UNION GAS HOLDINGS LIMITED

(Company Registration No. 201626970Z)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Union Gas Holdings Limited (the "**Company**") was incorporated in Singapore on 3 October 2016 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**") was formed through a restructuring exercise (the "**Restructuring Exercise**") which involved a series of acquisitions, rationalisation of the corporate and shareholding structure as well as business and operations of our Group prior to the Company's listing on Catalist. Please refer to the Company's offer document dated 13 July 2017 (the "**Offer Document**") for further details on the Restructuring Exercise.

For the purpose of this announcement, our Group's results for financial year ended 31 December 2018 ("**FY2018**") and comparative results for the financial year ended 31 December 2017 ("**FY2017**") have been prepared using the pooling of interest method, and the consolidated financial statements are presented as if the combination has occurred since the beginning of the earliest period presented.

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Financial Year ended 31 December		
	2018	2017	Increase/ (decrease)
	S$'000	S$'000	%
Revenue	56,361	39,186	43.8
Cost of sales	(37,054)	(25,341)	46.2
Gross profit	19,307	13,845	39.5
Other gains	53	61	(13.1)
Other income	1,005	693	45.0
Marketing and distribution costs	(8,986)	(6,847)	31.2
Administrative expenses	(3,730)	(3,411)	9.4
Finance costs	(62)	(35)	77.1
Other losses	(4)	(84)	(95.2)
Profit before tax	**7,583**	**4,222**	**79.6**
Income tax expenses	(1,159)	(747)	55.2
Profit, net of tax and total comprehensive income for the year	**6,424**	**3,475**	84.9

1(a)(ii) Notes to the statements of comprehensive income

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

	Group		
	Financial Year ended 31 December		
	2018	2017	Increase/ (decrease)
	S$'000	S$'000	%
Depreciation expenses	(1,882)	(1,967)	(4.3)
Allowance for impairment of trade and other receivables reversed/(charged)	36	(81)	144.4
Amortisation expenses	(803)	–	n.m.[(1)]
Bad debts written-off	(2)	(3)	(33.3)
Foreign exchange (losses)/gains	(2)	1	n.m.[(1)]
Gain on disposal of plant and equipment	17	60	(71.7)
Rental income	270	323	(16.4)
Other income (excluding rental income)	735	370	98.6
Interest expenses	(62)	(35)	77.1
Listing expenses	–	(1,202)	(100.0)

Note:

(1) n.m. denotes not meaningful.

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,530	9,445	4	–
Intangible assets	6,246	–	–	–
Investment in subsidiaries	–	–	20,000	10,800
Total non-current assets	17,776	9,445	20,004	10,800
Current assets				
Inventories	298	319	–	–
Trade and other receivables	1,739	1,447	5,084	4,103
Other assets	2,354	145	10	22
Cash and cash equivalents	15,714	16,098	4,505	4,835
Total current assets	20,105	18,009	9,599	8,960
Total assets	**37,881**	**27,454**	**29,603**	**19,760**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	24,709	17,069	24,709	17,069
Retained earnings	8,984	4,560	3,705	2,443
Merger reserve	(11,000)	(1,800)	–	–
Capital reserve	3,318	–	–	–
Total equity	26,011	19,829	28,414	19,512
Non-current liabilities				
Deferred tax liabilities	899	656	–	–
Other financial liabilities	1,359	287	–	–
Provisions	300	300	–	–
Total non-current liabilities	2,558	1,243	–	–
Current liabilities				
Income tax payable	959	655	23	–
Trade and other payables	7,313	5,005	1,166	248
Other financial liabilities	1,040	722	–	–
Total current liabilities	9,312	6,382	1,189	248
Total liabilities	11,870	7,625	1,189	248
Total equity and liabilities	**37,881**	**27,454**	**29,603**	**19,760**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	As at 31 December 2018		As at 31 December 2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Amount repayable in one year or less, or on demand	1,040	–	722	–
Amount repayable after one year	1,359	–	287	–

Details of any collaterals

As at 31 December 2018, secured borrowings comprised:

1. Finance leases of S$2,399,000 (2017: S$481,000) secured by:
   (i) corporate guarantee from the Company; and
   (ii) plant and equipment of the Group.

