

APPENDIX DATED 6 APRIL 2018

This Appendix (as defined herein) is circulated to the shareholders of Union Gas Holdings Limited (the “**Company**”) together with the Annual Report 2017. Its purpose is to provide shareholders of the Company with information relating to the proposed renewal of the Existing Shareholders’ Mandate (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held on 23 April 2018 at 9 a.m. at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Function Room 1 & 2, Singapore 308409.

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 Ordinary Resolution (as defined herein) proposed to be passed in respect of the above matter is set out in the Notice of the AGM enclosed with the Annual Report 2017.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), this being the SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”). The Sponsor has not independently verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalyst, Investment Banking, Singapore and Mr Lee Chee Cheong, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place #09-01, Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.



**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
IN RELATION TO THE PROPOSED RENEWAL OF
THE EXISTING SHAREHOLDERS’ MANDATE
FOR INTERESTED PERSON TRANSACTIONS**

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DEFINITIONS

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

“AGM”	:	Annual general meeting
“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or re-enacted from time to time
“Appendix”	:	This appendix to Shareholders dated 6 April 2018 in relation to the proposed renewal of the Existing Shareholders’ Mandate
“Audit Committee”	:	The audit committee of the Company as at the date of this Appendix
“Board”	:	The board of directors of the Company as at the date of this Appendix
“CAO”	:	Chief Accounting Officer or equivalent of the Company
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist as may be amended from time to time
“CDP”	:	The Central Depository (Pte) Limited
“CFO”	:	Chief Financial Officer or equivalent of the Company
“Company”	:	Union Gas Holdings Limited
“Directors”	:	Directors of the Company as at the date of this Appendix
“Existing Shareholders’ Mandate”	:	The general mandate approved by Shareholders pursuant to Chapter 9 of the Catalist Rules for the Group to enter into certain transactions with the Interested Person
“Group”	:	The Company, its subsidiaries and associated companies (if any)
“Health Domain”	:	Health Domain Pte. Ltd.
“IPT Register”	:	Has the meaning ascribed to it in paragraph 7.1 of this Appendix
“IRAS”	:	Inland Revenue Authority of Singapore
“Independent Directors”	:	The Directors who are deemed independent for the purposes of making a recommendation to Shareholders in respect of the Existing Shareholders’ Mandate

<i>“Latest Practicable Date”</i>	:	26 March 2018, being the latest practicable date prior to the printing of this Appendix
<i>“Mandated Interested Person”</i>	:	Has the meaning ascribed to it in paragraph 4.1 of this Appendix
<i>“Mandated Transactions”</i>	:	Has the meaning ascribed to it as set out in paragraph 4.2 of this Appendix
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	The offer document issued by the Company dated 13 July 2017 in connection with the listing of the Company on the Catalist Board of the SGX-ST
<i>“Ordinary Resolution”</i>	:	A resolution proposed and passed as such by a majority consisting more than 50% of the total number of votes cast for and against such resolution at a meeting of Shareholders
<i>“Register”</i>	:	The register maintained by the Company setting out details of the Shareholders and their respective shareholdings
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Sembas”</i>	:	Sembas (Asia) Trading Pte. Ltd.
<i>“Semgas Supply”</i>	:	Semgas Supply Pte. Ltd.
<i>“Summit Gas”</i>	:	Summit Gas Systems Pte. Ltd.
<i>“Shareholders”</i>	:	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
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“UEC”</i>	:	Union Energy Corporation Pte. Ltd.
<i>“UEC Group”</i>	:	UEC and its subsidiaries
<i>“Union Energy”</i>	:	Union Energy Pte. Ltd.
<i>“Union Gas”</i>	:	Union Gas Pte. Ltd.
<i>“Union Power”</i>	:	Union Power Pte. Ltd.
<i>“2018 AGM”</i>	:	The annual general meeting of the Company to be held on 23 April 2018 at 9 a.m.

“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 Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.

The terms “associates” and “controlling shareholders” shall have the meanings ascribed to them respectively in the Catalist Rules.

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.

