



**Resilience  
for Sustainable  
GROWTH**

**2022  
ANNUAL REPORT**



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# CORPORATE PROFILE

**An established provider of fuel products in Singapore with over 40 years of operating track record.**

Union Gas Holdings Limited ( 优联燃气控股有限公司 ) (“**Union Gas**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is an established provider of fuel products in Singapore with over 40 years of operating track record. Its three main business segments include Liquefied Petroleum Gas (“**LPG**”), Natural Gas (“**NG**”) and Diesel.

Union Gas is one of the major LPG players in Singapore. The Group’s integrated operations give it ownership and control of the whole LPG chain from procurement to bottling and from storage to wholesaling and retailing. It owns two out of the four bottling licenses and bottling plants in Singapore, giving it the largest bottling operations in the city-state. The Group is one of the largest suppliers of bottled LPG cylinders to domestic households in Singapore under the well-recognised “Union” and “Sungas” brands. It also supplies LPG to the commercial and industrial segments both in the retail and wholesale space and provides bottling and refilling of LPG cylinders to non-affiliated entities.

The Group’s NG business includes the provision of compressed NG, liquefied NG, and piped NG. It produces, sells and distributes compressed NG at its “Cnergy” fuel station at 50 Old Toh Tuck Road. The Group also supplies liquefied NG and piped NG to commercial customers.

Union Gas sells and distributes diesel to retail customers at its “Cnergy” fuel station and transports, distributes and bulk sells diesel to commercial customers.

Union Gas is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (Stock code: 1F2).

For more information, please visit [www.uniongas.com.sg](http://www.uniongas.com.sg)



# OUR BUSINESS SEGMENTS

## LPG Business

The Group's LPG Business is its main revenue generator contributing about 80% of total sales annually. Its LPG operations span across the entire value chain, making it one of the largest LPG players in Singapore.

Besides supplying LPG cylinders to domestic households, Union Gas' LPG business extends to the commercial and industrial segment, including the provision of LPG and LPG-related services and accessories to hawker centres, coffee shops, eating houses, commercial central kitchens, and industrial customers.

In addition, Union Gas is involved in the sale of LPG-related accessories, such as stoves, hoods, rubber hoses, and regulators, to mainly domestic households in Singapore. Its small cylinders are also sold to dormitories and certain industrial customers and supplied to corporate and private events.

Union Gas owns one of the largest delivery fleets in Singapore with more than 200 vehicles to support island-wide distribution. Its call-centre has more than 30 customer service officers and operates all year round to take customer orders. For the convenience of customers, the Group accepts orders and e-payments via SUNGAS ([www.sungas.com.sg](http://www.sungas.com.sg)) and Union Gas ([www.uniongas.com.sg](http://www.uniongas.com.sg)) websites and QR codes.

## Natural Gas Business

Union Gas operates a 24-hour fuel station under the "Cnergy" brand at 50 Old Toh Tuck Road, where it produces, sells and distributes compressed NG primarily to natural gas vehicles and industrial customers for their commercial use. The station has 14 compressed NG dispensers with 2 nozzles each and is open to the public.

In 2020, the Group diversified into the supply of piped NG and liquefied NG to customers in the services and manufacturing sectors.

## Diesel Business

Since August 2015, the Group sells and distributes diesel to retail customers. Its "Cnergy" station has 5 diesel dispensers with 4 nozzles each and two 20,000-litre underground diesel storage tanks that houses its diesel supply. Union Gas also transports, distributes and bulk sells diesel to commercial customers.



# MESSAGE TO SHAREHOLDERS



## Dear Shareholders

During the year ended 31 December 2022 (“**FY2022**”), most of the world threw off the shackles of Covid-19 restrictions, reopened their borders and embraced living with the virus in an endemic stage. In Singapore, both leisure and commercial activities kicked into full gear following the significant relaxation of pandemic measures in April 2022 and the robust level of activity was reflected in the higher sales volumes achieved by two out of three of our business segments. It was truly back to business as usual.

Yet, we had emerged from the pandemic era to strong headwinds of worsening geopolitical tensions, soaring international energy prices, high inflation, ongoing supply chain disruptions and tightening financial conditions.

Specific to our industry was the ongoing conflict between Russia and Ukraine, which had kept international fuel prices high in FY2022. With energy being the mainstay in our daily lives, the Group as an established provider of fuel products, remained committed to keeping our prices as competitive as possible to support our loyal customers. This is also a philosophy that we have kept for over 40 years in the business and reflects the symbiotic relationship we have with our customers where we enjoy their patronage

during good times but we also do our bit to support them during downturns. We know our customers appreciate this because they build long term relationships with us, which ensure positive returns for our shareholders in the long run. In fact, we are very proud to have served some of our domestic customers for several generations.

That said, we are monitoring the market conditions very closely and we will continue to exercise prudence over all controllable costs and expenses in order to protect our own profitability.

## Performance review

Our topline reached a new record of \$134.79 million driven by higher revenue achieved by all three of our business segments, against the high-activity but high-cost environment in FY2022. This was 9.6% more than the previous high of \$123.04 million in the financial year ended 31 December 2021 (“**FY2021**”) because both our LPG and NG segments saw higher business-to-business sales in FY2022, while the higher revenue from our Diesel segment was mainly due to an increase in selling prices as a result of higher fuel prices.

# MESSAGE TO SHAREHOLDERS

But as a result of higher direct material costs, our gross profit declined 15.4% year-on-year to \$35.21 million due to a 22.3% increase in cost of sales to \$99.59 million in FY2022. Coupled with lower other income, which declined from \$11.57 million to \$3.45 million because of the absence of a one-off gain on disposal of subsidiary, a one-off insurance claim, and the government grant income from Job Support Scheme that were recorded in FY2021, it led to the decline in our net attributable profit to \$5.21 million in FY2022 versus \$14.91 million in the previous financial year.

It was still a year of healthy, albeit lower earnings for the Group. To thank shareholders for your support, the Board of Directors is pleased to propose a final ordinary dividend of 0.30 Singapore cent per share, which together with the interim dividend of 0.20 Singapore cent per share, brings total dividend for FY2022 to 0.50 Singapore cent per share.

## Outlook

We expect international energy prices to remain volatile due to prolonged geopolitical tensions, and other macro challenges such as rising inflation, to affect market sentiment.

However, we are confident that Union Gas has a resilient business model and considerable goodwill with our commercial and domestic customers that have sustained for four decades. In fact in May 2022, our “Union Gas Holdings Limited” brand was named “Promising Brand” at the Singapore Prestige Brand Awards 2020/2021. We were the only one in this category of winners that was also awarded the “Most Popular Promising Brand”. This is a testament to the strength of our brand, which has been trusted by generations. We are confident that we will continue to serve many future generations to come.

Looking ahead, we believe our business prospects remain strong because of the essential nature of our business. This is evidenced by the record revenue that we achieved in FY2022. In addition, our control over the LPG supply chain also enhances our ability to withstand and overcome economic cyclicalities.

Like most businesses, we are concerned about rising cost of operations and we remain vigilant about this. On this note, we have taken steps to streamline our corporate structure. On 1 January 2023, we amalgamated two of our wholly-owned subsidiaries, U-Gas Pte. Ltd. and Union LPG Pte. Ltd., with the latter as the surviving amalgamated entity. The merger of the two subsidiaries forms part of our strategy to streamline our organisational structure for better overall management control and efficiency in the current high-cost environment.



# MESSAGE TO SHAREHOLDERS

With increasing awareness about the environment, our government is intensifying their efforts to encourage the use of greener sources of energy. Our Group is monitoring this closely and seeking suitable opportunities to enter this space.

## Sustainability

We are pleased to share our sixth Sustainability Report which is published together with this Annual Report, covering our environmental, social and governance performance. In FY2022, we stepped up our efforts to embed sustainability within our businesses and have begun reporting on climate-related disclosures based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), starting with our Scope 1 and 2 greenhouse gas emissions. We will continue to expand on the reporting of our climate-related disclosures in subsequent sustainability reports.

## Appreciation

In closing, we want to recognise the hard work that the management and all our staff have put in that enabled us to top our sales in FY2022. Let us continue to uphold the high standards of quality and service that our brand has come to be known for.

We also want to thank our fellow directors on the Board for your wise counsel and guidance over the past year as we navigated the challenging landscape.

Finally, we want to thank our shareholders, customers and business partners who continue to support us through all seasons.

## Teo Kiang Ang

Non-Executive Chairman

## Teo Hark Piang

Executive Director and CEO



# BOARD OF DIRECTORS



## TEO KIANG ANG

*Founder and Non-Executive Chairman*

*Date of First Appointment | 3 October 2016*

*Last Re-Elected | 29 April 2021*

*Current and Past Directorships in Listed Companies | Nil*

Having founded the business as a sole proprietorship in 1974, Mr Teo has nearly 50 years of experience in the LPG market in Singapore and he has deep knowledge and understanding of the industry. He is responsible for formulating our Group's strategic focus and direction. Mr Teo is also the Chairman and CEO of Trans-cab which is principally engaged in the operation of taxi services in Singapore. Mr Teo is currently serving as President of the Teochew Federation (Singapore). For his contributions to public service, he was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2011 and the Public Service Star (Bintang Bakti Masyarakat) in 2021.



## TEO HARK PIANG

*Executive Director and Chief Executive Officer ("CEO")*

*Date of First Appointment | 1 November 2018*

*Last Re-Elected | 28 April 2022*

*Current and Past Directorships in Listed Companies | Nil*

Mr Teo has more than 17 years of experience in the manufacture of gas, the distribution of gaseous fuels through mains and the general wholesale trade in Singapore. Before taking over the role of CEO in April 2019, he was the Group's Director of Sales (Commercial and Industrial) responsible for overseeing the marketing strategies of our commercial and industrial segments.

Mr Teo was an executive director of Union Energy Corporation Pte. Ltd. ("**UEC Group**") between 2003 and 2018. He remains a non-executive director in UEC Group. Mr Teo was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2015 for his contributions to the community.



# BOARD OF DIRECTORS

**LOO HOCK LEONG***Lead Independent Director**Date of First Appointment | 20 June 2017**Last Re-Elected | 29 April 2021**Chairman | Audit Committee**Member | Remuneration Committee & Nominating Committee**Current and Past Directorships in Listed Companies | Nil*

Mr Loo has more than 20 years of extensive banking and corporate experience. He has been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT since January 2009. He was previously the Senior Vice President, Corporate Advisory of Global Financial Markets with DBS Bank where he provided advisory services on corporate treasury management to large corporations in the areas of corporate finance and merger and acquisition. He has extensive experience in financial structuring of interest rate and foreign exchange risk management solutions for these clients. Mr Loo graduated from the National University of Singapore with a Bachelor of Electrical Engineering (Hons) degree in 1995. In 2000, he obtained a Masters of Applied Finance from the Macquarie University with three distinguished awards: Best Overall Performance, Best in Derivatives Valuation and Best in Legal & Tax Risk in Finance.

Mr Loo completed the Advanced Management Programme with Harvard Business School in 2022. He also has a professional qualification in accounting from the Institute of Singapore Chartered Accountants (ISCA) and is a Chartered Accountant with ISCA.

**LIM CHWEE KIM***Independent Director**Date of First Appointment | 20 June 2017**Last Re-Elected | 28 April 2022**Chairman | Remuneration Committee**Member | Audit Committee & Nominating Committee**Current Directorships in Listed Companies | Nil**Past Directorships in Listed Companies | REVEZ Corporation Ltd.*

Mr Lim was the founder and CEO of RichLand Group Limited where his primary responsibility was to formulate business strategies to chart the future growth of the group. Mr Lim started the business of providing cargo transportation services, container haulage and project cargo movement in 1992 under a sole proprietorship known as RichLand Cargo Trucking & Labour Service Agency. He spearheaded the group's expansion into related businesses such as airport cargo terminal handling in 1994 and warehousing, storage and micro distribution in 1996.

# BOARD OF DIRECTORS

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## **HENG CHYE KIOU**

*Independent Director*

*Date of First Appointment | 20 June 2017*

*Last Re-Elected | 26 June 2020*

*Chairman | Nominating Committee*

*Member | Remuneration Committee & Audit Committee*

*Current and Past Directorships in Listed Companies | Nil*

Mr Heng previously served as the Executive Director and CEO of VICOM Ltd for 17 years before retiring on 30 April 2012. He is an Honorary Vice-President of the Belgium-based Bureau Permanent of the International Vehicle Inspection Committee. He was Chairman of the Institute of Technical Education's Automotive Training Advisory Committee from May 1999 to April 2002, and Chairman of the School Advisory Committee of National Junior College from February 1995 to February 2017. For his contribution to education, he was conferred the Public Service Medal (Pingat Bakti Masyarakat) in 2001 and the Public Service Star Award in 2013. Mr Heng holds a Bachelor of Engineering (Mechanical) from the University of Singapore and a Master of Science (Industrial Engineering) from the National University of Singapore.

# KEY EXECUTIVES

## ALEXIS TEO SOAK THENG

*General Manager*

Ms Teo was appointed as General Manager (Plant Operations) in August 2019. She is responsible for developing and maintaining relationships with our suppliers and wholesale customers as well as overseeing the daily operations of the bottling plant. She has nearly 20 years of experience in the LPG industry in Singapore. Prior to joining our Group in 2016, Ms Teo was a deputy manager for 13 years with Summit Gas Systems Pte. Ltd., a wholly-owned subsidiary of UEC Group which is engaged in the manufacturing, processing and the sale of LPG where she was responsible for the plant operations and facilities management. Ms Teo has a Bachelor in Commerce degree from Murdoch University, Perth, Western Australia. Ms Teo is the sister of our Executive Director and CEO, Mr Teo Hark Piang.

## HONG PAY LENG

*Chief Financial Officer*

Ms Hong was appointed as Chief Financial Officer of our Group in January 2020. She is responsible for the functions of financial reporting and its related regulatory compliance matters, business acquisition and treasury for the Group. She has more than 20 years of finance and accounting experience in various industries and cross-border businesses including more than 10 years of corporate experience in companies listed on the SGX Mainboard. Ms Hong is a Fellow Chartered Accountant, a Fellow Member of The Association of Chartered Certified Accountant and she holds a Master in Business Administration from the University of South Australia.

## SYLVIA LIO

*Chief Accounting Officer*

Ms Lio was appointed as Chief Accounting Officer in September 2017. She reports to the Chief Financial Officer. With more than 10 years of experience in the accounting and finance fields, she is responsible for all finance and accounting functions of the Group. Before joining the Group in October 2016, she was a Senior Manager for Accounting in UEC Group where she was responsible for the financial management, accounting and management reporting as well as financial operations of the entities within the UEC Group. She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with ISCA.

# KEY EXECUTIVES

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## TEO WOO YANG

*Business Development Director*

Mr Teo was appointed as Business Development Director of the Group since October 2019. He is responsible for the business operations of our compressed NG, Diesel and LPG (domestic households) segments as well as the procurement, management information system and marketing activities of the Group. He joined UEC Group in 2013 as a director of UEC Group's wholly owned subsidiary, Health Domain Pte Ltd, responsible for driving the sales of its flagship product "Dr Oatcare" and "Bone Biopro". Between 2017 and 2019, Mr Teo was concurrently involved in the snack industry including Siantan Frenzies Snacks LLP and Royal International Trading LLP, where he was responsible for sales and setting up production lines for items such as salted-egg flavoured snacks, durian mooncakes and pastries. Mr Teo is the brother of our Executive Director and CEO, Mr Teo Hark Piang.

## SIM LAI KITT

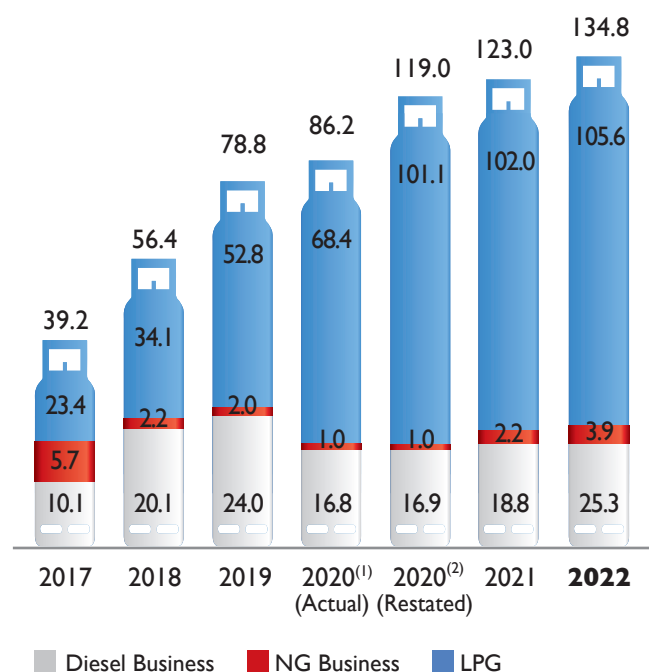
*Head of Commercial & Industrial LPG Sales*

Mr Sim was appointed as Head of LPG Commercial in 2019 and redesignated as Head of Commercial & Industrial LPG Sales in June 2020. He manages the sales, operations, services and maintenance of the LPG Commercial and Industrial business and is in charge of customer satisfaction and retention. He first joined UEC Group in 1999 as a technician and rose through the ranks over the years to become a project supervisor of a team that did piping and servicing. In 2004, he was involved in helping the Group to penetrate the hawker centre segment. In 2005, he was promoted to Project Manager and subsequently to Business Development Manager in 2010.

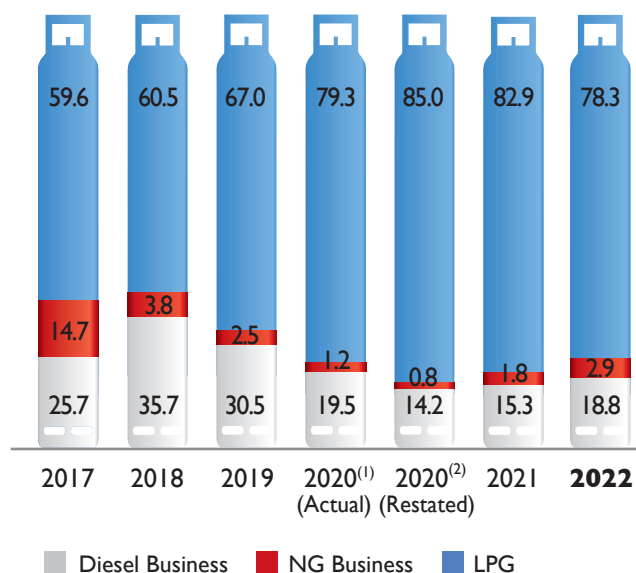
# FINANCIAL HIGHLIGHTS

Financial year ended 31 December

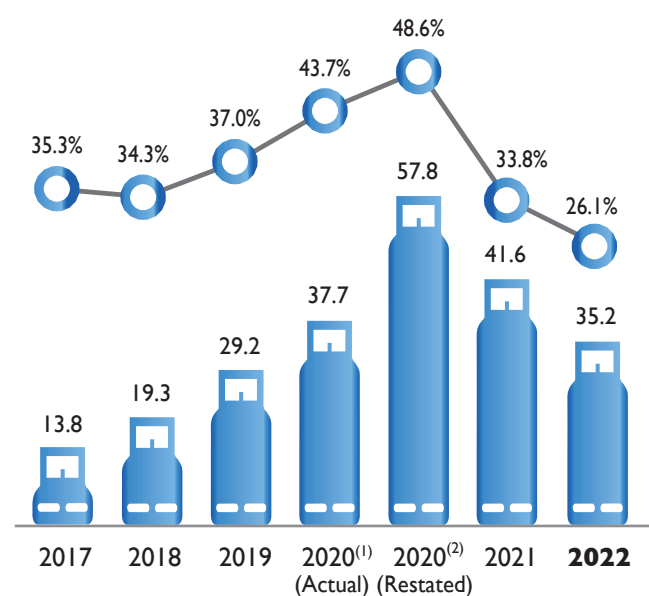
## TOTAL REVENUE (\$m)



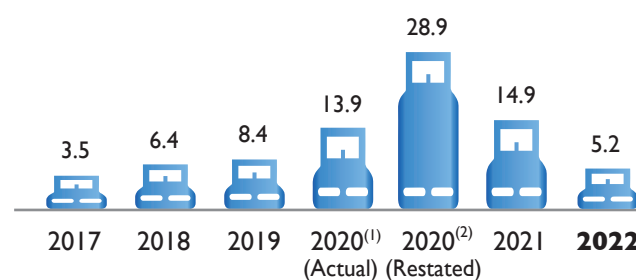
## PERCENTAGE REVENUE CONTRIBUTION BY BUSINESS (%)



## GROSS PROFIT (\$m) AND MARGIN (%)



## NET PROFIT (\$m)



<sup>(1)</sup> Actual reported figures for the financial year ended 31 December 2020 ("FY2020") without consolidating the financial statements of the Target Group as per Note 2 below.

<sup>(2)</sup> With reference to the Group's announcement on 24 August 2021, the acquisition of Sembas Asia (Trading) Pte. Ltd., Summit Gas Systems Pte. Ltd., and Semgas Supply Pte. Ltd. (the "Target Group") was completed on 30 December 2021, following which the Target Group became a 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 or businesses under common control and is accounted for using the pooling of interests method. 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.

# OPERATIONS AND **FINANCIAL REVIEW**

## REVIEW OF THE GROUP'S FY2022 FINANCIAL PERFORMANCE

### Revenue

Revenue rose \$11.75 million, or 9.6%, from \$123.04 million for the year ended 31 December 2021 (“**FY2021**”) to \$134.79 million for the year ended 31 December 2022 (“**FY2022**”), due to an increase in revenue from the Group’s liquefied petroleum gas (“**LPG**”) business, natural gas (“**NG**”) business and diesel (“**Diesel**”) business.

### LPG Business

Revenue generated from the LPG business increased \$3.68 million, or 3.6%, from \$101.95 million in FY2021 to \$105.63 million in FY2022, mainly due to higher sales to industrial and commercial customers.

### NG Business

Revenue from the NG business increased \$1.64 million, or 72.9%, from \$2.25 million in FY2021 to \$3.89 million in FY2022, due to an increase in the volume of new NG business.

### Diesel Business

Revenue generated from the Diesel business increased \$6.43 million, or 34.1%, from \$18.84 million in FY2021 to \$25.27 million in FY2022, due to higher selling prices as a result of heightened fuel prices.

### Cost of sales

Cost of sales increased \$18.17 million or 22.3% from \$81.42 million in FY2021 to \$99.59 million in FY2022, due to a hike in direct material cost stemming from higher global fuel prices in FY2022.

### Gross Profit

Gross profit dipped \$6.41 million, or 15.4%, from \$41.62 million in FY2021 to \$35.21 million in FY2022 as a result of higher direct material costs from the LPG, NG, and Diesel businesses.



# OPERATIONS AND FINANCIAL REVIEW

## Other Income and gains

Other income and gains declined \$8.12 million, or 70.1%, from \$11.57 million in FY2021 to \$3.45 million in FY2022, due to the absence of a non-recurring gain on disposal of a subsidiary, insurance claim received, and Jobs Support Scheme pay-outs.

## Administrative expenses

Administrative expenses shrank \$3.22 million, or 25.2%, from \$12.82 million in FY2021 to \$9.60 million in FY2022, mainly due to a reduction in personnel costs, premises rental, and repair and maintenance costs.

## Finance costs

Finance costs climbed \$0.19 million or 37.2% from \$0.50 million in FY2021 to \$0.69 million in FY2022 due to an increase in interest expense.

## Income tax expense

Income tax expense decreased \$2.17 million, or 87.3%, from \$2.49 million in FY2021 to \$0.32 million in FY2022 mainly due to lower profit before income tax and overprovision of prior year income tax expense.

## Profit after tax

As a result of the above, the profit after tax decreased \$9.70 million or 65.0% from \$14.91 million in FY2021 to \$5.21 million in FY2022.



# OPERATIONS AND FINANCIAL REVIEW

## Review of the Group's Financial Position

### Non-current Assets

Non-current assets rose \$12.35 million or 15.4% from \$80.42 million as at 31 December 2021 to \$92.77 million as at 31 December 2022. The increase was attributed to the addition of property, plant, and equipment, as well as an increase in other non-financial assets.

### Current Assets

Current assets grew \$1.75 million, or 3.7%, from \$46.67 million as at 31 December 2021 to \$48.42 million as at 31 December 2022. The increase was largely due to an increase in trade and other receivables and other non-financial assets, partially offset by a reduction in cash and cash equivalent and inventories.

### Non-current Liabilities

Non-current liabilities went up by \$6.41 million, or 18.2%, from \$35.26 million as at 31 December 2021 to \$41.67 million as at 31 December 2022. This was due to an increase in lease liabilities relating to the right-of-use assets, partially offset by the repayment of bank borrowings.

### Current Liabilities

Current liabilities climbed \$5.55 million, or 15.5%, from \$35.81 million as at 31 December 2021 to \$41.36 million as at 31 December 2022. This was mainly due to an increase in trade and other payables, bank borrowings, and lease liabilities relating to the right-of-use of assets, partially offset by a decrease in income tax payable.





# OPERATIONS AND FINANCIAL REVIEW

## Equity attributable to owners of the Company

The increase in equity by \$2.14 million, or 3.8%, from \$56.02 million as at 31 December 2021 to \$58.16 million as at 31 December 2022 was mainly due to net profit in FY2022, partially offset by final dividends paid in respect to the reporting year ended 31 December 2021 and the interim dividend paid in the reporting year ended 31 December 2022.

## Review of the Group's Cash Flows

In FY2022, net cash flow generated from operating activities amounted to \$10.60 million. Operating cash flows from operation before changes in working capital of \$13.71 million was decreased by net working capital outflows of \$2.45 million and taxes paid of \$0.66 million.

