27 April 2023 (the "**2023 AGM**"), Shareholders approved, *inter alia*, the renewal of the Share Buy-Back Mandate to enable the Company to purchase or acquire Shares. The Share Buy-Back Mandate is subject to annual renewal and will expire on 30 April 2024, being the date of the forthcoming AGM.

The authority and limits of the share buy-backs by the Company in respect of which the Share Buy-Back Mandate is sought to be renewed are set out in this Appendix for the Shareholders' ease of reference.

Pursuant to Regulation 6 of the Constitution, the Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable, the Board intends to seek Shareholders' approval at the forthcoming AGM for the Proposed Share Buy-Back Mandate Renewal in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Act and in the Listing Manual.

Should Shareholders approve the resolution to renew the Share Buy-Back Mandate, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the next AGM (whereupon it will lapse, unless renewed at such meeting), or on the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest.

2.2 Rationale for the Proposed Share Buy-Back Mandate Renewal

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) the Share Buy-Back Mandate will help to mitigate short-term price volatility and offset the effects of short-term speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence;
- (b) the Share Buy-Back Mandate would provide the Company with the flexibility to conduct Share Purchases during the period when the Share Buy-Back Mandate is in force. This would allow the Board to better manage the capital structure, dividend payout and cash reserves of the Group;
- (c) it is an expedient, effective and cost-efficient way for the Company to return surplus cash / funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders;
- (d) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share Purchases may be considered as one of the ways through which the return on equity of the Group may be enhanced; and
- (e) repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes or such other manner allowed under the Act.

If and when circumstances permit, the Directors will decide whether to effect Share Purchases *via* on-market purchases (the "**Market Purchase**"), or off-market purchases (the "**Off-Market Purchase**"), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Company will only purchase or acquire Shares pursuant to the Share Buy-Back Mandate if the Directors are of the view that it would benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out at all, or to the full limit as authorised. The Directors do not propose to carry out Share buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

3. AUTHORITY AND LIMITS OF THE SHARE BUY-BACK MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate if renewed at the 2024 AGM are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of the AGM at which the renewal of the Share Buy-Back Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary

share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time).

For illustrative purposes only, on the basis of the existing issued and paid-up capital of the Group as at the Latest Practicable Date, of approximately S\$99,122,135 comprising 317,767,542 Shares (excluding treasury shares and subsidiary holdings), and assuming that no further Shares are issued on or prior to the AGM, not more than approximately 31,776,754 Shares (representing approximately 10% of the issued ordinary share capital of the Company as at the Approval Date (excluding treasury shares and subsidiary holdings)) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the buy-back of the Shares are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting.

The Share Buy-Back Mandate may be renewed at each AGM or other general meeting of the Company.

3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) Market Purchases, transacted on the SGX-ST through the SGX-ST's trading system, and which may be transacted, through one (1) or more duly licensed dealers/stockbrokers appointed by the Company for the purpose; and/or
- (b) Off-Market Purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Share Buy-Back Mandate, the Constitution, the Act and the Listing Manual.

Under the Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that offers may relate to shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase (in accordance with the equal access scheme), the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share buy-back;
- (d) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share buy-backs, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (f) details of any Share buy-backs made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of the Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.4 **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares purchased or acquired pursuant to the Share Buy-Back Mandate will be determined by the Directors, provided that such purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition. For the purposes of determining the Maximum Price:

- (a) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares were transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Day period; and
- (b) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

4. STATUS OF PURCHASED SHARES

A Share purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share to the extent permitted under the Act. Accordingly, the total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act), will be automatically delisted by the SGX-ST, and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

5. TREASURY SHARES

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

5.1 Maximum Holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled within six (6) months from the day the aforesaid limit is first exceeded or such further periods as the Accounting & Corporate Regulatory Authority of Singapore may allow.

5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a larger or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time, but subject always to the Take-over Code:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or

- (e) sell, transfer or otherwise use the treasury shares (or any of them) for such other purposes as may be prescribed by the Minister of Finance of Singapore.

