Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Union Gas Holdings Limited

Stock code: 1F2

Meeting details:
Date: 29 April 2021
Time: 9.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Since its listing in 2017, the group has gone from strength to strength, improving its top and bottom line. The financial highlights are shown on page 11 of the annual report. Three of the charts showing total revenue, gross profit and margin and net profit are reproduced below:



(Source: adapted from company annual report)

Despite the pandemic, full year revenue increased by approximately $7.39 million or 9.4% to $86.19 million in FY2020, mainly due to an increase in revenue from the retail liquefied petroleum gas ("LPG") business as people spent more time at home cooking during the pandemic.

As noted in the message to shareholders, on 17 June 2020, the company entered into a non-binding Memorandum of Understanding with Union Energy Corporation Pte. Ltd, setting out the framework for a potential acquisition by the company of the various assets including the LPG Distribution Business, the LPG Bottling Business and the LPG Storage Business. These are deemed complementary to the group's current operations and will strategically position the group for growth.

(i) **Given that the proposed acquisition of assets from UEC will be considered as an "interested person transaction" under the Catalist Rules, how is the company handling the negotiations with the vendors?**

(ii) **What is the level of involvement by the independent directors in the proposed acquisition?**

(iii) **What is the expected timeline of this proposed acquisition?**

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Q2. In addition, the group has also appointed Surbana Jurong to study and evaluate the potential redevelopment of the group's existing fuel station at 50 Old Toh Tuck Road into Singapore's first multi-fuel and energy facility.

The existing lease for the site expires in December 2023 and the group is exploring the feasibility of redeveloping and transforming it into an innovative, adaptable and sustainable multi-fuel and energy facility.

The concept for the proposed redevelopment is illustrated in the diagram below:

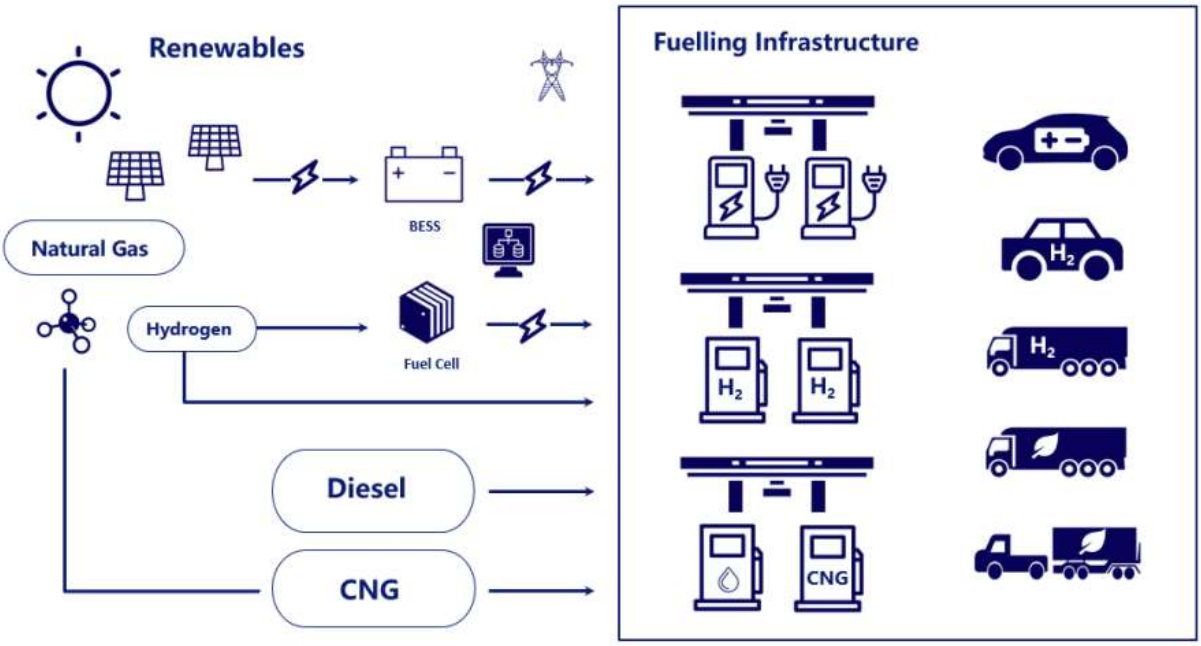


Figure: Illustration of Concept for Multi-Fuel Filling Station

(Source: company announcement dated 3 March 2021)

It is envisaged that the redeveloped site will offer renewable solar and micro-wind energy solutions, battery storage systems and electric vehicles charging stations; and a natural gas-based power generation station supported by existing transmission pipeline and subsequent export to the power grid.

(i) **Does the group have a ballpark figure for the potential redevelopment costs of the Toh Tuck site?**

(ii) **Other than the potential redevelopment of the Toh Tuck site, what is the board's view on the future of cleaner energy sources and how would the group's core businesses be affected?**

(iii) **How is the group tapping on the opportunities in renewable energy?**

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(iv) **In particular, is the eco-system for CNG sustainable in the mid/long-term?**

(v) **Given that Singapore will stop the registration of new diesel cars and taxis, would the diesel business be facing strong headwinds in the near future?** The group's diesel business accounted for 20% of revenue in FY2020. It was as high as 35.7% in FY2018.

Q3. In the corporate governance report, the company disclosed that it outsourced its internal audit function to Yang Lee & Associates which reports directly to the audit committee (AC). The AC is satisfied that the IA is independent, effective, adequately qualified and adequately resourced and has the appropriate standing in the company to discharge its duties effectively.

(i) **Can the AC elaborate further on the scope of the internal audit workplan for FY2020?**

(ii) **Did the internal audit cover all the major business segments in FY2020?**

(iii) **What were some of the key findings by the internal auditor?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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