

## APPENDIX DATED 7 APRIL 2021

This Appendix (as defined herein) is circulated to the Shareholders of Union Gas Holdings Limited (the “**Company**”) together with the annual report of the Company for FY2020 (the “**2020 Annual Report**”). 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 IPT General Mandate (as defined herein) and the Proposed Share Buy-Back Mandate (as defined herein), to be tabled at the Annual General Meeting (“**AGM**”) of the Company to be held on 29 April 2021 at 9.00 a.m. by electronic means.

The Notice of AGM and the accompanying Proxy Form are enclosed with the 2020 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 legal advisers appointed by the Company for the purpose of the corporate actions set out in this Circular is Morgan Lewis Stamford LLC.

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**”) in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). This Appendix has not been examined or approved by the SGX-ST. 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.

The contact person for the Sponsor is Mr. Ken Lee, 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 NOTICE OF THE ANNUAL GENERAL MEETING

### IN RELATION TO:

- (1) **THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (THE “PROPOSED RENEWAL OF THE IPT GENERAL MANDATE”); AND**
- (2) **THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE (THE “PROPOSED SHARE BUY-BACK MANDATE”).**

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## DEFINITIONS

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

### COMPANIES AND PERSONS IN THE GROUP

“Company”	:	Union Gas Holdings Limited
“Group”	:	The Company, its subsidiaries and associated companies (if any)
“Union Energy”	:	Union Energy Pte. Ltd.
“Union Gas”	:	Union Gas Pte. Ltd.

### COMPANIES IN THE UEC GROUP

“Choon Hin”	:	Choon Hin Gas Supply Pte. Ltd.
“Gasmart”	:	Gasmart Pte. Ltd.
“Health Domain”	:	Health Domain Pte. Ltd.
“Sembas”	:	Sembas (Asia) Trading Pte. Ltd.
“Semgas Supply”	:	Semgas Supply Pte. Ltd.
“Semgas (S)”	:	Semgas (S) Pte. Ltd.
“Summit”	:	Summit Gas Systems Pte. Ltd.
“UEC”	:	Union Energy Corporation Pte. Ltd.
“UEC Group”	:	UEC and its subsidiaries
“Union Power”	:	Union Power Pte. Ltd.
“United Gas”	:	United Gas Pte. Ltd.

### GENERAL

“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“AGM”	:	Annual general meeting of the Company
“Appendix”	:	This appendix to Shareholders dated 7 April 2021
“Audit Committee”	:	The audit committee of the Company as at the date of this Appendix comprising Mr. Loo Hock Leong, Mr. Heng Chye Kiou and Mr. Lim Chwee Kim
“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

<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist as may be amended from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CEO”</b>	:	Chief Executive Officer or equivalent of the Company
<b>“CFO”</b>	:	Chief Financial Officer or equivalent of the Company
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Directors”</b>	:	Directors of the Company as at the date of this Appendix
<b>“EPS”</b>	:	Earnings per Share
<b>“FY2020”</b>	:	The financial year ended 31 December 2020
<b>“interested person transaction(s)” or “IPT(s)”</b>	:	Interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) entered or to be entered between an entity at risk and an interested person
<b>“IPT General Mandate”</b>	:	The general mandate from Shareholders obtained by the Company at the 2020 AGM pursuant to Chapter 9 of the Catalist Rules, permitting the Group to enter into the certain transactions with the Mandated Interested Persons, and for which renewal is now being sought at the 2021 AGM
<b>“IPT Register”</b>	:	The IPT register maintained by the Company, containing the names and details of both the Mandated Interested Person(s) and the interested person transaction(s), including any quotations obtained from unrelated parties to support the terms of the interested person transaction(s)
<b>“IRAS”</b>	:	Inland Revenue Authority of Singapore
<b>“IT”</b>	:	Information Technology
<b>“Latest Practicable Date”</b>	:	15 March 2021, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual”</b>	:	Catalist Rules as amended, modified or supplemented from time to time
<b>“Mandated Interested Person”</b>	:	UEC Group, including Choon Hin, Gasmart, Health Domain, Sembas, Semgas (S), Semgas Supply, Summit, United Gas and Union Power
<b>“Mandated Transactions”</b>	:	Transactions with the Mandated Interested Persons which will be covered by the IPT General Mandate as described in Section 2.1 of Annex A to this Appendix
<b>“Market Days”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Notice of AGM”</b>	:	The notice of AGM which is as enclosed with the 2020 Annual Report
<b>“NTA”</b>	:	Net tangible assets

<b>“Offer Document”</b>	:	The offer document dated 13 July 2017 issued by the Company in respect of the invitation by the Company to the public in Singapore to subscribe for and/or purchase Shares, subject to and on the terms and conditions set out in the offer document
<b>“Ordinary Resolution”</b>	:	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
<b>“Proxy Form”</b>	:	The proxy form which is as enclosed with the 2020 Annual Report
<b>“Register of Directors’ Shareholdings”</b>	:	The register maintained by the Company setting out details of the Directors and their respective shareholdings
<b>“Relevant Period”</b>	:	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
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	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
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Share Buy-Back Mandate”</b>	:	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 Catalyst Rules
<b>“Share Purchases”</b>	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte Ltd
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<b>“treasury shares”</b>	:	Issued Shares of the Company which were (or are treated as having been) repurchased by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since the treasury share was so purchased
<b>“2020 Appendix”</b>	:	The appendix to Shareholders dated 11 June 2020

“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**”, “**controlling shareholders**” and “**Interested Persons**” 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)

## LETTER TO SHAREHOLDERS

### Directors:

Mr. Teo Kiang Ang (Non-Executive Chairman)  
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:

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

7 April 2021

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

Dear Sir / Madam,

- (1) **THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (THE “PROPOSED RENEWAL OF THE IPT GENERAL MANDATE”); AND**
  - (2) **THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE (THE “PROPOSED SHARE BUY-BACK MANDATE”).**
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## 1. INTRODUCTION

The Directors intend to seek Shareholders’ approval at the forthcoming AGM to be held on 29 April 2021 (the “**2021 AGM**”) for:

- (a) the Proposed Renewal of the IPT General Mandate; and
- (b) the Proposed Share Buy-Back Mandate.