Under rule 704(28) of the Listing Manual, an immediate announcement must be made on any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”), stating the following:

- (a) the date of the usage;
- (b) the purpose of the usage;
- (c) the number of treasury shares comprised in the usage;
- (d) the number of treasury shares before and after the usage;
- (e) the percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after the usage; and
- (f) the value of the treasury shares comprised in the usage.

6. SOURCE OF FUNDS IN RELATION TO THE SHARE BUY-BACK MANDATE

In purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchases or acquisitions as provided in the Constitution and in accordance with applicable laws in Singapore. The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent and transacted out of the Company’s capital or its distributable profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to Section 76F(4) of the Act, a company is solvent if at the date of purchase or acquisition:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company may use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Buy-Back Mandate. In proceeding with the purchase of Shares under the Share Buy-Back Mandate, the Directors will take into consideration *inter alia* the working capital requirements of the Group, the gearing level of the Group, as well as the expansion and investment plans of the Group, availability of internal resources, rationale for the purchase or acquisition of Shares and prevailing market conditions.

The Directors will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, but rather will be undertaken if in the reasonable opinion of the Directors, it may benefit the Group and Shareholders.

7. FINANCIAL EFFECTS

The illustrative financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, whether the Shares are purchased out of capital and/or profits of the Group, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The illustrative financial effects on the Group and the Company, based on the audited financial statements of the Company and the Group for FY2023 are based on the assumptions set out below:

7.1 Purchase or Acquisition out of Capital or Profits

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding any related expenses (excluding brokerage or commission) incurred directly in the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding any related expenses (excluding brokerage or commission) incurred directly in the purchase or acquisition) will not affect the amount available for the distribution of cash dividends by the Company. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of the contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

7.2 Number of Shares purchased or acquired

As at the Latest Practicable Date, the issued capital of the Company comprised 317,767,542 Shares (excluding treasury shares and subsidiary holdings).

For illustrative purposes, on the basis of the 317,767,542 Shares (excluding treasury shares and subsidiary holdings) at the Latest Practicable Date, and assuming that no further Shares are issued and the Company does not hold any Shares as treasury shares on or prior to the AGM held on 30 April 2024, the Company may purchase up to the maximum limit of 10% of its issued Shares, resulting in approximately 31,776,754 Shares pursuant to the Share Buy-Back Mandate ("**Maximum Number of Shares**").

7.3 Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 31,776,754 Shares at the Maximum Price of S\$0.3990 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 31,776,754 Shares is S\$12,678,925, (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 31,776,754 Shares at the Maximum Price of S\$0.4560 for one (1) Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase is S\$14,490,200 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

7.4 Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above, and based on the audited financial statements of the Company and the Group for FY2023, and assuming that the Company had on the Latest Practicable Date purchased the Maximum Number of Shares pursuant to the Share Buy-Back Mandate, the financial effects of:

- (a) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Buy-Back Mandate by way of purchases are made out of capital and held as treasury shares; and
- (b) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Buy-Back Mandate by way of purchases are made out of capital and cancelled.

The financial effects are prepared on the following assumptions:

- (a) the Company has 317,767,542 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and no additional further additional Shares are issued on after the Latest Practicable Date and that no Shares were allotted or issued pursuant to the exercise of options or vesting of awards;
- (b) transaction costs are disregarded;
- (c) the consideration for the purchase or acquisition of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed entirely out of capital;

and based on the FY2023 audited financial statements, the effects of the purchase or acquisition of such Shares by the Company on the financial position of the Company and the Group are set out below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of Shares pursuant to the Share Buy-Back Mandate by way of purchases made out of capital are set out in this Appendix.

The illustrations set out below are based on audited historical figures for the FY2023 and are purely for illustrative purposes only. Accordingly, such illustrations are not representative or otherwise indicative of future financial performance of the Company and/or the Group.

