

UNION GAS HOLDINGS LIMITED

(Registration No: 201626970Z)

Condensed Interim Financial Statements

For the Six Months and Full Year Ended 31 December 2021

UNION GAS HOLDINGS LIMITED

**Condensed Interim Financial Statements
For the Six Months and Full Year Ended 31 December 2021**

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UNION GAS HOLDINGS LIMITED

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months and Full Year Ended 31 December 2021**

	Notes	Unaudited 6 months ended			Unaudited 12 months ended		
		31 December 2021 \$'000	31 December 2020 \$'000 (Restated)	Increase/ (decrease) %	31 December 2021 \$'000	31 December 2020 \$'000 (Restated)	Increase/ (decrease) %
Revenue	4	61,839	59,128	4.6	123,040	118,965	3.4
Cost of sales		(42,756)	(30,003)	42.5	(78,958)	(61,167)	29.1
Gross profit		19,083	29,125	(34.5)	44,082	57,798	(23.7)
Other income and gains		1,688	7,638	(77.9)	11,824	13,872	(14.8)
Marketing and distribution costs		(10,642)	(10,662)	(0.2)	(21,283)	(21,218)	0.3
Administrative expenses		(9,133)	(8,757)	4.3	(16,711)	(17,264)	(3.2)
Finance costs		(346)	(132)	162.1	(500)	(314)	59.2
Other expenses		–	–	–	(8)	(247)	(96.8)
Profit before income tax	6	650	17,212	(96.2)	17,404	32,627	(46.7)
Income tax expense	7	(93)	(1,978)	(95.3)	(2,490)	(3,749)	(33.6)
Profit, net of tax and total comprehensive income		557	15,234	(96.3)	14,914	28,878	(48.4)
					31 December 2021 Cents	31 December 2020 Cents (Restated)	
Basic and diluted earnings per share – Based on weighted average number of ordinary shares in issue					4.74	9.23	

The accompanying notes form an integral part of these financial statements.

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position As at 31 December 2021

	<u>Notes</u>	31 December <u>2021</u> \$'000	<u>Group</u> 31 December <u>2020</u> \$'000 (Restated)	1 January <u>2020</u> \$'000 (Restated)
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	10	49,290	26,831	22,103
Right-of-use assets		10,607	4,794	6,647
Goodwill		1,873	1,873	1,873
Intangible assets		1,828	1,939	3,047
Investment property		240	240	270
Investment in financial asset		1,000	–	–
Contract costs, non-current		2,586	2,498	2,490
Other non-financial assets, non-current		12,998	4,732	4,251
Deferred tax assets		–	–	173
Total non-current assets		<u>80,422</u>	<u>42,907</u>	<u>40,854</u>
<u>Current assets</u>				
Inventories		2,702	1,691	1,480
Contract costs, current		766	697	858
Trade and other receivables		21,324	19,906	16,279
Other non-financial assets, current		7,364	5,286	6,160
Income tax recoverable		268	–	–
Cash and cash equivalents		14,244	38,662	26,459
Total current assets		<u>46,668</u>	<u>66,242</u>	<u>51,236</u>
Total assets		<u>127,090</u>	<u>109,149</u>	<u>92,090</u>
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the Company</u>				
Share capital	11	99,023	23,525	23,518
Retained earnings		35,162	38,161	16,944
Other reserves		(78,164)	2,493	2,492
Total equity		<u>56,021</u>	<u>64,179</u>	<u>42,954</u>
<u>Non-current liabilities</u>				
Provisions		1,785	710	710
Deferred tax liabilities		2,771	1,199	1,092
Bank borrowings, non-current	12	20,541	1,551	4,494
Lease liabilities, non-current	12	8,115	4,603	5,950
Total non-current liabilities		<u>33,212</u>	<u>8,063</u>	<u>12,246</u>
<u>Current liabilities</u>				
Income tax payable		1,645	4,382	2,210
Trade and other payables		27,981	26,582	28,803
Bank borrowings, current	12	3,800	2,680	2,495
Lease liabilities, current	12	4,018	2,913	3,052
Contract liabilities		413	350	330
Total current liabilities		<u>37,857</u>	<u>36,907</u>	<u>36,890</u>
Total liabilities		<u>71,069</u>	<u>44,970</u>	<u>49,136</u>
Total equity and liabilities		<u>127,090</u>	<u>109,149</u>	<u>92,090</u>

The accompanying notes form an integral part of these financial statements.