The purpose of this Appendix is to provide Shareholders with the relevant information relating to and explaining the rationale for the above proposals and to seek Shareholders’ approval in respect of the same at the AGM. Shareholders should read this Appendix carefully and consider the recommendations of the Directors in Section 14 of this Appendix.

## 2. THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

### 2.1 Background

At the Annual General Meeting of the Company held on 26 June 2020 (the “**2020 AGM**”), Shareholders approved, *inter alia*, the renewal of a mandate (the “**IPT General Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as that term is defined in Chapter 9 of the Catalist Rules) to enter into certain interested person transactions with the classes of interested persons (the “**Mandated Interested Persons**”) as set out in the IPT General Mandate. The IPT General Mandate is subject to annual renewal and will expire at the forthcoming 2021 AGM.

Pursuant to Chapter 9 of the Catalist Rules, the Directors intend to seek Shareholders’ approval at the 2021 AGM for the renewal of the IPT General Mandate, being a general mandate permitting the Company, its subsidiaries and associated companies to enter into transactions with the Interested Persons, and, if approved, continue to be in force until the next AGM of the Company is held or is required by law to be held, whichever is the earlier (unless revoked or varied by the Company in a general meeting).

## 2.2 Rationale for the renewal of the IPT General Mandate

The IPT General Mandate enables the Company, its subsidiaries and its associated companies which are considered to be “entities at risk” within the meaning of Rule 904 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) to enter into any of the transactions falling within the types of interested person transactions described in the IPT General Mandate (the “**Mandated Transactions**”), with any Interested Person described in the IPT General Mandate, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company or its minority Shareholders, and are made in accordance with the review procedures for interested person transactions as set out in the IPT General Mandate.

The rationale of the IPT General Mandate, the scope of the IPT General Mandate, the benefit to Shareholders, the Interested Persons, the particulars of the interested person transactions and the review procedures for the IPTs in respect of which the IPT General Mandate sought to be renewed remain unchanged from that described in the 2020 Appendix. Further details of the IPT General Mandate are set out in Annex A to this Appendix.

## 2.3 Renewal of the IPT General Mandate

The Directors propose that the IPT General Mandate be renewed at the 2021 AGM to take effect until the next AGM of the Company. There is no change to the scope and terms of the IPT General Mandate which is proposed to be renewed.

## 2.4 Annex A to this Appendix

Details of the IPT General Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Catalist Rules, are set out in Annex A to this Appendix.

## 2.5 Audit Committee Statement

Pursuant to Rule 920(1) of the Catalist Rules, the Audit Committee of the Company, comprising Loo Hock Leong, Lim Chwee Kim and Heng Chye Kiou, confirms that:

- (a) the methods or procedures for determining the transaction prices of the IPTs set out in Annex A to this Appendix (“**Review Procedures**”) have not changed since Shareholders approved the IPT General Mandate at the 2020 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 3. THE PROPOSED SHARE BUY-BACK MANDATE

### 3.1 Background

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by its Constitution, the Act and the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. Article 6 of the Company’s Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Act.

It is also a requirement under the Act that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval at a general meeting of its shareholders.

The Board is accordingly proposing to seek Shareholder’s approval at the upcoming AGM for the adoption of the Proposed Share Buy-Back Mandate 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 Catalist Rules.



Should Shareholders approve the resolution to adopt the Proposed Share Buy-Back Mandate, the authority conferred by the Proposed 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 Proposed 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 Proposed Share Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest.

Subject to its continued relevance to the Company, the Share Buy-Back Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

### 3.2 Rationale for the Proposed Share Buy-Back Mandate

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 trading speculation or demand, 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, amongst other alternative corporate actions, 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 by the Company 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 Proposed 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 Proposed 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 condition of the Group.

## 4. AUTHORITY AND LIMITS OF THE PROPOSED SHARE BUY-BACK MANDATE

The authority and limitations placed on purchases of Shares by the Company under the Proposed Share Buy-Back Mandate are summarised below:

### 4.1 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 Proposed 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). As at the Latest Practicable Date, the Company does not have any treasury shares and/or subsidiary holdings.

**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\$24,725,537 comprising 228,929,780 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 22,892,978 Shares (representing approximately 10% of the issued ordinary share capital of the Company as at that date excluding treasury shares and subsidiary holdings currently held) may be purchased or acquired by the Company pursuant to the Proposed Share Buy-Back Mandate.

#### 4.2 **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 in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting.

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

#### 4.3 **Manner of Purchase or Acquisition of Shares**

Purchases or acquisitions of Shares may be made by the Company 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 Catalist Rules.

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 Catalist Rules provide 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 purchase or acquisitions of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares 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 or lowest prices paid for the purchase of Shares, where relevant, and the total consideration paid for the purchase of Shares; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

#### 4.4 **Maximum Purchase Price**

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Share 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 of the Shares (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares (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.

## **5. STATUS OF PURCHASED SHARES UNDER THE PROPOSED SHARE BUY-BACK MANDATE**

A Share purchased or acquired by the Company pursuant to the Proposed 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.

