UNION GAS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201626970Z)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Union Gas Holdings Limited (the "**Company**") wishes to update that the Company has received the questions from shareholders in advance of the Annual General Meeting ("**AGM**") to be held by way of electronic means on Friday, 26 June 2020.

The following are the Company's response to the questions:

Theme	No	Questions	Response
Impact of Covid-19 and Crude Oil Price Fluctuations	1	How is the operation and financial performance of the company affected by Covid-19 as well as the sudden drastic fall in crude oil price?	**Operations** The Company's products and services are classified as essential services. The Company continues to operate during the Covid-19 period. Retailing of fuel and delivering of LPG cylinders cannot be conducted remotely. The Company's concern is the safety of the employees who cannot work from home. The Company created split-team arrangements, set up additional office and organized pick-ups for call centre and office staff so they would not need to use public transport. All employees including the delivery team are required to take temperature daily when they report for work, always mask up and sanitize their hands regularly. We believe when we are protecting our employees, we are also protecting our customers. **Financials** When the Company was listed in 2017, there were three retailing business segments (1) bottled LPG

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			to the domestic / residential households, (2) compressed natural gas and (3) diesel. Over the last two years the Company has broadened its customer base to include the retailing of bottled LPG to the commercial and industrial segments. The diversified customer base and the steady growth over the last three years have strengthened the Company to better weather COVID-19 pandemic. With the Covid-19 Circuit Breaker measures, we have seen a significant increase in the Singapore population staying at home and cooking their own meals in their households. Therefore, sales made to households grew. On the other hand, commercial and industrial LPG business suffered alongside the food and beverage, and manufacturing industry's loss of business. However, comparing to the same period last year the commercial and industrial LPG grew mainly due to business expansion and acquisition. Overall, the better performing LPG business will help to buffer the slowdown in the Company's compressed natural gas and diesel business. LPG price is not pegged to crude oil price. However, a decrease in crude oil prices will result in a decrease in the purchase prices of compressed natural gas and diesel for the Company.
Impact of Covid-19	2	I refer to page 95 of the Annual Report about "Trade and other receivables". It was stated that "As at 31 December 2019, management has identified	With reference to Note 21 to the Financial Statements on Page 95 of the FY2019 Annual Report (the "**Annual Report**") on "certain customers to be credit impaired as

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		certain customers to be credit impaired as they experienced significant financial difficulties." Moreover, on page 107, it was also mentioned that "There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020 and the fluctuations in the oil and gas market prices. These uncertainties may have an impact to the recoveries of certain assets>" May I ask the Audit Committee where those "certain assets" refer to "trade and other receivables"? And who were these group of "Certain customers" that "experienced significant financial difficulties" & which segment were they from? Are we going to expect more in view of the Covid outbreak?	they experienced significant financial difficulties". These customers are mainly from the Retail LPG-Commercial and Retail Station segments. Covid-19 outbreak may impact the recovery of these trade receivables. This methodology for recognising impairment loss in accordance with financial reporting standard is in line with the SFRS(I) 9 Financial Instrument. The Company monitors the collection closely and more so during this pandemic period. With reference to Note 34 to the Financial Statements on Page 107 of the Annual Report on "There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020 and the fluctuations in the oil and gas market prices. The uncertainties may have an impact to the recoveries of certain assets", such certain assets referred to are the contract costs, other assets, trade and other receivables. As these are uncertain times, the Company will endeavour to monitor the situation closely and any further developments will be disclosed appropriately in due course.
Outlook	3	What is the management strategy in the next 1 to 2 years? With the current Covid situation, are we profitable?	The Company's broader business, diversified customer base and the steady growth over the last three years have strengthened the Company's ability to better weather COVID-19 pandemic. With a healthy financial position and strong fundamentals, barring unforeseen circumstances, the Company expects to continue to improve the business and financial performance of its existing businesses, as well as explore new opportunities. On 17 June 2020, the Company announced that it signed a non-binding Memorandum of Understanding with Union Energy