UNION GAS HOLDINGS LIMITED

**Condensed Interim Statements of Financial Position
As at 31 December 2021**

		<u>Company</u>	
	<u>Notes</u>	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	12,561	1
Right-of-use assets		6,354	73
Investments in subsidiaries		108,304	24,501
Other non-financial assets, non-current		272	1,789
Total non-current assets		<u>127,491</u>	<u>26,364</u>
<u>Current assets</u>			
Trade and other receivables		2,338	11,545
Other non-financial assets, current		3	161
Cash and cash equivalents		2,219	5,563
Total current assets		<u>4,560</u>	<u>17,269</u>
Total assets		<u>132,051</u>	<u>43,633</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	11	99,023	24,725
Retained earnings		10,259	11,774
Other reserves		–	5
Total equity		<u>109,282</u>	<u>36,504</u>
<u>Non-current liabilities</u>			
Provision		105	–
Bank borrowings, non-current	12	8,815	–
Lease liabilities, non-current	12	6,186	23
Total non-current liabilities		<u>15,106</u>	<u>23</u>
<u>Current liabilities</u>			
Trade and other payables		6,571	7,056
Bank borrowings, current	12	911	–
Lease liabilities, current	12	181	50
Total current liabilities		<u>7,663</u>	<u>7,106</u>
Total liabilities		<u>22,769</u>	<u>7,129</u>
Total equity and liabilities		<u>132,051</u>	<u>43,633</u>

The accompanying notes form an integral part of these financial statement

UNION GAS HOLDINGS LIMITED

**Condensed Interim Statements of Changes in Equity
For the Year Ended 31 December 2021**

	Share capital \$'000	Retained earnings \$'000	----- Other reserves -----			Total other reserves \$'000	Total equity \$'000
			Merger reserve \$'000	Capital reserve \$'000	Share- based payment reserve \$'000		
Unaudited							
Group							
Current year							
Opening balance at 1 January 2021	23,525	38,161	(830)	3,318	5	2,493	64,179
Total comprehensive income for the year	–	14,914	–	–	–	–	14,914
Placement of treasury shares	1,200	–	3,152	–	–	3,152	4,352
Dividends paid (Note 8)	–	(7,968)	–	–	–	–	(7,968)
Dividends paid to former shareholders of subsidiaries (Note 8)	–	(9,945)	–	–	–	–	(9,945)
Share-based payment	9	–	–	–	(5)	(5)	4
Acquisition of subsidiaries from a related party (Note 15)	74,289	–	(83,804)	–	–	(83,804)	(9,515)
Closing balance at 31 December 2021	<u>99,023</u>	<u>35,162</u>	<u>(81,482)</u>	<u>3,318</u>	<u>–</u>	<u>(78,164)</u>	<u>56,021</u>
Previous year (Restated)							
Opening balance at 1 January 2020	23,518	16,944	(830)	3,318	4	2,492	42,954
Total comprehensive income for the year	–	28,878	–	–	–	–	28,878
Dividends paid (Note 8)	–	(4,600)	–	–	–	–	(4,600)
Dividends paid to former shareholders of subsidiaries (Note 8)	–	(3,061)	–	–	–	–	(3,061)
Share-based payment	7	–	–	–	1	1	8
Closing balance at 31 December 2020	<u>23,525</u>	<u>38,161</u>	<u>(830)</u>	<u>3,318</u>	<u>5</u>	<u>2,493</u>	<u>64,179</u>

The accompanying notes form an integral part of these financial statements.

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**Condensed Interim Statements of Changes in Equity (Cont'd)
For the Year Ended 31 December 2021**

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	Other reserve <u>Share-based payment reserve</u> \$'000	<u>Total equity</u> \$'000
<u>Unaudited</u>				
<u>Company</u>				
Current year				
Opening balance at 1 January 2021	24,725	11,774	5	36,504
Total comprehensive income for the year	–	6,568	–	6,568
Dividends paid (Note 8)	–	(8,083)	–	(8,083)
Share-based payment	9	–	(5)	4
Acquisition of subsidiaries from a related party (Note 15)	74,289	–	–	74,289
Closing balance at 31 December 2021	<u>99,023</u>	<u>10,259</u>	<u>–</u>	<u>109,282</u>
Previous year				
Opening balance at 1 January 2020	24,718	5,155	4	29,877
Total comprehensive income for the year	–	11,312	–	11,312
Dividends paid (Note 8)	–	(4,693)	–	(4,693)
Share-based payment	7	–	1	8
Closing balance at 31 December 2020	<u>24,725</u>	<u>11,774</u>	<u>5</u>	<u>36,504</u>

The accompanying notes form an integral part of these financial statements.