## **6. TREASURY SHARES IN RELATION TO THE PROPOSED SHARE BUY-BACK MANDATE**

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:

### **6.1 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.

### **6.2 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.

### **6.3 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 any share scheme, whether for employees, Director, or other persons pursuant to the terms of the 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(31) of the Catalist Rules, an immediate announcement must be made of 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 comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage; and
- (f) the value of the treasury shares comprised in the usage.

## **7. SOURCE OF FUNDS IN RELATION TO THE PROPOSED SHARE BUY-BACK MANDATE**

In purchasing or acquiring Shares pursuant to the Proposed 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:

- (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 Proposed Share Buy-Back Mandate. In proceeding with the purchase of Shares under the Proposed 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 Proposed Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial condition of the Company or the Group, but rather will be undertaken if in the reasonable opinion of the Directors, it can benefit the Group and Shareholders.

## **8. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK MANDATE**

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Proposed 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 financial effects on the Group and the Company, based on the FY2020 audited financial statements of the Group are based on the assumptions set out below:

### **8.1 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.

### **8.2 Number of Shares purchased or acquired**

As at the Latest Practicable Date, based on the FY2020 audited financial statements of the Company, the issued capital of the Company comprised 228,929,780 Shares (excluding treasury shares and subsidiary holdings).

For illustrative purposes, on the basis of the 228,929,780 Shares (excluding treasury shares and subsidiary holdings) at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM held on 29 April 2021, the Company may purchase up to the maximum limit of 10% of its issued Shares, resulting in approximately 22,892,978 Shares pursuant to the Proposed Share Buy-Back Mandate ("**Maximum Number of Shares**").

### **8.3 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 22,892,978 Shares at the Maximum Price of S\$0.7392 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 22,892,978 Shares is S\$16,922,489 (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 22,892,978 Shares at the Maximum Price of S\$0.8448 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\$19,339,988 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

#### 8.4 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 FY2020, and assuming that the Company had on the Latest Practicable Date purchased the Maximum Number of Shares pursuant to the Proposed 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 Proposed Share Buy-Back Mandate by way of purchases 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 Proposed Share Buy-Back Mandate by way of purchases made out of capital and cancelled

The financial effects are prepared on the following assumptions:

- (a) the Company has 228,929,780 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 FY2020 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 Proposed 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 financial year ended 31 December 2020 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 Proposed 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 Proposed 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
As at 31 December 2020	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Share capital	24,725	7,802	24,725	24,725	7,802	24,725
Shareholders' equity	40,187	23,264	23,264	36,504	19,581	19,581
Treasury shares	–	–	16,923	–	–	16,923
NTA	38,248	21,325	21,325	36,504	19,581	19,581
Current Assets	44,811	27,888	27,888	17,269	346	346
Current liabilities	24,604	24,604	24,604	7,106	7,106	7,106
Working capital	20,207	3,284	3,284	10,163	(6,760)	(6,760)
Total borrowings	1,660	1,660	1,660	–	–	–
Cash and bank balances	34,198	17,275	17,275	5,563	(11,360)	(11,360)
Net profit	13,864	13,864	13,864	11,312	11,312	11,312
Number of treasury shares	–	–	22,893	–	–	22,893
Number of Shares (excluding treasury shares)	228,930	206,037	206,037	228,930	206,037	206,037
Weighted average number of shares	228,917	206,024	206,024	228,917	206,024	206,024
<b>Financial Ratios</b>						
NTA per Share <sup>(1)</sup> (cents)	16.71	10.35	10.35	15.95	9.50	9.50
Basic EPS <sup>(2)</sup> (cents)	6.06	6.73	6.73	4.94	5.49	5.49
Gearing ratio <sup>(3)</sup> (times)	0.04	0.07	0.07	–	–	–
Current ratio <sup>(4)</sup> (times)	1.82	1.13	1.13	2.43	0.05	0.05

**Notes:**

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2020.
- (2) EPS has been computed based on FY2020 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing ratio equals to total borrowings divided by shareholders' equity.
- (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 2020	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Share capital	24,725	5,385	24,725	24,725	5,385	24,725
Shareholders' equity	40,187	20,847	20,847	36,504	17,164	17,164
Treasury shares	–	–	19,340	–	–	19,340
NTA	38,248	18,908	18,908	36,504	17,164	17,164
Current Assets	44,811	25,471	25,471	17,269	(2,071)	(2,071)
Current liabilities	24,604	24,604	24,604	7,106	7,106	7,106
Working capital	20,207	867	867	10,163	(9,177)	(9,177)
Total borrowings	1,660	1,660	1,660	–	–	–
Cash and bank balances	34,198	14,858	14,858	5,563	(13,777)	(13,777)
Net profit	13,864	13,864	13,864	11,312	11,312	11,312
Number of treasury shares	–	–	22,893	–	–	22,893
Number of Shares (excluding treasury shares)	228,930	206,037	206,037	228,930	206,037	206,037
Weighted average number of shares	228,917	206,024	206,024	228,917	206,024	206,024
<b>Financial Ratios</b>						
NTA per Share <sup>(1)</sup> (cents)	16.71	9.18	9.18	15.95	8.33	8.33
Basic EPS <sup>(2)</sup> (cents)	6.06	6.73	6.73	4.94	5.49	5.49
Gearing <sup>(3)</sup> (times)	0.04	0.08	0.08	–	–	–
Current ratio <sup>(4)</sup> (times)	1.82	1.04	1.04	2.43	(0.29)	(0.29)

**Notes:**

- (1) NTA per Share has been computed based on NTA divided by the number of Shares in issue as at 31 December 2020.
- (2) EPS has been computed based on FY2020 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.
- (3) Gearing ratio equals to total borrowings divided by shareholders' equity.
- (4) Current ratio represents the ratio of current assets to current liabilities.

