



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

RESPONSES 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 Thursday, 27 April 2023.

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

1. **"This will also enable Union Gas to vertically integrate its supply chain and increase its ability to meet its own business volume requirements while maintaining its cost competitiveness in the long run. In addition, it will also lead to economics of scale that will enable the Group to reduce its operational costs."**

The Company made the above comment during the period when it announced its \$75 million acquisition of the LPG bottling operator. But this has not been the case. The cost of sales increased 22.3% to \$99.59 million in FY2022 thus the profit drop by 65% to \$5.213 million in FY2022. Why did you paint a rosy picture that with the acquisition, Union Gas will increase its resilience and ability to navigate different economic cycles due to the control of an integrated supply chain and broader customer base and therefore have better financial performance?

Company's Response:

The increase in cost of sales was mainly due to soaring international energy prices and inflation as a result of the conflict in Eastern Europe. Such costs are not within our control.

However, as a result of the acquisition, we managed to secure new customers in the wholesale space and have a better handle on controllable costs such as manpower costs in administrative expenses which have come down after the acquisition (pre-acquisition: FY2020 restated \$8.943 million versus FY2022: \$4.244 million). Otherwise, given the high international energy prices, our bottom line would have been affected even more. This attests to the increase in resilience as well as improved cost control post-acquisition.

2. **Does the company intend to help stabilise the share price through buy-backs?**

Company's Response:

Depending on many factors, share buy-backs may privilege short-term gains in share price but given the current challenges in the macro environment, the Company believes it should exercise prudence by conserving cash to support our operations and any business opportunities that may arise. However, we do have a mandate in place to do share buy-backs at the opportune time.

3. **What is the main reason for the hike in material cost? Is it oil price? Does the Group have any hedging strategy to mitigate fluctuations in material cost prices?**

Company's Response:

International energy prices were volatile in FY2022 due to the prolonged conflict in Eastern Europe as well as worldwide demand and supply dynamics. It was the main contributor to high material costs. We have a hedging policy that helps to mitigate some cost fluctuations and we review the policy from time to time to reflect market conditions.

By Order of the Board
UNION GAS HOLDINGS LIMITED

Teo Hark Piang
Executive Director and Chief Executive Officer
21 April 2023