UNION GAS HOLDINGS LIMITED

Condensed Interim Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

	<u>Unaudited</u>	
	31 December	31 December
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
		(Restated)
<u>Cash flows from operating activities</u>		
Profit before income tax	17,404	32,627
Amortisation expenses	842	1,025
Bad debts written-off	8	2
Depreciation of property, plant and equipment	7,112	5,708
Depreciation of right-of-use assets	1,753	2,520
Gain on disposal of a subsidiary	(1,590)	–
Gain on disposal of property, plant and equipment	(349)	(266)
Gain on remeasurement of right-of-use assets	(24)	–
Reversal for impairment on trade and other receivables	(483)	(7,341)
Allowance for impairment on intangible assets	–	164
Impairment loss on investment property	–	30
Interest income	(136)	(144)
Interest expense	500	314
Share-based payments	4	8
Operating cash flows before changes in working capital	<u>25,041</u>	<u>34,647</u>
Inventories	(1,011)	(210)
Contract costs	(157)	153
Trade and other receivables	(943)	3,713
Other non-financial assets	(10,029)	1,062
Trade and other payables	<u>1,563</u>	<u>(3,917)</u>
Net cash flows from operations	<u>14,464</u>	<u>35,448</u>
Income taxes paid	<u>(3,923)</u>	<u>(1,298)</u>
Net cash flows from operating activities	<u>10,541</u>	<u>34,150</u>
<u>Cash flows from investing activities</u>		
Acquisitions of subsidiaries (Note 15)	(10,000)	–
Proceeds from disposal of a subsidiary (Note 15)	1,590	–
Proceeds from disposal of property, plant and equipment	546	617
Proceeds from placement of treasury shares	4,352	–
Purchase of property, plant and equipment	(19,175)	(8,051)
Purchase of right-of-use assets	–	(41)
Acquisitions of intangible assets	(731)	(28)
Acquisitions of financial asset	(1,000)	–
Interest income	136	144
Net cash flows used in investing activities	<u>(24,282)</u>	<u>(7,359)</u>
<u>Cash flows from financing activities</u>		
Dividends paid	(17,913)	(7,661)
Proceeds from bank borrowings	17,000	–
Repayment of bank borrowings	(5,290)	(2,758)
Lease liabilities – principal portions paid	(3,974)	(3,855)
Interest expenses paid	(500)	(314)
Net cash flows used in financing activities	<u>(10,677)</u>	<u>(14,588)</u>
Net (decrease) / increases in cash and cash equivalents	(24,418)	12,203
Cash and cash equivalents, beginning balance	<u>38,662</u>	<u>26,459</u>
Cash and cash equivalents, ending balance	<u>14,244</u>	<u>38,662</u>

The accompanying notes form an integral part of these financial statements.

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Notes to the Condensed Interim Financial Statements 31 December 2021

1. General

Union Gas Holdings Ltd. (the “Company”) is incorporated in Singapore with limited liability. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

These condensed interim financial statements cover the Company and its subsidiaries (collectively, the “Group”). All financial information are presented in Singapore Dollar (“\$”) and have been rounded to the nearest thousand (\$’000), unless when otherwise indicated.

The principal activities of the Group are disclosed in Note 4 on segment information.

The registered office and principal place of business of the Company is located at 89 Defu Lane 10, Union Gas House, Singapore 539220.

The latest audited annual financial statements for the reporting year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

The financial information contained in these financial statements has neither been audited nor reviewed by the auditors.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the last interim financial statements for the six months ended 30 June 2021. Accordingly, these financial statements are to be read in conjunction with the Group’s annual financial statements for the reporting year ended 31 December 2020 and last interim financial statements for the six months ended 30 June 2021. The Company’s separate financial statements have been prepared on the same basis, and as permitted by SGX Mainboard Rules, the Company’s separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

Critical judgements, assumptions and estimation uncertainties

The estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when condensed interim financial statements are prepared. However, this does not prevent actual figures differing from estimates. The estimates and assumptions adopted in the preparation of these condensed interim financial statements are same as those disclosed in the Group’s annual financial statements for the reporting year ended 31 December 2020 and last interim financial statements for the six months ended 30 June 2021.

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2. Basis of presentation (cont'd)

New and amended standards adopted by the Group

A number of amendments to Singapore Financial Reporting Standards (International) have become applicable for the current reporting year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the reporting period.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

For management purposes, the Group is organised into the following three major operating segments:

- Liquefied petroleum gas ("LPG") – Bottling of LPG, sale and distribution of bottled LPG and LPG-related accessories and provision of LPG-related services to dealers, domestic households, industrial and commercial customers;
- Natural gas ("NG") – Sale and distribution of liquefied natural gas ("LNG") and piped natural gas ("PNG") to commercial customers and retail sale of compressed natural gas ("CNG") through a CNG refilling station located at 50 Old Toh Tuck Road and;
- Diesel – Sale and distribution of diesel to commercial customers and to vehicles through a diesel refilling station located at 50 Old Toh Tuck Road; and
- Other operations include provision of corporate services.