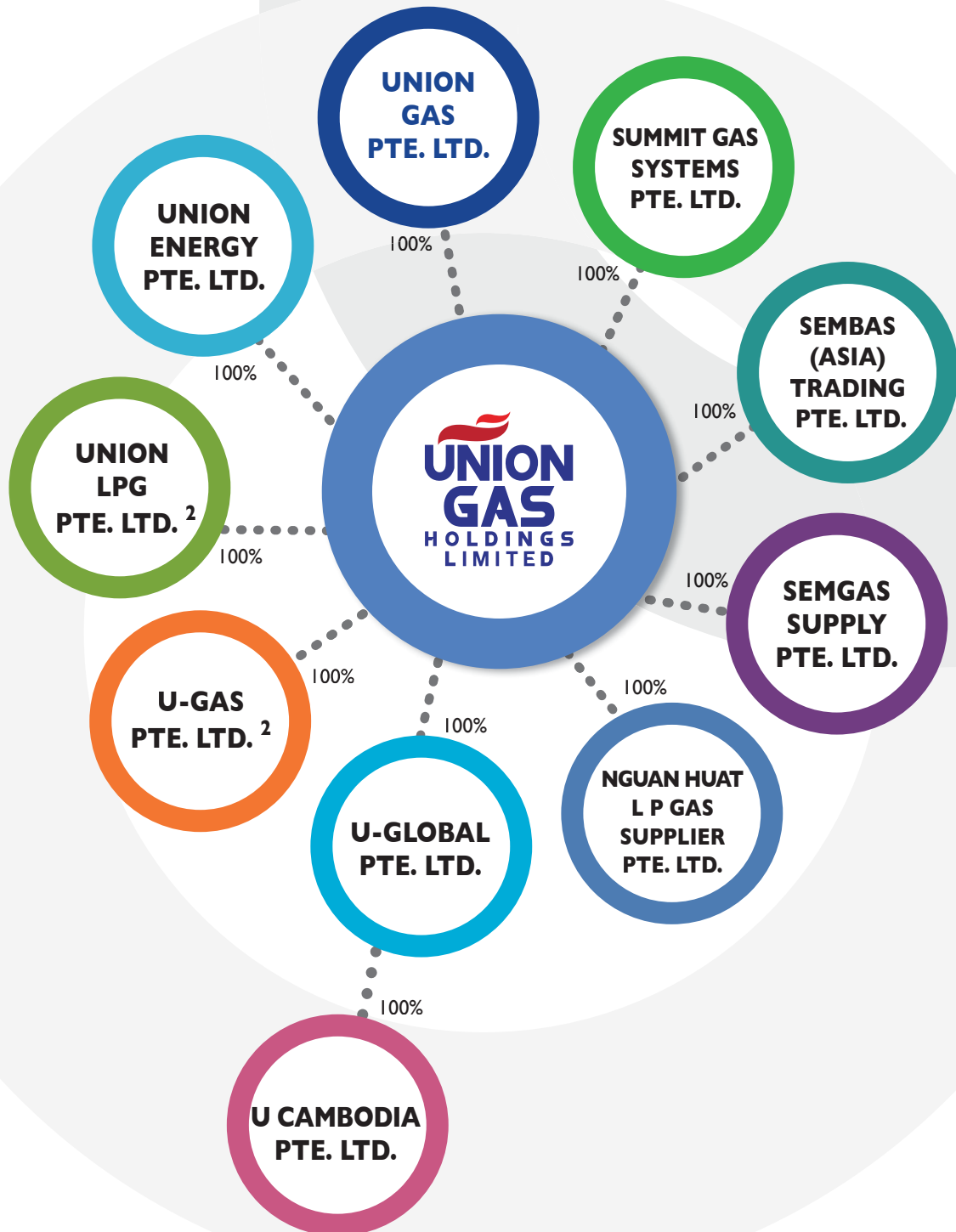
Net cash flows used in investing activities amounted to \$6.72 million mainly due to: (i) the acquisition of a subsidiary amounting to \$2.26 million, and (ii) the purchase of property, plant, and equipment of \$5.43 million. These were partially offset by proceeds from the disposal of property, plant, and equipment amounting to \$0.88 million and interest income of \$0.14 million.

Net cash flows used in financing activities amounted to \$5.95 million in FY2022, mainly due to proceeds from bank borrowings of \$5.00 million. This was partially offset by: (i) the repayment of bank borrowings and lease liabilities of \$7.19 million; (ii) the payment of dividends to shareholders of \$3.08 million; and (iii) interest payment of \$0.69 million.



# CORPORATE STRUCTURE<sup>1</sup>

AS AT 31 DECEMBER 2022



<sup>1</sup> The Group's subsidiaries are all 100% owned.

<sup>2</sup> With effect from 1 January 2023, U-Gas Pte. Ltd and Union LPG Pte. Ltd. were amalgamated pursuant to Section 215D of the Companies Act 1967 of Singapore, with the latter as the surviving amalgamated entity.

# SUSTAINABILITY REPORT

## BOARD STATEMENT

The Board of Directors (the “**Board**”) of Union Gas is pleased to present the Group’s sixth sustainability report (“**Report**”) the financial year ended 31 December 2022. This Report covers the Environment, Social, Governance (“**ESG**”) performance across the Group’s 3 business segments – LPG, NG and Diesel. This report has been prepared based on the Singapore Exchange Securities Trading Limited Listing Manual (SGX-ST Listing Manual): Listing Rules 711A and 711B and has referenced the Global Reporting Initiative (“**GRI**”) Standards, a globally-recognised sustainability reporting framework, for reporting on topics that are deemed material to Union Gas Holdings Limited. The Sustainability Report also takes into account the inclusion of the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

The Board and management of Union Gas oversee the management and monitoring of the ESG factors including climate-related disclosures and take them into consideration in the determination of its strategic direction and policies. The Board has oversight of the ESG material factors which are reviewed annually to ensure they remain relevant and current for the business. The Board and management of Union Gas were involved in the preparation and review of this Report before it was approved and published.

This Report provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business. We also welcome constructive feedback and suggestions from our stakeholders on ways to improve our sustainability efforts at [ir@uniongas.com.sg](mailto:ir@uniongas.com.sg).

## OUR APPROACH TO SUSTAINABILITY

Our Company is committed to introducing programs and implementing policies that promote environmental sustainability and social responsibility. We strive to deliver high-quality, reliable and innovative products to our customers and we believe in investing in our people, our customers, and the environment in the long-term. We aspire to create value for our stakeholders by incorporating environmental, social and governance aspects into our daily operations and risk management approach. We seek to maintain a high standard of corporate governance practices by implementing policies that are in line with our sustainable development objectives. Our robust corporate governance structure plays a vital role in our approach to sustainability by encouraging internal communications, enhancing transparency, and building trust with our stakeholders. This creates positive benefits for our stakeholders, drives long-term success for our Company and enables each employee at every level of our company to participate in value-creation for the customer.



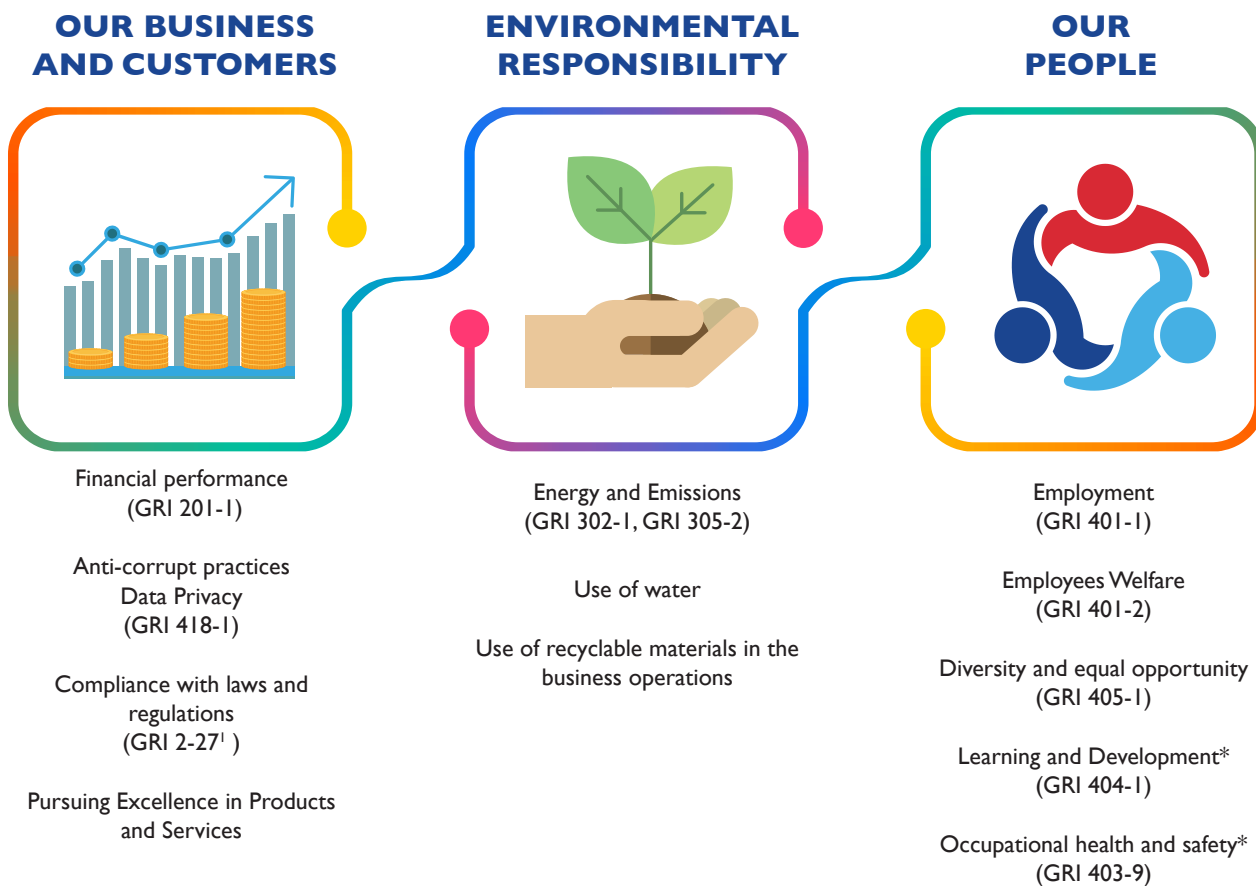
# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

The Company engages various stakeholders including employees, customers, business partners, industry associations and the authorities. An internal stakeholder engagement exercise was conducted in 2017, where several factors relating to economic, environmental, and workplace practices were identified, prioritised, and covered in this report. The Company reviews its material topics on an annual basis to account for changes in the impacts (both positive and negative) on stakeholders. In line with requirements from Singapore Exchange Regulation (“SGXRegCo”) to provide climate-related disclosures based on recommendations of the TCFD, climate-related disclosures – GRI 302 Energy and GRI 305 Emissions, have now been included.

The material topic, Environmental Compliance (GRI 307-1), was a material topic previously reported under the focus area “Environmental Responsibility”. With the release of the GRI Universal Standards 2021, GRI 307 has been withdrawn and the Company has now covered both socioeconomic compliance and environmental compliance under the focus area “Our Business and Customers” – Compliance (GRI 2-27).

Other relevant GRI Standards referenced for the purpose of reporting our performance on the varying factors are also indicated below.

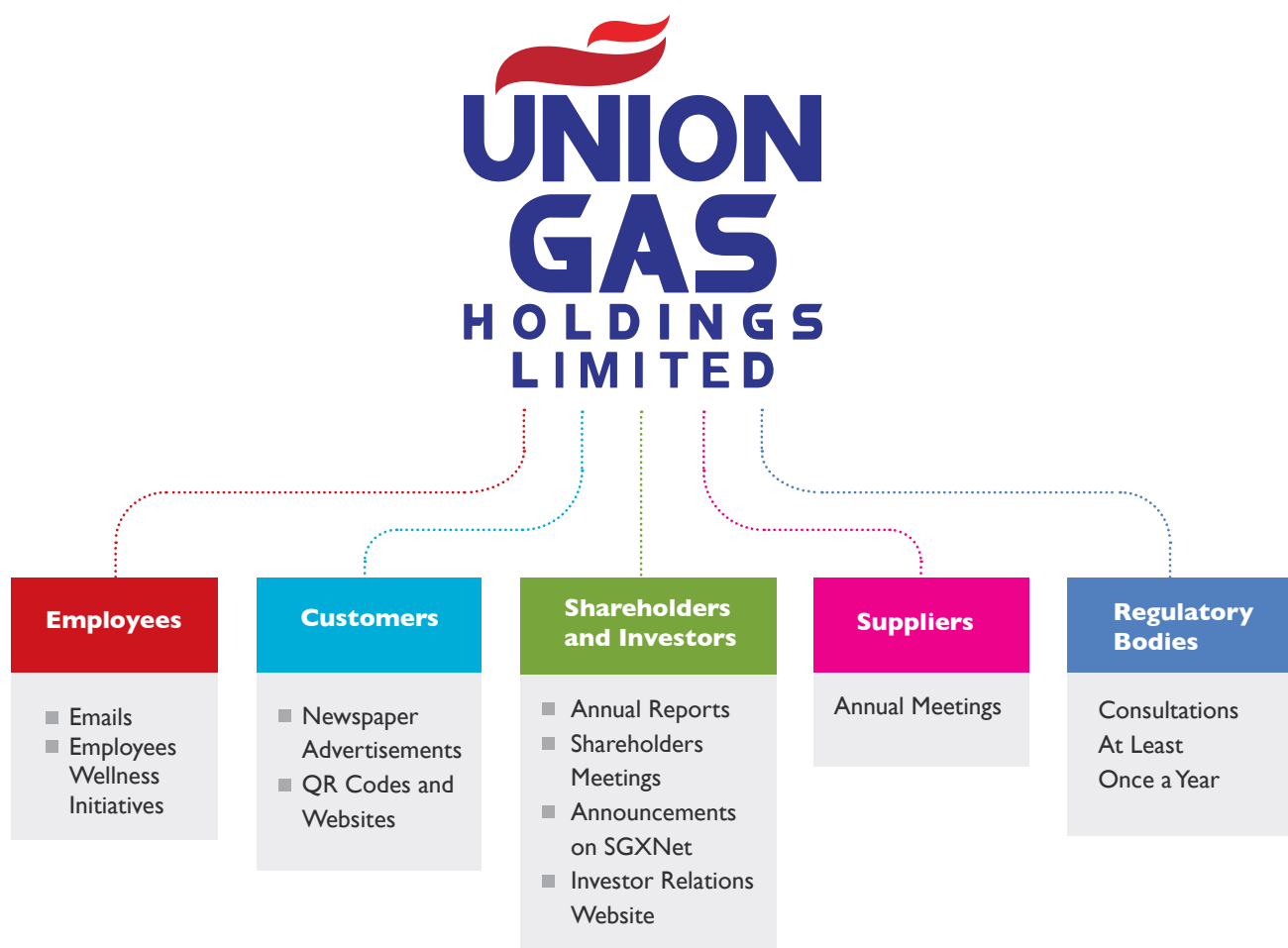


\* Learning and development, and Occupational health and safety are both ranked in order of importance.

<sup>1</sup> Environmental compliance, previously GRI 307-1, has been moved and expanded under Disclosure 2-27 Compliance with laws and regulations in GRI 2: General Disclosures 2021. With the release of the Universal Standards 2021, GRI 307 has been withdrawn.

# SUSTAINABILITY REPORT

## DIFFERENT STAKEHOLDER GROUPS AND HOW WE ENGAGE THEM



## OUR RESPONSE DURING COVID-19

### Employment

At the start of the COVID-19 pandemic in 2020, we mobilised our workforce to work from home, enabling us to maintain operational efficiency while also ensuring the health and safety of our employees. As part of the business continuity plan, Union Gas split its team into two groups – Group A and B, to work from different on-site locations, while arrangements were made for those who could, to work from home. All staff were also required to conduct antigen rapid test (“**ART**”)

on a weekly basis. New working arrangements were adopted to facilitate engagement and continued training, this included virtual training options and use of E-learning platforms in place of on-site training.

With the easing of COVID-19 restrictions in April 2022 and a return to normalcy, our staff have resumed work in office.

### Suppliers

Notwithstanding the turbulent market, Union Gas’s resilience had enabled the Group to fulfill its contractual obligations to its suppliers and did not encounter any delays or challenges.

# SUSTAINABILITY REPORT

## BUSINESS AND CUSTOMERS

### Financial Performance

GRI 201-I

In FY2022, the Group has generated direct economic value of \$134.79 million. The economic value distributed was approximately 17.4% to key stakeholders, including 15.5% to employees and 1.9% to the government and capital providers<sup>2</sup>, while 79.9% was spent on operating expenditure. To sustain the operations of the Group's subsidiaries, 2.7%<sup>3</sup> of the total economic value generated was retained and reinvested after the distribution of interim and proposed final dividend which subjected to shareholder's approval during the upcoming Annual General Meeting.

### Anti-Corruption Practices

The Group recognises that good and effective governance is fundamental to business success and have implemented a rigorous corporate governance framework, led by our committed Board of Directors. We commit to comply with all relevant laws and regulations, including the principles and guidelines set out in the Singapore Code of Corporate Governance 2018. We are pleased to share that in 2022, Union Gas Holdings Limited was ranked amongst the top 150 companies under the Singapore Governance and Transparency Index ("SGTI") 2022<sup>4</sup>.

The Union Gas Employee Handbook provides the ethical framework for Union Gas Holdings Limited. It sets out the values, principles, and key points of policies that apply to all staff of Union Gas Holdings Limited. We have also implemented policies addressing anti-bribery and corruption, gifts and entertainment and the appointment of third-party advisors.

### Whistleblowing

Our employees and business partners are encouraged to report any concerns or suspected cases of misconduct in confidence through our designated whistleblower email. The channel is publicised through induction sessions for new employees and circulated to all staff via emails biannually. Quarterly meetings are held to discuss compliance issues and identify potential risks areas in the Audit Committee meetings.

### Data Privacy

GRI 418-I

Data privacy is the appropriate and authorised use of data to protect customers' and individuals' right to privacy. For the Group, this means only using personal data that has been collected ethically and in accordance with the relevant data protection regulations. The Group has strict governance processes and controls in place to protect our customers' personal data and to respect their privacy. Our commitment to privacy is a vital part of our responsibility to our customers and is central to our company's privacy policy. In line with the Personal Data Protection Act ("PDPA"), the Group has in place a data protection officer to oversee data protection responsibilities and ensure compliance with the PDPA. All employees are required to observe the policies and guidelines set out by the Group with penalties imposed for non-compliance. Our privacy policy guidelines restrict the collection, usage, and management of our customers' personal data to ensure the confidentiality of individuals on the use of their data. We ensure all personal data are treated based on privacy principles such as transparency, purpose limitation, retention, and security.

In FY2022, the Group did not receive any substantiated complaints relating to breach of customer privacy.

<sup>2</sup> This includes the proposed final dividend which is subject to shareholder approval at the Annual General Meeting.

<sup>3</sup> This is calculated based on (Profit, net of tax and total comprehensive income of the year less interim and proposed final dividend which is subject to shareholder approval at the Annual General Meeting) / Revenue.

<sup>4</sup> The SGTI Index is the leading index for assessing corporate governance practices of Singapore-listed companies.

# SUSTAINABILITY REPORT

## Compliance

GRI 2-27

We comply with local laws and regulations and strive to minimise the environmental impact of our operations through responsible use of natural resources and reducing waste and emissions. In line with the Government's efforts to improve Singapore's ambient air quality by reducing vehicular emissions, we are gradually replacing our older vehicles with Euro 6 models. Approximately 76.0% of our fleet of vehicles are Euro 6 models. We are also exploring the use of electric lorries in FY2023 for our delivery operations with the intention of rolling it out on a larger scale should it be found to be a viable option.

We have no cases of significant fines<sup>5</sup> related to non-compliances with laws and regulations in FY2022. We will strive to maintain full compliance with all applicable laws and regulations in FY2023.

## Pursuing Excellence in Products and Services

Union Gas' philosophy is to provide goods and services of the best quality and to offer excellent services to its customers. Our commitment to excellence is exemplified by our annual checks on gas valves, complemented by a comprehensive feedback mechanism on our after-sales service to ensure that we provide an impeccable level of service to our customers.

Across our operating subsidiaries, we remain focused on improving our services and ensuring our customer's needs and feedback are addressed promptly. The Group recognises that customer engagement is instrumental in the growth and development of our business operations. In keeping with the digital age, the Group has embraced technology to make our customer engagement even more seamless. This includes our adoption of e-payment platforms that allows customers to place their orders and interact with us.

In pursuit of excellence and consistency in our product and services, Union Gas and its subsidiaries have attained certifications for various management systems standards for quality and health and safety as shown in the table below.

Certification Standard	Entities Certified							
	UGH	UE	UG	U-Gas	Union-LPG	SGS	Semgas	Sembas
ISO45001:2018 Occupational health and safety management system	•	•	•	•	•	•	•	•
bizSAFE Level Star certification	•	•	•	•	•	•		•
ISO9001:2015 Quality management system	•	•	•	•	•			•
Singapore Standard SS651:2019 Safety and health management system for the chemical industry						•		

**UGH:** Union Gas Holdings Limited

**UE:** Union Energy Pte. Ltd.

**UG:** Union Gas Pte. Ltd.

**U-Gas:** U-Gas Pte. Ltd.

**Union-LPG:** Union LPG Pte. Ltd.

**SGS:** Summit Gas Systems Pte. Ltd.

**Semgas:** Semgas Supply Pte. Ltd.

**Sembas:** Sembas (Asia) Trading Pte. Ltd.

<sup>5</sup> Significant fines refer to fines of \$5,000 and above

# SUSTAINABILITY REPORT

In addition, we conduct monthly surveys to better understand how our customers perceive us and to identify areas for improvement. Based on the results obtained for the period Jan-Dec 2022, approximately 99% of respondents rated us 3 and above out of total score of 5 for questions relating to quality and safety of the product, services rendered by the customer service and delivery team, and complaint handling.

Union Gas Holdings was voted the most popular “Promising Brand” by consumers at the Singapore Prestige Brand Awards 2020/2021. At the same time, the “Union” brand that Union Gas carries, has also been awarded as a “Heritage Brand”. Overall, a total of 4 awards were won – (1) Promising Brand, (2) Most Popular Promising Brand, (3) Heritage Brand and (4) Most Popular Heritage Brand.



The Union Gas team at the Singapore Prestige Brand Awards 2020/2021

## ENVIRONMENTAL RESPONSIBILITY

Our goal is to reduce our environmental impact and associated costs, while delivering the essential services that our customers need. At the same time, we also work towards minimising the use of resources in our operations, creating efficiencies and generating savings.

Within our offices, we encourage environmentally friendly practices such as reducing plastic use in our offices and we advocate recycling of paper, plastics and electronic waste. We also encourage our employees to adopt environmentally friendly routines in their daily work, such as to avoid printing as much as possible or if necessary, to print double-sided to reduce paper consumption. We continue to conduct our annual up-cycling workshops which serve as a platform for raising staff awareness about recycling.

### Energy and Emissions

GRI 302-1, GRI 305-1, GRI 305-2

A large share of our total business greenhouse gas emissions is related to fuel consumption in our operations. We aim to exploring innovative ways to improve operational

performance and benefit the environment, such as reducing energy use, improving efficiencies in equipment, water recycling, reducing waste and improving product recycling.

We have been gradually replacing our delivery trucks with low-emission vehicles and to further reduce emissions from our delivery services, we optimise and streamline routes of delivery by assign one truck to serve several closely located zones instead of one truck per zone.

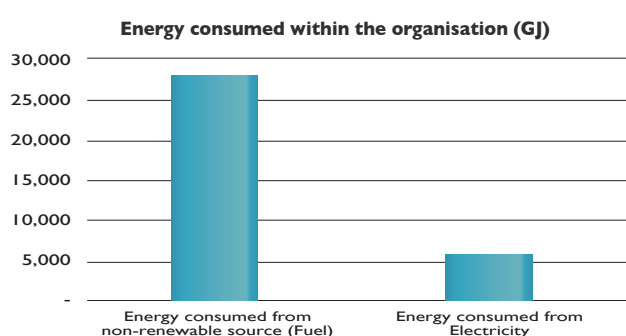
In FY2022, we embarked on a group-wide program to monitor and measure our carbon emissions. We established a data collection process for fuel consumption for our fleet of vehicles, as well as electricity consumed by the various entities. The total energy consumed within the organisation was 32,984 GJ while the Scope 1 and Scope 2 GHG emissions was 2,036 tonnes carbon dioxide equivalent (“tCO<sub>2</sub>e”) and 638 tonnes carbon dioxide (“tCO<sub>2</sub>”) respectively. We shall continue to monitor and report on our GHG emissions with an aim of setting a reduction target in FY2024.



# SUSTAINABILITY REPORT

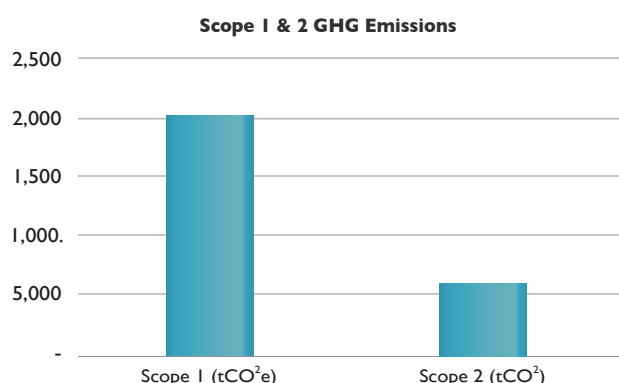
## Energy consumed within the organisation

Source	Energy consumed (GJ)
Energy consumed from fuel (diesel)	27,319.34
Energy consumed from electricity	5,664.75
<b>Total</b>	<b>32,984.09</b>



## Scope 1 & 2 GHG Emissions

GHG Emissions	Amount
Scope 1 (tCO <sub>2</sub> e)	2,036.36
Scope 2 (tCO <sub>2</sub> )	638.39
<b>Total</b>	<b>2,674.75</b>



## Climate action

In terms of climate change governance, the Board of Directors is responsible for evaluating and reviewing climate change strategies drawn up by management. Moving forward, in line with TCFD recommendations, we shall be reporting on climate change risks and opportunities in our business, how these risks are managed as well as GHG reduction strategies, metrics and targets.

## OUR PEOPLE

### Employment

GRI 401-I

Our employees are our greatest asset. They shape the experiences of our customers every day and enable us to uphold our brand values, which has been trusted by generations. We recognise that how we manage and develop our employees plays a key role in our future growth as it ensures that we have a ready pool of talent that can rise to the occasion and take on new challenges.

We work hard to create a culture of care, respect and fairness that extends to our workplace and across all aspects of our business. By providing a healthy and happy work environment, we hope to attract and retain talented people and inspire existing staff to flourish and be their best selves.

Our total staff strength as of 31 Dec 2022 was 403 employees, comprising 75% males and 25% females. 71.2% of our staff are employed on a full-time permanent basis, while 28.8% are on contract part-time employees. In FY2022 we recorded a turnover rate of 33.0%. To ensure we have sufficient resources to support our increased customer base, the Company also increased the hiring of personnel for roles in the call centre and for drivers. Our overall hiring rate in FY2022 was 31.0%. There was no retrenchment of staff during the year.