## 9. CATALIST RULES IN RELATION TO THE PROPOSED SHARE BUY-BACK MANDATE

The Catalist Rules specify 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 8D of the Catalist Rules) currently requires the inclusion of details, including but not limited to, the total number of shares purchased, total 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 Catalist Rules do 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 Proposed 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 Proposed 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).

The Catalist Rules 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 Catalist Rules, 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, 65,821,816 Shares representing 28.8% 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 20.8%.

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 Proposed 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 Proposed 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.**

## 10. TAKE-OVER CODE OBLIGATIONS IN RELATION TO THE PROPOSED 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:

### 10.1 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.

### 10.2 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.

### 10.3 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.

**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 Proposed Share Buy-Back Mandate.**

### 10.4 Application of the Take-over Code

Mr. Teo Kiang Ang is the non-executive Chairman of the Company. As at the Latest Practicable Date:

- (a) Mr. Teo Kiang Ang holds a total effective interest of 44.9% of Shares in the Company; and

- (b) the Teo Family Concert Party Group (the “**Teo Family Concert Party Group**”) holds a total effective interest of 70.5% of Shares in the Company.

The detailed shareholdings of the Teo Family Concert Party Group (the “**Teo Family Concert Party Group**”) are set out in Annex B to this Appendix. Shareholders should note that the shareholdings of the Teo Family Concert Party Group as disclosed in this Appendix are based on the Company’s internal records and the list of Shareholders of the Company as obtained from CDP on the Latest Practicable Date.

Under the Take-over Code, Mr. Teo Kiang Ang, unless exempted, would become obliged to make a general offer under the Take-over Code for the Shares not owned by him, if as a result of the exercise of the Proposed Share Buy-Back Mandate, his interest in the voting rights of the Company increases by more than 1% within a six (6) month period.

For illustrative purposes, assuming that the Company purchases or acquires the maximum number of Shares, being 22,892,978 Shares pursuant to the Proposed Share Buy-Back Mandate,

- (c) the total effective interest of Mr. Teo Kiang Ang in the Shares increases from 44.9% to 49.9%; and
- (d) the total effective interest of Teo Family Concert Group in the Shares increases from 70.5% to 78.3%.

**Save as disclosed above and in Annex B to this Appendix, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interest in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Proposed Share Buy-Back Mandate.**

#### 10.5 Dispensation from Rule 14

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Mr. Teo Kiang Ang will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code as a result of any Share buy-back carried out by the Company pursuant to the Proposed Share Buy-Back Mandate, subject to the following conditions:

- (a) this Appendix to Shareholders on the resolution to authorise the Proposed Share Buy-Back Mandate contains:
  - (i) advice to the effect that by voting for the adoption of the Proposed Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the company buying back its shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the company’s voting rights, would increase their voting rights by more than 1% in any period of six (6) months; and
  - (ii) the names of Mr. Teo Kiang Ang and parties acting in concert with him, if any, their voting rights at the time of the resolution and after the Proposed Share Buy-Back Mandate;
- (b) the resolution to authorise the Proposed Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make a general offer as a result of the Proposed Share Buy-Back Mandate;
- (c) Mr. Teo Kiang Ang and/or persons acting in concert with him (if any) to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the Proposed Share Buy-Back Mandate;

- (d) within seven (7) days after the passing of the resolution to authorise the Proposed Share Buy-Back Mandate, Mr. Teo Kiang Ang is to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) Mr. Teo Kiang Ang and parties acting in concert with him (if any) not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Proposed Share Buy-Back Mandate is imminent and the earlier of:
  - (i) the date on which the authority of the share buy-back expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Proposed Share Buy-Back Mandate, or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back of Shares, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

As such, if the aggregate voting rights held by Mr. Teo Kiang Ang increase by more than 1% solely as a result of the Company's buy-back of Shares under the Proposed Share Buy-Back Mandate, and none of the and/or persons acting in concert with him (if any) has acquired any Shares during the relevant six (6) months period, then Mr. Teo Kiang Ang and parties acting in concert with him (if any) would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

Therefore, subject to the above conditions stipulated in Section 3(a) of Appendix 2 of the Take-over Code, Mr. Teo Kiang Ang and parties acting in concert with him (if any) will be exempted under Appendix 2 from the requirement to make a general offer under Rule 14 of the Take-over Code:

- (a) in the event that their aggregate percentage of voting rights in the Company increases to 30.0% or more solely as a result of the purchase or acquisition of the Company's Shares made by the Company; and
- (b) in the event their aggregate percentage of total voting rights in the Company increases to between 30% and 50% of the total voting rights solely as a result of the purchase or acquisition of the Company's Shares made by the Company, their interest in the voting rights of the Company increases by more than 1% within a six (6) month period, solely as a result of the Share buy-back made by the Company.

**Shareholders should therefore note that by voting in favour of the resolution to approve the Proposed Share Buy-Back Mandate, they will be waiving their rights to a general offer at the required price by Mr. Teo Kiang Ang and parties acting in concert with him (if any) as the circumstances set out above.**

#### 10.6 Form 2 submission to SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption as set out in paragraph 10.5(d) above from the requirement to make an offer under Rule 14 as a result of the buy-back of shares by a listed company under its share buy-back mandate.

Mr. Teo Kiang Ang has informed the Company that he will be submitting Form 2 to the SIC within seven (7) days after the passing of the resolution authorising the adoption of the Proposed Share Buy-Back Mandate.

## 11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 11.1 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	%
<b>Shares of the Company</b>				
Teo Kiang Ang <sup>(1), (2)</sup>	67,813,500	29.6	34,989,964	15.3
Teo Hark Piang	25,479,500	11.1	—	—
Loo Hock Leong	—	—	—	—
Lim Chwee Kim	300,000	0.1	—	—
Heng Chye Kiou	—	—	—	—

**Notes:**

- (1) Mr. Teo Kiang Ang, who is the non-executive Chairman 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; (ii) 24,329,430 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, and (iii) 4,533,434 Shares held by Semgas Supply Pte. Ltd., which is 100% owned by UEC, which is in turn 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.

