



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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the "**Board**") of Union Gas Holdings Limited (the "**Company**") refers to the following queries raised by The Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 April 2022 and sets out the responses as follows:

SGX-ST's Questions:

- (i) With reference to the audited consolidated statement of financial position on page 69 of the Company's annual report for FY2021, please provide an explanation for the material difference in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for FY2021:
- (a) Total current liabilities of S\$35,808,000 (audited) as compared to the amount of S\$37,857,000 (unaudited); and
 - (b) Total non-current liabilities of S\$35,261,000 (audited) as compared to the amount of S\$33,212,000 (unaudited).

Company's Response:

The difference is related to the reclassification of lease liabilities of a subsidiary amounting to \$2,049,000 that are not due in the next 12 months from current liabilities to non-current liabilities upon finalisation of the financial statements of the subsidiary. This difference of \$2,049,000 represents approximately 5.7% and 5.8% of the audited current liabilities and audited non-current liabilities respectively. There is no change to total liabilities. After the reclassification, the group's working capital (current assets less current liabilities) remains healthy at \$10,860,000.

SGX-ST's Question:

- (ii) Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Provision 8.1 of the Code states that:

"The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and*
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."*

We note the Company's disclosure on remuneration at page 48 of the annual report for FY2021. Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are **consistent with the intent of Principle 8 of the Code**, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.



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Company's Response:

As disclosed on page 48 of the Annual Report 2021, the Company's success depends to a significant extent upon the Directors and Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term service agreements, could have a material adverse effect on the Company. In view of this and in the best interest of the Company, the Company is not disclosing the exact remuneration of the Directors or the link between performance and remuneration paid to the Directors and key management personnel. In aggregate, the total remuneration paid to the above Key Management Personnel was S\$1,706,020 in FY2021. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the remuneration for the Executive Directors and key management personnel. Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2021.

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

SGX-ST's Question:

- (iii) Where the internal audit function is outsourced, please provide information on the relevant experience of the internal audit firm and the engagement team.

Company's Response:

As disclosed on page 54 of the Annual Report 2021, the Company has outsourced its internal audit function to Yang Lee & Associates ("YLA") which reports directly to the Audit Committee.

YLA is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing services, food & beverage, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The internal auditor engagement team comprises two Directors, a Senior Manager and supported by Associates. Each of the two Directors has more than 25 years of relevant experience whilst the Senior Manager has approximately 18 years of relevant experience.

By Order of the Board

Teo Hark Piang
Executive Director and Chief Executive Officer
28 April 2022