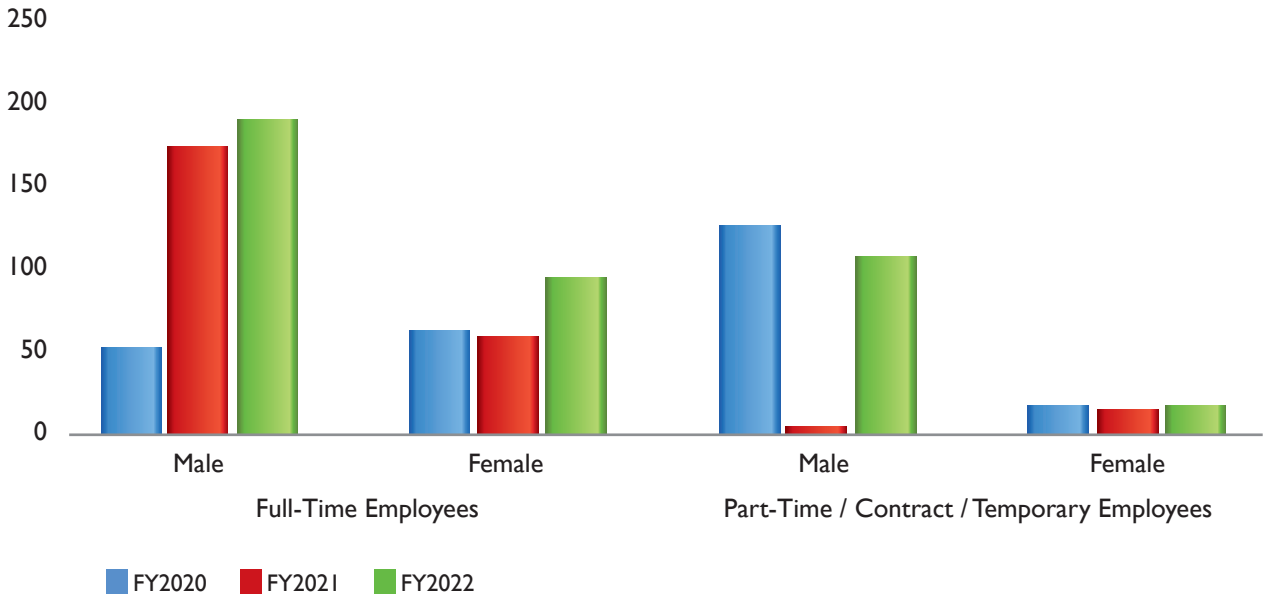
To cope with the increasingly tight labour market, the Company has a career development plan for employees which includes training programs for soft skills and technical skills as well as individual development programs such as professional certificates or short courses. We put in place several initiatives to increase staff retention such as:

- (i) Staff reward vouchers for staff who have received compliments from customers
- (ii) Improved incentive package for customer service officers for every LPG cylinder sold
- (iii) Conversion of our drivers on contract scheme to permanent scheme

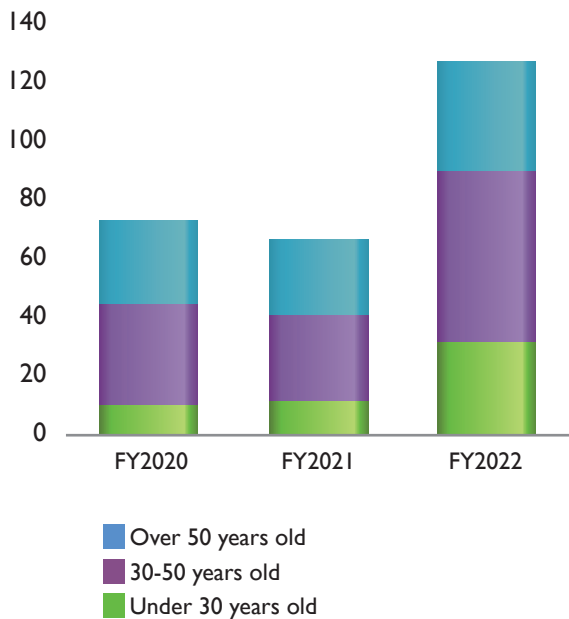
We want to continue to improve our work with development and engagement of our employees, with the aim of achieving lower staff turnover in FY2023.

# SUSTAINABILITY REPORT

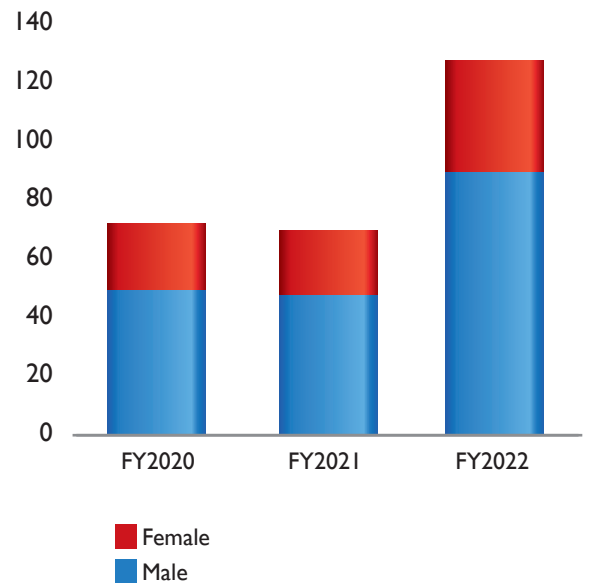
**Total No. Employees by Employment Type and Gender**



**No. of New Hire by Age Group**

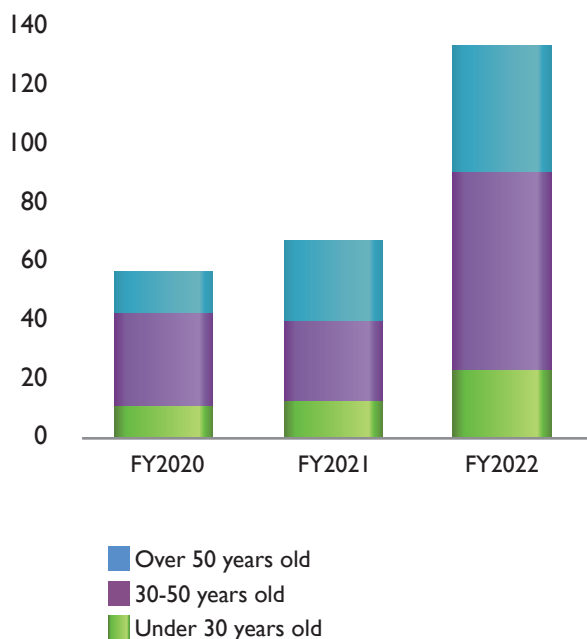


**No. of New Hire by Gender**

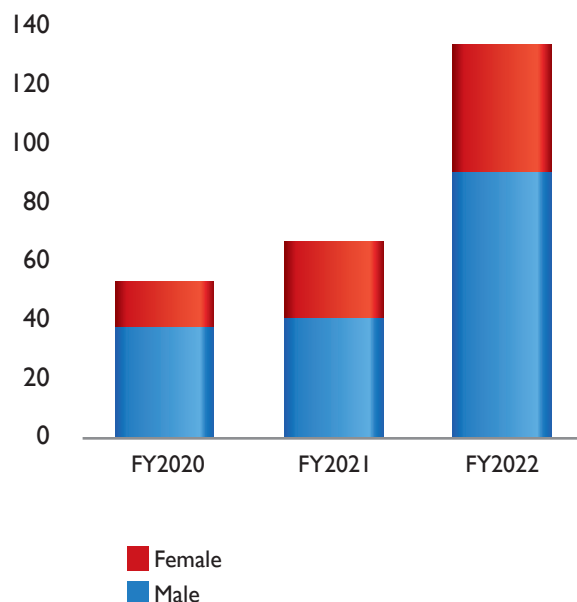


# SUSTAINABILITY REPORT

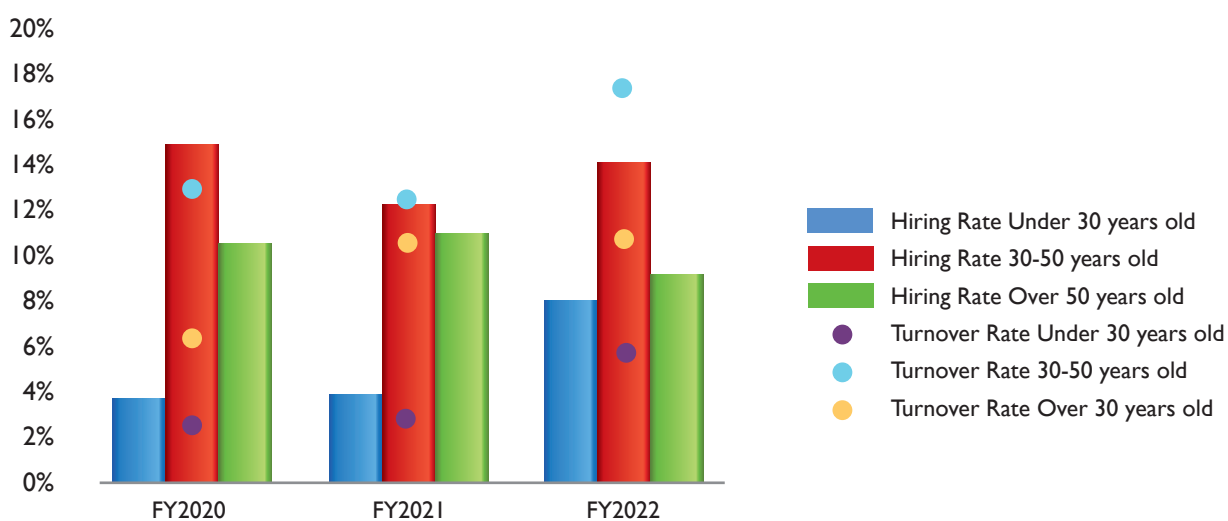
Employee Turnover by Age group



Employee Turnover by Gender

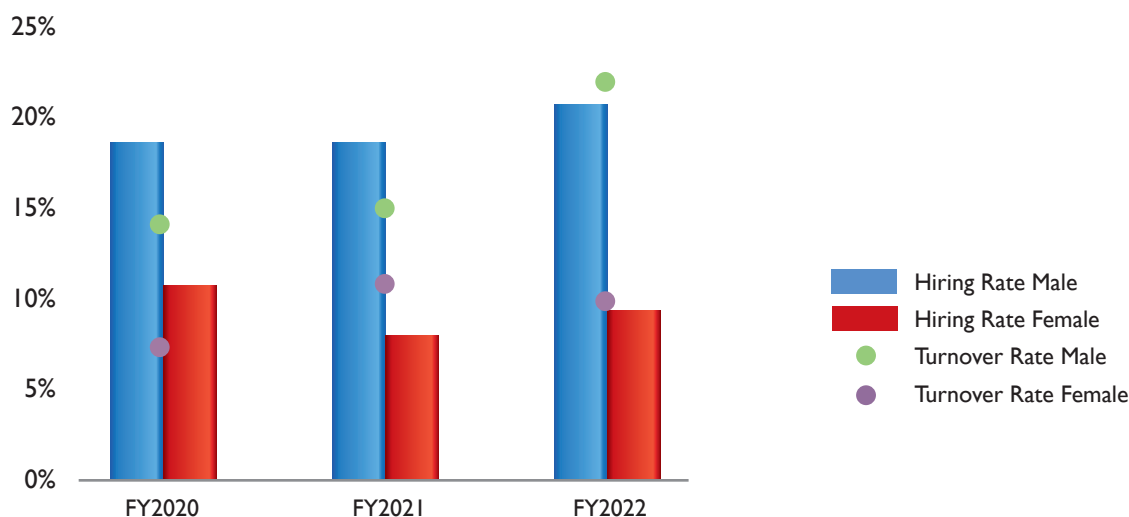


Hiring and Turnover Rate by Age group



# SUSTAINABILITY REPORT

## Hiring and Turnover Rate by Gender



## Performance Review for Employees

Every full-time employee meets with the manager annually to assess performance and progress against personal goals and to set new targets for the year ahead. This annual performance review process supports people throughout their careers and enables us to identify talent and development needs, which is critical to our business success. We continually review the performance management process to ensure we have the relevant people with the right skills to meet our goals.

When a new and full-time employee joins our company, he is informed of his job scope, responsibilities and key performance indicators (“**KPI**”). He will go through a three-month probation period at the end of which his supervisor will review his performance and discuss areas which he has and has not met the agreed KPI. With an employee whose performance is below average, the probation period may be extended for another two months to allow the employee a chance to improve. In cases where it was clear that the employee was unable to deliver the KPI, his contract will not be extended after the probation ended.

## Employees Welfare

GRI 401-2

The Company’s compensation and benefits strategy follows a very precise method for determining how we reward employees. It is benchmarked against best industry practices to ensure fairness, consistency and competitiveness.

We provide two days per year of examination leave for all full-time employees who are pursuing continuing education or professional qualifications. We also have a Staff Referral Scheme for our current employees. Upon successful confirmation of the new staff referred to the company, the employee will receive a token of appreciation for the referral.

We have enhanced the benefits offered to our staff in FY2022 which include the following:

- (i) Education support fund for our employees’ children to purchase school uniforms and school bags
- (ii) Education bursaries for our employees’ children with outstanding academic achievement
- (iii) Outpatient medical coverage has been extended for staff family members
- (iv) Traditional Chinese medicine (“**TCM**”) treatment for our employees at Cheng Hong Siang Tng TCM Clinic

# SUSTAINABILITY REPORT

To better understand the concerns of our employees, staff engagement sessions are carried out every quarter by the HR Department to encourage team bonding. This was

supplemented by additional special events such as Fruity Day, Herbal Tea Day, Mid-Autumn Festival Celebration and Year End Dinner & Dance.



Our employees celebrating Mid-Autumn Festival celebration



## Company welfare benefits provided to our full-time staff

<b>Insurance</b>	Group Personal Insurance and Group Hospitalisation and Surgical Insurance
<b>Health Care</b>	Medical Outpatient and Dental
<b>Staff Benefit</b>	Meals Reimbursement and Transportation Claims (for overtime work), Marriage Gifts, New Born Gifts, Long Service Awards, Birthday Vouchers, Bereavement Tokens and Examination Leave

## Learning and Development

GRI 404-I

Continuous learning is necessary for our employees' career success. It is our responsibility to ensure that every employee possesses skillsets and knowledge that contribute to the growth of our business by offering them training opportunities for valuable life skills and knowledge. The Company encourages lifelong learning and we have placed a focus particularly on training for our employees on customer service training, risk management for health and safety and first aid training. To better equip our employees with fundamentals of the Personal Data Protection Act ("PDPA"), those who handle personal information of employees have also attended PDPA training.

In FY2022, our employees attended a total of approximately 3,410 training hours, which is twice of what we achieved in FY2021. Each employee was able to attend an average of 8 hours of training, compared to 6.1 hours of training per employee in FY2021. This was due in part to the launch of E-Learning modules in FY2022 which allowed employees to attend training courses at a time convenient for them, instead of having to gather a class of participants to conduct training in person. We resumed in-person training courses - our call centre staff attended customer service training covering topics such as telephone skills and responding to customers, while the drivers attended safety training which also includes storage of hazardous materials. We target to maintain an average of at least 6 hours of training per employee in FY2023.

# SUSTAINABILITY REPORT

## Average Training Hours by Employee Category and Gender



# SUSTAINABILITY REPORT

## Diversity and Equal Opportunity

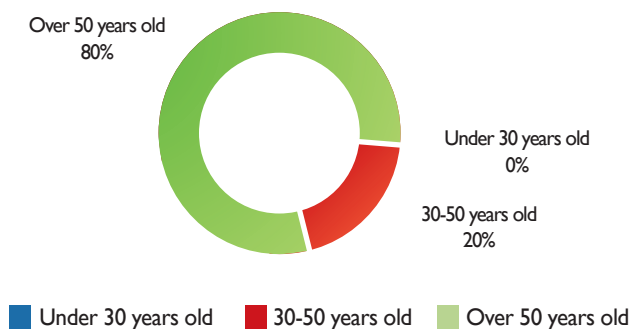
GRI 405-1

The Company is committed to provide an inclusive and harmonious workplace which offers equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability or other aspects of diversity. We believe our workforce should reflect the diversity of our customers and end-users. A diverse workplace also offers more exposure to employees from different cultures and backgrounds. In FY2022, females represented 25.3% of our total workforce. Our workforce also includes employees from various age groups. We believe that age diversity in the workplace brings about different experiences, expectations, styles and perspectives. All these differences can become a source of strength and innovation.

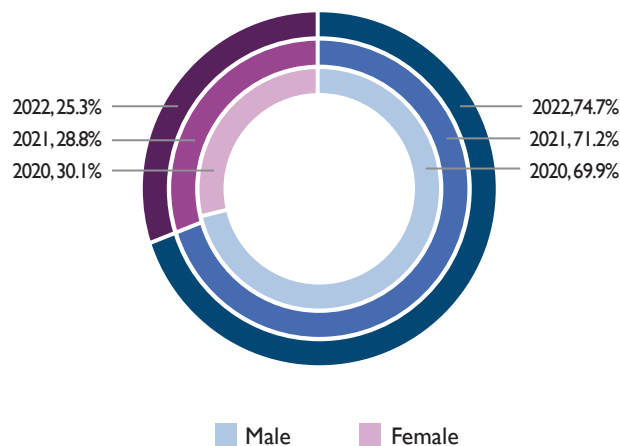
To provide an environment that promotes diversity and inclusion, equal opportunity and prevents discrimination, we have in place a policy and processes to ensure that reported incidents of discrimination are heard and handled in confidence in a fair and appropriate manner. We deal with these reports very seriously and encourage reporting.

*Composition of our Board of Directors and Employees<sup>6</sup>*

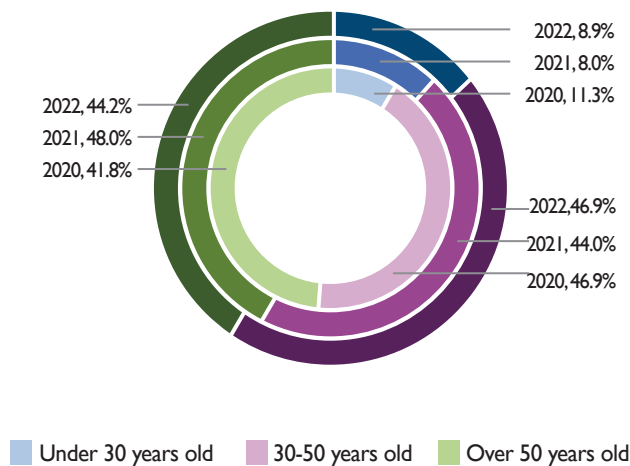
### Composition of Board of Directors for FY2022



### Composition of Employees by Gender



### Composition of Employees by Age Group



<sup>6</sup> Includes temporary / part-time / contract workers

# SUSTAINABILITY REPORT

## Occupational Health and Safety

### Occupational health and safety management system GRI 403-1

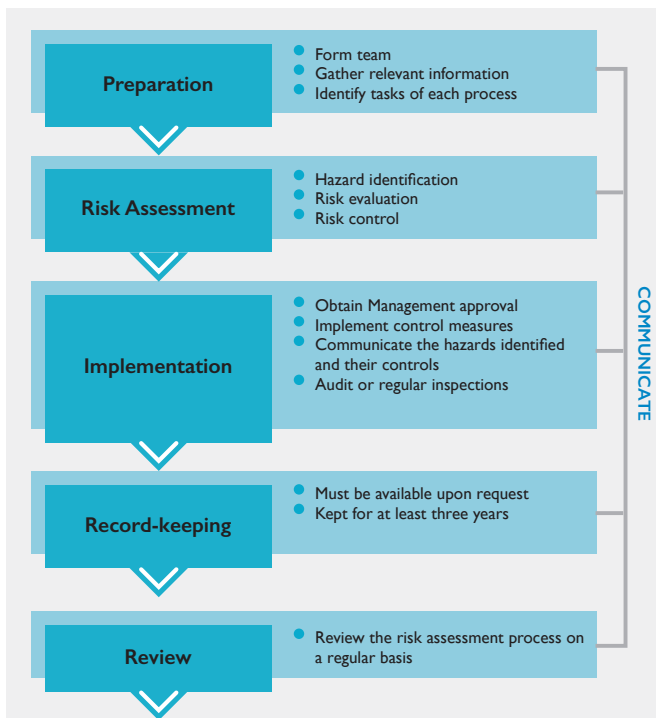
The Company has been certified with ISO 45001 Occupational Health & Safety Management System certification and bizSAFE Level Star certification since Feb 2019. Our priority is to provide safe and healthy work environment to our stakeholders. We continuously make considerable efforts to manage the inherent risks in our operations. The efforts for the prevention of workplace accidents are an essential component of operational activities for us.

### Hazard identification, risk assessment, and incident investigation GRI 403-2

We have established and implemented a process for hazard identification that is ongoing and proactive. Whenever an incident or a nonconformity occurs, including any arising from complaints, we handle the incident or nonconformity in a timely manner and take appropriate steps to control, correct and resolve the issues of the said incident or nonconformity, according to the process. All information related to these incidents or non-conformity is documented, including the subsequent corrective actions taken, and verification of the effectiveness of actions taken. Enhancements are made to our existing processes and documents where needed as part of this continual improvement process.

To eliminate or reduce risk at source, we require all employees and contractors to conduct risk assessments for their respective activities, both routine and non-routine.

Our approach to risk assessments is based on the following steps:



### Worker participation, consultation, and communication on occupational health and safety GRI 403-4

Communication and dissemination of health and safety information are done through regular meetings, as well as whenever the situation calls for it. All company policies are communicated by the top management through internal memo to the process owners. The process owners will then disseminate such information to their respective teams accordingly. Supervisors are responsible for conducting “Toolbox Meetings” on job-specific health and safety precautions. These meetings would cover daily responsibilities, use of personal protective equipment, work coordination, as well as highlighting the hazards, risks related to work functions, and their respective safety precaution and procedure to relevant staff.

### Worker training on occupational health and safety GRI 403-5

New hires are paired up with more experienced and senior staff to shadow and undergo on-the-job training for a certain period, especially on safe work procedures such as cylinder loading and unloading before being deployed to the field independently. Drivers are also required to complete mandatory training via the Company’s E-learning platform. The training includes, and is not limited to “Defensive Driving”, “Residential LPG Installation Procedures”, “LPG Cylinder 5 Points Safety Check\_R5\_MI”, and Personal Data Protection Act, Health & Safety Risk Assessment.

### Promotion of worker health GRI 403-6

Booklets on worksite safety are distributed to staff to communicate good practices. Specially designed posters are also displayed strategically at high footfall areas to reinforce good worksite safety habits. Fruits Day and Herbal Tea Day are organised for staff to promote and encourage good dietary habits such as increasing amount of daily dietary fiber, eating foods which are rich in antioxidants and vitamins to boost our immune system, as well as highlighting the importance of sufficient water intake.



# SUSTAINABILITY REPORT

*Prevention and mitigation of occupational health and safety impacts directly linked by business relationship*  
GRI 403-7

Union Gas ensures that risk assessments on workplace safety are conducted and health risks associated with workplace activities are addressed. Respective departments hold responsibilities to take reasonably practicable steps in eliminating foreseeable risks to all staff and visitors. General health and safety requirements are communicated to customers, contractors, suppliers and business partners through procurement specifications.

*Work-Related Injuries*  
GRI 403-9

Our employees who are involved in the delivery of LPG cylinders to our commercial and residential customers are all provided with personal protective equipment such as safety boots and impact gloves. All our drivers also hold a

HAZMAT Transport Driver Permit, which is a requirement by the Singapore Civil Defence Force (“SCDF”) in order to transport and handle LPG cylinders. Despite our efforts, a total of 397 lost days was recorded in FY2022 compared to 36 lost days in FY2021 and 110 lost days in FY2020. The cause of lost days in FY2022 were largely due to hand and leg injuries caused by objects hitting the fingers or legs, as well as slips and falls. A total of 13 recordable work injuries were reported in FY2022, resulting in our rate of recordable work-related injuries of 13.85 (per one million man hours worked). We will continue to actively engage our workers and positively reinforce safe workplace practices and behaviour, with an aim to further reduce our lost days and accident frequency rate in FY2023.

To encourage safe work practices in our workplace, we are also monitoring leading indicators such as accident-free days. As of 31 Dec 2022, two of our sites, Summit Gas Systems Pte. Ltd. and Semgas Supply Pte. Ltd. have achieved 356 and 526 accident-free days, respectively.

Rate of work-related injuries (per one million man hours worked)	FY2020	FY2021	FY2022
Rate of fatalities as a result of work-related injury	0.00	0.00	0.00
Rate of high-consequence work-related injuries (excluding fatalities)	Not applicable	Not applicable	0.00
Rate of recordable work-related injuries	8.11	10.16	13.85

*Data collection for high consequence work-related injuries started in FY2022 and thus not reported in FY2020 and FY2021.*

Total number of man-hours worked in FY2022 is 938,940 hours comprising of 929,904 man hours (full-time staff) and 9,036 man hours (part-time staff).

# SUSTAINABILITY REPORT

## OUR COMMUNITY

The Company delivers LPG cylinders to more than 200,000 domestic households in Singapore. Even as we conduct our business, we are dedicated to doing our part in creating a positive impact in the local community. This includes supporting local charities, sponsoring an event or making donations-in-kind. We are committed to serving and empowering our community, engaging our stakeholders while conserving the environment by participating in meaningful and rewarding projects.

In FY2022, the Company made donations to various community, cultural and educational initiatives. Below are some examples of our beneficiaries:

### Cheng Hong Welfare Service Society

Donations to Cheng Hong Welfare Service Society are used to fund the TCM Clinic which provides pro bono traditional Chinese treatment and medication to the needy.

### Various Community Development and Welfare Funds (CDWF) – Cheng San-Seletar, Jurong Central, Kaki Bukit, Punggol Shore and Whampoa Community

Donations are used to provide bursaries and support educational needs of the students in the constituency, welfare assistance, grants and subsidies to the needy, including running programmes such as providing meal vouchers to the needy and ration distributions.

### Singapore Association of the Visually Handicapped (SAVH)

The mission of SAVH is to help the visually handicapped help themselves by acquiring new skills and gaining

self-reliance to cope with the integration into society. Donations are used to benefit the clients of SAVH who are entitled to the various services provided by SAVH free of charge, clients can also opt-in for subsidy of assistive devices.

### Sponsor for Sodexo Singapore's Stop Hunger Gala Dinner

Union Gas was a sponsor for Sodexo Singapore's first ever Stop Hunger Charity Gala Dinner to enhance food security and empower women. The event was held on 24 Nov 2022 with proceeds going directly to their NGO partners for this event - The Food Bank Singapore, Beyond Social Services and United Women Singapore.

### National Arthritis Foundation (NAF)

The NAF aims to raise the awareness of arthritis issues in Singapore and educate the general public on arthritis. NAF also provides financial subsidies for needy patients for medical and surgical treatments through the Patient Subsidy Care Fund.

### Upcycling workshop

Terra SG conducts our annual upcycling workshop and a portion of the course fees paid to Terra SG was used to provide employment opportunities for students and beneficiaries from Movement for the Intellectually Disabled of Singapore ("MINDS").



# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

Statement of use	Union Gas Holdings Ltd has reported the information cited in this GRI content index for the period 1 Jan 2022 to 31 Dec 2022 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2 General Disclosures (2021)	2-27: Compliance with laws and regulations	Page 21
GRI 201 Economic Performance (2016)	201-1: Direct economic value generated and distributed	Page 20
GRI 302 Energy (2016)	302-1: Energy consumption within the organisation's	Pages 22-23
GRI 305 Emissions (2016)	305-1: Direct (Scope 1) emissions	Pages 22-23
	305-2: Energy indirect (Scope 2) emissions	Pages 22-23
GRI 401 Employment (2016)	401-1: New employee hires and employee turnover	Pages 23-26
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 26-27
GRI 404 Training and Education (2016)	404-1: Average hours of training per year per employee	Pages 27-28
GRI 405 Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	Page 29
GRI 418 Customer Privacy (2016)	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 20

# SUSTAINABILITY REPORT

## OUR DISCLOSURES BASED ON TCFD RECOMMENDATIONS

Based on the requirements in the Listing Rule 711B(1) and Practice Note 7.6 Sustainability Reporting Guide, we have mapped our climate related disclosures based on TCFD Recommendations as shown in the table below.