### 11.2 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 <sup>(1)</sup>	67,813,500	29.6	34,989,964 <sup>(3)</sup>	15.3	102,803,464	44.9
Teo Hark Piang <sup>(2)</sup>	25,479,500	11.1	—	—	25,479,500	11.1
UEC	24,329,430	10.6	4,533,434 <sup>(4)</sup>	2.0	28,862,864	12.6

**Notes:**

- (1) Mr. Teo Kiang Ang is the Non-executive Chairman 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 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; (ii) 24,329,430 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, and (iii) 4,533,434 Shares held by Semgas Supply Pte. Ltd., which is 100% owned by UEC, which is in turn 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.
- (4) UEC is deemed interested in 4,533,434 Shares held by Semgas Supply Pte. Ltd. through its 100% shareholding in Semgas Supply Pte. Ltd.

### 11.3 Interests of Directors and Substantial Shareholder(s) in the IPT General Mandate

As at the Latest Practicable Date:

- (a) the Non-executive Chairman of the Company, Mr. Teo Kiang Ang, is a director of UEC and has an equity interest of approximately 61.89% in UEC;
- (b) the Executive Director and CEO, Mr. Teo Hark Piang, has an equity interest of approximately 12.55% in UEC; and

- (c) UEC, a Substantial Shareholder as set out in paragraph 11.2 above, is the shareholder of the Mandated Interested Persons, which, at the Latest Practicable Date include Choon Hin, Gasmart, Health Domain, Sembas, Semgas (S), Semgas Supply, Summit, United Gas and Union Power.

Save as disclosed above, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the IPT General Mandate.

## **12. 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.

## **13. ABSTENTION FROM VOTING**

### **13.1 Proposed renewal of the IPT General Mandate**

Rule 919 of the Catalist Rules requires that interested persons and their associates must not vote on any Shareholders' resolutions relating to the proposed interested person transactions. In view of the foregoing, Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and UEC will abstain and shall procure that their respective associates will abstain, from voting on resolutions at the 2021 AGM approving the Proposed Renewal of the IPT General Mandate.

In addition, each of Mr. Teo Kiang Ang, Mr. Teo Hark Piang, and their respective associates, as well as the authorised representative(s) of UEC, shall not accept nomination as proxies or otherwise vote at the 2021 AGM in respect of the resolutions in relation to Ordinary Resolution no. 10 (being the Ordinary Resolution relating to the Proposed Renewal of the IPT General Mandate), unless specific instructions as to voting are given.

### **13.2 Proposed Share Buy-Back Mandate**

Mr. Teo Kiang Ang and parties acting in concert with him (if any) shall abstain from voting on the resolution to the adoption of the Proposed Share Buy-Back Mandate at the AGM, and the Company shall disregard any votes cast by Mr. Teo Kiang Ang and parties acting in concert (if any) on the said resolution. Mr. Teo Kiang Ang and parties acting in concert with him (if any) shall not accept appointment as proxies for Shareholders to vote on the resolution in relation to the adoption of the Proposed Share Buy-Back Mandate, unless specific instructions have been given in the Proxy Form(s) on how the votes are to be cast in respect of such resolution.

## **14. DIRECTORS' RECOMMENDATIONS**

### **14.1 Proposed Renewal of the IPT General Mandate**

Mr. Teo Kiang Ang and Mr. Teo Hark Piang shall abstain from making any recommendations on the Proposed Renewal of the IPT General mandate to be tabled at the 2021 AGM. They will also not accept appointments as to proxies for voting in respect of Ordinary Resolution no. 10 (being the Ordinary Resolution relating to the Proposed Renewal of the IPT General Mandate), unless specific instructions as to voting are given.

Save as disclosed above, none of the Directors are deemed to be interested for the purpose of making a recommendation to the Shareholders in respect of the Proposed Renewal of the IPT General Mandate.

The Directors (save for Mr. Teo Kiang Ang and Mr. Teo Hark Piang), having considered, *inter alia*, the terms, rationale and benefits of the Proposed Renewal of the IPT General Mandate, the review procedures of the Company for the interested person transactions and the role of the Audit Committee in enforcing the IPT General Mandate, are of the view that the guidelines and methods or procedures for determining transaction prices of the interested person transactions as set out in Annex A to this Appendix, if adhered to, are sufficient to ensure that the interested person transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.



Accordingly, the Directors (save for Mr. Teo Kiang Ang and Mr. Teo Hark Piang) recommend that Shareholders vote in favour of Ordinary Resolution no. 10 (being the Ordinary Resolution relating to the Proposed Renewal of the IPT General Mandate) set out in the Notice of AGM.

#### **14.2 Proposed Share Buy-Back Mandate**

Having fully considered the rationale, benefit and the information relating to the Proposed Share Buy-Back Mandate, the Directors (other than Mr. Teo Kiang Ang and Mr. Teo Hark Piang who are abstaining from making any recommendations to Shareholders pursuant to the conditions for exemption under Appendix 2 to the Take-over Code as set out in paragraph 10.5 above), having fully considered, *inter alia*, the terms and the rationale of the Proposed Share Buy-Back Mandate as set out in this Appendix, are of the opinion that the Proposed Share Buy-Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolution to be proposed at the AGM, being the resolution relating to the Proposed Share Buy-Back Mandate.

### **15. ACTIONS TO BE TAKEN BY SHAREHOLDERS**

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be allowed to attend the AGM of the Company in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM for (a) watching the AGM proceedings via live webcast or listening to the AGM proceedings via live audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. Please see paragraphs 15.1 to 15.3 below for these alternative arrangements.