UNION GAS HOLDINGS LIMITED

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

Directors:

Mr. Teo Kiang Ang (Non-Executive Chairman)
Ms. Teo Soak Theng Alexis (Executive Director and CEO)
Mr. Loo Hock Leong (Lead Independent Director)
Mr. Lim Chwee Kim (Independent Director)
Mr. Heng Chye Kiou (Independent Director)

Registered Office:

3 Lorong Bakar Batu #07-04
Union Industrial Center
Singapore 348741

6 April 2018

To: The Shareholders of Union Gas Holdings Limited

THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Company has issued a Notice of AGM dated 6 April 2018 in relation to the 2018 AGM. Item 12 appearing under the heading "Special Business" in the Notice of AGM is an Ordinary Resolution for the proposed renewal of the Existing Shareholders' Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the Ordinary Resolution for the proposed renewal of the Existing Shareholders' Mandate.

2. CHAPTER 9 OF THE CATALIST RULES

Chapter 9 of the Catalist Rules governs transactions between a listed company or any of its subsidiaries or associated companies (which is an entity at risk) and interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

2.1 Main terms used in Chapter 9 of the Catalist Rules

Under the Catalist Rules:

- (a) an "**entity at risk**" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (c) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules;

- (d) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (e) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.2 Materiality thresholds

Save for transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and which are therefore excluded from the ambit of Chapter 9 of the Catalist Rules, an immediate announcement and/or approval of shareholders would be required in respect of transactions with interested persons if certain materiality thresholds (which are based on the value of the transaction as compared with the listed group’s latest audited consolidated NTA), are reached or exceeded.

In particular, an immediate announcement is required where:

- (a) the value of a proposed transaction is equal to or more than 3% of the listed group’s latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, amounts to 3% or more of the listed group’s latest audited consolidated NTA, and an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the value of a proposed transaction is equal to or more than 5% of the listed group’s latest audited consolidated NTA; or
- (b) the value of a proposed transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the group’s latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Chapter 9 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons which are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

3. THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE

3.1 Existing Shareholders' Mandate

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat a general mandate as having been obtained from its Shareholders for the Company to enter into certain categories of interested person transactions with the classes of interested person set out below, if the information required under Rule 920(1)(b) of the Catalist Rules is included in the offer document. With the successful listing of the Shares on Catalist on 21 July 2017, Shareholders are deemed to have approved the Existing Shareholders' Mandate under Rule 920(2) of the Catalist Rules. The Existing Shareholders' Mandate was expressed to have effect until the conclusion of the Company's first annual general meeting following Company's admission to Catalist. The Shareholders' Mandate will expire on 23 April 2018, being the date of the forthcoming AGM. Pursuant to Chapter 9 of the Catalist Rules, the Company will seek the approval of its Shareholders for a proposed renewal of the Existing Shareholders' Mandate.

3.2 Proposed Renewal of the Existing Shareholders' Mandate

It is proposed that the Existing Shareholders' Mandate be tabled to Shareholders for renewal and approval at the 2018 AGM to be held on 23 April 2018 without any modifications.

Further details of the Existing Shareholders' Mandate are set out in paragraph 4 of this Appendix.

4. THE EXISTING SHAREHOLDERS' MANDATE

4.1 Class of Mandated Interested Persons

4.1.1 The Existing Shareholders' Mandate will apply to the Group's transactions with the UEC Group (the "**Mandated Interested Persons**"). For the avoidance of doubt, such Mandated Interested Person would include such persons who may, during such period while such Existing Shareholders' Mandate is effective, become Mandated Interested Persons when previously they were not so. As at the date of this Appendix, the Mandated Interested Persons are:

- (a) Sembas;
- (b) Summit Gas;
- (c) Health Domain; and
- (d) Union Power.

Transactions with Mandated Interested Persons which do not fall within the ambit of the Existing Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

4.2 Mandated Transactions under the Existing Shareholders' Mandate

4.2.1 The transactions with the Mandated Interested Persons which will be covered by the Existing Shareholders' Mandate (the "**Mandated Transactions**") relate to the provision to, or the obtaining from, the Mandated Interested Persons of recurrent transactions (such as the purchase and sale of products and services in the normal course of the Company's business) of a revenue or trading nature or which are necessary for the Company's day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of the Company's day-to-day operations) comprising the following:

- (a) sale of diesel at the Group's fuel station from Union Gas to Sembas and Summit Gas;
- (b) provision of IT Infrastructure services to Sembas;
- (c) sale of diesel in bulk by Union Gas to Sembas;
- (d) purchase of health products by Union Energy from Health Domain; and
- (e) purchase of electricity by Union Gas from Union Power.