TCFD Recommendations	Comments	SR Page
<b>Governance</b>		
Describe the board's oversight of climate-related risks and opportunities.	Our Board of Directors oversees the Group's enterprise risk management process to identify and manage risks, including any risks related to environmental and social issues, and periodically reviews the processes established by management to identify and manage risks and communicates with management about these processes.	Page 17
Describe management's role in assessing and managing climate-related risks and opportunities.	Responsibility for climate change-related decisions at Union Gas lies with the Board of Directors and the CEO.	Page 17
<b>Strategy</b>		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Union Gas will undertake further analysis for climate-related risks and opportunities in FY2023.	–
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Union Gas will undertake further analysis for climate-related risks and opportunities in FY2023.	–
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Union Gas will undertake further analysis for climate-related scenarios in FY2024.	–
<b>Risk Management</b>		
Describe the organisation's processes for identifying and assessing climate-related risks.	Union Gas will undertake further analysis for climate-related risks and targets in FY2023.	–
Describe the organisation's processes for managing climate-related risks.	Union Gas will undertake further analysis for climate-related risks and targets in FY2024.	–
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Union Gas will undertake further analysis for climate-related risks and targets in FY2024.	–
<b>Metrics and Targets</b>		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	As part of Union Gas' annual sustainability reporting, we track metrics such as: <ul style="list-style-type: none"> <li>- Scope 1 and 2 emissions</li> <li>- Energy use</li> </ul>	Pages 22-23
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Scope 1 and Scope 2 GHG emissions are disclosed in our SR.	Pages 22-23
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Union Gas will undertake further analysis for climate-related risks and opportunities in FY2024.	–

# **Report on Corporate Governance and Financial Contents**

- 36** Report on Corporate Governance
- 65** Statement by Directors
- 69** Independent Auditor's Report
- 72** Consolidated Statement of Profit or Loss and  
Other Comprehensive Income
- 73** Statements of Financial Position
- 74** Statements of Changes in Equity
- 76** Consolidated Statement of Cash Flows
- 77** Notes to the Financial Statements



## REPORT ON CORPORATE GOVERNANCE

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The Board of Directors (the “**Board**”) and the management (the “**Management**”) of Union Gas Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2022 (“**FY2022**”), the Board and Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”), which was issued by the Monetary Authority of Singapore (“**MAS**”) on 6 August 2018, where applicable, and pursuant to Rule 710 of the Listing Manual of The Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This report outlines the Company’s corporate governance practices with reference to both the principles and provisions set out in the Code. The Company has also taken into consideration the Practice Guidance provided by MAS. The Board of Directors is pleased to confirm that for FY2022, the Company has adhered to the principles of the Code as well as the Rules of the Listing Manual of SGX-ST, where appropriate. Where the Company’s practices vary from any provisions of the Code, the reasons for the deviations explaining how the practices the Company has adopted are consistent with the intent of the relevant principle.

### (A) BOARD MATTERS

#### Principle 1 – The Board’s Conduct of Affairs

**The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company.

In discharging the Directors’ fiduciary duties, all Directors are expected to exercise objective judgement and make decisions in the best interest of the Company. A Director who is interested in a transaction or proposed transaction is required to declare if he has a conflict of interest and will recuse themselves from discussion and abstain from voting on the matter.

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board, amongst others, include:

- (a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and
- (b) Oversees and safeguards shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board has in place an authority matrix to provide guidelines on the approval for material transactions. Matters that require the Board’s approval include, amongst others, the following:

- Board authorisation limits;
- Appointment and re-election of Directors at general meeting;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Evaluation and approval of investments, mergers and acquisitions (“**M&A**”) transactions and divestments;
- Significant capital expenditure;
- Public announcements and responses to the SGX-ST/regulators, if any;
- Financial results announcements or press releases;
- Dividend decisions; and
- Auditors’ reports if deemed satisfactory and free of material errors after review.

## REPORT ON CORPORATE GOVERNANCE

The Board adopted a Code of Business Conduct and Ethics for Directors which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities. It is a requirement under Rule 210(5) of the Listing Manual of SGX-ST for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director (“LED”) programme organised by the Singapore Institute of Directors (“SID”) as prescribed under Practice Note 2.3 of the Listing Manual of SGX-ST.

The Directors may join institutes and group associations of specific interests and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the directors to attend courses in areas of directors’ duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 1967 of Singapore (the “Companies Act”) and industry-related matters, to develop themselves professionally, at the Company’s expense.

During FY2022, the Company Secretary provided the Board with updates on changes in laws and regulations, including the Companies Act, Rules of the Listing Manual of SGX-ST and the Code of Corporate Governance, which are relevant to the Group. The external auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

In March 2022, SGX RegCo announced eight sustainability training courses that directors of listed companies can attend to equip themselves with basic knowledge on sustainability matters. Directors must attend a sustainability training course to meet the enhanced SGX listing rules that mandated sustainability training for all board directors of equity issuers listed on SGX. All the Board members have attended the sustainability training courses for Directors prescribed by SGX in FY2022.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the “AC”), the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”) (collectively, the “Board Committees”). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board Committees have been constituted with clearly defined written terms of reference, setting out the compositions, authorities and duties, including reporting back to the Board. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and regulatory environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company (the “Constitution”) allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and Management.

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from the Management.

When necessary or appropriate, members of the Board exchange view outside the formal environment of board meetings. Each Board member is expected to discharge his or her duties and fiduciary responsibilities objectively at all times in the best interests of the Company.

## REPORT ON CORPORATE GOVERNANCE

The attendance record of each Director at meetings of the Board and Board Committees during FY2022 is disclosed below:

	Board	AC	NC	RC
<b>Number of meetings held in FY2022</b>	4	4	1	1
<b>Name of Director</b>	<b>Number of meetings attended in FY2022</b>			
Teo Kiang Ang	3	3 <sup>#</sup>	–	–
Teo Hark Piang	4	4 <sup>#</sup>	1 <sup>#</sup>	1 <sup>#</sup>
Loo Hock Leong	4	4	1	1
Lim Chwee Kim	4	4	1	1
Heng Chye Kiou	4	4	1	1

**Note:**

<sup>#</sup> By Invitation

The Management provides members of the Board with quarterly management accounts, as well as relevant background information relating to the matters that are discussed at the Board and Board Committee meetings. Such reports keep the Board informed of the Group's performance, financial position and prospects, and consist of the consolidated financial statements, major operational updates, background and/or updates on matters before the Board for decision or information. The Board is also provided with minutes of the previous Board meetings and minutes of meetings of all Board Committees held.

Senior executives also make presentations on performance of the Group's various businesses and business strategies at these meetings. These allow the Board to have a good understanding of the Group's operations and actively engage in robust discussions with the Group's senior executives. Directors may request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management. As and when required, Board members meet to exchange views outside the formal environment of Board meetings.

Detailed board papers are distributed to the Directors and any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentations and answer any queries that the Directors may have at the meetings.

The Board has separate and independent access to the Management, the company secretary and external professionals in FY2022, including legal counsels and auditors. The appointment and removal of the company secretaries are subject to the approval of the Board as a whole.

All Directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

### Principle 2 – Board Composition and Guidance

**The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

Currently, the Board comprises five (5) directors, as set out below. There is one Executive Director namely Mr Teo Hark Piang, who is also the Chief Executive Officer ("CEO"), and one Non-Executive Director namely Teo Kiang Ang, who is the Chairman of the Group. The Non-Executive and Independent Directors comprise Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou.



## REPORT ON CORPORATE GOVERNANCE

Director	Designation	Date of Initial Appointment as Director	Date of Last Re-Election	AC	NC	RC
Teo Kiang Ang	Non-Executive Chairman	3 October 2016	29 April 2021	-	-	-
Loo Hock Leong <sup>(1)</sup>	Lead Independent Director	20 June 2017	29 April 2021	Chairman	Member	Member
Lim Chwee Kim	Independent Director	20 June 2017	28 April 2022	Member	Member	Chairman
Heng Chye Kiou <sup>(2)</sup>	Independent Director	20 June 2017	26 June 2020	Member	Chairman	Member
Teo Hark Piang	Executive Director and Chief Executive Officer	1 November 2018	28 April 2022	-	-	-

**Notes:**

- (1) Mr Loo Hock Leong will retire pursuant to Regulation 117 of the Constitution and is subject to re-election as a director of the Company at the forthcoming AGM of the Company.
- (2) Mr Heng Chye Kiou will retire pursuant to Regulation 117 of the Constitution and is subject to re-election as a director of the Company at the forthcoming AGM of the Company.

Details of the Directors' qualifications and experiences are set out on pages 6 to 8 (Directors' Profile) of this Annual Report.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his or her independence. The checklist is drawn up based on the guidelines provided in the Code and the Rules of the Listing Manual of SGX-ST. The NC adopts the Code's definition of what constitutes an "independent" Director in its review.

An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and Rules 210(5)(d)(i) and (ii) of the Listing Manual of SGX-ST and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") announced Listing Rule changes to limit to nine years the tenure of Independent Directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving Independent Directors who have served for more than nine years. The two-tier vote was removed on 11 January 2023. As transition, Independent Directors whose tenure exceeds the nine-year limit can continue to serve as Independent Directors until the listed companies' annual general meeting held for the financial year ending on or after 31 December 2023. On or after 31 December 2023, a director who has served on the board for a cumulative period of nine (9) years will no longer be deemed to be independent.

There is no Independent Director who has served beyond nine years since the date of his first appointment.

For FY2022, the NC has reviewed and confirmed the independence of the Independent Directors, Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou in accordance with the Code.

The Independent Directors have also confirmed their independence in accordance with the Code. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence.

As majority of the Board is independent, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman and the Chief Executive Officer (or equivalent) are immediate family members, is part of the management team and is not an independent director, is satisfied.

For FY2022, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of accounting and finance, and relevant industry experience. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

## REPORT ON CORPORATE GOVERNANCE

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board including giving due regard to the benefits of all aspects of diversity striving to ensure that the Board is appropriately balanced.

The main objective of the Board Diversity Policy is to continue to maintain appropriate balance of the Board's perspectives, skills and experience to support the Company's long-term goals and success.

The NC is also responsible for developing a framework to identify the skills that the Board collectively needs to discharge the Board's responsibilities effectively, taking into account the existing risk profile, business operations and future business strategy. The NC has put in place a skills matrix which classifies into the following core competencies, skills, experiences and knowledge of Directors:

<b>Balance and Diversity of the Board</b>	<b>Number of Directors</b>	<b>Proportion of the Board</b>
<b>Core Competencies</b>		
Accounting or finance related	3	60%
Business and management experience	3	60%
Legal and regulatory	1	20%
Relevant industry knowledge	4	80%
Strategic planning experience	4	80%
Human resource management	1	20%
<b>Gender</b>		
Male	5	100%
<b>Age Group</b>		
40 - 50	1	20%
51 - 60	1	20%
61 - 80	3	60%
<b>Independence</b>		
Independent	3	60%
Non-Independent	2	40%
<b>Directors' Citizenship</b>		
Singapore Citizen	5	100%

## REPORT ON CORPORATE GOVERNANCE

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The Board will continue taking the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

The NC ensures that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate number of Independent Directors to provide diversity in expertise, knowledge and experience as well as age and gender. Members of the Board include seasoned professionals in engineering, finance and business management. The Board believes that its members' different backgrounds, skill sets, experience, age and gender provide a diversity of perspectives which contribute to the quality of its decision-making.

The NC is of the view that the current Board comprises persons who collectively possess the necessary core competencies, and as a group, provide an appropriate level of independence and diversity of skills, experience and knowledge of the Company, and that the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations. Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirements of the Group at the point in time. The NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

In recognition of the importance and value of gender diversity in the composition of the Board, the NC will continue to assess to have representation of female director on the Board. In addition, the Board consists of directors with ages ranging from mid-40s to mid-70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC and the Board will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity on the Board.

The Company is committed to ensuring and enhancing diversity on the board and will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity, and other relevant factors. The NC will ensure that board appointments are made based on merit, in the context of skills, experience, independence and knowledge of the candidate. The search for new board members will take into account gender representation.

The NC will also continue to assess independence, bearing in mind Principle 2 of the Code and Provisions 2.2 and 2.3 of the Code, in any change in the Board composition when appropriate, as part of the Board's renewal process.

The NC believes that there is an appropriate balance of industry knowledge, skills, background, experience, professional qualifications and age on the Board, and is satisfied that the objectives of the Board Diversity Policy continue to be met.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy. The NC reviews annually the size of the Board, balance and diversity of skills, knowledge and experience required by the Board. All Directors are professionals in their own fields. Together they bring to the Board multiple skill sets, relevant competencies and attributes to discharge the functions of the Board and Board Committees. The NC also aims to maintain a diversity of expertise, knowledge and experience in the fields of engineering, finance, law and business as attributes among the Directors.

## REPORT ON CORPORATE GOVERNANCE

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Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management. For FY2022, the Independent Directors had met the auditors from Yang Lee & Associates (“YLA”, “internal auditors” or “IA”) and RSM Chio Lim LLP (“external auditors”) without the presence of Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Non-Executive Chairman, as appropriate.

### Principle 3 – Chairman and Chief Executive Officer

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.**

Mr Teo Kiang Ang is our Non-Executive Chairman and Mr Teo Hark Piang, who is an immediate family member of the Chairman, is our CEO. Accordingly, pursuant to Provision 3.3 of the Code, the Board has appointed Mr Loo Hock Leong as the Lead Independent Director.

The roles of the Non-Executive Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that there is a clear division of responsibilities between the leadership of the Board and the Management.

The Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow directors and other executives, and if warranted, with professional advisors.

The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He promotes high standards of corporate governance as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Independent Directors during the Board meetings.

The CEO is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Management.

The role of the Lead Independent Director is to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is available to shareholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairman or the Management.

### Principle 4 – Board Membership

**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments.

The NC comprises three directors, three of whom including the NC Chairman, are non-executive and independent. The Lead Independent Director is also a member of the NC. The NC members are:

- Heng Chye Kiou (Chairman)
- Lim Chwee Kim
- Loo Hock Leong

## REPORT ON CORPORATE GOVERNANCE

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The key terms of reference of the NC include:

- (a) making recommendations to the Board on relevant matters relating to:
  - (i) the review of board succession plans for Directors and in particular, the Chairman and the CEO;
  - (ii) the reviewing of training and professional development programmes for the Board; and
  - (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;
- (c) reviewing the structure, size and composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provides an appropriate balance and diversity of skills, age, qualification, expertise, gender and knowledge of the Group and provides core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation and other principal commitments;
- (e) identifying and developing training programmes/schedules for the Board and Board Committees and to ensure that all Board appointees undergo appropriate induction programme; and
- (f) reviewing and providing the Board with succession plans for the Board Chairman, Directors, CEO and key management personnel.

In addition, the NC has developed a process for the evaluation and performance of the Board, its Board Committees and individual Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria.

The NC has a process for assessing the effectiveness of the Board as a whole and its committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of the Board in place. The NC Chairman will act on the results of the evaluation of the Board, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through our network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. No talent acquisition firm was engaged in FY2022. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Directors.

In recommending to the Board on appointment and re-appointment of Directors, the NC considers the needs of the Group, qualifications, experience and knowledge of the candidate, his or her contribution and performance as Director of the Company, officer of other companies and/or professionals in his or her area of expertise, candidate's competence, integrity and independence of the candidate (for Independent Directors).

At each AGM of the Company, the Constitution requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one third of those who have been longest in office since their last re-elections. Newly appointed Directors will have to retire at the next AGM following their appointments. The retiring Directors are eligible to offer themselves for re-election.

## REPORT ON CORPORATE GOVERNANCE

The NC has noted that the following directors will retire by rotation at the forthcoming AGM pursuant to the following Regulation:

Name of Director	Designation	Retiring Pursuant to Regulation Number
Loo Hock Leong	Lead Independent Director	117
Heng Chye Kiou	Independent Director	117

As at the date of this annual report and pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information as set out in Appendix 7.4.1 relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

Name	Loo Hock Leong	Heng Chye Kiou
Date of appointment	20 June 2017	20 June 2017
Date of last re-appointment	29 April 2021	26 June 2020
Age	52	72
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Pursuant to Regulation 117 of the Constitution, Mr Loo Hock Leong will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Loo's overall contributions and performance as well as his extensive knowledge of the industry and accounting which will continue to enhance board deliberation, has recommended him for re-election at the forthcoming AGM and the Board has approved the recommendation.	Pursuant to Regulation 117 of the Constitution, Mr Heng Chye Kiou will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Heng's overall contribution and performance as well as his extensive knowledge of industry which will continue to enhance board deliberation, has recommended him for re-election at the forthcoming AGM and the Board has approved the recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead Independent Director, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Audit Committee and Member of Nominating Committee and Remuneration Committee	Independent Director, Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee

## REPORT ON CORPORATE GOVERNANCE

Name	Loo Hock Leong	Heng Chye Kiou
Professional qualifications	Bachelor of Electrical Engineering (Hons), National University of Singapore  Masters of Applied Finance, Macquarie University  Singapore Chartered Accountant  Advanced Management Programme, Harvard Business School	Bachelor of Engineering (Mechanical)  Master of Science (Industrial Engineering)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1)	Yes	Yes
Working experience and occupation(s) during the past 10 years	Parkway Trust Management Limited, Manager of Parkway Life REIT, Chief Financial Officer	Retired as Chief Executive Officer of VICOM Ltd in 2012.
Shareholding interest in the listed issuer and its subsidiaries	Yes	None
Shareholding details	Mr. Loo is directly interested in the 800,000 ordinary shares of the Company	Not Applicable
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	None	None
Present	Parkway Trust Management Limited	GBAD Services Pte. Ltd.

## REPORT ON CORPORATE GOVERNANCE

Name	Loo Hock Leong	Heng Chye Kiou
Information Required Pursuant to Rule 704(7) of the Listing Manual of SGX-ST		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No



## REPORT ON CORPORATE GOVERNANCE

Name	Loo Hock Leong	Heng Chye Kiou
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

## REPORT ON CORPORATE GOVERNANCE

Name	Loo Hock Leong	Heng Chye Kiou
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

The NC had reviewed, taking into consideration Mr Loo Hock Leong, being the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee, and his continued ability to contribute through his extensive accounting knowledge to the Company, recommends that Mr Loo Hock Leong who will retire by rotation pursuant to Regulation 117 of the Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Mr Loo Hock Leong will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Key information details on Mr Loo Hock Leong are set out on page 7 of this Annual Report.

The NC had also reviewed, taking into consideration Mr Heng Chye Kiou, being the Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee, and his continued ability to contribute through his extensive industry knowledge and accounting knowledge to the Company, recommends that Mr Heng Chye Kiou who will retire by rotation pursuant to Regulation 117 of the Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Mr Heng Chye Kiou will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Key information details on Mr Heng Chye Kiou are set out on page 8 of this Annual Report.

Upon re-election as Director, Mr Loo Hock Leong will remain as Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.

Upon re-election as Director, Mr Heng Chye Kiou will remain as Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.

## REPORT ON CORPORATE GOVERNANCE

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings, and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), as an Independent Director.

The NC may also engage external search consultants to search for new Directors at the Company's expense. New Directors are appointed by way of a board resolution after the NC recommends the appointment for the consideration and approval by the Board.

As a broad-based NC policy, the board nomination process for evaluating an Executive Director vis-à-vis a Non-Executive or Independent Director is different. For an Executive Director, the nomination process would in general be tied to his or her ability to contribute through his or her business acumen and strategic thinking process for the business.

As for an Independent Director, his nominations are hinged on myriad of criteria whereby he should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The existing Independent Directors were selected from contacts as recommended to the Management, where the Management had in their opinion, deemed that these professionals will be able to give an independent view to take the Group's business to a higher level as the current Executive Directors lacked listed company directorship experience and would depend on the stewardship of more experienced Independent Directors.

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2022 from carrying out their duties to the Company:

- (a) expected and/or competing time commitments of each Director;
- (b) number of board representation held by each Director;
- (c) structure, size and composition of the Board; and
- (d) nature and scope of the Group's operations and size.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

For FY2022, the Board did not set any limit on the number of listed company directorships given that all Independent Directors were able to dedicate their time to the Group. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a limit in future. There is no alternate director appointed in FY2022.

The following key information regarding Directors are set out on the following pages of this Annual Report:

- (a) Pages 6 to 8 – Academic and professional qualifications, date of first appointment as director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) Page 65 – Shareholdings, if any, in the Company and its subsidiaries.

## REPORT ON CORPORATE GOVERNANCE

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### Principle 5 – Board Performance

**The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.**

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The NC meets once a year, and as warranted by circumstances, to discharge its functions. In FY2022, one NC meeting was held.

The Board has implemented a process for assessing its effectiveness as a whole and the Board committees and each individual Director to the effectiveness of the Board. The assessments of the Board, the Board Committees and the individual directors will be carried out annually.

The assessment utilises a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group's performance, the effectiveness of the Board and the Board Committees. The questionnaires are completed by members of the Board and the Board Committees. The completed qualitative assessment questionnaires are collated for deliberation by the NC. The results, conclusions and recommendations are then presented to the Board by the NC.

The assessment of the individual directors will be done through peer-assessments, in each case through a confidential questionnaire to be completed by the directors individually. The assessment parameters for such individual evaluation include attendance and contributions during Board and Board Committee meetings as well as commitment to their roles as directors. The completed questionnaires will then be collated for the NC's deliberation and reported to the Chairman of the Board. The Chairman will act on the results of the performance evaluation and the recommendations of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

The NC has reviewed the overall performance of the Board as a whole, the Board Committees and Individual Director for FY2022.

Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2022, both the NC and the Board are of the view that the Board has met its performance objectives for FY2022. No external facilitator was used in the process.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

All appointments to the Board are made on merit and measured against objective criteria. In identifying and evaluating nominees for appointment as Directors, the NC will evaluate the skills, knowledge and experience as well as any other attributes of the potential candidates and in consultation with Management, determine the role and the desirable competencies for a particular appointment. Where the need to appoint a new Director arises, the NC will review the composition and range of knowledge, expertise, skills and attributes of the Board and Board committees. The NC identifies the Company's needs with the appropriate profile for nomination before management's sourcing for candidates through a network of contacts. The NC will conduct interviews with the short-listed candidates to assess their suitability and verify that candidates are aware of the expectations and level of commitment required. Finally, the NC will make a recommendation on the appointment to the Board for approval.

## REPORT ON CORPORATE GOVERNANCE

### (B) REMUNERATION MATTERS

#### Principle 6 – Procedures for Developing Remuneration Policies

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The RC comprises entirely of Non-Executive Directors, all of whom are independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2022, one RC meeting was held.

The RC members are:

- Lim Chwee Kim (Chairman)
- Loo Hock Leong
- Heng Chye Kiou

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company (“**Key Management Personnel**”);
- (b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;
- (d) in the case of service contracts, reviewing the Company’s obligations arising in the event of termination of the Directors’ or Key Management Personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- (e) reviewing the link between performance and reward in the remuneration structure of each of the Director and Key Management Personnel and recommends such targets for each of such Director and Key Management Personnel, for endorsement by the Board.

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted to endorsement by the Board. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him. As and when deemed appropriate by the RC, independent expert advice will be sought at the Company’s expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The RC considers all aspects of remuneration (including Director’s fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) in the review of remuneration packages for the Directors and executive officers with an aim to be fair and to avoid rewarding poor performance, before making any recommendations to the Board.

The Independent Directors receive Directors’ Fees in accordance with their contributions and taking into account factors such as effort and time spent and their responsibilities. The Directors’ Fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

## REPORT ON CORPORATE GOVERNANCE

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The Executive Directors have each entered into a service agreement with the Company, under which terms of their employment are stipulated.

### Principle 7 – Level and Mix of Remuneration

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

The RC recommends to the Board the quantum of Directors' Fees and the Board in turn endorses the recommendations for shareholders' approvals at each AGM. To facilitate timely payment of Directors' Fees, the Company has recommended for the Directors' Fees amounting to \$242,678 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2023 once approvals are obtained from shareholders at the forthcoming AGM.

For FY2022, the payment of \$231,121 as Directors' Fees to Non-Executive and Independent Directors had been approved at the AGM held on 28 April 2022.

The remuneration packages take into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board and taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Directors.

For the Executive Directors and Key Management Personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Key Management Personnel. The Company may terminate a service agreement if, *inter alia*, the relevant Executive Directors or Key Management Personnel is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts in breach of the service agreement so as to materially prejudices the business of the Company or Group.

The Company has entered into service agreement with the Executive Director and CEO, namely, Teo Hark Piang. The Company has also entered into service agreement appointing Mr Teo Kiang Ang as Honorary Advisor with effect from 1 January 2023.

The RC will ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the Share Option Scheme and Performance Share Plan (as defined below) and hold shares in the Company so as to better align their interests with the interests of shareholders.

During FY2022, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities. For FY2022, the Company did not engage any external remuneration consultants to assist in the review of compensation and remuneration packages.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the Chairman, CEO and top 5 Key Management Personnel.

The Company has not adopted the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. It shall consider such use of contractual provisions in future or at a more appropriate juncture depending on factors such as the scale and size of the Group's operations.

## REPORT ON CORPORATE GOVERNANCE

### Principle 8 – Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2022 is set out below:

Directors	Salary <sup>1</sup> (%)	Bonus and Others <sup>1</sup> (%)	Director's Fees (%)	Total <sup>1</sup> (%)
<b>Above \$1,000,000</b>				
Teo Hark Piang <sup>2</sup>	75	25	–	100
<b>Below \$250,000</b>				
Teo Kiang Ang	–	–	100	100
Loo Hock Leong	–	–	100	100
Lim Chwee Kim	–	–	100	100
Heng Chye Kiou	–	–	100	100

There are only five (5) Key Management Personnel in the Company for FY2022. The breakdown (in percentage terms) of the remuneration of top 5 Key Management Personnel (who are not Directors) of the Group for FY2022 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary <sup>1</sup> (%)	Bonus and Others <sup>1</sup> (%)	Total (%)
<b>Between \$250,001 to \$500,000</b>				
Teo Woo Yang	Business Development Director	74	26	100
Alexis Teo Soak Theng	General Manager	68	32	100
Hong Pay Leng	Chief Financial Officer	73	27	100
<b>Below \$250,000</b>				
Sim Lai Kitt	Head of Commercial & Industrial LPG Sales	90	10	100
Sylvia Lio	Chief Accounting Officer	70	30	100

#### Notes:

- The salary and bonus amounts shown are inclusive of Singapore's Central Provident Funds contributions.
- Remuneration of Mr Teo Hark Piang is calculated based on the Service Agreements.

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 \$1,399,504 in FY2022. 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 FY2022.

Accordingly, the Company is of the view that its practices of disclosing the remuneration of key management personnel in bands of \$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.

## REPORT ON CORPORATE GOVERNANCE

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for shareholders.