#### **15.1 To vote at the virtual AGM**

Shareholders (whether individual or corporate) who wish to exercise their votes must submit the Proxy Form appointing the Chairman of the AGM to vote on their behalf.

Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The completed and signed Proxy Form can be submitted to the Company in hard copy form or by email:

- (a) If the Proxy Form is in hard copy and sent personally or by post, to the Share Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
- (b) If by email, the Proxy Form must be received by the Company at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com).

In either case, by 9.00 a.m. on 26 April 2021.

A member who wishes to submit an instrument of proxy electronically must complete and sign the proxy form (obtained either by post or electronically), scan the completed form and send it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms personally or by post, members are strongly encouraged to submit the completed Proxy Forms electronically via email.

The Proxy Form can also be downloaded from the Company's website at <https://forms.uniongas.com.sg/downloads/uniongas-proxy-2021.pdf> or SGX website at <https://www.sgx.com/securities/company-announcements>.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case the appointor submits more than one (1) instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by the CDP at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on the resolution at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such Shareholder deposits his/her Proxy Form seventy-two (72) hours before the AGM, the Chairman of the AGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 19 April 2021.

## 15.2 Registration for the live webcast

Shareholders will be able to watch the AGM proceedings through a live webcast via their mobile phones, tablets or computers or listen to the AGM proceedings through a live audio feed via telephone. In order to do so, Shareholders must follow these steps:

- (a) Shareholders who wish to watch the live webcast or listen to the live audio feed must pre-register at <https://forms.uniongas.com.sg/agm/2021/agm-registration.html> by 9.00 a.m. on 26 April 2021 (the "**Registration Deadline**").
- (b) Shareholders who have registered by the Registration Deadline but do not receive an email by 9.00 a.m. on 28 April 2021 should contact the Company's Share Registrar at email address [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com) or call the general telephone number at +65 6536 5355 between 10.00 a.m. to 4.00 p.m. for assistance.

The Company advises all Shareholders to register as early as possible.

## 15.3 Submission of questions

Shareholders who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the AGM to <https://forms.uniongas.com.sg/agm/2021/agm-registration.html>. All questions must be submitted by 9.00 a.m. on 24 April 2021.

Please note that Shareholders will not be able to ask questions "live" during the webcast and via the audio feed. It is therefore important for Shareholders to pre-register their participation and submit their questions latest by the aforesaid deadline.

The Company will publish the minutes as well as responses to the questions received of the AGM on the SGXNet within one (1) month after the AGM.

**The Company would remind Shareholders that, with the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are encouraged to check the Company's announcement regularly for any updates on the AGM.**

The Company wishes to thank all Shareholders for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

**Persons who hold shares through relevant intermediaries.** Persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), other than CPF and SRS investors, and who wish to participate in the AGM by:

- (a) observing and/or listening to the AGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions to the Chairman of the Meeting in advance of, or “live” at, the AGM; and/or
- (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

## **16. 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 IPT General Mandate and the Proposed Share Buy-Back 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.

## **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.

## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 3 Lorong Bakar Batu #07-04 Union Industrial Center Singapore 348741 during normal business hours from 9.00 a.m. to 5.00 p.m. for three (3) months from the date of the 2021 AGM:

- (a) the Constitution of the Company; and
- (b) the 2020 Annual Report.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to [ir@uniongas.com.sg](mailto:ir@uniongas.com.sg) to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

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

## ANNEX A – THE IPT GENERAL MANDATE

### 1. CHAPTER 9 OF THE CATALIST RULES

#### 1.1 Background

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an “entity at risk”) enters into or proposes to enter into with a party who is an interested person of the listed company. 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 it that may adversely affect the interests of the listed company or its shareholders.

For the purpose of Chapter 9:

- (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) a “**primary interested person**” means a director, chief executive officer or controlling shareholder of a listed company;
- (f) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (g) an “**associate**” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), 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 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;
- (h) 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; and

- (i) in interpreting the term “**same interested person**” for the purpose of aggregation in Rules 905, 906 and 907, the following applies:
  - (i) transactions between (A) an entity at risk and a primary interested person; and (B) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.

Transactions between (I) an entity at risk and a primary interested person; and (II) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;
  - (ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (iii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and have audit committees whose members are completely different.

## 1.2 Financial Thresholds

1.2.1 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders’ approval would be required in respect of these transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

1.2.2 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 (“**Threshold 1**”); or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 1. In this instance, 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.

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

- (a) the value of a proposed transaction is equal to or exceeds 5% of the listed group’s latest audited consolidated NTA (“**Threshold 2**”); or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 2. 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.

1.2.4 The abovementioned requirements for immediate announcement and shareholders’ approval do not apply to any transaction below S\$100,000. However, while transactions below S\$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction having regard to the objective of Chapter 9 of the Catalist Rules and the economic and commercial substance of the interested person transaction, instead of legal form and technicality.

### 1.3 Illustration

Based on the Group's latest audited accounts for FY2020, the Group's latest audited consolidated NTA as at 31 December 2020 was approximately S\$38,248,000. Accordingly, in relation to the Group, for the purpose of Chapter 9 for the current financial year, Shareholders' approval is required where:

- (a) the transaction is of a value equal to, or more than, approximately S\$1,912,400, being 5% of the Group's latest audited consolidated NTA as at 31 December 2020; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately S\$1,912,400 being 5% of the Group's latest audited consolidated NTA as at 31 December 2020. The aggregation will exclude any transaction that had been approved by the Shareholders previously, or is the subject of aggregation with another transaction that had been approved by the Shareholders.