4.2.2 For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Existing Shareholders' Mandate. The Existing Shareholders' Mandate will also not cover any transaction by the Group with the Mandated Interested Persons that has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

4.2.3 Transactions with other interested persons (other than the classes of Mandated Interested Persons) that do not fall within the ambit of the Existing Shareholders' Mandate will be subject to the relevant provision of Chapter 9 of the Catalist Rules and/or applicable provisions of the Catalist Rules and/or any applicable law. Transactions conducted under the Existing Shareholders' Mandate are not subject to Rule 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

4.3 Rationale for and Benefits of the Existing Shareholders' Mandate

4.3.1 The Mandated Transactions are transactions entered into between the Group and the UEC Group in the ordinary course of business. Such transactions will recur frequently and the Directors are of the view that it will be beneficial to the Group to continue to transact with the Mandated Interested Persons as the Group derives synergy and benefits from these transactions.

4.3.2 The Existing Shareholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Mandated Transactions arise, thereby reducing substantially administrative time and

expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

- 4.3.3 The Existing Shareholders' Mandate is intended to facilitate transactions in the normal course of the Group's business which are entered into from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

5. REVIEW PROCEDURES FOR THE MANDATED TRANSACTIONS

The Group has established procedures to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken on normal commercial terms, and are consistent with the Group's usual policies and practices and are not prejudicial to the interests of the Company and its minority Shareholders.

- (a) Sale of diesel at the Group's fuel station from Union Gas to Sembas and Summit Gas

The sale of diesel at the Group's fuel station to Mandated Interested Persons are to be carried out in accordance with the Group's usual business policies and practices, at the prevailing market rates publicly displayed at the Group's fuel station for the same or substantially similar type of transactions, and on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event where the prevailing market rates or prices or comparable transactions are not available due to the nature of the transaction, the CFO and a senior executive in the Group designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transaction) will determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking in account factors such as, but not limited to, the Group's then-prevailing capacity and resources, profit margins, rationale for and benefits of the transaction and industry terms and practices (if applicable).

- (b) Provision of IT Infrastructure services to Sembas

In connection with the provision of IT Infrastructure services by the Group to Sembas, Union Energy had entered into a framework agreement with Sembas to provide back-end IT services which commenced on 1 May 2017.

Under the terms of the framework agreement, Sembas shall pay to the Group service fees for the IT Infrastructure services on a cost recovery plus mark-up basis. In assessing the costs incurred for the provision of such services, the Group shall take into account all costs directly incurred by the Group to maintain the IT Infrastructure, including the cost of purchasing the IT Infrastructure, equipment and spare parts, the cost of financing the purchase of such equipment (if any), the cost of the personnel engaged to provide such services, and any other costs in relation to and necessary for the Group to properly render the services. In determining the mark up, the Group shall refer to the transfer pricing guidelines issued by IRAS for the provision of routine support services to related parties. Based on the fifth edition of the transfer pricing guidelines published by IRAS on 23 February 2018, the mark up is 5%.

(c) Sale of diesel in bulk by Union Gas to Sembas

The sale of diesel in bulk by Union Gas to Sembas are to be carried out in accordance with the Group's usual business policies and practices, consistent with the usual margins or at the prevailing market rates for the same or substantially similar type of transactions, and on terms which are no more favourable to the Mandated Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

Where possible and practicable, the Company will make comparisons with at least two (2) other recent contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions. In the event where the prevailing market rates or prices or comparable transactions are not available due to the nature of the transaction, the CFO and a senior executive in the Group (both of whom must have no interest, direct or indirect, in the transaction) will determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable taking in account factors such as, but not limited to, the Group's then-prevailing capacity and resources, profit margins, rationale for and benefits of the transaction, industry terms and practices (if applicable), and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

(d) Purchase of Health Products by Union Energy from Health Domain

The Group may from time to time purchase health products from Health Domain. All transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of products, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by other unrelated third parties for the same or substantially similar type of products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers cannot be obtained (for instance, if there are no unrelated third party vendors of similar products), the Company will obtain two (2) recent quotations (wherever possible or available) from Health Domain for similar quantities and/or quality of products provided by Health Domain to their unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by Health Domain to other unrelated third party customers for the same or substantially similar type of products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, profit margins, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

In the event that such quotations from Health Domain's unrelated third party customers cannot be obtained (for instance, if there are no unrelated third party customers of Health Domain of similar products), the CFO and a senior executive of

the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, requirements and specifications, quality, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