During the financial year under review, employee in the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeded \$100,000 are shown as below:

Remuneration Band	Relationship to Director or CEO
<b><u>Between \$400,001 to \$500,000</u></b> Teo Woo Yang	Son of Mr Teo Kiang Ang and brother of Mr Teo Hark Piang
<b><u>Between \$300,001 to \$400,000</u></b> Alexis Teo Soak Theng	Daughter of Mr Teo Kiang Ang and sister of Mr Teo Hark Piang
<b><u>Between \$200,000 to \$300,000</u></b> Alice Teo Soak Imn	Daughter of Mr Teo Kiang Ang and sister of Mr Teo Hark Piang

The remuneration received by the Executive Director and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations.

### SHARE OPTION SCHEME

On 19 June 2017, the shareholders adopted the "Union Gas Employee Share Option Scheme" (the "**Share Option Scheme**"). The Share Option Scheme has been assigned by the Board of Directors to be administered by our Remuneration Committee (the "**Committee**").

The primary objective of establishing the Share Option Scheme is to provide eligible participants (the "**Participants**") with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain directors (including Independent Directors) and employees of the Group whose services are vital to our well-being and success. The other objectives of the Share Option Scheme are as follows:

- to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- to retain key employees and Directors whose contributions are essential to the long term growth and profitability of the Group;
- to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of the Group;
- to attract potential employees with relevant skills to contribute to our Group and to create value for shareholders of the Company; and
- to align the interests of Participants with the interests of our shareholders.

The Share Option Scheme allows for participation by confirmed employees and directors (including Independent Directors) of the Group and its associated companies, who have attained the age of 21 years on or before the relevant Offer Date, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. The aggregate number of shares in the capital of the Company ("**Shares**") which may be offered by way of grant of options to the controlling shareholder and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of Shares available under the Share Option Scheme, with the number of Shares which may be offered by way of grant of options to each controlling shareholder and his respective associate not exceeding 10% of the total number of Shares available under the Share Option Scheme.



## REPORT ON CORPORATE GOVERNANCE

The total number of Shares over which the Committee may grant options on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme (including the PSP (as defined herein) and any other share schemes of our Company) shall not exceed 15% of the number of all issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant.

No Option or Share has been awarded to any Participant under the Share Option Scheme since adoption including in FY2022. The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Committee:

- (a) set at a discount to a price equal to the average of the last dealt prices for the Shares on the SGX-ST for the five (5) consecutive market days, on which transactions in the Shares were recorded, immediately preceding the relevant Offer Date of the relevant option (the “**Market Price**”) subject to a maximum discount of 20% (the “**Incentive Options**”); or
- (b) fixed at the Market Price (the “**Market Price Options**”).

Subject as provided in the Share Option Scheme and any other conditions as may be introduced by the Committee from time to time, a Market Price Option or an Incentive Option, as the case may be and shall be exercisable, in whole or in part, as follows:

- (a) in the case of a Market Price Option, during the period commencing after the first anniversary of the offer date to grant an Option (“**Offer Date**”) and expiring on the tenth anniversary of the Offer Date (or such shorter period if so determined by the Committee); and
- (b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date, provided always that the Options granted to employees and executive directors of the Group and its associated companies shall be exercised before the tenth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee), and Options granted to non-executive directors of the Group and its associated companies shall be exercised before the fifth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee).

The Share Option Scheme shall continue in operation for a maximum period of 10 years provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

### PERFORMANCE SHARE PLAN

On 19 June 2017, the shareholders adopted the “Union Gas Performance Share Plan” (the “**PSP**”). The PSP has been assigned by the Board of Directors to be administered by our Remuneration Committee (the “**Committee**”).

The PSP was established to increase our Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, executive directors and non-executive directors of the Group and its associated companies to achieve increased performance. The Directors believe that in addition to the Share Option Scheme, the PSP will further strengthen the Company’s competitiveness in attracting and retaining superior local and foreign talent.

The PSP allows our Company to target specific performance objectives and to provide an incentive for eligible participants (“**Participants**”) to achieve these targets. The Directors believe that the PSP will provide the Company with a flexible approach to provide performance incentives to the employees, executive directors and non-executive directors of the Group and its associated companies and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

The awards granted under the PSP represent the right of a participant to receive fully paid Shares free of charge provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period (the “**Awards**”).

## REPORT ON CORPORATE GOVERNANCE

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Under the PSP, the selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant will be determined at the absolute discretion of the Committee based on, amongst others, his rank, job performance, creativity, innovativeness, entrepreneurship, years of service, potential for future development and his contribution to the success and development of the Group and if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period. The performance period, vesting period and other conditions will be determined by the Committee administering the PSP.

The PSP allows for participation by confirmed full time employees, executive directors and non-executive directors (including Independent Directors) of the Group and its associated companies who have attained the age of 21 years on or before the relevant date of grant of the Award. The aggregate number of Shares which may be issued or transferred to the controlling shareholder and their respective associates under the PSP shall not exceed 25% of the total number of Shares available under the PSP, with the number of Shares which may be delivered to each controlling shareholder and his respective associate not exceeding 10% of the total number of Shares available under the PSP.

The total number of Shares over which may be issued or transferred pursuant to the vesting of Awards, when added to the number of shares issued and issuable in respect of all Awards granted under the PSP (including shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

Further details on the Company's PSP are set out on pages 210 to 219 of the Company's Offer Document dated 13 July 2017.

During the financial year, no award has been granted and no share has been vested to its employees in FY2022. No Share was also issued or allotted to a Director or controlling shareholder and each of their associates under the Share Option Scheme and PSP in FY2022.

### (C) ACCOUNTABILITY AND AUDIT

#### Principle 9 – Risk Management and Internal Controls

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

The Company has adopted an enterprise risk management ("ERM") framework. This risk framework has five (5) principal risk categories, namely strategic, financial, operational, compliance and information technology risks.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the AC and Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. Identified risks that affect the achievement of the Group's business objectives are compiled in the Group Risks Register and are ranked according to the likelihood and consequential impact to the Group as a whole.

For further accountability, the announcements containing the half year financial statements are signed by the Executive Director and CEO, Mr Teo Hark Piang, and the Lead Independent Director, Mr Loo Hock Leong, for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Board approves the financial results after review and authorises the release of the results on SGXNet and the public. The Company also uploads latest announcement(s) which has been disseminated via SGXNet on its website [www.uniongas.com.sg](http://www.uniongas.com.sg).

## REPORT ON CORPORATE GOVERNANCE

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, with the assistance of the internal auditors, conduct reviews of the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The internal auditors have carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditors have in the course of its statutory audit, gained an understanding of the internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes. No material internal control weakness had been raised by the internal and external auditors in the course of their work for FY2022.

Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

For FY2022, the Board had received assurance from the CEO and the Chief Financial Officer (the "CFO") the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board had also received assurance from the CEO and CFO, the key management personnel, that there were no significant internal control issues or incidents to be brought to the AC's or the Board's attention in respect of the Group's effectiveness in terms of the risk management; and internal control systems addressing financial, operational and compliance risks and information technology are adequate and the Company's and the Group's risk management and internal control systems.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, review performed by the internal and external auditors, and assurance from the CEO, CFO and key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls are adequate and effective as at 31 December 2022 in addressing financial, operational, compliance and information technology risks.

### **Principle 10 – Audit Committee ("AC")**

#### **The Board has an Audit Committee which discharges its duties objectively.**

The AC comprises three members, all of whom are Non-Executive and Independent Directors. The members of the AC are:

- Loo Hock Leong (Chairman)
- Lim Chwee Kim
- Heng Chye Kiou

## REPORT ON CORPORATE GOVERNANCE

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The terms of reference of the AC include the following:

- (a) review the relevance and consistency of the accounting standards, the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risks management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (c) review the effectiveness and adequacy of the Group's internal audit function at least annually, including the determination whether the internal auditors have direct and unrestricted access to the Chairman of the Board and AC, and is able to meet separately to discuss matters/concerns;
- (d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (f) review the system of internal controls and management of financial risks with the internal and external auditors;
- (g) review the co-operation given by the Management to the internal and external auditors, where applicable;
- (h) keep abreast of changes in accounting standards and issues which have a direct impact on financial statements;
- (i) review the assurance provided by the CEO and CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;
- (j) participate in the appointment, replacement or dismissal of the head of internal audit or, if an external party, the internal auditors;
- (k) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of the Listing Manual of SGX-ST, including such amendments made thereto from time to time;
- (l) review and approve interested person transactions and review procedures thereof;
- (m) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (n) review the risk management framework with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet;
- (o) investigate any matters within its terms of reference;
- (p) review the policy and arrangements, by which the staff or any third party may, in confidence, raise concerns about possible improprieties including matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (q) where the AC deems necessary, to commission and review the findings of any internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position;

## REPORT ON CORPORATE GOVERNANCE

- (r) where the AC deems necessary, to commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);
- (s) report to the Board its findings from time to time on matters arising and requiring the attention of the Committee or to undertake such other reviews and projects as may be requested by the Board; and
- (t) undertake such other functions and duties as may be required by statute or the Rules of the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

All members of the AC are not former partners or directors of the Company's external auditors.

The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or Key Management Personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and Key Management Personnel, as and when required, were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

During FY2022, the fees paid by the Company to the external auditors for audit and non-audit services amounted to \$185,000 and \$32,000 respectively. The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the independence and objectivity of the external auditors have not been affected.

The AC and the Board are of the view that the external auditors are adequately resourced. The external auditors are also registered with the Accounting and Corporate Regulatory Authority. The AC has recommended to the Board the re-appointment of RSM Chio Lim LLP as external auditors of the Company at the forthcoming AGM of the Company.

The Group has outsourced its internal audit function to YLA which reports directly to the AC. YLA is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting and 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 and 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 IA is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit review.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The IA will report their audit findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The IA completed one review during the financial year ended 31 December 2022 in accordance with the risk-aligned internal audit plan approved by the AC. The AC approved the internal audit report and the Management has adopted key recommendations of the IA as set out in the internal audit report. The AC has reviewed and is satisfied that the internal audit function is independent, adequate, effective and has the appropriate standing in the Company to discharge its duties effectively.

The Group has not appointed different auditors for its subsidiaries and significant associated companies and is in compliance with Rules 712 and 715 of the Listing Manual of SGX-ST in relation to the appointment of external auditors.

The AC had met up with the internal and external auditors without the presence of Management in February 2023. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2022 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal accounting controls that are relevant to the statutory audit.

## REPORT ON CORPORATE GOVERNANCE

During FY2022, the AC reviewed the planned audit procedures and the potential key audit areas presented by the external auditors. At the AC meeting held in February 2023, the AC received a report on FY2022 audit results from the external auditors, which summarised the audit work performed for the key audit areas. In particular, the following key audit matter was discussed during the meeting:

Key Audit Matter	How the AC reviewed these matters and what decisions were made:
Revenue Recognition	The AC discussed the audit procedures with the external auditors, reviewed the audit report and accepted the conclusions.

The Company has a whistleblowing policy in place which sets out the procedures for a whistleblower to make a report to the whistle-blowing committee on misconduct or wrongdoing relating to the Company and its employees and clearly communicates to employees the existence of such policy.

The Company will treat all information received confidentially and protect the identity of all whistle-blowers. It is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the whistle-blowing committee via a dedicated email address ([wbc@uniongas.com.sg](mailto:wbc@uniongas.com.sg)).

The AC, which is responsible for oversight and monitoring of whistle-blowing. The AC also has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. Depending on the nature of the concern raised or information provided, the investigation may be conducted involving one or more of these persons or entities:

- The investigation panel directed by the AC;
- The internal or external auditors; and/or
- Forensic professionals.

To date, no significant matter was raised through the Group's whistle-blowing channels.

For FY2022, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. The AC chairman is a Chartered Accountant with the Institute of Singapore Chartered Accountants, and possesses a Masters of Applied Finance from the Macquarie University with three distinguished awards. The AC chairman has also been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT since January 2009. For FY2022, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditors in the course of its report to AC.

### (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

#### Principle 11 – Shareholder Rights and Conduct of General Meetings

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

This section describes usual practice of the conduct of general meeting prior to the onset of COVID-19 pandemic.

## REPORT ON CORPORATE GOVERNANCE

Normally, the Company's principal form of dialogue with shareholders takes place at general meetings. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company. Shareholders will also be briefed during the general meetings on voting procedures of the general meetings.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have.

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

The Company's Constitution does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

However, the Constitution does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A shareholder of a company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), the Company allows a shareholder who is a relevant intermediary to appoint more than 2 proxies to attend and vote in his stead at the forthcoming AGM.

### **Alternative Meeting Arrangement for 2022**

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variables Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's AGM held on 28 April 2022 ("**2022 AGM**") was held by way of electronic means via live webcast. To enable the members to participate at the 2022 AGM and exercise their votes effectively, instructions on how to register, participate, pose their questions, submission of proxy form, vote and etc. relating to the 2022 AGM was published at the SGXNet and Company's website. The Company has published, on the SGXNet, and the Company's website, its responses to questions raised by shareholders in advance of the 2022 AGM. At the 2022 AGM, the Chairman of the Meeting was appointed as the proxy to vote in accordance with shareholders' instructions. All resolutions tabled at the 2022 AGM were conducted by poll pursuant to Rule 730A(2) of the Listing Manual of SGX-ST, counted by the Polling Agent and verified by the Scrutineer before the 2022 AGM. The poll results were announced by the Company via SGXNet on the same day after the 2022 AGM. The minutes of the 2022 AGM was published via SGXNet and the Company's website within one month from the date of 2022 AGM.

The Company has a dividend policy that aims to provide shareholders of the Company with a target annual dividend pay-out of not less than 50% of the net profit attributable to Shareholders excluding non-controlling interests and non-recurring, one-off and exceptional items.

Such declaration and payment of dividends shall be determined at the sole discretion of the Board, taking into account, inter-alia:

- (i) the level of the Group's cash and retained earnings;
- (ii) the Group's actual and projected financial performance;
- (iii) the Group's projected levels of capital expenditure and other investment plans;
- (iv) the Group's working capital requirements and general financing condition;

## REPORT ON CORPORATE GOVERNANCE

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- (v) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (vi) any other factors that the Directors deem appropriate.

The Company has adopted the Union Gas Scrip Dividend Scheme (the “**Scheme**”) on 25 February 2022.

Pursuant to shareholders' approvals at the AGM held on 28 April 2022 pursuant to Rule 862(1) of the Listing Manual of SGX-ST and SGX-ST's approval for the listing and quotation of new shares, the Company had on 18 July 2022 allotted and issued 149,245 new ordinary shares at an issue price of \$0.6614 per new ordinary share to shareholders who had elected to participate in the Scheme in respect of the final one-tier tax-exempt dividend for the financial year ended 31 December 2021 of \$0.008 per ordinary share.

### Principle 12 – Engagement with Shareholders

**The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

The Company is committed to treating all shareholders fairly and equitably and to keep all its shareholders and other stakeholders informed of its corporate activities which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Rules of the Listing Manual of SGX-ST; and
- SGXNet and press releases on major developments of the Group.

SGXNet disclosures and press releases of the Group are also available on the Company's website at [www.uniongas.com.sg](http://www.uniongas.com.sg).

The Company has appointed an investor relations firm to focus on facilitating communications with shareholders and attending to their queries and concerns. As mentioned above, for the 2022 AGM, shareholders had submitted their questions before the meeting and the Company had announced its response via SGXNet before the 2022 AGM. The notice of general meeting in the annual report was released on SGXNet and on the Company's website as well as published in the newspapers to inform shareholders of the upcoming meeting.

Through the investor relations (“**IR**”) personnel, the Company communicates and engages with shareholders to provide balanced, clear and relevant information on a regular basis, as well as to attend to their queries or concerns.

To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on Company's website. The IR personnel have procedures in place for following up and addressing shareholders queries.

### Principle 13 – Engagement with Stakeholders

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company takes pride in meeting and exceeding the expectations of stakeholders and the engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the “Sustainability Report” section of the Annual Report.



## REPORT ON CORPORATE GOVERNANCE

Stakeholders who wish to know more about the Group and the business and governance practices can visit the Company's website ([www.uniongas.com.sg](http://www.uniongas.com.sg)) which includes an investor relations section containing the Company's financial highlights, annual report, corporate announcements, whistle-blowing policy and investor relations policy.

The Group has identified 5 key stakeholder groups based on their relevance and influence to its business. They include customers, suppliers, employees, investors and regulatory bodies. The Group engages with these stakeholders through various informal and formal channels of communication as disclosed in the Sustainability Report.

### (E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities in compliance with Rule 1207(19) of the Listing Manual of SGX-ST, which has been disseminated to all Directors and employees within the Group. The Company will also send a notification via email to notify all its Directors and officers a day prior to the close of window for trading of the Company's securities.

The Company, its Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities and Futures Act 2001. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

- (i) the period commencing one month before the announcement of the Company's financial statements for its half-year and full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial results of the Company.

### (F) INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

No IPT mandate has been obtained at the Annual General Meeting held on 28 April 2022. The aggregate value of all interested person transactions for FY2022 were as follows:

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 Listing Manual of SGX-ST) during FY2022 (\$'000)	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during FY2022 under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (\$'000)
Purchase of electricity by the Group from Union Power Pte. Ltd. and Union Solar Pte. Ltd.	272	112
Provision of labour service by T K A Construction Pte. Ltd. to the Group	546	-

## REPORT ON CORPORATE GOVERNANCE

### (G) USE OF PROCEEDS (LISTING RULE 1207(20))

The Company raised gross proceeds from the IPO of approximately \$7.50 million (the “**Gross Proceeds**”). The Gross Proceeds have been utilised and re-allocated as per the Company’s announcement on 3 August 2018 (“**Re-Allocation**”) with the Gross Proceeds been utilised as follows:

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 (“Re-Allocation”) (\$’000)	Proceeds utilised as at 27 February 2023 (\$’000)	Proceeds utilised from 27 February 2023 to the date of this annual report (\$’000)	Balance of Proceeds as at the date of this annual report (\$’000)
Acquisition of dealers for the Retail LPG Business	4,143	(3,874)	–	269
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	(153)	–	847
General working capital	724	(724)	–	–
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(6,384)</u>	<u>–</u>	<u>1,116</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.

The Company will continue to make periodic announcement via SGXNet on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

### (H) MATERIAL CONTRACTS

There were no material contracts involving the interests of any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

### (I) CORPORATE ACTIONS

#### ACQUISITION

On 31 March 2022, the Company acquired 100% of the issued and paid up share capital of Nguan Huat L P Gas Supplier Pte. Ltd. (“**Nguan Huat**”), a company incorporated in Singapore, for a cash consideration of \$2,259,700. The rationale for the acquisition is for the expansion of the Group’s LPG distribution business and to enhance the Group’s competitiveness.

The acquisition is an asset acquisition and management accounted the consideration paid as initial direct cost under right-of-use asset as at 31 December 2022.

#### AMALGAMATION

On 1 January 2023, the amalgamation of two subsidiaries in the Group, U-Gas Pte. Ltd and Union LPG Pte. Ltd. was completed, with Union LPG Pte. Ltd. continuing as the surviving entity. The amalgamation is aimed at streamlining organisational structure and enhancing management control and efficiency.

## STATEMENT BY DIRECTORS

The directors are pleased to present the accompanying consolidated financial statements of Union Gas Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2022.

### 1. Opinion of the directors

In the opinion of the directors:

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

### 2. Directors

The directors of the Company in office at the date of this statement are:

Teo Kiang Ang  
Teo Hark Piang  
Loo Hock Leong  
Lim Chwee Kim  
Heng Chye Kiou

### 3. Directors’ interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests in shares in or debentures of the Company or other related body corporate as recorded in the register of directors’ shareholdings kept by the Company under section 164 of the Companies Act 1967 (the “**Act**”) except as follows:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
The Company			Number of shares of no par value	
Teo Kiang Ang	67,813,500	67,813,500	119,106,435	119,106,435
Teo Hark Piang	25,479,500	25,479,500	–	–
Loo Hock Leong	800,000	800,000	–	–
Lim Chwee Kim	200,000	200,000	–	–

## STATEMENT BY DIRECTORS

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### 3. Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Act, Mr. Teo Kiang Ang is deemed to have an interest in all related body corporates of the Company.

The directors' interests as at 21 January 2023 were the same as those at the end of the reporting year.

### 4. Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except as mentioned below.

### 5. Union Gas Performance Share Plan

The Union Gas Performance Share Plan (the "Union Gas PSP") of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 19 June 2017. The Union Gas PSP is administered by the Remuneration Committee of the Company, comprising three directors, Lim Chwee Kim (Chairman), Heng Chye Kiou and Loo Hock Leong.

The Union Gas PSP is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies.

Employees of the Group and/or associated companies shall be eligible to participate in the Union Gas PSP subject to the absolute discretion of the Remuneration Committee.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Union Gas PSP.

The share awards granted by the Company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

The aggregate number of shares available under the Union Gas PSP shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company.

The actual number of shares awarded will depend on the achievement of set targets over a year. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a three-year vesting period.

Since the commencement of the Union Gas PSP, no share awards have been granted to the directors, controlling shareholders of the Company or their associates and no participant under the Union Gas PSP has been granted 5% or more of the total share awards available under the plan.

There were no unissued shares of the Company or its related body corporates under shares awards granted by the Company or its related body corporates as at the end of the reporting year.

### 6. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted and there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

## STATEMENT BY DIRECTORS

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### 7. Audit committee

The members of the Audit Committee (“AC”) at the date of this statement are:

Loo Hock Leong (Chairman)  
Lim Chwee Kim  
Heng Chye Kiou

All members of the AC are non-executive directors and are independent.

The AC performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external and internal auditors their audit plans;
- Reviewed with the independent external auditor their evaluation of the internal accounting controls of the Company that are relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed the annual financial statements and the independent external auditor’s report on the financial statements of the Group and of the Company and discuss any significant adjustments, major risk areas, change in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from statutory audit including any matters which the independent external auditor may wish to discuss in the absence of management, where necessary, before their submission to the board of directors for adoption;
- Reviewed the results of the review and evaluation of the system of internal controls of the Group by the internal auditor and any matters which the internal auditors may wish to discuss in the absence of management;
- Reviewed the effectiveness of material internal controls of the Group, including financial, operational, compliance and information technology controls and risk management through reviews carried out by the internal auditor;
- Met with the independent external and internal auditors, other committees and management in separate executive sessions to discuss any matters that these parties believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the independent external and internal auditors;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual.

Other functions performed by the AC are disclosed in the Corporate Governance Report included in the Annual Report. It also includes an explanation of how independent external auditor objectivity and independence are safeguarded where the independent external auditor provides non-audit services to the Group, if any.

The AC has recommended to the board of directors that RSM Chio Lim LLP be nominated for re-appointment as independent external auditor at the forthcoming Annual General Meeting of the Company.

## STATEMENT BY DIRECTORS

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### 8. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

### 9. Subsequent developments

There are no significant developments subsequent to the release of the preliminary financial information of the Group and of the Company, as announced on 27 February 2023, which would materially affect the operating and financial performance of the Group and of the Company as of the date of this statement.

On behalf of the directors

.....  
Teo Kiang Ang  
Director

.....  
Teo Hark Piang  
Director

4 April 2023

## INDEPENDENT AUDITOR'S REPORT

To the Members of Union Gas Holdings Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of Union Gas Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Please refer to Note 2A on the relevant accounting policy, Note 2C on revenue recognition and Note 5 on revenue.

The Group derives its revenue from the sale of liquefied petroleum gas (“**LPG**”) and LPG-related accessories, and the sale of natural gas and diesel. We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group. In addition, under SSA 240 *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*, revenue recognition is a presumed fraud risk.

The Group’s customer information, billing data and general ledger accounting records are maintained and processed by its information technology (“**IT**”) system. The Group relies on a combination of system automated controls and manual controls in its revenue recognition process due to the large volume of data processed and price changes in the billing system. In addition, the application of SFRS(I) 15 *Revenue from Contracts with Customers* requires management’s judgement and estimates when accounting for revenue.

Our IT specialists reviewed the adequacy of the overall general controls of the Group’s IT system. In addition, our IT specialists evaluated the Group’s IT application controls that are relevant to the revenue recognition process, including controls covering input and processing of revenue transactions, amendments to master and standing data, and user access to the application.

We assessed the judgement and estimates used by the management in determining and allocating the transaction price to performance obligations.

Furthermore, we performed test of details on the revenue transactions using automated tools and techniques and other substantive audit procedures, where appropriate. We performed cut-off tests to check whether the Group had complied with proper cut-off procedures and revenue was recognised in the appropriate accounting period.