The segments are determined by the nature or risks and returns associated with each business segment and this defines the management structure as well as the internal reporting system. It also represents the basis on which management reports the primary segment information.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is profit before income tax.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
12 months ended 31 December 2021					
External revenue	101,953	2,250	18,837	–	123,040
Segment results:					
Profit before income tax	19,345	180	3,133	(5,254)	17,404
Income tax expense	(2,114)	(39)	(337)	–	(2,490)
Profit, net of tax	17,231	141	2,796	(5,254)	14,914
Other segment information:					
Amortisation expense	(842)	–	–	–	(842)
Depreciation of property, plant and equipment	(6,155)	(51)	(623)	(283)	(7,112)
Depreciation of right-of-use assets	(1,628)	–	–	(125)	(1,753)
Finance costs	(360)	–	(8)	(132)	(500)
Allowance for impairment of trade and other receivables – reversal/(loss)	493	–	(10)	–	483
Segment assets and liabilities:					
Total assets	96,182	1,192	5,667	24,049	127,090
Total liabilities	(45,903)	(1,681)	(6,414)	(17,071)	(71,069)
Additions:					
Property, plant and equipment	16,925	–	–	12,842	29,767
Right-of-use assets	2,217	–	–	6,443	8,660
Intangible assets	731	–	–	–	731
Contract costs	1,524	–	–	–	1,524

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
12 months ended <u>31 December 2020</u> (restated)					
External revenue	101,086	983	16,896	–	118,965
Segment results:					
Profit before income tax	32,320	215	4,081	(3,989)	32,627
Income tax expense	(3,302)	(25)	(422)	–	(3,749)
Profit, net of tax	29,018	190	3,659	(3,989)	28,878
Other segment information:					
Amortisation expense	(1,025)	–	–	–	(1,025)
Depreciation of property, plant and equipment	(5,025)	(27)	(655)	(1)	(5,708)
Depreciation of right-of-use assets	(2,438)	–	–	(82)	(2,520)
Impairment on intangible assets	(164)	–	–	–	(164)
Finance costs	(311)	–	(2)	(1)	(314)
Allowance for impairment of trade and other receivables – reversal/(loss)	7,331	–	10	–	7,341
Segment assets and liabilities:					
Total assets	92,216	786	8,498	7,649	109,149
Total liabilities	(40,468)	(953)	(2,340)	(1,209)	(44,970)
Additions:					
Property, plant and equipment	10,787	–	–	–	10,787
Right-of-use assets	599	–	–	69	668
Intangible assets	81	–	–	–	81
Contract costs	1,083	–	–	–	1,083

4B. Geographical information

Geographical segment is not presented as the business activities of the Group are conducted in Singapore.

4C. Information on major customers

There were no external customers that had contributed more than 10% of the Group's revenue.

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4. Financial information by operating segments (cont'd)

4D. Disaggregation of revenue from contracts with customers

	<u>Group</u>		<u>Group</u>	
	<u>6 months ended</u>		<u>12 months ended</u>	
	31	31	31	31
	December	December	December	December
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
Sale of LPG and LPG-related accessories	51,130	50,519	101,953	101,086
Sale of NG	1,197	467	2,250	983
Sale of diesel	9,512	8,142	18,837	16,896
	<u>61,839</u>	<u>59,128</u>	<u>123,040</u>	<u>118,965</u>

4E. Breakdown of sales

	<u>Group</u>		Increase/ (decrease) %
	31 December	31 December	
	<u>2021</u>	<u>2020</u>	
	\$'000	\$'000	
		(Restated)	
Sales reported for first half year	61,201	59,837	2.3
Operating profit after tax before deducting non-controlling interests reported for the first half year	14,357	13,644	5.2
Sales reported for second half year	61,839	59,128	4.6
Operating profit after tax before deducting non-controlling interests reported for the second half year	557	15,234	(96.3)

5. Significant related party transactions

	<u>Group</u>	
	31 December	31 December
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
		(Restated)
Sales of LPG	11,627	13,341
Service income	628	792
Sales of LPG piping	486	389
Dividend income	–	1,389
Delivery charges	1,909	1,635
Purchase of storage license	2,308	1,996
Rental expense of premises	398	596
Rental expense for motor vehicles	442	458
Purchase of electricity	354	302
Marketing expenses	204	184
Sub-contractor fee	477	240

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6. Profit before taxation

Profit before tax has been arrived at after crediting / (charging) the following:

	<u>Group</u>	
	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000 (Restated)
Amortisation expenses	(842)	(1,025)
Bad debts written-off	(8)	(2)
Depreciation of property, plant and equipment	(7,112)	(5,708)
Depreciation of right-of-use assets	(1,753)	(2,520)
Employee benefit expenses	(20,884)	(20,923)
Foreign exchange gain/(losses), net	77	(51)
Gain on disposal of property, plant and equipment	349	266
Gain on remeasurement of right-of-use assets	24	–
Gain on disposal of a subsidiary	1,590	–
Government grant income	2,041	3,150
Impairment loss on investment property	–	(30)
Interest expense	(500)	(314)
Interest income	136	144
Other income	6,467	746
Rental income from property	646	823
Reversal for impairment of trade and other receivables	483	7,341
	<u>483</u>	<u>7,341</u>