2. Term loan of Nil (2017: S$528,000) secured by:
   (i) corporate guarantee from the Company; and
   (ii) first legal mortgage over leasehold property of the Group.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Financial Year Ended 31 December	
	2018 S$'000	2017 S$'000
Cash flows from operating activities		
Profit before tax	7,583	4,222
Adjustments for:		
Interest income	(126)	(21)
Interest expense	62	35
Amortisation of intangible assets	803	–
Depreciation of property, plant and equipment	1,882	1,967
Gain on disposal of property, plant and equipment	(17)	(60)
Listing expenses	–	1,202
Operating cash flows before changes in working capital	10,187	7,345
Inventories	67	(48)
Trade and other receivables	(222)	(64)
Other assets	(2,112)	118
Trade and other payables	1,078	(3,378)
Net cash flows from operations	8,998	3,973
Income tax paid	(612)	(437)
Net cash flows from operating activities	8,386	3,536
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(1,840)	–
Purchase of property, plant and equipment	(762)	(1,997)
Proceeds from disposal of property, plant and equipment	44	359
Acquisition of intangible assets	(3,117)	–
Other receivables from related party	–	7,926
Interest received	126	21
Net cash flows (used in)/from investing activities	(5,549)	6,309
Cash flows from financing activities		
Dividends paid	(2,000)	–
Repayment of other financial liabilities	(1,159)	(728)
Gross proceeds from initial public offering ("IPO")	–	7,500
Listing expenses paid	–	(1,633)
Interest paid	(62)	(35)
Net cash flows (used in)/from financing activities	(3,221)	5,104
Net (decrease)/increase in cash and cash equivalents	**(384)**	**14,949**
Cash and cash equivalents, statement of cash flows,	16,098	1,149
Cash and cash equivalents, statement of cash flows, ending balance	**15,714**	**16,098**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	**Share capital S$'000**	**Retained earnings S$'000**	**Merger reserve S$'000**	**Capital reserve S$'000**	**Total equity S$'000**
At 1 January 2018	17,069	4,560	(1,800)	–	19,829
Total comprehensive income for the year	–	6,424	–	–	6,424
Acquisition of subsidiary [1]	6,440	–	(9,200)	3,318	558
Acquisition of intangible assets [2]	1,200	–	–	–	1,200
Dividends paid	–	(2,000)	–	–	(2,000)
At 31 December 2018	24,709	8,984	(11,000)	3,318	26,011
At 1 January 2017	10,000	1,085	(1,800)	–	9,285
Total comprehensive income for the year	–	3,475	–	–	3,475
Issuance of new shares pursuant to IPO	7,500	–	–	–	7,500
Capitalisation of listing expenses	(431)	–	–	–	(431)
	7,069	–	–	–	7,069
At 31 December 2017	17,069	4,560	(1,800)	–	19,829

The Company	**Share capital S$'000**	**Retained earnings S$'000**	**Total Equity S$'000**
At 1 January 2018	17,069	2,443	19,512
Total comprehensive income for the year	–	3,262	3,262
Acquisition of subsidiary [1]	6,440	–	6,440
Acquisition of intangible assets [2]	1,200	–	1,200
Dividends paid	–	(2,000)	(2,000)
At 31 December 2018	24,709	3,705	28,414
At 1 January 2017	10,000	(12)	9,988
Total comprehensive income for the year	–	2,455	2,455
Issuance of new shares pursuant to IPO	7,500	–	7,500
Capitalisation of listing expenses	(431)	–	(431)
	7,069	–	7,069
At 31 December 2017	17,069	2,443	19,512

Notes:

(1) On 31 May 2018, the Company completed the acquisition of subsidiary, U-Gas Pte. Ltd. ("**U-Gas**"), from Union Energy Corporation Pte. Ltd**.** ("**UEC**") whereby, inter alia, 24,329,430 ordinary shares were issued as part of the total consideration.

(2) On 10 May 2018, the Company completed the acquisition of assets from Semgas Supply Pte. Ltd. ("**Semgas**") whereby, inter alia, 4,533,434 ordinary shares were issued as part of the total consideration.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of changes in the Company's share capital

	No. of ordinary shares	Amount S$
Issued and paid-up share capital as at 1 July 2018 and 31 December 2018	228,862,864	24,709,477

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2017 and 31 December 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of ordinary shares	
	As at	
	31/12/2018	31/12/2017
Total number of issued shares excluding treasury shares	228,862,864	200,000,000

There were no treasury shares as at 31 December 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares as at 31 December 2018 and 31 December 2017.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 December 2018 and 31 December 2017.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditor of the Company.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Saved as disclosed in paragraph 5 below, our Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year ended 31 December 2018 as compared to its audited financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Our Group has adopted all the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and the related interpretations to SFRS(I) that are relevant to our Group and effective for the financial period beginning on or after 1 January 2018. The adoption of these framework did not result in changes to our Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Financial year ended	
	31/12/2018	31/12/2017
Profit, net of tax (S$'000)	6,424	3,475
Weighted average number of ordinary shares ('000)	217,183	183,397
EPS – basic and diluted (cents)	2.96	1.89