We reviewed the adequacy of disclosures in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Union Gas Holdings Limited

### Other information

Management is responsible for the other information. The other information comprises the statement by directors and annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## INDEPENDENT AUDITOR'S REPORT

To the Members of Union Gas Holdings Limited

### Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Weng Keen.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

4 April 2023

Engagement partner – effective from reporting year ended 31 December 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Reporting year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
<b>Revenue</b>	5	134,794	123,040
Cost of sales		(99,586)	(81,423)
<b>Gross profit</b>		35,208	41,617
Other income and gains	6	3,454	11,569
Marketing and distribution costs	7	(22,671)	(22,450)
Administrative expenses	8	(9,597)	(12,824)
Finance costs	9	(686)	(500)
Other expenses	6	(179)	(8)
<b>Profit before income tax</b>		5,529	17,404
Income tax expense	11	(316)	(2,490)
<b>Profit, net of tax and total comprehensive income</b>		5,213	14,914
		<b>2022</b>	<b>2021</b>
		<b>Cents</b>	<b>Cents</b>
<b>Basic and diluted earnings per share</b>	12	1.64	4.74

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

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	73,161	59,897	18,410	18,914
Investment property	15	180	240	–	–
Goodwill	16	1,873	1,873	–	–
Intangible assets	17	992	1,828	–	–
Investments in subsidiaries	18	–	–	110,564	108,305
Other financial asset, non-current	19	–	1,000	–	–
Contract costs, non-current	20	2,143	2,586	–	–
Other non-financial assets, non-current	21	14,419	12,998	352	272
<b>Total non-current assets</b>		<b>92,768</b>	<b>80,422</b>	<b>129,326</b>	<b>127,491</b>
<b>Current assets</b>					
Inventories	22	2,419	2,702	–	–
Contract costs, current	20	766	766	–	–
Trade and other receivables	23	23,634	21,324	5,896	2,338
Other financial asset, current	19	1,000	–	–	–
Other non-financial assets, current	21	8,423	7,364	15	3
Income tax recoverable		–	268	–	–
Cash and cash equivalents	24	12,174	14,244	1,429	2,219
<b>Total current assets</b>		<b>48,416</b>	<b>46,668</b>	<b>7,340</b>	<b>4,560</b>
<b>Total assets</b>		<b>141,184</b>	<b>127,090</b>	<b>136,666</b>	<b>132,051</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	25	99,122	99,023	99,122	99,023
Retained earnings		37,200	35,162	9,088	10,259
Other reserves	26	(78,164)	(78,164)	–	–
<b>Total equity</b>		<b>58,158</b>	<b>56,021</b>	<b>108,210</b>	<b>109,282</b>
<b>Non-current liabilities</b>					
Provisions	28	1,284	1,785	105	105
Deferred tax liabilities	11	2,793	2,771	93	–
Trade and other payables, non-current	29	–	–	4,836	–
Bank borrowings, non-current	30	16,670	20,541	7,891	8,815
Lease liabilities, non-current	31	20,924	10,164	6,185	6,186
<b>Total non-current liabilities</b>		<b>41,671</b>	<b>35,261</b>	<b>19,110</b>	<b>15,106</b>
<b>Current liabilities</b>					
Income tax payable		1,016	1,645	–	–
Trade and other payables, current	29	29,629	27,981	8,233	6,571
Bank borrowings, current	30	7,371	3,800	924	911
Derivative financial liabilities	32	19	–	–	–
Lease liabilities, current	31	2,846	1,969	189	181
Contract liabilities	33	474	413	–	–
<b>Total current liabilities</b>		<b>41,355</b>	<b>35,808</b>	<b>9,346</b>	<b>7,663</b>
<b>Total liabilities</b>		<b>83,026</b>	<b>71,069</b>	<b>28,456</b>	<b>22,769</b>
<b>Total equity and liabilities</b>		<b>141,184</b>	<b>127,090</b>	<b>136,666</b>	<b>132,051</b>

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

## STATEMENTS OF CHANGES IN EQUITY

Reporting year ended 31 December 2022

	Share capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Other reserves		Total other reserves \$'000	Total equity \$'000
				Capital reserve \$'000	Share- based payment reserve \$'000		
<b>Group</b>							
<b>Current year</b>							
Opening balance at 1 January 2022	99,023	35,162	(81,482)	3,318	–	(78,164)	56,021
Total comprehensive income for the year	–	5,213	–	–	–	–	5,213
Dividends paid (Note 13A)	–	(3,175)	–	–	–	–	(3,175)
Shares issued under the scrip dividend scheme (Note 25)	99	–	–	–	–	–	99
Closing balance at 31 December 2022	99,122	37,200	(81,482)	3,318	–	(78,164)	58,158
<b>Previous year</b>							
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 (Note 25)	1,200	–	3,152	–	–	3,152	4,352
Dividends paid (Note 13A)	–	(7,968)	–	–	–	–	(7,968)
Dividends paid to former shareholders of subsidiaries (Note 13B)	–	(9,945)	–	–	–	–	(9,945)
Share-based payment (Note 26C)	9	–	–	–	(5)	(5)	4
Acquisition of subsidiaries from a related party (Note 18B)	74,289	–	(83,804)	–	–	(83,804)	(9,515)
Closing balance at 31 December 2021	99,023	35,162	(81,482)	3,318	–	(78,164)	56,021

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

## STATEMENTS OF CHANGES IN EQUITY

Reporting year ended 31 December 2022

	Share capital \$'000	Retained earnings \$'000	◀ Other reserve ▶ Share-based payment reserve \$'000	Total equity \$'000
<b>Company</b>				
<b>Current year</b>				
Opening balance at 1 January 2022	99,023	10,259	–	109,282
Total comprehensive income for the year	–	2,004	–	2,004
Dividends paid (Note 13A)	–	(3,175)	–	(3,175)
Shares issued under the scrip dividend scheme (Note 25)	99	–	–	99
Closing balance at 31 December 2022	99,122	9,088	–	108,210
<b>Previous year</b>				
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 13A)	–	(8,083)	–	(8,083)
Share-based payment (Note 26C)	9	–	(5)	4
Acquisition of subsidiaries from a related party (Note 18B)	74,289	–	–	74,289
Closing balance at 31 December 2021	99,023	10,259	–	109,282

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting year ended 31 December 2022

	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	5,529	17,404
Amortisation expenses	982	842
Bad debts written-off	–	8
Depreciation of property, plant and equipment	8,013	8,865
Fair value loss on derivative financial instruments	19	–
Gain on disposal of a subsidiary	–	(1,590)
Gain on disposal of property, plant and equipment	(454)	(349)
Gain on remeasurement of right-of-use assets	(2)	(24)
Impairment loss on investment property	60	–
Interest income	(142)	(136)
Interest expense	686	500
Reversal of impairment on trade and other receivables	(69)	(483)
Reversal of impairment on intangible assets	(93)	–
Reversal of provision of restoration costs	(821)	–
Share-based payments	–	4
Operating cash flows before changes in working capital	13,708	25,041
Inventories	283	(1,011)
Contract costs	443	(157)
Trade and other receivables	(2,408)	(943)
Other non-financial assets	(2,480)	(10,043)
Trade and other payables, and contract liabilities	1,709	1,621
Net cash flows from operations	11,255	14,508
Income taxes paid	(655)	(3,923)
Net cash flows from operating activities	10,600	10,585
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(53)	(731)
Acquisition of a financial asset	–	(1,000)
Acquisition of subsidiaries (Note 18B)	–	(10,000)
Asset acquisition from a third party (Note 18C)	(2,259)	–
Proceeds from disposal of a subsidiary	–	1,590
Proceeds from disposal of property, plant and equipment	879	545
Proceeds from placement of treasury shares	–	4,352
Purchase of property, plant and equipment	(5,429)	(19,218)
Interest income received	142	136
Net cash flows used in investing activities	(6,720)	(24,326)
<b>Cash flows from financing activities</b>		
Dividends paid	(3,076)	(17,913)
Proceeds from bank borrowings	5,000	17,000
Repayment of bank borrowings	(5,300)	(5,290)
Lease liabilities – principal portions paid	(1,888)	(3,974)
Interest expenses paid	(686)	(500)
Net cash flows used in financing activities	(5,950)	(10,677)
<b>Net decrease in cash and cash equivalents</b>	(2,070)	(24,418)
Cash and cash equivalents, beginning balance	14,244	38,662
<b>Cash and cash equivalents, ending balance (Note 24)</b>	12,174	14,244

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

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 1. General

Union Gas Holdings Limited (the “**Company**”) is incorporated in Singapore with limited liability. It is listed on the Mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The 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 Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

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

#### Uncertainties relating to the current economic conditions

The current economic conditions has had, or may have, an impact on the Group based on known information that extends to the nature of the products and services offered, customers, supply chains, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any material impact upon the financial statements or any material uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the current economic conditions.

#### Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) and the related Interpretations to SFRS(I) (“**SFRS(I) INT**”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the “**Act**”) and also with the International Financial Reporting Standards issued by the International Accounting Standards Board.

#### Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

#### Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2C below, where applicable.

## NOTES TO THE FINANCIAL STATEMENTS

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Reporting year ended 31 December 2022

### 1. General (cont'd)

#### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

### 2. Significant accounting policies and other explanatory information

#### 2A. Significant accounting policies

##### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from the sale of liquefied petroleum gas ("LPG") and LPG-related accessories and the sale of natural gas ("NG") and diesel is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer generally on delivery of the goods.

##### Other income

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Interest income is recognised using the effective interest method.

Service income is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or, for services that are not significant transactions, income is recognised as the services are provided.



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

##### Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

##### Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("**equity-settled transactions**"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the Company's shares. This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

##### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

##### Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss. The presentation is in the functional currency.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

##### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Leasehold land	–	Over the lease terms of 8 to 30 years
Leasehold properties	–	Over the lease terms of 2 to 30 years
Plant and equipment	–	3 to 20 years
Motor vehicles	–	3 to 10 years
Construction in-progress	–	Not depreciated until the asset is ready for intended use

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Property, plant and equipment (cont'd)

The residual value and the useful life of an asset is reviewed at least at the end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

##### Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

##### Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by external independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

##### Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

##### Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use as follows:

Non-contractual customer relationships	–	5 years
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##### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

##### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Business combinations

###### *Business combinations involving businesses or entities under common control*

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- 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 adjusted to the merger reserve in equity;
- 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.

##### Carrying amounts of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

##### Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## NOTES TO THE FINANCIAL STATEMENTS

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Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Contract cost

Contract costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

##### Financial instruments

###### *Recognition and derecognition of financial instruments*

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

###### *Classification and measurement of financial assets*

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (“**FVTOCI**”); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (“**FVTOCI**”); and (4) Financial asset classified as measured at fair value through profit or loss (“**FVTPL**”). At the end of the reporting year, the reporting entity had the following financial assets:

Financial asset classified as measured at amortised cost – A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (“**FVTPL**”), that is: (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically, other financial asset, trade and other receivables and cash and cash equivalents are classified in this category.

###### *Classification and measurement of financial liabilities*

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

##### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction that form an integral part of cash management.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

##### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

#### 2B. Other explanatory information

##### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

## NOTES TO THE FINANCIAL STATEMENTS

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Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2B. Other explanatory information (cont'd)

##### Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

##### *Revenue recognition – determining the transaction price and the amounts allocated to performance obligations*

The Group derives its revenue from the sale of LPG and LPG-related accessories, and the sale of NG and diesel. Management exercises judgement in the estimation and allocation of transaction price to performance obligation as the Group has large number of customers with variable selling prices. 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. The accounting policy for revenue recognition and the revenue recognised in the reporting year are disclosed in Notes 2A and 5 respectively.

##### *Allowance for expected credit loss*

Trade receivables are subject to the expected credit loss ("ECL") model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade receivables is disclosed in Note 23.

##### *Useful lives of property, plant and equipment*

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. 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 could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of property, plant and equipment are disclosed in Note 14.



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

##### *Useful lives of intangible assets*

The estimates for the useful lives and related amortisation charges for intangible assets are based on commercial and other factors that could change significantly as a result of competitor actions, market conditions, etc. The amortisation charge is increased where useful lives are less than previously estimated. 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 could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of intangible assets are disclosed in Note 17.

##### *Deposits for LPG cylinders*

Included in trade and other payables are deposits for LPG cylinders received from the customers which are made up of large volume of individually small amounts. Management has measured these amounts based on the estimated number of cylinders in circulation and held by customers, and taking into account the probable rates of refund that will be made to these customers when they return the LPG cylinders to the Group. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. Actual outcomes could vary from these estimates. The carrying amount of deposits for LPG cylinders is disclosed in Note 29.

##### *Measurement of impairment of subsidiaries*

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The carrying amount of the Company's investments in subsidiaries at the end of the reporting year is disclosed in Note 18.

### 3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the following disclosures: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr. Teo Kiang Ang, who is the Controlling Shareholder of the Company.

#### 3A. Members of the Group

Related companies in these financial statements include members of the Company's group of companies.

Related parties in these financial statements refer to the entities controlled by the Controlling Shareholder and are outside the Group.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 3. Related party relationships and transactions (cont'd)

#### 3B. Related parties transactions

There are transactions and arrangements between the Group and its related parties and the effects of these, on the basis determined between the parties, are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, other significant related party transactions include:

	Group	
	2022 \$'000	2021 \$'000
Sale of LPG	–	11,627
Service income	–	628
Sale of LPG piping	–	486
Delivery charges	–	1,909
Purchase of storage license	–	2,308
Rental expense of premises	34	398
Rental expense for motor vehicles	–	442
Purchase of electricity	384	354
Marketing expenses	–	204
Sub-contractor fee	546	477

#### 3C. Key management compensation

	Group	
	2022 \$'000	2021 \$'000
Salaries and other short-term employee benefits	3,085	5,040
Share-based payments	–	2
	<u>3,085</u>	<u>5,042</u>

Included in the above amounts are the following items:

Remuneration of directors	1,075	1,977
Fees to directors	231	471

The above amounts are included in employee benefits expense.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Further information about the remuneration of individual directors is disclosed in the Report on Corporate Governance in the Annual Report.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**3. Related party relationships and transactions (cont'd)****3D. Balances with related parties**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	(2,129)	(3,030)	-	-
Purchase of plant and equipment, storage license and reimbursement of other assets	-	(4,657)	-	-
Amounts paid out and settlements of liabilities on behalf of related parties	780	5,558	484	-
At end of the year	(1,349)	(2,129)	484	-
Presented in the statements of financial position as follows:				
Other receivables (Note 23)	4,545	4,060	486	-
Other payables (Note 29)	(5,894)	(6,189)	(2)	-
	(1,349)	(2,129)	484	-

**3E. Balances with related companies**

	Company	
	2022 \$'000	2021 \$'000
<u>Subsidiaries</u>		
At beginning of the year	(4,884)	(5,421)
Amounts paid out and settlements of liabilities on behalf of subsidiaries	11,930	19,678
Amount paid in and settlements of liabilities on behalf of the Company	(13,835)	(19,141)
At end of the year	(6,789)	(4,884)
Presented in the statements of financial position as follows:		
Other receivables (Note 23)	5,364	822
Other payables (Note 29)	(12,153)	(5,706)
	(6,789)	(4,884)

## NOTES TO THE FINANCIAL STATEMENTS

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Reporting year ended 31 December 2022

### 3. Related party relationships and transactions (cont'd)

#### 3F. Guarantees

The Company provided guarantees to financial institutions for the issuance of performance guarantees in favour of the suppliers of certain subsidiaries in the Group. As at the end of the reporting year, the total value of the performance guarantees issued by financial institutions was \$18,358,000 (2021: \$13,019,000) and no supplier has called on the performance guarantees. No charge is made to the subsidiaries.

### 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;
- 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.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**4. Financial information by operating segments (cont'd)****4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)**

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

Group	LPG \$'000	NG \$'000	Diesel \$'000	Others \$'000	Total \$'000
<u>2022</u>					
Revenue	105,634	3,888	25,272	–	134,794
Segment results:					
Profit / (loss) before income tax	8,081	(432)	2,279	(4,399)	5,529
Income tax expense	(34)	–	(189)	(93)	(316)
Profit / (loss), net of tax	8,047	(432)	2,090	(4,492)	5,213
Other segment information:					
Amortisation expense	(982)	–	–	–	(982)
Depreciation of property, plant and equipment	(6,518)	(63)	(623)	(809)	(8,013)
Finance costs	(401)	(11)	(79)	(195)	(686)
Reversal of impairment on intangible assets	93	–	–	–	93
Reversal of impairment on trade and other receivables	64	1	4	–	69
Reversal of provision of restoration costs	821	–	–	–	821
Segment assets and liabilities:					
Total assets	107,056	2,436	3,744	27,948	141,184
Total liabilities	59,162	1,903	5,643	16,318	83,026
Additions:					
Property, plant and equipment	(19,326)	(161)	(54)	(2,379)	(21,920)
Intangible assets	(53)	–	–	–	(53)
Contract costs	(551)	–	–	–	(551)

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

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

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

<u>Group</u>	<b>LPG</b>	<b>NG</b>	<b>Diesel</b>	<b>Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>2021</u>					
Revenue	101,953	2,250	18,837	–	123,040
Segment results:					
Profit / (loss) before income tax	19,345	180	3,133	(5,254)	17,404
Income tax expense	(2,114)	(39)	(337)	–	(2,490)
Profit / (loss), 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	(7,783)	(51)	(623)	(408)	(8,865)
Finance costs	(360)	–	(8)	(132)	(500)
Gain on disposal of a subsidiary	1,590	–	–	–	1,590
Government grant from Jobs Support Scheme	1,231	10	89	33	1,363
Insurance compensation	5,555	–	–	–	5,555
Reversal / (allowance) for impairment of trade and other receivables	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	(19,143)	–	–	(19,285)	(38,428)
Intangible assets	(731)	–	–	–	(731)
Contract costs	(1,082)	–	–	–	(1,082)

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

## 5. Revenue

	Group	
	2022 \$'000	2021 \$'000
Sale of LPG, LPG-related accessories and services	105,634	101,953
Sale of NG	3,888	2,250
Sale of diesel	25,272	18,837
	134,794	123,040

Also see Note 4.

## 6. Other income and gains and (other expenses)

	Group	
	2022 \$'000	2021 \$'000
Bad debts written-off	–	(8)
Fair value loss on derivative financial instruments (Note 32)	(19)	–
Foreign exchange (losses) / gains, net	(100)	77
Gain on disposal of property, plant and equipment	454	349
Gain on disposal of a subsidiary (Note 18D)	–	1,590
Gain on remeasurement of right-of-use assets	2	24
Government grant income	770	678
Government grant income from Jobs Support Scheme <sup>#1</sup>	–	1,363
Insurance compensation <sup>#2</sup>	–	5,555
Interest income	142	136
Loss on fair value changes in investment property (Note 15)	(60)	–
Rental income from properties	504	646
Reversal for impairment of trade and other receivables	69	483
Reversal for impairment on intangible assets (Note 17)	93	–
Reversal for provision of restoration costs (Note 28)	821	–
Others	599	668
	3,275	11,561
Presented in profit or loss as:		
Other income and gains	3,454	11,569
Other expenses	(179)	(8)
	3,275	11,561

<sup>#1</sup> The Group received wage support for local employees under the Jobs Support Scheme from the Singapore Government as part of the government's measures to support businesses during the period of economic uncertainty impacted by Covid-19. Grant income was recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant was intended to compensate was recognised as expenses. Management determined the period of uncertainty commencing from April 2020 to August 2021.

<sup>#2</sup> This was related to compensation received under insurance policies for damages caused by a fire broke out at one of the Group's LPG bottling and storage facilities in 2019. The Group has since built a new bottling and storage facilities at the same location in 2021.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 7. Marketing and distribution costs

Major components include the following:

	Group	
	2022 \$'000	2021 \$'000
Commission expenses	747	912
Delivery charges	–	1,909
Depreciation of property, plant and equipment	2,142	1,853
Employee benefit expenses (Note 10)	14,322	12,133
Marketing expenses	1,737	1,647

### 8. Administrative expenses

Major components include the following:

	Group	
	2022 \$'000	2021 \$'000
Depreciation of property, plant and equipment	1,108	1,072
Fees to directors	231	471
Fees to independent auditor of the Company		
– Audit	185	178
– Non-audit	32	34
Employee benefit expenses (Note 10)	4,244	6,774
Insurance expense	625	580
Legal and professional fees	665	990
Repair and maintenance expense	315	504

### 9. Finance costs

	Group	
	2022 \$'000	2021 \$'000
Interest expense on bank borrowings	502	321
Interest expense on lease liabilities	184	179
	686	500



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**10. Employee benefit expenses**

	Group	
	2022 \$'000	2021 \$'000
Short term employee benefits expense	19,376	19,756
Contributions to defined contribution plans	1,437	1,458
Share-based payment	-	4
	20,813	21,218

Employee benefit expenses are charged as follows:

	Group	
	2022 \$'000	2021 \$'000
Cost of sales	2,247	2,311
Marketing and distributions costs	14,322	12,133
Administrative expenses	4,244	6,774
	20,813	21,218

**11. Income tax expense****11A. Components of tax expense recognised in profit or loss**

	Group	
	2022 \$'000	2021 \$'000
<u>Current tax</u>		
Current tax expense	1,016	1,759
Over adjustments in respect of prior years	(722)	(841)
Subtotal	294	918
<u>Deferred tax</u>		
Deferred tax expense	4	1,572
Under adjustments in respect of prior years	18	-
Subtotal	22	1,572
Total income tax expense	316	2,490

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 11. Income tax expense (cont'd)

#### 11A. Components of tax expense recognised in profit or loss (cont'd)

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before income tax for the reporting years due to the following differences:

	Group	
	2022 \$'000	2021 \$'000
Profit before income tax	5,529	17,404
Income tax expense at the above rate	940	2,959
Expense not deductible for tax purposes	142	442
Stepped income exemption and rebates	(62)	(70)
Over adjustments in respect of prior years	(704)	(841)
Total income tax expense	316	2,490

There are no income tax consequences of dividends to shareholders of the Company.

#### 11B. Deferred tax expense recognised in profit or loss

	Group	
	2022 \$'000	2021 \$'000
Excess of carrying value over tax value of property, plant and equipment	22	1,572

#### 11C. Deferred tax liabilities in statements of financial position

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Excess of carrying value over tax value of property, plant and equipment	(2,793)	(2,771)	(93)	-

It is impracticable to estimate the amount expected to be settled or used within one year.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**12. Earnings per share**

The numerators and denominators used to calculate basic and diluted earnings per share (“EPS”) of no par value are as follows:

	Group	
	2022	2021
Numerators:		
Profit, net of tax (\$'000)	5,213	14,914
Denominators:		
Weighted average number of equity shares for basic and diluted EPS ('000)	317,687	314,584

Basic and diluted earnings per share are calculated by dividing profit or loss, net of tax for the reporting year attributable to owners of the Company by the weighted average number of ordinary shares. During the reporting year, the weighted average number of ordinary shares is derived from the number of ordinary shares issued by the Company. In the previous reporting year, the weighted average number of ordinary shares was derived from the number of ordinary shares issued by the Company, adjusted retrospectively for the effects of new shares issued to acquire companies under common control disclosed in Note 18B.

As at the end of the reporting year, there was no transactions involving ordinary shares or potential ordinary shares of the Company.

**13. Dividends****13A. Dividends declared and paid by the Company**

	Rate per share		2022 \$'000	2021 \$'000
	2022 Cents	2021 Cents		
<u>Group</u>				
Final tax exempt (1-tier) dividend in respect of previous reporting year	0.80	2.53	2,541	5,678
Interim tax exempt (1-tier) dividend in respect of current reporting year	0.20	1.00	634	2,290
			3,175	7,968
<u>Company</u>				
Final tax exempt (1-tier) dividend in respect of previous reporting year	0.80	2.53	2,541	5,793
Interim tax exempt (1-tier) dividend in respect of current reporting year	0.20	1.00	634	2,290
			3,175	8,083

In respect of the current reporting year, the directors proposed a final dividend of 0.30 Singapore cent per ordinary share payable via cash or share in-lieu. This dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend is payable in respect of all ordinary shares (excluding treasury shares) in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 13. Dividends (cont'd)

#### 13B. Dividends paid to former shareholders of subsidiaries

In the previous reporting year, Summit Gas Systems Pte Ltd and Semgas Supply Pte Ltd declared and paid dividends that totalled \$9,945,000 to its former shareholders prior to these companies being acquired by the Company (see Note 18B for details on acquisition).

### 14. Property, plant and equipment

<u>Group</u>	<b>Leasehold land \$'000</b>	<b>Leasehold properties \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Construction in-progress \$'000</b>	<b>Total \$'000</b>
<u>Cost</u>						
At 1 January 2021	8,846	12,016	27,148	14,911	6,689	69,610
Additions	7,105	13,594	14,754	2,975	–	38,428
Disposals	(1,106)	(1,048)	(999)	(244)	–	(3,397)
Transfer	–	–	6,689	–	(6,689)	–
At 31 December 2021	14,845	24,562	47,592	17,642	–	104,641
Additions	–	16,491	4,069	–	1,360	21,920
Disposals	–	(5,318)	(3,092)	(635)	–	(9,045)
Remeasurement	204	–	–	–	–	204
At 31 December 2022	15,049	35,735	48,569	17,007	1,360	117,720
<u>Accumulated depreciation</u>						
At 1 January 2021	4,436	9,115	19,278	5,156	–	37,985
Depreciation for the year	770	2,467	3,842	1,786	–	8,865
Disposals	(212)	(847)	(848)	(199)	–	(2,106)
At 31 December 2021	4,994	10,735	22,272	6,743	–	44,744
Depreciation for the year	850	1,511	3,569	2,083	–	8,013
Disposals	–	(4,877)	(2,761)	(560)	–	(8,198)
At 31 December 2022	5,844	7,369	23,080	8,266	–	44,559
<u>Carrying value</u>						
At 1 January 2021	4,410	2,901	7,870	9,755	6,689	31,625
At 31 December 2021	9,851	13,827	25,320	10,899	–	59,897
At 31 December 2022	9,205	28,366	25,489	8,741	1,360	73,161

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

## 14. Property, plant and equipment (cont'd)

<u>Company</u>	<b>Leasehold land</b>	<b>Leasehold properties</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>				
At 1 January 2021	–	152	4	156
Additions	6,443	11,069	1,773	19,285
Disposals	–	(152)	–	(152)
At 31 December 2021	6,443	11,069	1,777	19,289
Additions	–	–	119	119
Remeasurement	186	–	–	186
At 31 December 2022	6,629	11,069	1,896	19,594
<u>Accumulated depreciation</u>				
At 1 January 2021	–	79	3	82
Depreciation for the year	89	220	99	408
Disposals	–	(115)	–	(115)
At 31 December 2021	89	184	102	375
Depreciation for the year	217	368	224	809
At 31 December 2022	306	552	326	1,184
<u>Carrying value</u>				
At 1 January 2021	–	73	1	74
At 31 December 2021	6,354	10,885	1,675	18,914
At 31 December 2022	6,323	10,517	1,570	18,410

The allocation of depreciation expense is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of sales	4,763	5,940
Marketing and distributions costs	2,142	1,853
Administrative expenses	1,108	1,072
	8,013	8,865

Certain motor vehicles are acquired by means of leases (see Note 31).

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 14. Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment that are pledged to financial institutions for banking facilities granted to the Group (see Notes 30 and 31) are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Leasehold land	6,323	6,354	6,323	6,354
Leasehold properties	10,517	10,885	10,517	10,885
Motor vehicles	2,102	2,367	–	–
	<u>18,942</u>	<u>19,606</u>	<u>16,840</u>	<u>17,239</u>

### 14A. Right-of-use assets

The Group leases land, warehouses and office for business operations under non-cancellable lease arrangements. These right-of-use assets are recognised and presented together with property, plant and equipment of the same class (Note 14).

The carrying value of such leased assets are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Leasehold land	9,205	9,851	6,323	6,354
Leasehold properties	16,348	1,175	–	–
	<u>25,553</u>	<u>11,026</u>	<u>6,323</u>	<u>6,354</u>

Depreciation of right-of-use assets for the year relating to leasehold land and leasehold properties were \$850,000 and \$577,000 (2021: \$770,000 and \$1,194,000) respectively.

The related lease liabilities are disclosed in Note 31.

The Group has made an upfront payment to secure the right-of-use of a parcel land for 15 years, which is used in the Group's CNG and diesel segment. The Group also makes annual lease payments to Jurong Town Corporation for 3 parcels of leasehold land, which are used as the Group's offices and bottling plants.

The Group renegotiated and modified certain existing lease contracts for leasehold land and leasehold properties for early termination, which the Group accounted for as lease modification with a decrease to the right-of-use assets, classified under property, plant and equipment. The corresponding remeasurement to lease liabilities are recorded in Note 31.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

## 15. Investment property

	Group	
	2022 \$'000	2021 \$'000
<u>At valuation</u>		
At beginning of the year	240	240
Loss on fair value change (Note 6)	(60)	-
At end of the year	180	240
Rental income from investment property	18	31
Direct operating expenses (including repairs and maintenance)	8	7

The fair value of investment property was measured in December 2022 by an independent professional valuation firm which has the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The valuation firm is a member of the Singapore Institute of Surveyors and Valuers (“SISV”) and the valuation has been prepared in accordance with SISV Standards. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

A description of the valuation technique and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Leasehold industrial unit
Location:	13 Lorong 8 Toa Payoh, #03-03 Braddell Tech, Singapore 319261
Tenure:	30 years from 1 January 1998
Fair value hierarchy:	Level 3 (2021: Level 3)
Valuation technique for recurring fair value measurements:	Direct market comparison method
Significant observable inputs and range (weighted average):	Price per square metre: \$1,000 (2021: \$2,000)
Sensitivity on management’s estimates – 10% variation from estimate:	Impact lower by \$18,000 (2021: \$24,000); higher by \$18,000 (2021: \$24,000)

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 16. Goodwill

	Group	
	2022 \$'000	2021 \$'000
Goodwill	1,873	1,873

The goodwill arose from the acquisition of a bottling and distribution of LPG business in 2017 from a third party by a subsidiary which was acquired by the Company on 30 December 2021 (see Note 18B).