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>	
	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000 (Restated)
Income tax expense	918	3,470
Deferred income tax expense	1,572	279
	<u>2,490</u>	<u>3,749</u>

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8. Dividends

8A. Dividends declared and paid by the Company

	<u>Rate per share</u>		31 December <u>2021</u> Cents	31 December <u>2020</u> Cents	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000 (Restated)
<u>Group</u>						
Final tax exempt (1-tier) dividend in respect of previous reporting year			2.53	1.55	5,678	3,478
Interim tax exempt (1-tier) dividend in respect of current reporting year			1.00	0.50	2,290	1,122
					<u>7,968</u>	<u>4,600</u>
<u>Company</u>						
Final tax exempt (1-tier) dividend in respect of previous reporting year			2.53	1.55	5,793	3,548
Interim tax exempt (1-tier) dividend in respect of current reporting year			1.00	0.50	2,290	1,145
					<u>8,083</u>	<u>4,693</u>

Dividends declared and paid during the reporting years:

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2020</u>
Name of dividend	Interim dividend	Final dividend	Interim dividend
Type	Cash	Cash	Cash
Dividend rate	1.00 Singapore cent	2.53 Singapore cent	0.50 Singapore cent
Book closure date	5 October 2021	21 June 2021	10 September 2020
Date paid or payable	15 October 2021	30 June 2021	24 September 2020

The Directors are pleased to propose the payment of a final dividend of 0.8 cent per ordinary share, in respect of the reporting year ended 31 December 2021, subject to the approval of shareholders at the next Annual General Meeting of the Company, as follows:

Name of dividend	Final Dividend
Dividend type	Cash or share in-lieu
Dividend rate	0.8 Singapore cent
Tax rate	Tax-exempt (one-tier)

Subject to approval by the shareholders at the next Annual General Meeting, the payment date of the proposed dividend and books closure date will be announced at a later date.

The directors of the Company are considering a proposal to adopt a Union Gas Scrip Dividend Scheme ("Scheme") and the application of the Scheme to the proposed dividend. Announcement of the details of the Scheme will be made in due course.

8B. Dividends paid to former shareholders of subsidiaries

The dividends amounting of \$9,945,000 (31 December 2020: \$3,061,000) were declared by Summit Gas Systems Pte Ltd and Semgas Supply Pte Ltd to its former shareholders prior to these companies being acquired by the Company.

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9. Net assets value

	<u>Group</u>		<u>Company</u>	
	31 December <u>2021</u>	31 December <u>2020</u> (Restated)	31 December <u>2021</u>	31 December <u>2020</u>
Net assets value per ordinary share (cents)	17.64	20.50	34.41	15.95
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>317,618</u>	<u>313,046</u>	<u>317,618</u>	<u>228,929</u>

10. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to \$29,767,000 (31 December 2020: \$10,787,000) and disposed of assets amounting to \$197,000 (31 December 2020: \$451,000).

The acquisition of assets for the year ended 31 December 2021 mainly consist of purchase of a leasehold property located at 89 Defu Lane 10, completion of construction of LPG storage at Jalan Buroh and purchase of motor vehicles from related parties.

11. Share capital

<u>Group and Company</u>	No. of shares <u>issued</u> '000	<u>Share capital</u> \$'000
Ordinary shares of no par value:		
At 1 January 2020 ⁽¹⁾	228,900	24,718
Shares issued under Union Gas PSP ⁽²⁾	29	7
At 31 December 2020 ⁽¹⁾	<u>228,929</u>	<u>24,725</u>
Shares issued under Union Gas PSP ⁽³⁾	39	9
Shares issued for acquisition of subsidiaries ⁽⁴⁾	88,650	74,289
At 31 December 2021	<u>317,618</u>	<u>99,023</u>
<u>Group</u>		
Treasury shares:		
At 1 January 2020 and 31 December 2020	4,533	1,200
Placement of treasury shares	(4,533)	(1,200)
At 31 December 2021	<u>—</u>	<u>—</u>

⁽¹⁾ Included 4,533,434 shares in the capital of the Company held by Semgas Supply Pte. Ltd. In applying the pooling of interest accounting, Semgas Supply's investment in the Company's shares as at 31 December 2019 and 2020 have been reclassified as treasury shares in the consolidated financial statements. The carrying values of these treasury shares in the consolidated financial statements as at 31 December 2019 and 2020 are \$1,200,000. These shares were sold on 31 August 2021 in the open market prior to the completion of the Acquisition (Note 15).