Prior to conducting any purchase or acquisition of Shares, the Company will take into consideration the financial position of the Company (including but not limited to the working capital requirements, debt position, gearing ratio, cash surplus) as well as other factors (such as market conditions and trading performance of the Company's Shares) in assessing the impact on the Company and the Group of such purchase or acquisition.

It should be noted that purchases pursuant to the Share Buy-Back Mandate may not necessarily be carried out to the full 10% as mandated. Further, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(A) Market Purchases made out of capital

	Group			Company		
	Before Share Purchase	After Share Purchase	Purchased Shares held as treasury shares	Before Share Purchase	After Share Purchase	Purchased Shares held as treasury shares
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
As at 31 December 2023						
Share capital	99,122	86,443	99,122	99,122	86,443	99,122
Shareholders' equity	68,579	55,900	55,900	112,834	100,155	100,155
Treasury Shares	–	–	12,679	–	–	12,679
NTA	65,892	53,213	53,213	112,834	100,155	100,155
Current assets	55,387	42,708	42,708	4,256	(8,423)	(8,423)
Current liabilities	39,598	39,598	39,598	4,231	4,231	4,231
Working capital	15,789	3,110	3,110	25	(12,654)	(12,654)
Total bank borrowings	16,958	16,958	16,958	8,059	8,059	8,059
Cash and bank balances	13,244	565	565	1,327	(11,352)	(11,352)
Net profit	12,223	12,223	12,223	7,484	7,484	7,484
Number of Shares (excluding treasury Shares)	317,767	285,990	285,990	317,767	285,990	285,990
Weighted average number of shares	317,767	285,990	285,990	317,767	285,990	285,990
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	20.74	18.61	18.61	35.51	35.02	35.02
Basic EPS ⁽²⁾ (cents)	3.85	4.27	4.27	2.36	2.62	2.62
Gearing ⁽³⁾ (times)	0.25	0.30	0.30	0.07	0.08	0.08
Current ratio ⁽⁴⁾ (times)	1.40	1.08	1.08	1.01	(1.99)	(1.99)

Notes:

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2023.
- (2) EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing ratio equals to total bank borrowings divided by shareholders' funds.
- (4) Current ratio represents the ratio of current assets to current liabilities.

(B) Off-Market Purchases made out of capital

	Group			Company		
	Before Share Purchase	After Share Purchase	Purchased Shares held as treasury shares	Before Share Purchase	After Share Purchase	Purchased Shares held as treasury shares
As at 31 December 2023	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Share capital	99,122	84,632	99,122	99,122	84,632	99,122
Shareholders' equity	68,579	54,089	54,089	112,834	98,344	98,344
Treasury Shares	–	–	14,490	–	–	14,490
NTA	65,892	51,402	51,402	112,834	98,344	98,344
Current Assets	55,387	40,897	40,897	4,256	(10,234)	(10,234)
Current liabilities	39,598	39,598	39,598	4,231	4,231	4,231
Working capital	15,789	1,299	1,299	25	(14,465)	(14,465)
Total bank borrowings	16,958	16,958	16,958	8,059	8,059	8,059
Cash and bank balances	13,244	(1,246)	(1,246)	1,327	(13,163)	(13,163)
Net profit	12,223	12,223	12,223	7,484	7,484	7,484
Number of Shares (excluding treasury Shares)	317,767	285,990	285,990	317,767	285,990	285,990
Weighted average number of shares	317,767	285,990	285,990	317,767	285,990	285,990
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	20.74	17.97	17.97	35.51	34.39	34.39
Basic EPS ⁽²⁾ (cents)	3.85	4.27	4.27	2.36	2.62	2.62
Gearing ⁽³⁾ (times)	0.25	0.31	0.31	0.07	0.08	0.08
Current ratio ⁽⁴⁾ (times)	1.40	1.03	1.03	1.01	(2.42)	(2.42)

Notes:

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2023.
- (2) EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing ratio equals to total bank borrowings divided by shareholders' equity
- (4) Current ratio represents the ratio of current assets to current liabilities.