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

For the purpose of impairment testing, goodwill has been allocated to the LPG segment.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3).

The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	2022	2021
Valuation technique:	Discounted cash flow method	
Unobservable inputs:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs:	8.9%	8.9%
Revenue growth rate:	-	-
Earnings before interest, tax, depreciation and amortisation margin:	13%	13%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management:	4 years	3 years

No impairment allowance was recognised because the carrying amount of all CGUs was lower than their estimated recoverable amount.



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

## 17. Intangible assets

<u>Group</u>	<b>Non-contractual customer relationships</b>
	<b>\$'000</b>
<u>Cost</u>	
At 1 January 2021	4,150
Additions	731
At 31 December 2021	4,881
Additions	53
At 31 December 2022	4,934
<u>Accumulated amortisation and impairment</u>	
At 1 January 2021	2,211
Amortisation for the year	842
At 31 December 2021	3,053
Amortisation for the year	982
Reversal of impairment for the year	(93)
At 31 December 2022	3,942
<u>Carrying value</u>	
At 1 January 2021	1,939
At 31 December 2021	1,828
At 31 December 2022	992

Non-contractual customer relationships are those customer relationships that the Group acquired in connection with its LPG-related businesses which meet the separability criterion for recognition purposes.

Amortisation of intangible assets are charged to cost of sales.

## 18. Investments in subsidiaries

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares, at cost	110,564	108,305
Movements in cost during the year:		
At beginning of the year	108,305	24,501
Acquisition from a related party (Note 18B)	–	83,804
Acquisition from a third party (Note 18C)	2,259	–
At end of the year	110,564	108,305

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 18. Investments in subsidiaries (cont'd)

#### 18A. Details of the subsidiaries held by the Company

Name of subsidiary and principal activities	Cost		Effective equity held	
	2022 \$'000	2021 \$'000	2022 %	2021 %
<i>Held by the Company</i>				
Union Energy Pte. Ltd. Sale of LPG and related products to domestic households	3,100	3,100	100	100
Union Gas Pte. Ltd. Sale of NG and diesel in retail and wholesale markets	9,700	9,700	100	100
U-Gas Pte. Ltd. Sale of LPG in retail and wholesale markets	9,700	9,700	100	100
Union LPG Pte. Ltd. Sale of LPG in retail and wholesale markets	2,000	2,000	100	100
U-Global Pte. Ltd. Investment holding	1	1	100	100
Sembas Asia (Trading) Pte. Ltd. # Sale of LPG in retail and wholesale markets	31,283	31,283	100	100
Summit Gas Systems Pte. Ltd. # LPG bottler and sale of LPG in retail and wholesale markets	27,288	27,288	100	100
Semgas Supply Pte. Ltd. # LPG bottler and sale of LPG in retail and wholesale markets	25,233	25,233	100	100
Nguan Huat L P Gas Supplier Pte. Ltd.* Retail sale of LPG and related wholesale markets and storage of LPG products	2,259	–	100	–
	110,564	108,305		
<i>Held through U-Global Pte. Ltd.</i>				
U Cambodia Pte. Ltd. Investment holding			100	100

# See Note 18B.

\* See Note 18C.

All subsidiaries are incorporated in Singapore.

The financial statements of the subsidiaries are audited by RSM Chio Lim LLP, a member firm of RSM International.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**18. Investments in subsidiaries (cont'd)****18B. 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. (“UEC”) to acquire the entire issued and paid-up share capital of Sembas Asia (Trading) Pte. Ltd., Summit Gas Systems Pte. Ltd., and Semgas Supply Pte. Ltd. (the “Target Group”) from UEC for a total consideration of \$73,400,000, comprising 88,649,905 new ordinary shares in the capital of the Company and cash of \$12,400,000 (the “Acquisition”). The fair value of these new shares measured and recorded in the financial statements on acquisition date in accordance with relevant financial reporting standard was \$74,289,000. The Acquisition was completed on 30 December 2021, following which the Target Group became wholly-owned subsidiaries of the Company.

Prior to the Acquisition, the Target Group was controlled by a shareholder, Mr. Teo Kiang Ang who is the Controlling Shareholder of the Company. The Acquisition is, therefore, considered to be a business combination involving entities under common control. As disclosed in Note 2A, although the Acquisition occurred during the reporting year ended 31 December 2021, the consolidated financial statements presented the financial position and financial performance as if the Target Group had always been combined since the beginning of the earliest period presented.

Total consideration was as follows:

	<b>2021</b> <b>\$'000</b>
Cash consideration	12,400
88,649,905 new shares measured at the fair value on acquisition date at \$0.8380 per share	74,289
Less: Adjustment for shortfall in net working capital and net debt in Target Group	(2,885)
	<u>83,804</u>

Merger reserve recognised as a result of the Acquisition is as follows:

	<b>2021</b> <b>\$'000</b>
Total consideration	83,804
Share capital acquired	(10,170)
Gain on disposal of treasury shares (Note 25)	(3,152)
	<u>70,482</u>

**18C. Asset acquisition from a third party**

On 31 March 2022, the Company acquired 100% of the issued and paid up share capital of Nguan Huat L P Gas Supplier Pte. Ltd. (“Nguan Huat”), a company incorporated in Singapore, for a cash consideration of \$2,259,700. The rationale for the acquisition is for the expansion of the group’s LPG distribution business and to enhance the Group’s competitiveness.

The acquisition is an asset acquisition and management accounted the consideration paid as initial direct cost under right-of-use asset as at 31 December 2022.

**18D. Disposal of a subsidiary**

Before the Acquisition disclosed in Note 18B above, Sembas Asia (Trading) Pte. Ltd. held the entire issued and paid-up share capital of UE Land Pte. Ltd., incorporated in Singapore. On 31 March 2021, the investment was sold to UEC for a cash consideration of \$1,590,000 and a gain on disposal of investment in subsidiary is recognised in profit or loss (Note 6).

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 19. Other financial asset

	Group	
	2022 \$'000	2021 \$'000
Unquoted convertible bond	1,000	1,000
Presented in the statements of financial position as follows:		
Current	1,000	–
Non-current	–	1,000
	1,000	1,000

The convertible bond was redeemable at any time after one year from the maturity date. It bore interest between 10% and 13% (2021: 10%) per annum.

Subsequent to the end of the reporting year, the Group redeemed the bond and received its investment in full.

### 20. Contract costs

	Group	
	2022 \$'000	2021 \$'000
Current	766	766
Non-current	2,143	2,586
	2,909	3,352

Movements in contract costs are as follows:

At beginning of the year	3,352	3,195
Additions	551	1,082
Amortisation for the year	(994)	(925)
At end of the year	2,909	3,352

Contract costs relate to non-refundable payments made to the Group's customers as costs of obtaining the supply of LPG contracts. These costs are incremental and expected to be recovered over the contracted period. Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**20. Contract costs (cont'd)**

Amortisation expenses are charged as follows:

	Group	
	2022 \$'000	2021 \$'000
Reduction of revenue	692	644
Marketing and distributions costs	302	281
	994	925

**21. Other non-financial assets**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Non-current</u>				
Prepaid advance rebates	12,273	10,671	-	-
Deferred customer retention costs	1,794	2,055	-	-
Deposits for purchase of property, plant and equipment	352	272	352	272
Subtotal	14,419	12,998	352	272
<u>Current</u>				
Prepaid advance rebates	5,606	4,184	-	-
Other prepayments	843	1,246	15	3
Deferred customer retention costs	1,634	1,538	-	-
Deposits for purchase of LPG	244	336	-	-
Deposits to secure services	96	60	-	-
Subtotal	8,423	7,364	15	3
Total other non-financial assets	22,842	20,362	367	275

Prepaid advance rebates relate to rebates paid to customers in advance. These rebates are amortised based on usage of LPG and offset against revenue.

Deferred customer retention costs relate to payments made to the Group's customers to facilitate their business costs. These costs are amortised based on contract period and offset against revenue. Under the contracts, the customers are obligated to purchase LPG from the Group over the contracted period.

The Group can claim a refund of the payments made to the customers for advance rebates and customer retention costs if the terms of the contracts are breached. For early termination of contracts, the outstanding amount is transferred from other non-financial assets to other receivables due from outside parties and set out in Note 23.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 22. Inventories

	Group	
	2022 \$'000	2021 \$'000
LPG	1,148	1,790
LPG-related accessories	1,184	830
Diesel	87	82
	2,419	2,702
Decrease / (increase) in inventories of goods for resale	283	(1,011)
Amount of inventories included in cost of goods sold	84,389	66,237

There are no inventories pledged as security for liabilities.

### 23. Trade and other receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade receivables</u>				
Outside parties	17,466	8,568	–	15
Less: Allowance for ECL	(140)	(340)	–	–
	17,326	8,228	–	15
Related parties	32	5,940	–	–
Less: Allowance for ECL	(4)	(4)	–	–
	28	5,936	–	–
Subtotal	17,354	14,164	–	15
<u>Other receivables</u>				
Outside parties	1,409	1,190	–	–
Less: Allowance for ECL	(166)	(79)	–	–
	1,243	1,111	–	–
Subsidiaries (Note 3)	–	–	5,364	822
Related parties (Note 3)	4,545	4,060	486	–
Refundable deposits	492	1,989	46	1,501
Subtotal	6,280	7,160	5,896	2,323
Total trade and other receivables	23,634	21,324	5,896	2,338

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**23. Trade and other receivables (cont'd)**

Movements in allowance for ECL:

	Group	
	2022 \$'000	2021 \$'000
<i>Trade receivables from outside parties:</i>		
At beginning of the year	340	387
Reversal to profit or loss included in other income and gains	(162)	(18)
Bad debts written-off	(38)	(29)
At end of the year	140	340
<i>Trade receivables from related parties:</i>		
At beginning and end of the year	4	4
<i>Other receivables from outside parties:</i>		
At beginning of the year	79	571
Charged / (reversal) to profit or loss included in other expenses and (other income and gains)	93	(465)
Bad debts written-off	(6)	(27)
At end of the year	166	79

*Trade receivables*

The expected credit losses ("ECL") on the above trade receivables is measured using the simplified approach which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of the asset. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period ranging from 9 to 24 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the current economic conditions (e.g. increasing interest rates, fluctuations in commodity prices and foreign currency rates). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimate are analysed.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 23. Trade and other receivables (cont'd)

#### Trade receivables (cont'd)

The ageing of the assets is as follows:

Group	Gross amount		ECL rate		Loss allowance	
	2022 \$'000	2021 \$'000	2022 %	2021 %	2022 \$'000	2021 \$'000
Current	7,217	4,295	-	0.01	-	1
1 to 30 days past due	1,526	3,618	-	0.04	-	1
31 to 60 days past due	1,822	1,916	-	0.16	-	3
Over 60 days past due	6,795	4,350	0.09	0.23	6	10
	<u>17,360</u>	<u>14,179</u>			<u>6</u>	<u>15</u>

There is no concentration of credit risk with respect to trade receivables as there are a large number of customers.

As at 31 December 2022, management has identified certain customers to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix above.

	Group	
	2022 \$'000	2021 \$'000
Gross carrying amount	138	329
Less: Allowance for ECL	(138)	(329)
Net carrying amount	<u>-</u>	<u>-</u>

#### Other receivables

Other receivables shown above are subject to the ECL model under the financial reporting standard on financial instruments. Other receivables can be graded for credit risk individually. Other receivables that can be graded as low risk individually are considered to have low credit risk. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

At the end of the reporting year, a loss allowance is recognised at an amount equal to 12-month ECL because there has not been a significant increase in credit risk since initial recognition including the impact of current economic conditions (e.g. increasing interest rates, fluctuations in commodity prices and foreign currency rates). During the reporting year, the Group received repayment from previously impaired receivables. As at year end of the reporting year, a loss allowance of \$166,000 (2021: \$79,000) is recognised.

Other receivables due from subsidiaries and related parties are regarded to be of low credit risk if they have the ability to settle the amount. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

Other receivables are normally with no fixed terms and therefore there is no maturity.



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**24. Cash and cash equivalents**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not restricted in use	12,174	14,244	1,429	2,219

In the previous reporting year, the rate of interest for the cash on interest-earning balances was 0.38% per annum.

**24A. Significant non-cash transactions**

The significant non-cash transactions during the reporting year were as follows:

- The Group acquired right-of-use assets with total cost of \$13,745,000 (2021: property, plant and equipment and right-of-use assets of \$1,049,000 and \$8,661,000 respectively) by means of leases; and
- Included in additions to property, plant and equipment is an amount of \$320,000 (2021: \$1,075,000) related to restoration costs capitalised (Note 28).

The significant non-cash transactions in the previous reporting year were as follows:

- The Group acquired a leasehold property with total cost of \$10,500,000, of which an amount of \$8,400,000 is financed by bank borrowing; and
- The Group acquired plant and equipment, storage license and reimbursement of other assets with total cost of \$1,566,000, \$742,000 and \$2,183,000 respectively from related parties. The purchase consideration of \$297,000 remain unsettled as at the end of the previous reporting year (Note 29).

**24B. Reconciliation of liabilities arising from financing activities**

	Borrowings \$'000	Lease liabilities \$'000
<u>Group</u>		
At 1 January 2021	4,231	7,516
Cash flows	11,710	(3,974)
Non-cash changes (Note 24A)	8,400	8,591
At 31 December 2021	24,341	12,133
Cash flows	(300)	(1,888)
Non-cash changes (Note 24A)	-	13,525
At 31 December 2022	24,041	23,770

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 25. Share capital

	No. of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
<u>Group</u>		
At 1 January 2021 #	224,396	23,525
Shares issued under Union Gas PSP (Note 27)	39	9
Placement of treasury shares #	4,533	1,200
Shares issued for acquisition of subsidiaries (Note 18B)	88,650	74,289
At 31 December 2021	317,618	99,023
Shares issued under the scrip dividend scheme*	149	99
At 31 December 2022	<u>317,767</u>	<u>99,122</u>
<u>Company</u>		
At 1 January 2021	228,929	24,725
Shares issued under Union Gas PSP (Note 27)	39	9
Shares issued for acquisition of subsidiaries (Note 18B)	88,650	74,289
At 31 December 2021	317,618	99,023
Shares issued under the scrip dividend scheme*	149	99
At 31 December 2022	<u>317,767</u>	<u>99,122</u>

# Excluded 4,533,434 shares in the capital of the Company that were held by Semgas Supply Pte. Ltd., which was acquired by the Company on 30 December 2021 (see Note 18B). These shares have been reclassified as treasury shares in the consolidated financial statements and their carrying value as at 1 January 2021 was \$1,200,000. The treasury shares were placed out in the open market in the previous reporting year prior to the completion of the Acquisition disclosed in Note 18B and a gain on disposal of \$3,152,000 is included in merger reserve (Note 26A).

\* On 18 July 2022, the Company allotted and issued 149,245 new ordinary shares at an issue price of \$0.6614 per share to shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the final one-tier tax-exempt dividend for the reporting year ended 31 December 2021 of \$0.008 per ordinary share.

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

Except as disclosed above, there were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2022 and 2021.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**25. Share capital (cont'd)**

Capital management:

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net debt:				
Total borrowings	47,811	36,474	15,189	16,093
Less: Cash and cash equivalents	(12,174)	(14,244)	(1,429)	(2,219)
Net debt	35,637	22,230	13,760	13,874
Adjusted capital:				
Total equity	58,158	56,021	108,210	109,282
Debt-to-adjusted capital ratio	0.61	0.40	0.13	0.13

**26. Other reserves**

	Group	
	2022 \$'000	2021 \$'000
Merger reserve (Note 26A)	(81,482)	(81,482)
Capital reserve (Note 26B)	3,318	3,318
	(78,164)	(78,164)

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 26. Other reserves (cont'd)

#### 26A. Merger reserve

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning of the year	(81,482)	(830)
Arising from acquisition of subsidiaries (Note 18B)	-	(83,804)
Gain on disposal of treasury shares (Note 25)	-	3,152
Balance at end of the year	<u>(81,482)</u>	<u>(81,482)</u>

The reserve represents the difference between the consideration paid and the share capital of acquired subsidiary under common control at the date of acquisition.

#### 26B. Capital reserve

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning and end of the year	<u>3,318</u>	<u>3,318</u>

This represents assets or resources transferred to the Group by a shareholder for no consideration.

#### 26C. Share-based payment reserve

	Group and Company	
	2022 \$'000	2021 \$'000
Balance at beginning of the year	-	5
Expense recognised in profit or loss, net	-	4
Exercised during the year	-	(9)
Balance at end of the year	<u>-</u>	<u>-</u>

The share-based payment expense is included in administrative expenses.

The share-based payment reserve comprises the cumulative value of employee services received for the issue of share awards. When share awards vested, the cumulative amount in the share-based payment reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital / reserve for own shares.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 27. Share plan (equity-settled)

The Union Gas Performance Share Plan (the “**Union Gas PSP**”) of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 19 June 2017.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Union Gas PSP. The actual number of shares awarded will depend on the achievement of set targets over a year. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a three-year vesting period.

Employees and non-executive directors of the group and/or associated companies shall be eligible to participate in the Union Gas PSP subject to the absolute discretion of the Remuneration Committee.

The measurement of the fair values at grant date of the share plan was based on share price at grant date. There was no material difference in the weighted average exercise price during the reporting year.

The Union Gas PSP allows for participation by confirmed full time employees, Executive Directors and Non-Executive Directors (including Independent Directors) of the Group and its associated companies who have attained the age of 21 years on or before the relevant date of grant of the Award. The aggregate number of shares, which may be issued or transferred to the controlling shareholders and their respective associates under the Union Gas PSP, shall not exceed 25% of the total number of shares available under the Union Gas PSP, with the number of shares which may be delivered to each controlling shareholder and their respective associates not exceeding 10% of the total number of shares available under the Union Gas PSP.

The total number of shares over which may be issued or transferred pursuant to the vesting of awards, when added to the number of shares issued and issuable in respect of all awards granted under the Union Gas PSP (including shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company) shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

### 28. Provisions

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At beginning of the year	1,785	710	105	–
Additions	320	1,075	–	105
Reversal (Note 6)	(821)	–	–	–
At end of the year	1,284	1,785	105	105

The provisions are recognised for expected dismantling and removal costs upon expiry of the lease. The estimation are based on quotations received from external contractors.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 29. Trade and other payables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	16,922	12,833	-	-
Related parties	63	1,991	-	-
Subtotal	16,985	14,824	-	-
<u>Other payables</u>				
Outside parties	1,467	1,675	907	865
Subsidiaries (Note 3)	-	-	12,153	5,706
Related parties (Note 3)	5,894	6,189	2	-
Deposits for LPG cylinders	5,260	5,038	-	-
Other deposits from customers	23	255	7	-
Subtotal	12,644	13,157	13,069	6,571
Total trade and other payables	29,629	27,981	13,069	6,571
Presented in the statements of financial position as follows:				
Current	29,629	27,981	8,233	6,571
Non-current	-	-	4,836	-
	29,629	27,981	13,069	6,571

### 30. Bank borrowings

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Current</u>				
Bank loan (secured)	526	520	526	520
Bank loans (unsecured)	6,845	3,280	398	391
Subtotal	7,371	3,800	924	911
<u>Non-current</u>				
Bank loan (secured)	6,969	7,495	6,969	7,495
Bank loans (unsecured)	9,701	13,046	922	1,320
Subtotal	16,670	20,541	7,891	8,815
Total	24,041	24,341	8,815	9,726

Secured bank loan bears fixed interest rate of 1.18% (2021: 1.18%) per annum for the first two years from the date of disbursement and at floating rate for the subsequent years. The loan is secured by the first legal mortgage over the leasehold property (Note 14).

Unsecured bank loans of \$3,500,000 (2021: Nil) bear floating interest rates that range between 1.60% to 5.29% (2021: Nil) per annum. The remaining unsecured bank loans bear fixed interest rates that range between 1.75% to 2.00% (2021: 1.75% to 2.00%) per annum. The loans provide for the following:

- (i) Corporate guarantee from the Company; and
- (ii) Compliance with certain financial covenants.

All bank loans are repayable by monthly instalments over 60 to 180 months (2021: 60 to 180 months) from the date of first drawdown.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

## 31. Lease liabilities

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current	2,846	1,969	189	181
Non-current	20,924	10,164	6,185	6,186
	<u>23,770</u>	<u>12,133</u>	<u>6,374</u>	<u>6,367</u>

Movements of lease liabilities are as follows:

Balance at beginning of the year	12,133	7,516	6,367	73
Additions	13,745	9,710	-	6,443
Remeasurement	(220)	(1,119)	186	(37)
Accretion of interest	184	179	77	32
Lease payments – principal paid	(1,888)	(3,974)	(179)	(112)
Interest expense paid	(184)	(179)	(77)	(32)
Balance at end of the year	<u>23,770</u>	<u>12,133</u>	<u>6,374</u>	<u>6,367</u>

A summary of the maturity analysis of lease liabilities at the end of the reporting year are as follows:

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Group</u>			
<u>2022</u>			
Due within 1 year	3,628	(782)	2,846
Due within 2 to 5 years	13,606	(1,990)	11,616
Due more than 5 years	10,205	(897)	9,308
	<u>27,439</u>	<u>(3,669)</u>	<u>23,770</u>
Carrying value of property, plant and equipment under leases			<u>27,445</u>
<u>2021</u>			
Due within 1 year	2,143	(174)	1,969
Due within 2 to 5 years	3,626	(428)	3,198
Due more than 5 years	7,882	(916)	6,966
	<u>13,651</u>	<u>(1,518)</u>	<u>12,133</u>
Carrying value of property, plant and equipment under leases			<u>12,973</u>
<u>Company</u>			
<u>2022</u>			
Due within 1 year	263	(74)	189
Due within 2 to 5 years	1,050	(273)	777
Due more than 5 years	6,191	(783)	5,408
	<u>7,504</u>	<u>(1,130)</u>	<u>6,374</u>
Carrying value of property, plant and equipment under leases			<u>6,323</u>

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 31. Lease liabilities (cont'd)

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Company</u>			
<u>2021</u>			
Due within 1 year	255	(74)	181
Due within 2 to 5 years	1,020	(274)	746
Due more than 5 years	6,264	(824)	5,440
	<u>7,539</u>	<u>(1,172)</u>	<u>6,367</u>
Carrying value of property, plant and equipment under leases			<u>6,354</u>

Total cash outflow for leases are shown in the consolidated statement of cash flows.

As at the end of the reporting year, the Group's and the Company's obligations under leases that are related to right-of-use assets are \$23,079,000 (2021: \$10,708,000) and \$6,374,000 (2021: \$6,367,000) respectively. These leased assets are presented under Note 14A.

### 32. Derivative financial liabilities

	Notional amount		Fair value loss	
	2022 US\$'000	2021 US\$'000	2022 \$'000	2021 \$'000
<u>Group</u>				
Foreign currency forward contracts	<u>800</u>	<u>-</u>	<u>19</u>	<u>-</u>

All the derivatives contracts have maturity periods of less than 12 months.

The foreign currency forward contracts are not traded in active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in settling the price (Level 2).

### 33. Contract liabilities

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning of the year	413	350
Consideration received	19,775	15,684
Performance obligation satisfied	(19,714)	(15,621)
Balance at end of the year	<u>474</u>	<u>413</u>

All contract liabilities are expected to be recognised within 1 year.

The contract liabilities primarily relate to the advance consideration received from customers for which no transfer of control occurs, and therefore no revenue is recognised. The Group recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.



## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 34. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first 2 years and a total of the amounts for the remaining years is as follows:

	Group	
	2022 \$'000	2021 \$'000
Not later than one year	22	239
Between 1 and 2 years	–	39
	22	278
Rental income for the year	504	646

Included in operating rental income is an amount of \$231,000 (2021: \$331,000) related to lease of premises on a month-to-month basis or with no commitment terms.

The lease rental income terms are negotiated for terms ranging from one to two years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

As the lessor, the Group manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation the lessor when a property has been subjected to excess wear-and-tear during the lease term.

### 35. 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	
	2022 \$'000	2021 \$'000
Commitments for purchase of property, plant and equipment	830	1,073

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 36. Financial instruments: information on financial risks

#### 36A. Categories of financial assets and liabilities

The following table categorises the carrying amounts of financial assets and financial liabilities recorded at end of the reporting year:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets at amortised cost	36,808	36,568	7,325	4,557
Financial liabilities at amortised cost	77,440	64,455	28,258	22,664
Financial liabilities at fair value through profit or loss	19	-	-	-
	<u>77,459</u>	<u>64,455</u>	<u>28,258</u>	<u>22,664</u>

Further quantitative disclosures are included throughout these financial statements.

#### 36B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The following guidelines are followed:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions;
- Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff; and
- All financial risk management activities are carried out following market practices.

There have been no changes to the exposures to risks, the objectives, policies and processes for managing the risks and the methods used to measure the risks.

The Group is exposed to currency and interest rate risks. There are no cost effective arrangements to manage such risk exposures through the use of derivatives and other hedging instruments.

#### 36C. Fair value of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**36. Financial instruments: information on financial risks (cont'd)****36D. Credit risk on financial assets**

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

For expected credit losses ("ECL") on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach, the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

**36E. Liquidity risk – financial liabilities maturity analysis**

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at end of reporting year:

<u>Group</u>	<b>Less than 1 year \$'000</b>	<b>2 – 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<u>2022</u>				
Trade and other payables	29,629	–	–	29,629
Borrowings	7,704	12,430	5,043	25,177
Lease liabilities	3,628	13,606	10,205	27,439
	<u>40,961</u>	<u>26,036</u>	<u>15,248</u>	<u>82,245</u>
<u>2021</u>				
Trade and other payables	27,981	–	–	27,981
Borrowings	4,185	16,002	5,654	25,841
Lease liabilities	2,143	3,626	7,882	13,651
	<u>34,309</u>	<u>19,628</u>	<u>13,536</u>	<u>67,473</u>

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 36. Financial instruments: information on financial risks (cont'd)

#### 36E. Liquidity risk – financial liabilities maturity analysis (cont'd)

<u>Company</u>	<b>Less than 1 year \$'000</b>	<b>2 – 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<u>2022</u>				
Trade and other payables	8,233	4,836	–	13,069
Borrowings	1,029	3,386	5,043	9,458
Lease liabilities	263	1,050	6,191	7,504
	<u>9,525</u>	<u>9,272</u>	<u>11,234</u>	<u>30,031</u>
<u>2021</u>				
Trade and other payables	6,571	–	–	6,571
Borrowings	1,030	3,804	5,654	10,488
Lease liabilities	255	1,020	6,264	7,539
	<u>7,856</u>	<u>4,824</u>	<u>11,918</u>	<u>24,598</u>

The above amounts disclosed in the maturity analysis are the contractual and undiscounted cash flows and such undiscounted cash flows differ from the amounts included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The average credit period taken to settle trade payables is approximately 30 to 90 days (2021: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period (being on demand) in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

<u>Company</u>	<b>Less than 1 year \$'000</b>	<b>2 – 5 years \$'000</b>	<b>Total \$'000</b>
<u>2022</u>			
Financial guarantee contracts – bank guarantee in favour of subsidiaries	18,118	240	18,358
<u>2021</u>			
Financial guarantee contracts – bank guarantee in favour of subsidiaries	12,821	198	13,019

Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the higher of (a) the amount of the loss allowance determined in accordance the financial reporting standard on financial instruments or (b) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of the financial reporting standard on revenue from contracts with customers.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

**36. Financial instruments: information on financial risks (cont'd)****36F. Interest rate risk**

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The interest from financial assets including cash balances is not significant.