⁽²⁾ On 8 June 2020, the Company allotted and issued 28,958 new ordinary shares ("Shares") being the 2nd tranche awarded to the vesting of the share awards granted, under the Company's Performance's Share Plan ("PSP") on 6 June 2019.

⁽³⁾ On 7 June 2021, the Company allotted and issued 38,612 Shares being the 3rd and final tranche awarded to the vesting of the share awards granted, under the Company's PSP on 6 June 2019.

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11. Share capital (cont'd)

⁽⁴⁾ On 30 December 2021, the Company allotted and issued 88,649,905 Shares to settle part of the purchase considerations for acquisition of subsidiaries from related party. These shares are measured and recorded in the financial statements at fair value of these shares on acquisition date.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2021 and 2020, except as disclosed above.

12. Borrowings and debt securities

	Group		Company	
	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000 (Restated)	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000
<u>Repayable within one year</u>				
Secured	1,254	4,166	520	–
Unsecured	3,280	–	391	–
Sub-total	<u>4,534</u>	<u>4,166</u>	<u>911</u>	<u>–</u>
<u>Repayable after one year</u>				
Secured	8,186	2,693	7,495	–
Unsecured	13,046	–	1,320	–
Sub-total	<u>21,232</u>	<u>2,693</u>	<u>8,815</u>	<u>–</u>
Total borrowings	<u>25,766</u>	<u>6,859</u>	<u>9,726</u>	<u>–</u>

The Group's and the Company's total borrowings and debts securities exclude the carrying amounts of lease liabilities related to right-of-use assets of \$10,708,000 (31 December 2020: \$4,888,000) and \$6,367,000 (31 December 2020: \$73,000) respectively.

The borrowings are secured by charges over the leased property, plant and equipment of the Group and corporate guarantees from the Company.

13. Incorporation of subsidiary

On 29 March 2021, the Group incorporated a wholly-owned subsidiary, U Cambodia Pte. Ltd., in Singapore with an issued and paid up share capital of \$1,000.

14. Capital commitments

Estimated amounts committed at end of reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	31 December <u>2021</u> \$'000	31 December <u>2020</u> \$'000
Commitments for purchase of property, plant and equipment	<u>1,073</u>	<u>18,037</u>

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15. Acquisition of subsidiaries from a related party

On 24 August 2021, the Company entered into a sale and purchase agreement with Union Energy Corporation Pte. Ltd. (the "UEC") to acquire the entire issued and paid-up share capital of Sembas Asia (Trading) Pte. Ltd., Summit Gas System Pte. Ltd., and Semgas Supply Pte. Ltd. (the "Target Group") for a consideration of \$73,400,000, comprising 88,649,905 new ordinary shares in the capital of the Company at \$0.6881 per share and cash of \$12,400,000 (the "Acquisition"). The Acquisition was completed on 30 December 2021, following which the Target Group became wholly-owned subsidiary of the Company.

Prior to the Acquisition, the Target Group was controlled by a common controlling shareholder, Mr. Teo Kiang Ang. The Acquisition is, therefore, considered to be a business combination involving entities under common control. The Group accounted for the Acquisition using the pooling of interests method in accordance with its accounting policies as follows:

- Assets, liabilities, reserves, revenue and expenses of the combined business or entities are reflected at their existing amounts;
- The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the merger reserve;
- The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination;
- No additional goodwill is recognised as a result of the combination; and
- The statement of comprehensive income reflects the results of the combining entities or businesses for the full reporting year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

Although the Acquisition occurred during the reporting year ended 31 December 2021, the consolidated financial statements present the financial position and financial performance as if the Target Group had always been combined since the beginning of the earliest period presented.

Before the Acquisition, Sembas Asia (Trading) Pte. Ltd. held entire issued and paid-up share capital of UE Land Pte. Ltd.. The investment was disposed to UEC at a cash consideration of \$1,590,000 on 31 March 2021. The gain on disposal of the investment in subsidiary is included in other income and gains.

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16. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue increased by \$4.07 million or 3.4% from \$118.97 million for the year ended 31 December 2020 ("FY2020") to \$123.04 million for the year ended 31 December 2021 ("FY2021"), mainly due to an increase revenue from liquefied petroleum gas ("LPG") business, diesel ("Diesel") business and natural gas ("NG") business.

LPG Business

Revenue from the LPG business increased by \$0.86 million or 0.9% from \$101.09 million in FY2020 to \$101.95 million in FY2021. This was mainly due to increase in selling price.

NG Business

Revenue from the NG business increased by \$1.27 million or 129.6% from \$0.98 million in FY2020 to \$2.25 million in FY2021, mainly due to higher selling price in compressed NG revenue and new NG business from piped NG.