EPS is calculated based on profit, net of tax divided by the weighted average number of ordinary shares.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net assets value per ordinary share (cents)	11.37	9.90	12.42	9.76
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	228,863	200,000	228,863	200,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's performance

Revenue

Revenue increased by approximately S$17.17 million or 43.8% from S$39.19 million in FY2017 to S$56.36 million in FY2018, mainly due to: (i) an increase in revenue from the retail of bottled liquefied petroleum gas ("**LPG**") cylinders and LPG-related accessories to mainly domestic households in Singapore ("**Retail LPG - Domestic**") arising from acquisition of assets (being non-contractual relationships with domestic customers) from Semgas as well as other dealers in 2018; (ii) revenue contribution from sale of commercial LPG supply to Hawker Centres ("**Retail LPG - Commercial**") arising from acquisition of U-Gas on 31 May 2018; and (iii) an increase in revenue from sale and distribution of diesel to retail customers at our fuel station at 50 Old Toh Tuck Road and bulk sale of diesel to commercial customers ("**Diesel Business**"**).** This was partially offset by a decrease in sale of compressed natural gas ("**CNG**") primarily to natural gas vehicles ("**NGVs**").

LPG Business

a) Retail LPG - Domestic

The revenue from our Retail LPG Business increased by approximately S$5.15 million or 22.1% from S$23.35 million in FY2017 to S$28.50 million in FY2018. The increase was mainly due to the increase in: (i) average selling price of our bottled LPG cylinder in FY2018 compared to FY2017 in line with an increase in Saudi Aramco Contract Prices[1]; and (ii) sales volume

b) Retail LPG - Commercial

The revenue contributed by our new segment, Retail LPG - Commercial, arising from acquisition of U-Gas on 31 May 2018 was approximately S$5.58 million.

Diesel Business

The revenue from our Diesel Business increased by approximately S$10.03 million or 99.4% from S$10.09 million in FY2017 to S$20.12 million in FY2018. The increase was mainly due to an increase in: (i) the average selling price of our cost of diesel arising from an increase in international oil prices; and (ii) sales volume as a result of increase in sale of diesel to our commercial customers.

[1] The contract price for LPG derived from the contract prices for propane and butane published by the Saudi Arabian Oil Company (Saudi Aramco) on the first working day of each month and applicable to all purchases of LPG throughout the particular month.

CNG Business

The revenue from our CNG Business decreased by approximately S$3.59 million or 62.4% from S$5.75 million in FY2017 to S$2.16 million in FY2018. The decrease is mainly due to a decrease in our sales volume by approximately 71.6% as a result of decrease in the number of natural gas vehicles, vehicles that operate on CNG, or CNG and petrol, in Singapore. This was partially offset by an increase in average selling price of our CNG by approximately 32.8% in FY2018 compared to FY2017 due to an increase in our cost of purchase of natural gas arising from increased in High Sulfur Fuel Oil prices.

Cost of Sales

Our cost of sales increased by approximately S$11.71 million or 46.2% from S$25.34 million in FY2017 to S$37.05 million in FY2018. This was mainly due to:

(i) an increase in direct materials cost by approximately S$11.65 million arising from an increase in: (i) the average cost of diesel by approximately 25.8% in FY2018 compared to FY2017 and higher volume of diesel purchased; (ii) the average cost of purchase of natural gas by approximately 27.3% in FY2018 compared to FY2017; and (iii) volume of LPG sales to both domestic households and commercial – hawker. This was partially offset by the decrease in: (i) volume of natural gas by approximately 71.6% in FY2018 compared to FY2017; and (ii) average cost of bottled LPG cylinder by approximately 0.9% in FY2018 compared to FY2017; and

(ii) an increase in overhead costs by approximately S$0.06 million or 1.9% from S$3.14 million in FY2017 to S$3.20 million in FY2018 mainly due to the increase in: (i) purchases of LPG cylinders by $0.32 million which mainly arose from acquisition of assets; and (ii) servicing fees by approximately S$ 0.26 million in FY2018 compared to FY2017. This was partially offset by the decrease in: (i) custom and excise duties by approximately S$0.64 million and transportation tariff by approximately S$0.13 million as a result of the decrease in CNG sales volume; (ii) utilities by approximately S$0.10 million; and (iii) depreciation by approximately S$0.37 million as CNG equipment was fully depreciated in December 2017.

Gross Profit

Our gross profit increased by approximately S$5.46 million or 39.4% from S$13.85 million in FY2017 to S$19.31 million in FY2018 mainly due to an increase in revenue.