The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Financial assets</u>				
Fixed rates	1,000	2,000	-	-
<u>Financial liabilities</u>				
Fixed rates	44,311	36,474	15,189	16,093
Floating rates	3,500	-	-	-

The floating rate debt asset instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

	Group	
	2022 \$'000	2021 \$'000
Sensitivity analysis:		
A hypothetical variation in floating interest rates by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by	35	-

**36G. Foreign currency risk**

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

There is exposure to foreign currency risk as part of the Group's normal business. The Group has a foreign currency exposure as it purchases LPG and NG in United States Dollar ("US\$") and sells them in Singapore Dollar. As at the end of the reporting year, the Group's trade payables denominated in United States Dollar was \$3,433,000 (2021: \$1,471,000).

A hypothetical 10% strengthening in the exchange rate of the functional currency Singapore Dollar against the US\$ would have a favourable effect on the Group's profit before income tax of \$343,000 (2021: \$147,000).

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 36. Financial instruments: information on financial risks (cont'd)

#### 36G. Foreign currency risk (cont'd)

The above shows sensitivity to a hypothetical percentage variation in the functional currency against US\$. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

### 37. Events after the end of the reporting year

- (a) On 1 January 2023, the amalgamation of two subsidiaries in the Group, U-Gas Pte. Ltd and Union LPG Pte. Ltd. was completed, with Union LPG Pte. Ltd. continuing as the surviving entity. The amalgamation is aimed at streamlining organisational structure and enhancing management control and efficiency.
- (b) On 31 March 2023, the Company acquired 100% of the issued and paid up share capital of You Cai Engineering Pte. Ltd. ("YouCai"), a company incorporated in Singapore, for a consideration of \$33,000. YouCai is principally engaged in general contractors and building construction works. The rationale for the acquisition is for its rights to operate as general contractor, as well as continuing improvement plan to enhance management and efficiencies of the Group's LPG infrastructure on provision of maintenance and support service in respect of construction works relating to the installations of LPG manifold systems, stoves, pipes, etc. The transaction will be accounted for by the acquisition method of accounting. The detailed disclosures required by the financial accounting standards on business combination could not be made because necessary financial information is not available yet at the time the financial statements were authorised for issue.

### 38. Reclassification and comparative figures

The comparative figures of the Group in these financial statements have been reclassified to enhance the presentation of financial statements. The effect of the reclassification is as follows:

	As previously reported \$'000	Reclassification \$'000	Reclassified amount \$'000
2021 Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Cost of sales	(78,958)	(2,465)	(81,423)
Other income and gains	11,824	(255)	11,569
Marketing and distribution costs	(21,283)	(1,167)	(22,450)
Administrative expenses	(16,711)	3,887	(12,824)

The reclassification has no effect on the total assets, total liabilities, net assets and total equity of the Group as at the end of the previous reporting year.

The third statement of financial position at the beginning of the previous reporting year is not presented because the above reclassification has no effect on the information in the statements of financial position at the beginning of the previous reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

Reporting year ended 31 December 2022

### 39. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below.

SFRS (I) No.	Title
SFRS(I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to
SFRS(I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to
SFRS(I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments to
SFRS(I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to SFRS(I)s 2018-2020

The applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

### 40. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Group for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the Group's financial statements in the period of initial application.

## STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

Issued and Fully Paid Capital	:	\$99,122,135
Class of shares	:	Ordinary Shares
Voting rights	:	1 vote per share
Total no. of issued Ordinary Shares	:	317,767,542
Total no. of Treasury Shares	:	Nil
Total no. of Subsidiary Holdings	:	Nil

### DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	2	0.13	84	0.00
100 - 1,000	127	7.93	82,238	0.03
1,001 - 10,000	825	51.53	4,664,160	1.47
10,001 - 1,000,000	627	39.16	39,437,366	12.41
1,000,001 AND ABOVE	20	1.25	273,583,694	86.09
<b>TOTAL</b>	<b>1,601</b>	<b>100.00</b>	<b>317,767,542</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UNION ENERGY CORPORATION PTE LTD	88,649,905	27.90
2	CITIBANK NOMINEES SINGAPORE PTE LTD	45,019,101	14.17
3	TEO HARK PIANG (ZHANG XUEBIN)	25,479,500	8.02
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	24,371,550	7.67
5	DBS NOMINEES (PRIVATE) LIMITED	23,622,904	7.43
6	TAN AI BIN VINCENT DE PAUL	11,732,600	3.69
7	TEO WOO YANG	11,200,000	3.52
8	ELLEN TEO SOAK HOON	7,863,002	2.47
9	TEO SOAK THENG ALEXIS (ZHANG SHUTING)	7,248,400	2.28
10	LK TANG PTE LTD	6,127,100	1.93
11	ALICE TEO SOAK IMN (ALICE ZHANG SHUYING)	4,215,100	1.33
12	TEO KIANG ANG	3,963,500	1.25
13	RAFFLES NOMINEES (PTE.) LIMITED	3,247,619	1.02
14	NG PAU LING SIMON	2,045,200	0.64
15	CHAN WENG KONG	1,780,000	0.56
16	LOK KEE FONG	1,538,891	0.48
17	PHILLIP SECURITIES PTE LTD	1,487,933	0.47
18	IFAST FINANCIAL PTE. LTD.	1,468,966	0.46
19	WONG CHENG YONG	1,391,700	0.44
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,130,723	0.36
	<b>TOTAL</b>	<b>273,583,694</b>	<b>86.09</b>



## STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

**SUBSTANTIAL SHAREHOLDERS**  
As shown in the Register of Substantial Shareholders

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Teo Kiang Ang <sup>(1)</sup>	67,813,500	21.34	119,106,435	37.48
2	Union Energy Corporation Pte. Ltd.	112,979,335	35.55	–	–
3	Teo Hark Piang	25,479,500	8.02	–	–

**Notes:**

<sup>(1)</sup> Mr. Teo Kiang Ang is the Non-Executive Chairman and a Controlling Shareholder of the Company.

43,850,000 shares are registered in Citibank Nominees the Singapore Pte. Ltd. and 20,000,000 shares in DBS Nominees (Private) Limited.

Mr. Teo Kiang Ang is deemed interested in (i) 6,127,100 Shares held by LK Tang Pte. Ltd. ("LKT"), which is 100% owned by Mr. Teo Kiang Ang; and (ii) 112,979,335 Shares held by Union Energy Corporation Pte. Ltd. ("UEC"), which is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Pte. Ltd., which is in turn 100% owned by Mr. Teo Kiang Ang. Therefore, Mr. Teo Kiang Ang is deemed to have interest in the shares held by LKT and UEC by virtue of Section 4 of the Securities and Futures Act 2001.

**RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT**

As at 17 March 2023, approximately 22.27% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of **UNION GAS HOLDINGS LIMITED** will be held by electronic means on Thursday, 27 April 2023 at 9.00 a.m. (of which there will be a live webcast), to transact the following businesses:

### ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon. **(Ordinary Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 0.30 Singapore cent per ordinary share for the financial year ended 31 December 2022. **(Ordinary Resolution 2)**
3. To re-elect Mr. Loo Hock Leong retiring pursuant to Regulation 117 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director of the Company. See Explanatory Note (i) **(Ordinary Resolution 3)**
4. To re-elect Mr. Heng Chye Kiou retiring pursuant to Regulation 117 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director of the Company. See Explanatory Note (ii) **(Ordinary Resolution 4)**
5. To approve the payment of Directors' Fees of \$242,678 for the financial year ending 31 December 2023, payable half yearly in arrears. (FY2022: \$231,121) See Explanatory Note (iii) **(Ordinary Resolution 5)**
6. To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions, with or without any modifications:

#### 8. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), the Directors of the Company be authorised and empowered to:

- (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

## NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of any convertible securities;
  - (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
  - (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (iv)

**(Ordinary Resolution 7)**

### 9. **Authority to allot and issue shares under the Union Gas Scrip Dividend Scheme**

That authority be and is hereby given to the Directors to allot and issue from time to time such number of new ordinary shares of the Company as may be required to be allotted and issued pursuant to the Union Gas Scrip Dividend Scheme.

**(Ordinary Resolution 8)**

### 10. **Authority to allot and issue shares under the Union Gas Employee Share Option Scheme (the “Share Option Scheme”)**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Share Option Scheme, Union Gas Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued share (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day immediately preceding the date of offer of the employee share options.

See Explanatory Note (v)

**(Ordinary Resolution 9)**

## NOTICE OF ANNUAL GENERAL MEETING

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### 11. Authority to allot and issue shares under the Union Gas Performance Share Plan

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Union Gas Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Union Gas Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Share Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award.

See Explanatory Note (vi)

**(Ordinary Resolution 10)**

### 12. Proposed Renewal of the Share Buy-Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined) whether by way of;
- (i) on-market purchases (“**Market Purchases**”) transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which shares may for the time being be listed and quoted, the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchases**”) transacted otherwise on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act);

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-Back Mandate**”).

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to any share incentive scheme(s) implemented or to be implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act.
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution relating to the Share Buy-Back Mandate and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated,

(the “**Relevant Period**”);

## NOTICE OF ANNUAL GENERAL MEETING

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- (d) For the purposes of this resolution:

**“Average Closing Price”** means the average of the closing market prices of the Shares over the last five (5) Market Days on SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, Offer Date (as hereafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made;

**“Offer Date”** means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price (as hereafter defined) calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

**“Market Day”** means a day on which the SGX-ST is open for trading in securities;

**“Maximum Limit”** means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed by shareholders for the Share Buy-Back Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

**“Maximum Price”** in relation to a Share to be purchased, means the purchase price (excluding applicable brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
  - (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price; and
- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buy-Back Mandate.  
See Explanatory Note (vii)

**(Ordinary Resolution 11)**

### By Order of the Board

Wong Yoen Har  
Company Secretary

Singapore  
12 April 2023

## NOTICE OF ANNUAL GENERAL MEETING

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### EXPLANATORY NOTES:

- (i) Mr. Loo Hock Leong, upon re-election as a Director of the Company, will remain as Lead Independent Director, the Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee, and the Board of Directors (save for Mr. Loo Hock Leong) considers him independent for the purposes of Rule 704(8) of the Listing Manual.
- (ii) Mr. Heng Chye Kiou, upon re-election as a Director of the Company, will remain as Independent Director, the Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee, and the Board of Directors (save for Mr. Heng Chye Kiou) considers him independent for the purposes of Rule 704(8) of the Listing Manual.
- (iii) The Ordinary Resolution 5, if passed, will facilitate the payment of Directors' Fees during the financial year ending 31 December 2023 in which the fees are incurred, which is payable half yearly in arrears.
- (iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent consolidation or sub-division of shares.

- (v) The Ordinary Resolution 9, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme which was approved by shareholders on 19 June 2017. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 7.
- (vi) The Ordinary Resolution 10, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Union Gas Performance Share Plan in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Union Gas Performance Share Plan which was approved by shareholders on 19 June 2017, subject to the maximum number of shares prescribed under the terms and conditions of the Union Gas Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Union Gas Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the day preceding the relevant date of the award. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 7.

- (vii) The Ordinary Resolution 11, if passed, will empower the Directors of the Company effective until the earliest of: (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; (ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting; or (iii) the date on which the share buyback is fulfilled up to the full extent of the Share Buy-Back Mandate, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the illustrative financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 are set out in greater detail in the Appendix to Notice of Annual General Meeting dated 12 April 2023 attached.

### Notes:

- (1) The Annual General Meeting ("**the Meeting**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

## NOTICE OF ANNUAL GENERAL MEETING

- (2) Alternative arrangements relating to attendance at the Meeting via electronic means, submission of questions in advance, submission of text-based questions during the Meeting, participating in the live voting and appointing proxy(ies) or the Chairman of the Meeting as proxy at the Meeting, are set out in the attached accompanying document entitled “**Instructions to Shareholders for Annual General Meeting**”.
- (3) **A member will not be able to attend the Meeting in person. A member (whether individual or corporate) is able to participate at the Meeting by electronic means or appoint proxy(ies) as his/her/its proxy to attend, ask questions and vote on his/her/its behalf at the Meeting conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the Meeting.**

The accompanying proxy form for the Annual General Meeting may be accessed at the Company’s website at <http://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2023.pdf> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Members (whether individual or corporate) may also vote at the Meeting in real time via electronic means or by appointing proxy(ies) or the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

Supplementary Retirement Scheme (“**SRS**”) investors who wish to exercise their voting rights at the Meeting should not submit proxy forms in the manner specified above. Instead, such investors should approach their SRS Operators to submit their votes by 9.00 a.m. on 17 April 2023 being at least 7 working days before the date of the Meeting.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing proxy(ies) or the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged with the Company’s Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to [ughlagm2023@boardroomlimited.com](mailto:ughlagm2023@boardroomlimited.com).

**in either case no later than 9.00 a.m. on 24 April 2023, at least seventy-two (72) hours before the time for holding the Meeting.**

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Members are strongly encouraged to submit completed proxy forms electronically via email.**

- (6) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) which was delivered by a member to the Company before 9.00 a.m. on 24 April 2023 as a valid instrument appointing the Chairman of the Meeting or other person(s) as the member’s proxy(ies) to attend, ask questions and vote at the Meeting if:
- (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and
  - (b) the member has not withdrawn the appointment.
- (7) A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to [ughlagm2023@boardroomlimited.com](mailto:ughlagm2023@boardroomlimited.com) to notify the Company of the withdrawal, at least seventy-two (72) hours before the time for holding the Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

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- (8) Submission by a member of a valid instrument appointing proxy(ies) or the Chairman of the Meeting as proxy at least seventy-two (72) hours before the time for holding the Meeting will supersede any previous instrument by that member.
- (9) The annual report for the financial year ended 31 December 2022 ("**2022 Annual Report**") may be accessed at [http://forms.uniongas.com.sg/downloads/UnionGasHoldings\\_AR2022-1.pdf](http://forms.uniongas.com.sg/downloads/UnionGasHoldings_AR2022-1.pdf) or on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

### PERSONAL DATA PRIVACY:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the Meeting and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the Meeting or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

In the case of a member who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the Meeting, the member warrants that it has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Company (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Company (or their agents or service providers) of the "live" broadcast of the Meeting (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



# INSTRUCTIONS TO SHAREHOLDERS FOR ANNUAL GENERAL MEETING

For the financial year ended 31 December 2022 (the “AGM”)

## 1. INTRODUCTION

The board of directors (the “Board”) of Union Gas Holdings Limited (the “Company”) refers to:

- (a) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister of Law by order to prescribe alternative arrangements for, *inter alia*, listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic means;
- (b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “Order”) which came into operation on 27 March 2020, and was amended pursuant to, *inter alia*, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020, which sets out the alternative arrangements in respect of, *inter alia*, general meetings of listed companies in Singapore; and
- (c) the joint statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX RegCo on 13 April 2020 (as further updated on 27 April 2020, 22 June 2020 and 1 October 2020, 4 February 2022, and 23 May 2022), read together with the FAQs on “The Holding of General Meetings” dated 23 May 2022 issued by SGX Regco, which provides additional guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place.

## 2. DATE, TIME AND CONDUCT OF ANNUAL GENERAL MEETING

The Board wishes to announce that the AGM will be convened and held by way of electronic means on Thursday, 27 April 2023 at 9.00 a.m. to transact the business set out in the Notice of AGM dated 12 April 2023 (the “Notice of AGM”).

## 3. DOCUMENTS

In line with the relevant provisions under the Order, no printed copies of the Company’s annual report for the financial year ended 31 December 2022 (“AR2022”), Notice of AGM, and proxy form (collectively, the “Documents”) will be despatched to shareholders.

The Documents have been uploaded on SGXNET and may be found at the <https://www.sgx.com/securities/company-announcements> and are also available on the Company’s website at the [http://forms.uniongas.com.sg/downloads/UnionGasHoldings\\_AR2022-1.pdf](http://forms.uniongas.com.sg/downloads/UnionGasHoldings_AR2022-1.pdf).

## 4. NO ATTENDANCE AT THE AGM IN PERSON

**Shareholders will not be able to attend the AGM in person.** The Company is arranging for a live webcast and live audio feed of the AGM proceedings (the “Live AGM Webcast” or “Live AGM Audio Feed”) which will take place on Thursday, 27 April 2023 at 9.00 a.m.

## 5. ALTERNATIVE ARRANGEMENTS

### 1. Participation in the AGM via live webcast or live audio feed

Shareholders will be able to participate these proceedings through a “live” webcast and “live” audio feed. In order to do so, shareholders must follow these steps:

Shareholders must pre-register by **9.00 a.m. on 24 April 2023** at <https://conveneagm.sg/UnionGasAGM2023> for the Company to authenticate his/her/its status as shareholders.

## INSTRUCTIONS TO SHAREHOLDERS FOR ANNUAL GENERAL MEETING

For the financial year ended 31 December 2022 (the “AGM”)

Upon successful verification, each verified Shareholder or corporate representative will receive an email by 9.00 a.m. on 26 April 2023. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their corporate representatives must not forward the email to other persons who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the AGM Registration Deadline but did not receive an email by 9.00 a.m. on 26 April 2023 may contact the Company via telephone at +65 6856 7330 or email [support@conveneagm.com](mailto:support@conveneagm.com) for assistance.

Shareholders holding shares through relevant intermediaries will not be able to pre-register for the live webcast or live audio feed. Such Shareholders who wish to participate in the live webcast or live audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967.

### 2. Submission of Questions prior to the AGM

Shareholders and/ or their proxy(ies) may submit questions related to the resolutions to be tabled for approval at the AGM by **9.00 a.m. on 20 April 2023**, via the pre-registration website at <https://conveneagm.sg/UnionGasAGM2023>. Alternatively, Shareholders may submit questions by post with their full details as requested in note 3 below to the registered office of the Company at 89 Defu Lane 10, Union Gas House, Singapore 539220 to be received by the Company by **9.00 a.m. on 20 April 2023**.

The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM via SGXNet by 9.00 a.m. on 22 April 2023, being not less than forty-eight (48) hours prior to the closing date and time for lodgement of proxy form.

### 3. Submission of Questions during AGM

Shareholders who registered and are verified to attend the AGM by electronic means will be able to ask questions relating to the agenda of the AGM during the AGM by submitting text-based questions via electronic means and click “Ask a Question” to input queries in the questions text box.

Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed. The Company will endeavour to respond to such queries during the AGM as far as reasonably practicable.

Shareholders will need to identify themselves when posing questions by providing the following details:

- the shareholder’s full name (as per CDP/SRS);
- the shareholder’s NRIC/Passport/UEN number;
- the shareholder’s contact number and email address; and
- the manner in which the shareholder holds his/her/its shares in the Company (e.g. via CDP/SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company’s website, and the minutes will include the responses to the questions referred to above.

### 4. Voting and Submission of Proxy Forms

Shareholders who wish to vote on any or all of the resolutions at the AGM may vote “live” via electronic means at the AGM or by appointing proxy(ies) or the Chairman of the AGM as proxy to vote on his/her/its behalf. In appointing the Chairman of the AGM as proxy, Shareholders must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the AGM Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

## INSTRUCTIONS TO SHAREHOLDERS FOR ANNUAL GENERAL MEETING

For the financial year ended 31 December 2022 (the “AGM”)

Where a shareholder appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

Supplementary Retirement Scheme (“SRS Investors”) who wish to vote “live” via electronic means at the AGM may do so if they are appointed as proxies by their respective SRS Operators and should approach their respective SRS Operators if they have any queries regarding their appointment as proxies.

Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967, including investors under the SRS Investors:

- (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have questions regarding their appointment as proxies; or
- (b) should approach their SRS Operators to submit their votes to the Company if they wish to appoint proxy(ies) or the Chairman of the AGM to act as their proxy.

Shareholders who hold Shares through relevant intermediate who wish to participate in the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible no later than 9.00 a.m. on 17 April 2023 in order for the necessary arrangements to be made for their participation in the AGM.

SRS investors who wish to participate in the AGM should approach their respective SRS Operators to submit their votes by 9.00 a.m. on 17 April 2023.

The instrument appointing proxy(ies) or the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

- (a) if in hardcopy by post, be lodged at the Company’s Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if by email, to [ughlagm2023@boardroomlimited.com](mailto:ughlagm2023@boardroomlimited.com)

in either case, no later than **9.00 a.m. on 24 April 2023**, being 72 hours before the time fixed for the AGM.

A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The Company would like to thank all Shareholders for their patience, understanding and co-operation.

BY ORDER OF THE BOARD

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

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# UNION GAS HOLDINGS LIMITED

(Company Registration No: 201626970Z)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. The Annual General Meeting ("**the Meeting**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Proxy Form will not be sent to shareholders. Instead, this Proxy Form will be accessed by electronic means via publication on the Company's website at the URL <http://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2023.pdf>. This Proxy Form will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Attendance at the Meeting via electronic, submission of questions in advance of the Meeting, addressing of substantial and relevant questions, submission of text-based questions during the Meeting and participation in the live voting during the Meeting are set out in the Company's announcement dated 12 April 2023 (the "**Announcement**"), which has been uploaded together with this Notice of Meeting on SGXNet on the same day. The Announcement may also be accessed on the Company's website at the URL [www.uniongas.com.sg](http://www.uniongas.com.sg) and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **A member will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary, whichever is applicable) is able to participate at the Meeting by electronic means or appoint proxy(ies) as his/her/its proxy to attend, ask questions and vote on his/her/its behalf at the Meeting conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the Meeting.**
4. Supplementary Retirement Scheme ("**SRS**") investors should approach their respective SRS Operators to submit their votes by 9.00 a.m. on 17 April 2023. This Proxy Form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

**Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy or proxies or the Chairman of the Meeting as a member's proxy to attend, ask questions and vote on his/her/its behalf at the Meeting.**

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Registration No.)  
of \_\_\_\_\_ (Address)

being a member/members of **Union Gas Holdings Limited** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Email Address	Proportion of Shareholding	
				No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Email Address	Proportion of Shareholding	
				No. of Shares	(%)

or failing whom the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us\* on my/our\* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held **by electronic means on Thursday, 27 April 2023 at 9.00 a.m.**, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Ordinary Resolutions relating to:	For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	To adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon			
2	To approve a final tax exempt (one-tier) dividend of 0.30 Singapore cent per ordinary share for the financial year ended 31 December 2022			
3	To re-elect Mr. Loo Hock Leong as Director of the Company			
4	To re-elect Mr. Heng Chye Kiou as Director of the Company			
5	To approve Directors' Fees of \$242,678 for the financial year ending 31 December 2023, payable half yearly in arrears			
6	To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
<b>SPECIAL BUSINESS</b>				
7	To authorise Directors to allot and issue new shares			
8	To authorise the allotment and issuance of shares pursuant to the Union Gas Scrip Dividend Scheme			
9	To authorise Directors to allot and issue shares pursuant to the Union Gas Employee Share Option Scheme			
10	To authorise Directors to allot and issue shares pursuant to the Union Gas Performance Share Plan			
11	Proposed Renewal of the Share Buy-Back Mandate			

If you wish to exercise all your votes 'For' or 'Against', please tick (✓) or (X) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you wish to Abstain from voting on a resolution, please tick (✓) or (X) in the Abstain box in respect of that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. **As the AGM will be held by way of electronic means, a member will not be able to attend the Meeting in person. A member (whether individual or corporate including a Relevant Intermediary, whichever is applicable) is able to participate at the Meeting by electronic means or appoint proxy(ies) or the Chairman of the Meeting as his/her/its proxy to attend, ask questions and vote on his/her/its behalf at the Meeting conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed at the Company's website at <http://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2023.pdf> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. SRS investors should approach their respective SRS operators to submit their votes by **9.00 a.m. on 17 April 2023**, being 7 working days before the date of the Meeting.
3. Shareholders who hold Shares through relevant intermediaries should contact their relevant intermediaries as soon as possible no later than **9.00 a.m. on 17 April 2023**.
4. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The Chairman of the Meeting need not be a member of the Company.
5. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001, you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy(ies) shall be deemed to relate to all the shares held by you.
6. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
7. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  8. The duly completed and signed instrument appointing proxy(ies) or the Chairman of the Meeting as proxy must either be submitted by:
    - (a) mail to the Company's Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
    - (b) email to [ughlagm2023@boardroomlimited.com](mailto:ughlagm2023@boardroomlimited.com).

as soon as possible, in either case, by **9.00 a.m. on 24 April 2023** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting).

**Members are strongly encouraged to submit completed proxy forms electronically via email.**

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Teo Kiang Ang**  
*Non-Executive Chairman*

**Mr Teo Hark Piang**  
*Executive Director and CEO*

**Mr Loo Hock Leong**  
*Lead Independent Director*

**Mr Lim Chwee Kim**  
*Independent Director*

**Mr Heng Chye Kiou**  
*Independent Director*

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## AUDIT COMMITTEE

Mr Loo Hock Leong - Chairman  
Mr Lim Chwee Kim  
Mr Heng Chye Kiou

## REMUNERATION COMMITTEE

Mr Lim Chwee Kim - Chairman  
Mr Loo Hock Leong  
Mr Heng Chye Kiou

## NOMINATING COMMITTEE

Mr Heng Chye Kiou - Chairman  
Mr Loo Hock Leong  
Mr Lim Chwee Kim

## COMPANY SECRETARY

Ms Wong Yoen Har  
Chartered Secretary Singapore

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

89 Defu Lane 10  
Union Gas House  
Singapore 539220  
Tel: (+65) 6316 6666  
Fax: (+65) 6743 0467

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services  
Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

## AUDITORS

RSM Chio Lim LLP  
8 Wilkie Road  
#04-08 Wilkie Edge  
Singapore 228095  
Partner-in-charge: Mr Chan Weng Keen  
(Public Accountant and Chartered Accountant  
Singapore)  
Effective from reporting year ended 31 December  
2019

## INVESTOR RELATIONS

Email: [ir@uniongas.com.sg](mailto:ir@uniongas.com.sg)  
Website: [www.uniongas.com.sg](http://www.uniongas.com.sg)

## AUGUST CONSULTING

Ms Wrisney Tan - [wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg)

  
**UNION  
GAS**  
HOLDINGS  
LIMITED



89 DEFU LANE 10,  
UNION GAS HOUSE,  
SINGAPORE 539220