Diesel Business

Revenue from the Diesel business increased by \$1.94 million or 11.5% from \$16.90 million in FY2020 to \$18.84 million in FY2021, mainly due to increase in selling price arising from an increase in fuel prices.

Cost of sales

Cost of sales increased by \$17.79 million or 29.1% from \$61.17 million in FY2020 to \$78.96 million in FY2021, mainly due to the increase in revenue and increase in direct material cost.

Gross profit

Gross profit decreased by \$13.72 million or 23.7% from \$57.80 million in FY2020 to S\$44.08 million in FY2021 as a result of higher direct material cost arising from LPG, Diesel and NG businesses.

Other income and gains

Other income and gains decreased by \$2.05 million or 14.8% from \$13.87 million in FY2020 to \$11.82 million in FY2021, mainly due to a reversal of impairment on receivables as a result of recoverable in FY2020 and a lower Job Support Scheme pay-outs recognised. This was partially offset by one-off insurance claim received in FY2021 and gain on disposal of subsidiary under Target Group.

Administrative expense

Administrative expense decreased by \$0.55 million or 3.2% from \$17.26 million in FY2020 to \$16.71 million in FY2021 mainly due to reduce in personnel costs.

Income tax expense

Income tax expense decreased by \$1.26 million or 33.6% from \$3.75 million in FY2020 to \$2.49 million in FY2021 mainly due to lower profit before tax.

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16. Review of performance of the Group (cont'd)

Review of the Group's performance (cont'd)

Profit after tax

As a result of the above, our profit after tax decreased by \$13.97 million or 48.4% from \$28.88 million in FY2020 to \$14.91 million in FY2021.

Review of the Group's Financial Position

Non-current assets

Non-current assets increased by \$37.51 million or 87.4% from \$42.91 million as at 31 December 2020 to \$80.42 million as at 31 December 2021. The increase was mainly due to increase in: (i) property, plant and equipment, (ii) right-of-use assets for the land rental which arose from completion of purchase of a leasehold property located at 89 Defu Lane 10 and completion of construction of LPG storage at Jalan Buroh, and (iii) investment in financial asset and (iv) non-financial assets. This was partially offset by depreciation and amortisation expenses of non-current assets for FY2021.

Current assets

Current assets decreased by \$19.57 million or 29.5% from \$66.24 million as at 31 December 2020 to \$46.67 million as at 31 December 2021. This was mainly due to decreases in cash and cash equivalents in relation to the purchase of property, plant and equipment and the acquisition of subsidiaries and various assets from Union Energy Corporation Limited. This was partially offset by an increase in inventories, trade and other receivables and other non-financial assets.

Non-current liabilities

Non-current liabilities increased by \$25.15 million or 312.0% from \$8.06 million as at 31 December 2020 to \$33.21 million as at 31 December 2021. The increase was mainly due to increase in bank borrowings and lease liabilities of the land rental in relation to purchase of the leasehold property located at 89 Defu Lane 10.

Current liabilities

Current liabilities increased by \$0.95 million or 2.6% from \$36.91 million as at 31 December 2020 to \$37.86 million as at 31 December 2021. This was mainly due to increase in trade and other payables, bank borrowings and lease liabilities. This was partially offset by a decrease in income tax payable as a result of tax paid and decrease in tax provision.

Equity attributable to owners of the Company

The decrease in equity by \$8.16 million or 12.7% from \$64.18 million as at 31 December 2020 to \$56.02 million as at 31 December 2021 was due to increase in merger reserve in relation to acquisition of subsidiaries from related party ("Acquisition") and dividends paid to shareholders. This was partially offset by the issuance of new shares for the Acquisition.

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16. Review of performance of the Group (cont'd)

Review of the Group's Cash Flows

In FY2021, our net cash flow generated from operating activities amounted to \$10.54 million. We generated operating cash flows before changes in working capital of \$25.04 million which was decreased by net working capital outflows of \$10.58 million and taxes paid of \$3.92 million.

Net cash flows used in investing activities amounted to \$24.28 million were mainly due to: (i) purchase of a leasehold property located at 89 Defu Lane and completion of construction of LPG storage at Jalan Buroh; and (ii) investment in financial asset \$1.0 million. This was partially offset by proceeds from disposal of property, plant and equipment of \$0.55 million, disposal of subsidiary of \$1.59 million and proceed of disposal other financial assets of \$4.35 million.

Net cash flows used in financing activities amounted to \$10.68 million in FY2021, mainly due to: (i) payment of dividend to shareholders of \$17.91 million; (ii) repayment of bank borrowings and lease liabilities of \$9.26 million; and (iii) interest payment of \$0.50 million. This was partially offset by bank borrowings of \$17.00 million.

17. Forecast, or a prospect statement

Not applicable.

18. Significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group the next operating period and the next 12 months

Union Gas anticipates the next 12 months to be challenging in view of rising fuel prices and also due to the protracted Covid-19 situation, which has led to supply chain disruptions and higher cost of operations. The Group will monitor the situation closely and implement measures that are necessary to cushion the impact of fuel price increases. This may include raising the prices of its energy products.

Following Union Gas' upstream expansion of its LPG segment into the bottling and storage business through the acquisition of Sembas (Asia) Trading Pte. Ltd., Semgas Supply Pte. Ltd., and Summit Gas Systems Pte. Ltd. (the "**Acquisition**") from Union Energy Corporation Pte. Ltd. at the end of 2021, the Group now has entire control over the entire LPG supply chain from procurement of LPG to bottling, to storage and retailing.

The Acquisition has expanded Union Gas' LPG services and offerings and enabled the Group to increase its current base of commercial and industrial customers. It has also given Union Gas the ability to potentially extend its distribution of bottled LPG cylinders beyond its current retail customers into the wholesale space. In addition, the Group can now offer bottling and refilling of LPG cylinders to non-affiliated entities. The Group expects this to impact positively on its results in FY2022.

The Group will continue to explore and evaluate strategic opportunities and complementary businesses to diversify, strengthen and grow its business both locally and overseas.

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19. Interested person transactions

Our Group has a general mandate for IPTs (“Shareholders’ Mandate”) set out in the following table, which has been renewed and approved during Annual General Meeting on 29 April 2021.

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than \$100,000 each and transactions conducted under Shareholders’ Mandate pursuant to Rule 920 of the Mainboard Rules) during FY2021 \$’000	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during FY2021 under Shareholders’ Mandate pursuant to Rule 920 of the Mainboard Rules \$’000
Purchase of bottled LPG by the Group from Summit Gas Systems Pte. Ltd.	–	33,276
Purchase of bottled LPG by the Group from Semgas Supply Pte. Ltd.	–	5,288
Purchase of LPG manifold systems, pipings and storage licences from the Mandated Interested Persons	–	2,308
Provision of maintenance services by Mandated Interested Persons to the Group in relation to the repair and maintenance of lorries and the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries)	–	40
Sale of diesel at the Group’s fuel station by the Group to the Mandated Interested Persons	–	37
Sale of diesel in bulk by the Group to Mandated Interested Persons	–	942
Purchase of electricity by the Group from Mandated Interested Persons	–	233
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	–	1,417
The provision of delivery services by Mandated Interested Persons to the Group	–	1,909
Provision of IT Infrastructure services to Sembas	–	276

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20. Confirmation of directors and executive officers' undertakings pursuant to Listing Rule 720(1) ((in the format set out in Appendix 7.7) under Rule 720(1))

The Company confirms that it has procured undertakings from all its directors and executive officers in compliance with Rule 720(1).

21. Use of Proceeds

The Company raised gross proceeds from the IPO of approximately S\$7.50 million (the "Gross Proceeds"). As at the date of this announcement, the Gross Proceeds have been utilised and reallocated as per the Company's announcement on 3 August 2018 ("Re-Allocation") as follows:

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") \$'000	Proceeds utilised as at 12 August 2021 \$'000	Proceeds utilised from 12 August 2021 to the date of this announcement \$'000	Balance of Proceeds as at the date of this announcement \$'000
Acquisition of dealers for the Retail LPG Business	4,143	(3,079)	(481)	583
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	–	–	1,000
General working capital	724	(341)	(333)	50
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(5,053)</u>	<u>(814)</u>	<u>1,633</u>

Details of working capital used:	\$'000
Professional fees (auditors, investor relations consultancy, lawyer, independent financial adviser and company secretary)	217
Directors' fees	116
Total	<u>333</u>

The above uses of Gross Proceeds are in accordance with the intended use as stated in the Company's offer document dated 13 July 2017 and the Re-Allocation.

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22. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Teo Woo Yang ("Mr. TWY")	32	Son of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and brother of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Mr. TWY was appointed as Business Development Director on 1 October 2019. He is responsible for business operation with CNG, Diesel and LPG as well as procurement and marketing activities of the Group	No change in duties and position held during the year
Teo Soak Theng Alexis ("Ms. TST")	39	Daughter of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and sister of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Ms.TST was appointed as General Manager (Plant Operations) on 1 August 2019. She is responsible to oversee daily operations of the filling plant and storage depots	No change in duties and position held during the year
Teo Soak Inn Alice ("Ms. TSI")	42	Daughter of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and sister of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Ms. TSI was appointed as Project Manager on 1 July 2019. She is responsible for planning and organizing the completion of projects	No change in duties and position held during the year

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On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Loo Hock Leong
Lead Independent Director

Singapore
25 February 2022