The provisions above exclude transactions below S\$100,000 in value.

### 1.4 General Mandate

Chapter 9 of the Catalist Rules permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions 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) that may be carried out with the listed company's interested persons

## 2. THE IPT GENERAL MANDATE

### 2.1 Mandated Interested Persons

2.1.1 The IPT General Mandate will apply to the Group's transactions with the Mandated Interested Persons. The Mandated Interested Persons are:

- (a) Choon Hin;
- (b) Gasmart;
- (c) Health Domain;
- (d) Sembas;
- (e) Semgas Supply;
- (f) Semgas (S);
- (g) Summit;
- (h) United Gas; and
- (i) Union Power.

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

### 2.2 Mandated Transactions under the IPT General Mandate

2.2.1 The transactions with the Mandated Interested Persons which will be covered by the IPT General 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) provision of maintenance services by Mandated Interested Persons to the Group in relation to:
  - (i) the repair and maintenance of lorries; and
  - (ii) the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries),for which the cost of all maintenance services shall be capped at the cost of maintaining two (2) mechanics on a cost recovery basis while the cost of spare parts shall be capped at cost recovery plus mark-up of 5%;
- (b) sale of diesel at the Group's fuel station from the Group to Mandated Interested Persons;
- (c) the sale of diesel in bulk by the Group to Mandated Interested Persons
- (d) the purchase of electricity by the Group from Mandated Interested Persons;
- (e) the provision of maintenance and support services by Mandated Interested Persons to any member of the Group, in respect of equipment necessary in the course of business of the Group, such as the LPG manifold systems, cylinders, stoves and pipes.
- (f) the provision of delivery services by Mandated Interested Persons to the Group, for the purposes of transporting LPG Products necessary in the course of the business of the Group;
- (g) provision of IT infrastructure services to Sembas; and
- (h) purchase of health products by the Group from Health Domain.

2.2.2 For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT General Mandate. The IPT General 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.

2.2.3 Transactions with other interested persons (other than the Mandated Interested Persons) that do not fall within the ambit of the IPT General 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 IPT General Mandate are not subject to Rule 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

### 2.3 Rationale for and Benefits of the IPT General Mandate

2.3.1 The Mandated Transactions are transactions entered into between the Group and the Mandated Interested Persons 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.

2.3.2 The IPT General 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 transactions arise with the Mandated Interested Persons, 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.

2.3.3 In addition, the IPT General Mandate is intended to give the Group the flexibility to enter into and facilitate transactions with the specified Mandated Interested Persons in the ordinary course of the Group's business without the need to seek Shareholders' approval each time, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. This is expected to enhance the Group's ability to pursue business opportunities of a revenue or trading nature which are time sensitive, and will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

2.3.4 In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force);
- (b) announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the IPT General 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; and
- (c) present the disclosures of transactions conducted with the Mandated Interested Persons in the form set out in Rule 907 of the Catalist Rules.

## 2.4 Review Procedures for the IPT General Mandate

2.4.1 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) **Provision of maintenance services by Mandated Interested Persons to the Group in relation to:**
  - (i) **the repair and maintenance of lorries; and**
  - (ii) **the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries),**

**for which the cost of all maintenance services shall be capped at cost of maintaining two (2) mechanics on a cost recover basis while the cost of spare parts shall be capped at cost recovery plus mark-up of 5%**

### Cost of Maintenance Staff

The cost of maintaining two (2) mechanics (the "**Maintenance Staff**") shall be subject to applicable yearly increment and variable bonuses as may be generally applicable to employees of the relevant Mandated Interested Person. On a yearly basis, the Company shall determine whether the salary and terms (including the yearly increment and variable bonuses) offered by the Mandated Interested Person to the Maintenance Staff are fair and reasonable, taking into account factors such as the experience, expertise, quality, education, and performance reviews.

As part of its review process, the Company shall also obtain from the relevant Mandated Interested Person information relating to the salary it pays its employees in a similar role and with similar expertise and experience to determine whether the salary and terms (including the yearly increment and variable bonuses) offered to the Maintenance Staff are comparable to those offered by the relevant Mandated Interested person to other employees with similar expertise and experience.



In the event that such information cannot be obtained from the relevant Mandated Interested Person (for instance, if there are no employees of the relevant Mandated Interested Person of similar experience and expertise), 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 salary and terms offered by the Mandated Interested Person are fair and reasonable in accordance with the Group's usual business practices or industry norms, and taking into account factors such as, but not limited to, requirements, quality, experience and expertise, education, and performance reviews.

#### Cost of Spare Parts

The cost of spare parts in relation to the provision of maintenance services by Mandated Interested Persons to the Group shall be capped at cost recovery plus mark-up of 5%. Information in relation to the cost incurred shall be provided by the relevant Mandated Interested Person and shall be compared against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar spare part as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair, reasonable, comparable and not less favourable to those offered by other unrelated third parties for the same or substantially similar spare part. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the materials used and any other costs in relation to and necessary for the Mandated Interested Persons to properly provide the spare parts, will also be taken into account.

In the event that such quotations from unrelated third party suppliers cannot be obtained (for instance, if there are no unrelated third party suppliers providing similar spare parts), 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, the materials used and any other costs in relation to and necessary for the Mandated Interested Person to provide the spare parts, will also be taken into account.

**(b) Sale of diesel at the Group's fuel station from the Group to the Mandated Interested Persons**

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).

**(c) The sale of diesel in bulk by the Group to Mandated Interested Persons**

The sale of diesel in bulk by the Group to Mandated Interested Persons 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 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.