8. LISTING RULES IN RELATION TO THE SHARE BUY-BACK MANDATE

The Listing Manual specifies that a listed company shall announce all purchases or acquisitions of its shares to SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 of the Listing Manual) currently requires the inclusion of details, including but not limited to, the total number of shares purchased, number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of the announcement (on a cumulative basis) and the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by SGX-ST, the Company and its officers should not purchase or acquire any Shares through Market Purchases pursuant to the Share Buy-Back Mandate during the period commencing one (1) month before the announcement of the company’s half year and full year financial statements (if not required to announce quarterly financial statements) or during the period commencing two (2) weeks before the announcement of the company’s financial statements for each of the first three quarters of the financial year and the period commencing one (1) month before the announcement of the company’s financial statements for the full year (if required to announce quarterly financial statements).

The Listing Manual requires a listed company to ensure that at least 10% of the total number of any class of its listed securities must be held by public shareholders. The “public”, as defined under the Listing Manual, are persons other than the Directors, Substantial Shareholders, chief executive officers or controlling shareholders of the Company and its subsidiaries, as well as associates of such persons. As at the Latest Practicable Date, 71,001,807 Shares representing 22.34% of the issued Shares are held by public Shareholders. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 13.72%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In particular, the Directors do not intend to exercise the Share Buy-Back Mandate up to the maximum limit and to such an extent if such exercise would result in the loss of the public float and to affect orderly trading.

9. TAKE-OVER CODE OBLIGATIONS IN RELATION TO THE SHARE BUY-BACK MANDATE

Appendix 2 of the Take-over Code (“**Appendix 2**”) contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

9.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14.

Rule 14.1 of the Take-over Code requires, *inter alia*, except with the consent of the SIC where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately, on the basis set out under Rule 14.1, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Pursuant to Appendix 2 to the Take-over Code, an increase in the percentage of voting rights in a company by a shareholder and parties acting in concert with him as a result of any acquisition of shares by the company will be treated as an acquisition for the purpose of Rule 14. As such, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14.

9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following individuals will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trust;
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;

- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, and the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Share Buy-Back Mandate Renewal.

Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a takeover would arise by reason of any share buy-backs or acquisitions by the Company pursuant to the Share Buy-Back Mandate.

9.4 Application of the Take-over Code

As at the Latest Practicable Date, Mr. Teo Kiang Ang, the non-executive Chairman and Honorary Advisor of the Company, is a controlling Shareholder of the Company holding (directly and indirectly) 186,919,935 Shares, representing a 58.82% of the total number of issued Shares in the Company. Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company, holds 25,577,000 Shares, representing 8.05% of the total number of issued Shares of the Company. Mr. Teo Hark Piang is the son of Mr. Teo Kiang Ang and, together with their immediate family members (collectively the “**Concert Parties**”), the Concert Parties collectively hold 245,365,735 Shares, representing 77.22% of the total number of issued Shares in the Company.

Definition 1(b) of the Take-over Code provides that a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) will be presumed to be persons acting in concert with each other unless the contrary is established. Accordingly, Mr. Teo Kiang Ang, Mr. Teo Hark Piang and their immediate family members are presumed to be persons acting in concert with each other, unless the contrary is established.

For illustrative purposes, assuming that the Company purchases or acquires the maximum number of Shares, being 31,776,754 Shares pursuant to the Share Buy-Back Mandate and that such Shares are cancelled upon purchase, and assuming further that there is no change in the number of Shares held by the Concert Parties, the aggregate interests of the Concert Parties would increase from 77.22% to 85.79% of the total number of issued share capital of the Company.