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			Corporation Pte. Ltd. in relation to a potential acquisition of assets. The assets which are currently being contemplated include shares in 3 companies with 2 bottling plants and their land as well as all LPG Distribution Business, all support infrastructure and all trademarks, brand names and goodwill. The Company sees this potential acquisition as strategic and complementary to its existing business. By owning and operating a holistic integrated LPG supply chain and acquiring an enlarged base of customers, the company believes it will be able to maintain its competitiveness and improve the breadth and scale of its service offerings to all its customers. Upon a successful execution, barring any unforeseen circumstances, this potential acquisition is also expected to improve the business performance and financial results and increase the scale and operational efficiencies with resilience to tide through different economic cycles.
Potential Acquisition of Assets	4	I refer to page 3 of the Annual Report about "Message to Shareholders". In the 4th paragraph, at its last sentence, it was mentioned that "This puts us in a strong position to consider further expansion of our business and operations through mergers and acquisitions should there be suitable opportunities." Currently, what is the % market share of the Group's Retail LPG- Domestic sales to domestic households? And currently, what is the % market share of the Group's Retail LPG- Commercial sales to hawker centres, coffee shops, eating houses & commercial central kitchens? How much more % market share will the MOU with Union Energy	The Company believes that it is one of the leading suppliers of LPG in Singapore. The Company has the largest sales teams and delivery vehicular fleets. The Company delivers to all segments i.e. domestic / residential, commercial and industrial. As mentioned in the announcement on 17 June 2020, the Company sees the acquisition of the LPG assets and businesses of Union Energy Corporation Pte Ltd and its subsidiaries ("UEC Group") as strategic and complementary. The acquisition of UEC Group's LPG business will further strengthen the Company's strong market share.

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		Corporation Pte Ltd yield for Retail LPG- Domestic segment & Retail LPG- Commercial segment?	
Financials	5	I refer to page 83 of the Annual Report about "Financial Information by Operating Segments". For Retail LPG-Domestic segment, why its segment profit margin declined by 3.9% from 18.5% in 2018 to 14.6% in 2019? What have the Board planned to do about it?	Revenue of retail LPG-domestic segment increased by 6.8% from S$28.5 million in FY2018 to S$30.5 million in FY2019. In FY2019 the Company incurred additional costs for the acquisition of new dealerships, non-current assets and manpower, which were essential in taking over the respective dealership. The profit margin is expected to improve over time.
Financials	6	I refer to page 85 of the Annual Report about "Marketing and distribution costs". Why has "Delivery charges" increased by $1.512m from a mere $30k in 2018 to $1.542m in 2019?	Increase in delivery charges was mainly due to: (1) an increase in the total volume/tonnage delivered for both retail LPG-Domestic and retail LPG-Commercial and (2) an increase in the unit delivery cost for the outsourced LPG-commercial segment. Revenue for retail LPG-commercial increased by S$16.8 million (301.8%) to $22.4 million in FY2019 from S$5.6 million in FY2018.
Financials	7	I refer to page 78 of the Annual Report about "Revenue recognition". It was stated that "Changes in the Group's pricing model and the method used in quantifying and allocating of transaction price may affect the amount of revenue recognised by the Group. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions." Can the Audit Committee help explain how can this happen? Because each bottled LPG cylinders can be uniquely identified and comes in standard sizes of 4.5kg, 9kg, 11kg, 12.7kg, 14kg and 50kg.	Although the LPG supplied by the Group are bottled in cylinders, the pricing of LPG could be based on standard sized bottles or usage volume (meter reading). The pricing terms in the LPG supply contracts signed with different customers vary in accordance with market conditions and negotiations with the customers. The varying pricing terms include unit selling price, payment arrangements, duration of the contracts, volume of LPG purchased by the customers (in cylinders or by meter reading) and discounts etc. In addition, the Group may offer promotion benefits to its customers from time to time. As the Group has a large number of customers with varying contract terms, the Group applies reasonable methods in quantifying and allocating the transaction prices