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 electricity by the Group from Mandated Interested Persons.**

The purchase of electricity from Mandated Interested Persons 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 and comparable 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 Group will obtain two (2) recent quotations (wherever possible or available) from the Mandated Interested Person for similar quantities of electricity provided by the Mandated Interested Person 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 and comparable to those offered by the Mandated Interested Person 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 the Mandated Interested Persons' unrelated third party customers cannot be obtained (for instance, if there are no unrelated third party customer of the Mandated Interested Person 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.

**(e) The provision of maintenance and support services by Mandated Interested Persons to any member of the Group, in respect of equipment necessary in the course of business of the Group, such as the LPG manifold systems, cylinders, stoves and pipes.**

The provision of maintenance and support service by Mandated Interested Persons to any member of the Group is to be carried out by comparing against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same

or substantially similar provider of maintenance and support service, 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 and comparable to those offered to other unrelated third parties for the same or substantially similar maintenance and support service. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, 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, if applicable, the Company will procure that the Mandated Interested Person provides and/or the Company will obtain two (2) recent quotations (wherever possible or available) for the provision of similar maintenance and support services provided by the Mandated Interested Person to its 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 to the Mandated Interested Person are fair, reasonable, comparable and not more favourable to those offered by the Mandated Interested Person to other unrelated third party customers for the same or substantially similar maintenance and support services. In determining whether the price and terms offered to the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such quotations cannot be obtained (for instance, if there are no unrelated third party suppliers for the same or substantially similar provider of maintenance and support services), 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, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

**(f) The provision of delivery services by Mandated Interested Persons to the Group, for the purposes of transporting LPG Products necessary in the course of the business of the Group**

While the Group has the personnel and capability to provide delivery services for its LPG Products necessary in the course of the business of the Group, it may, from time to time, enter into transactions with Mandated Interested Persons for the Mandated Interested Person to provide delivery services as and when it experiences temporary shortages of delivery personnel or have to make urgent delivery services.

No review procedures shall be applicable if the price quoted by the Mandated Interested Person is equal to or is less than the Group's cost of delivery (had it performed the delivery service itself) plus a mark-up of 5%.

In the event that the price quoted by the Mandated Interested Person exceeds the Group's cost of delivery plus a mark-up 5%, such quote shall be compared against quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar provider for delivery services, 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, and comparable to those offered by other unrelated third parties for the same or substantially similar delivery service. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the urgency of the request, the

size of the delivery, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, 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, if applicable, the Company will procure that the Mandated Interested Person provides and/or the Company will obtain two (2) recent quotations (wherever possible or available) for the provision of similar delivery services provided by the Mandated Interested Person to its 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, and comparable to those offered by the Mandated Interested Person to other unrelated third party customers for the same or substantially similar delivery services. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, the cost of the personnel engaged to provide such services, the urgency of the request, the size of the delivery, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

In the event that such quotations issued to unrelated third party customers of the Mandated Interested Person cannot be obtained (for instance, if there are no unrelated third party customers of the Mandated Interested Person of similar delivery services), 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 to 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, the cost of the personnel engaged to provide such services, the materials used, and any other costs in relation to and necessary for the Mandated Interested Person to properly render the services, will also be taken into account.

**(g) 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 2019, the mark up is 5%.

**(h) Purchase of Health Products by the Group 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 and comparable 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 and comparable 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.

## **2.5 Scope and Validity Period of the IPT General Mandate**

- 2.5.1 The IPT General Mandate will not cover any transaction that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.
- 2.5.2 Transactions with a Mandated Interested Person which do not fall within the ambit of the IPT General 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.
- 2.5.3 If approved at the 2021 AGM, the IPT General Mandate will take effect from the date of the passing of the Ordinary Resolution to be proposed at the 2021 AGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent AGM of the Company.
- 2.5.4 Approval from Shareholders will be sought for the renewal of the IPT General Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions with the Mandated Interested Persons.

## **2.6 Approval Threshold**

- 2.6.1 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).
- 2.6.2 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.

- 2.6.3 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.
- 2.6.4 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.
- 2.6.5 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.

## 2.7 Other Monitoring and Review Procedures

- 2.7.1 The following monitoring and review procedures will also be implemented in relation to all interested person transactions (including the Mandated Transactions):
- 2.7.2 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.
- 2.7.3 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.
- 2.7.4 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 as previously set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Other Interested Person Transactions" of the Company's Offer Document dated 13 July 2017; (ii) in respect of the Mandated Transactions, ensure that the methods and procedures established under the IPT General Mandate have been complied with, and the relevant approvals have been obtained; and (iii) determine if the methods and procedures established under the IPT General 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.
- 2.7.5 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.

- 2.7.6 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.
- 2.7.7 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.





**Notes:**

- (1) As a percentage of the Company's issued and paid-up share capital of 228,929,780 Shares as at the Latest Practicable Date.
- (2) As a percentage of the Company's issued and paid-up share capital of 206,036,802 Shares assuming that the Company purchased or acquired the maximum number of 22,892,978 Shares under the Proposed Share Buy-Back Mandate.
- (3) Ms. Ellen Teo Soak Hoon is the daughter of Mr. Teo Kiang Ang, the Non-executive Chairman and controlling shareholder of the Company, and the sister of Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company.
- (4) Ms. Alice Teo Soak Inn is the daughter of Mr. Teo Kiang Ang, the Non-executive Chairman and controlling shareholder of the Company, and the sister of Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company.
- (5) Ms. Alexis Teo Soak Theng is the daughter of Mr. Teo Kiang Ang, the Non-executive Chairman and controlling shareholder of the Company, and the sister of Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company.
- (6) Mr. Teo Woo Yang is the business development director of the Group. He is the son of Mr. Teo Kiang Ang, the Non-executive Chairman and controlling shareholder of the Company, and the brother of Mr. Teo Hark Piang, the Executive Director and Chief Executive Officer of the Company.