(e) Purchase of electricity by Union Gas from Union Power

The purchase of electricity from Union Power is to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar electricity consumption, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by other unrelated third parties for the same or substantially similar electricity consumption. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality and consistency of service in relation to the provision of electricity, experience and expertise and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

In the event that such competitive quotations from unrelated third party suppliers are not available due to the nature of the transaction, the Company will obtain two (2) recent quotations (wherever possible or available) from Union Power for similar quantities of electricity provided by Union Power to their unrelated third party customers, prior to the entry into the transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by Union Power to other unrelated third party customers for the same or substantially similar quantities of electricity. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, profit margins, quality and consistency of service in relation to the provision of electricity, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

In the event that such quotations from Union Power's unrelated third party customers cannot be obtained (for instance, if there are no unrelated third party customers of Union Power of similar products), the CFO and a senior executive of the Group designated by the Audit Committee (who must have no interest, direct or indirect in the transaction) will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as, but not limited to, requirements and specifications, quality and consistency of service in relation to the provision of electricity, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for large purchases of electricity, will also be taken into account.

6. APPROVAL THRESHOLD

6.1 In addition to the review procedures, the following thresholds will apply to the Mandated Transactions:

- (a) where the value of each Mandated Transaction is less than 3% of the Group's latest audited NTA, such transaction will be reviewed and approved by the CFO who is not related to the Mandated Interested Person(s) from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis; and
 - (b) where the value of each Mandated Transaction is greater than or equal to 3% of the Group's latest audited NTA, such transaction will be reviewed and approved by the CFO and the Audit Committee, all of whom are not related to the Mandated Interested Person(s).
- 6.2 The above approval thresholds are adopted after taking into account, amongst other things, the nature, volume, recurrent frequency and transaction size as well as the Group's day-to-day operations, administration and businesses. The approval thresholds act as an additional safeguard to supplement the review procedures to be implemented for the Mandated Transactions.
- 6.3 Any of the persons referred to above may request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or obtaining of valuations from independent professional valuers, as he deems fit.
- 6.4 If any of the persons referred to above has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by such other senior executive of the Group as designated by the Audit Committee.
- 6.5 If a member of the Audit Committee has an interest in any Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to the Mandated Transaction, and the review and approval of that Mandated Transaction will be undertaken by the remaining members of the Audit Committee.

7. OTHER MONITORING AND REVIEW PROCEDURES

The following monitoring and review procedures will also be implemented in relation to all interested person transactions (including the Mandated Transactions):

- 7.1 The Group will maintain a register of all interested person transactions, including the Mandated Transactions (the "**IPT Register**"). The IPT Register shall include information pertinent to all the interested person transactions, such as, but not limited to, the nature of the interested person transactions, the details of the interested person transactions, the rationale for entering into such transactions, the basis (as well as the supporting documents) for determining the transaction prices and material terms and conditions.

The IPT Register shall be prepared, maintained and monitored by the CAO, who shall not be interested in any of the interested person transactions and who is duly delegated to do so by the Audit Committee. The Company will obtain signed declarations from all Directors and executive officers on an annual basis with respect to their interest in any transactions with the Group.

- 7.2 Separate from the Audit Committee's requirement to approve interested person transactions submitted to it, the Audit Committee will, on a quarterly basis, review the transactions in the IPT Register, to (i) in respect of interested person transactions excluding the Mandated Transactions, ensure that such interested person transactions are entered into taking into account the review procedures for other interested person transactions; (ii) in respect of the Mandated Transactions, ensure that the methods and procedures established under the Existing Shareholders' Mandate have been complied with, and the relevant approvals have been obtained; and (iii) determine if the methods and procedures established under the Existing Shareholders' Mandate continue to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are not prejudicial to the interests of the Company and its minority Shareholders.
- 7.3 All interested person transactions shall be subject to the review by the Company's internal auditors on a quarterly basis to ensure that the relevant methods and procedures are complied with, and relevant approvals have been obtained. The internal auditors will submit their findings to the Audit Committee. The Audit Committee shall review the internal audit reports to ensure that all interested person transactions are carried out on normal commercial terms, and relevant approvals have been obtained. The Group shall grant the Audit Committee access and shall furnish such information as required by the Audit Committee for such review.
- 7.4 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established methods and procedures have become inadequate or inappropriate to ensure that the Mandated Transactions will be entered into based on terms not prejudicial to the interests of the Company and its minority Shareholders, for example, in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person are conducted, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such methods and procedures, and/or modify or implement such methods and procedures as may be necessary, and direct the Company to seek a fresh general mandate from Shareholders based on new methods and procedures for transactions with Mandated Interested Persons.
- 7.5 The Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