As the Concert Parties collectively holds more than 49% of the voting rights of the Company, the Concert Parties will not incur any obligation under Rule 14 of the Take-over Code to make a general offer resulting from any purchase or acquisition of Shares by the Company under the Share Buy-Back Mandate that results in the increase of the voting rights of the Concert Parties.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1 Interests of Directors

The interests (both direct and indirect interests) of the Directors in the issued share capital of the Company, as recorded in the Register of Directors’ Shareholdings as at the Latest Practicable Date, are as follows:

Name of Director	Direct Interest	Deemed Interest
<i>Shares of the Company</i>		
Teo Kiang Ang ^{(1), (2)}	67,813,500	119,106,435
Teo Hark Piang	25,577,000	—
Loo Hock Leong	800,000	—
Lim Chwee Kim	200,000	—
Heng Chye Kiou	—	—

Notes:—

- (1) Mr. Teo Kiang Ang, who is the non-executive Chairman and Honorary Advisor of the Company, is the father of Mr. Teo Hark Piang, who is an Executive Director and the CEO of the Company.
- (2) Mr. Teo Kiang Ang is deemed interested in (i) 6,127,100 Shares held by LK Tang Pte. Ltd., which is 100% owned by Mr. Teo Kiang Ang; and (ii) 112,979,335 Shares held by Union Energy Corporation Pte. Ltd. (“**UEC**”), which is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Pte. Ltd., which is in turn 100% owned by Mr. Teo Kiang Ang.

10.2 Interests of Substantial Shareholders

As of the Latest Practicable Date, the shareholding of the Substantial Shareholders are as follows:–

	Direct Interest	%	Deemed Interest	%	Total	%
Teo Kiang Ang ⁽¹⁾	67,813,500	21.34	119,106,435 ⁽³⁾	37.48	186,919,935	58.82
Teo Hark Piang ⁽²⁾	25,577,000	8.05	–	–	25,577,000	8.05
Union Energy Corporation Pte. Ltd.	112,979,335	35.55	–	–	112,979,335	35.55

Notes:–

- (1) Mr. Teo Kiang Ang is the non-executive Chairman, Honorary Advisor and controlling shareholder of the Company.
- (2) Mr. Teo Hark Piang the executive director and chief executive officer of the Company, is the son of Mr. Teo Kiang Ang, the non-executive Chairman, Honorary Advisor and controlling shareholder of the Company.
- (3) Mr. Teo Kiang Ang is deemed interested in (i) 6,127,100 Shares held by LK Tang Pte. Ltd., which is 100% owned by Mr. Teo Kiang Ang; and (ii) 112,979,335 Shares held by UEC, which is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Pte. Ltd., which is in turn 100% owned by Mr. Teo Kiang Ang.

11. SHARES PURCHASED BY THE COMPANY IN THE PAST TWELVE (12) MONTHS

The Company has not purchased any Shares within the twelve (12) months preceding the Latest Practicable Date.

12. LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholding of any Shareholder.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered, inter alia, the terms, rationale and benefits of the Proposed Share Buy-Back Mandate Renewal as set out in this Appendix, are of the view that the Proposed Share Buy-Back Mandate Renewal would be beneficial to, and is in the best interests of, the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Share Buy-Back Mandate Renewal at the AGM.

14. ANNUAL GENERAL MEETING

The 2024 AGM, notice of which is set out on pages 132 to 138 of the FY2023 Annual Report, will be held at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Cultural Training Room 1, Singapore 308409 on 30 April 2024 at 1.00 p.m. for the purpose of, inter alia, considering and, if thought fit, passing, with or without any modifications, Ordinary Resolution 11 on the Proposed Share Buy-Back Mandate Renewal as set out in the Notice of AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

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

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 89 Defu Lane 10, Union Gas House, Singapore 539220 during normal business hours from 9.00 a.m. to 5.00 p.m. for three (3) months from the date of the 2024 AGM:

- (a) the Constitution; and
- (b) the FY2023 Annual Report.

17. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

Yours faithfully

For and on behalf of
the Board of Directors of
UNION GAS HOLDINGS LIMITED
Teo Hark Piang
Executive Director and Chief Executive Officer