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			(revenue) based on the terms of the supply contracts and the Group's performance obligations in accordance with the financial reporting standard on revenue recognition, SFRS(I) 15 Revenue from Contracts with Customers.
Financials	8	I refer to page 96 of the Annual Report about "Significant non-cash transactions". In the 2nd bullet point, it was stated that "The Group acquired plant and equipment, storage license and reimbursement of other assets with total cost of $4,783,000 (2018: Nil), $2,188,000 (2018: Nil) and $6,530,000 (2018: Nil) respectively from related parties. The purchase consideration of $8,219,000 remain unsettled as at the end of the reporting year". May I ask the Audit Committee how come the total cost (i.e. $13.501m) for the acquired plant and equipment, storage license and reimbursement of other assets is different from the purchase consideration of $8.219m? How does the Audit Committee ensure that the total cost was at arm's length? Furthermore, how will this purchase consideration of $8.219m be funded?	This acquisition was constituted an Interested Person Transaction (IPT) and was in the IPT Mandate that was approved by the shareholders in last Annual General Meeting. The agreement was also reviewed by an independent financial adviser. All IPT are recorded in the IPT Register and reviewed by the internal auditors on a quarterly basis. The Audit Committee reviews the internal audit reports to ensure that all IPT are carried out on normal commercial terms and relevant approvals are obtained. S$8,219,000 was the balance of unsettled total transaction amount which remained as amount due to related parties in Trade and Other Payables. The Company will repay this from its operational profits in regular instalments over an agreed time period.
Corporate Governance	9	For transparency, can the Remuneration Committee disclosure the remuneration of Teo Hark Piang, instead of just stating "Above S$750,001"? In fact, the remuneration of Teo Hark Piang has increased from "Up to S$250,000" in 2018 to "Above S$750,001" in 2019, at least a 3-fold increase. Furthermore, can the Remuneration Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor?	Mr Teo Hark Piang joined the Company in late 2018 and his roles in 2018 and 2019 are different. Before his appointment as Executive Director and CEO in April 2019, he was the Group's Director of Sales (Commercial and Industrial). The Remuneration Committee is opined the change in remuneration is reasonable and fair in accordance to his roles and contributions and after taking into account other factors such as his expertise and responsibilities and the effort and time spent.

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		For Key Management Personnel, what happened to the names of Senior Manager (LPG) Sie Kok Khiam, Human Resource Manager Tan Sin Yee & Sales Manager (Hawker Centre Segment) Low See Chuan in 2019?	In 2019, the Company appointed Mr Ng Yong Hwee as Deputy CEO, Mr Teo Woo Yang as Business Development Director and Mr Sim Lai Kitt as Head of Commercial in 2019. Ms Hong Pay Leng was appointed as CFO in January 2020. The Key Management Personnel section of the Annual Report discloses the personnel whom the Company regards as its top 5 key management personnel for the financial year with their respective remuneration information disclosed on page 42 of the Annual Report. Mr Sie Kok Khiam, Ms Tan Sin Yee and Mr Low See Chuan are still employees of the Company.
Dividend	10	Will we be receiving higher dividend this year?	Dividend distribution depends on the Company's financial results, general business condition and cash required for day-to-day operations, expansion plans and future growth. It is in the Company's interest to enhance shareholders' value and maintain sustainable returns to shareholders in the form of dividend. The Company needs to strike a balance between retaining a reasonable level of capital to maintain a healthy financial position to fund growth and maintaining a sustainable and consistent return for shareholders.
Others	11	I refer to page 4 of the Annual Report about "Outlook". In its 2nd paragraph, it was stated that "… fire that broke out at one of our suppliers, Summit Gas Systems Pte. Ltd., in June 2019". What impact did Union Gas experienced? How much business did we lose as a result? And how much compensation from business disruption insurance did we manage to claim?	The impact of the fire incident at Summit, one of the Company's LPG suppliers, has been disclosed in two announcements on 13 August 2019 and 27 February 2020. On 13 August 2019, in the Company's announcement on the "Unaudited Financial Statements for the Six Months Ended 30 June 2019" and reference Note 10 on Page 15, management had reviewed the impact of the fire incident at Summit and there was minimum disruption to the supply of bottled LPG to the business.

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			On 27 February 2020, in the Company's announcement on the "Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2019" and reference to Note 10 on Page 15, management had reviewed the impact of the fire incident at Summit and the incident had no significant financial impact to the Company's performance.
Others	12	We wanted to know whether company is going to achieve Main Board status.	The Company was listed on the SGX Catalist Board in 2017. Since its listing, the Company has shown a track record of growth and believes that barring any unforeseen circumstances, it has the necessary business fundamentals and future plans to continue its positive trajectory. At the appropriate time, the Company will explore and may consider the transfer of the Company's listing status to the SGX Main Board.

By Order of the Board

Teo Kiang Ang
Non-Executive Chairman

25 June 2020

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*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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