8. SCOPE AND VALIDITY PERIOD OF THE EXISTING SHAREHOLDERS' MANDATE

- 8.1 Rule 905 and Rule 906 of the Catalist Rules do not apply to any transaction which has a value below S\$100,000 with an interested person and therefore technically, transactions below S\$100,000 need not be covered under the Existing Shareholders' Mandate.
- 8.2 Transactions with a Mandated Interested Person which do not fall within the ambit of the Existing Shareholders' Mandate, will be subject to the relevant provisions of Chapter 9 of the Catalist Rules, and/or other applicable provisions of the Catalist Rules and/or the Act, if any.
- 8.3 If approved by the Shareholders at the 2018 AGM, the Existing Shareholders' Mandate will take effect from the date of the 2018 AGM, and will, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the Existing Shareholders' Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions.

9. DISCLOSURE TO SHAREHOLDERS

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will (i) disclose in the Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the Existing Shareholders' Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Existing Shareholders' Mandate continues to be in force); and (ii) announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the Existing Shareholders' Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

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 of the Company 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⁾	140,963,500	–
Teo Soak Theng Alexis ⁽¹⁾	–	–
Loo Hock Leong	–	–
Lim Chwee Kim	400,000	–
Heng Chye Kiou	–	–

Note:–

(1) Mr. Teo, who is the Non-executive Chairman of the Company, is the father of Ms. Teo Soak Theng Alexis ("Ms. Teo"), who is the Company's Executive Director and CEO.

10.2 Interests of Substantial Shareholders

As of the Latest Practicable Date, the shareholding of the Substantial Shareholder is as follows:–

	Direct Interest	%	Deemed Interest	%
Teo Kiang Ang ⁽¹⁾	140,963,500	70.48	–	–

Note:–

(1) Mr. Teo is the Non-executive Chairman and controlling shareholder of the Company.

10.3 Interests of Directors and Controlling Shareholder in the Existing Shareholders' Mandate

Mr. Teo and Ms. Teo hold 61.89% and 5.38% equity interest in UEC, and UEC is the sole shareholder of Sembas, Summit Gas, Health Domain and Union Power. Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Existing Shareholders' Mandate.

11. ABSTENTION FROM VOTING

In accordance with the requirements of Chapter 9 of the Catalist Rules, Mr. Teo and Ms. Teo will abstain and has also undertaken that his respective associates will abstain, from voting on the Ordinary Resolution in relation to the proposed renewal of the Existing Shareholders' Mandate at the 2018 AGM.

In addition, Mr. Teo, Ms. Teo and their respective associates shall not accept nomination as proxies or otherwise for voting in respect of the Ordinary Resolution in relation to the proposed renewal of the Existing Shareholders' Mandate at the 2018 AGM unless they are given specific instructions as to voting. Save as disclosed in this Appendix, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Existing Shareholders' Mandate.

12. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed the terms of the Existing Shareholders' Mandate and is satisfied that the guidelines and review procedures for the Mandated Transactions as set out above have not changed since the last Shareholders' approval. The Audit Committee is also of the view that the guidelines and review procedures for the Mandated Transactions are adequate to ensure that the Mandated Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and review procedures for the Mandated Transactions are no longer appropriate or adequate to ensure that the Mandated Transactions will be transacted on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures for transactions with the Mandated Interested Person to ensure that transactions with the Mandated Interested Person will be on normal commercial terms. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions with the Mandated Interested Person will be subject to prior review and approval by the Audit Committee.

13. DIRECTORS' RECOMMENDATION

The Independent Directors, having considered, *inter alia*, the terms, the rationale and the benefits of the Existing Shareholders' Mandate and the statement of the Audit Committee, are of the view that the Existing Shareholders' Mandate, as proposed to be renewed, is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the Existing Shareholders' Mandate at the 2018 AGM.

The Independent Directors, in rendering their recommendation, and the Audit Committee, in rendering their confirmation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his legal, financial, tax or other professional advisers.

14. 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 renewal of the Existing Shareholders' Mandate 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.

Yours faithfully

For and on behalf of
the Board of Directors of
UNION GAS HOLDINGS LIMITED

Teo Soak Theng Alexis
Executive Director and Chief Executive Officer