Our gross profit margin decreased by approximately 1.0% from 35.3% in FY2017 to 34.3% in FY2018 mainly due to the increase in our average purchase cost of diesel exceeding the increase in our average selling price of diesel to customers.

Other Gains

Other gains decreased by S$0.01 million due to a decrease in gain on disposal of motor vehicles by approximately S$0.04 million or 66.7% from S$0.06 million in FY2017 to S$0.02 million in FY2018. This was partially offset by write back of allowance for impairment of trade and other receivables by S$0.03 million in FY2018.

Other income

Other income increased by approximately S$0.31 million or 44.9% from S$0.69 million in FY2017 to S$1.00 million in FY2018. The increase in other income was mainly due to: (i) wage credit and maternity leave scheme of approximately of S$0.09 million; and (ii) provision of IT infrastructure services of approximately of S$0.09 million to Sembas (Asia) Trading Pte. Ltd. ("**Sembas**") which commenced in May 2017.

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately S$2.14 million or 31.2% from S$6.85 million in FY2017 to S$8.99 million in FY2018. The increase was mainly due to increases in: (i) depreciation of motor vehicles of S$0.22 million and upkeep of motor vehicles of S$0.16 million as a result of the purchase of more motor vehicles; (ii) delivery charges of S$1.26 million arising from an increase in sales volume of Retail LPG-Domestic and Retail LPG-Commercial Business; (iii) call centre charges by approximately S$0.19 million; and (iv) marketing expenses by S$0.30 million.

Administrative Expenses

Our administrative expenses increased by approximately S$0.32 million or 9.4% from S$3.41 million in FY2017 to S$3.73 million in FY2018. The increase was mainly due to the increase in: (i) salary of S$0.57 million arising mainly from additional headcount and salary increment; (ii) legal and professional fees of S$0.38 million mainly due to acquisition of both intangible assets and subsidiary, U-Gas; (iii) repair and maintenance of S$0.21 million; (iv) donation by S$ 0.13 million to charities that are registered under Institutions of Public Character; and (v) depreciation of plant and equipment of S$0.08 million mainly arising from acquisition of IT Infrastructure and related equipment, office renovation and purchase of motor vehicle in FY2018. This was partially offset by the absence of the listing expenses of S$1.19 million incurred in FY2017 pursuant to the IPO.

Finance Costs

Our finance costs increased by approximately S$27,000 or 77.1% from S$35,000 in FY2017 to S$62,000 in FY2018, mainly due to an increase in motor vehicles financing under hire purchase.

Other Losses

Our other losses decreased by approximately S$80,000 or 95.2% from a loss of approximately S$84,000 in FY2017 to a loss of approximately S$4,000 in FY2018 mainly due to a decrease in allowance for impairment of trade receivables from our Diesel Business arising from the tightening of credit control.

Income Tax Expense

Our income tax expense increased by approximately S$0.41 million or 54.7% from S$0.75 million in FY2017 to S$1.16 million in FY2018. This was mainly due to the higher profit before income tax achieved and the cessation of tax credits under the productivity and innovation credit scheme by IRAS.

Profit after tax

As a result of the above, our profit after tax increased by approximately S$2.94 million or 84.5% from S$3.48 million in FY2017 to S$6.42 million in FY2018.

Review of Group's Financial Position

Non-Current Assets

Non-current assets increased by approximately S$8.34 million or 88.3% from S$9.44 million as at 31 December 2017 to S$17.78 million as at 31 December 2018. The increase was mainly due to an increase in: (i) intangible assets of S$6.25 million mainly arising from both acquisitions of assets from Semgas and U-Gas from UEC. The intangible assets arose from the acquisition of U-Gas which relates to deferred customer retention costs, and the acquisition of assets from Semgas which relates to non-contractual domestic customer relationships; (ii) purchase of plant and equipment and motor vehicles from third party; and (iii) LPG equipment and motor vehicles of S$0.68 million arising from acquisition of U-Gas.

This was partially offset by the depreciation and amortisation expense for the period.

Current Assets

Current assets increased by approximately S$2.09 million or 11.66% from S$18.01 million as at 31 December 2017 to S$20.10 million as at 31 December 2018. This was mainly due to increases in: (i) trade and other receivables by approximately S$0.29 million which is in line with an increase in revenue and outstanding billings from Retail LPG-Commercial business; and (ii) other assets which related to advance rebate from Retail LPG-Commercial business and prepayment of motor vehicles insurance and road tax expenses by approximately S$2.21 million. This was partially offset by decrease in: (i) cash and cash equivalents by S$0.39 million; and (ii) inventories by S$0.02 million.

Non-current liabilities

Non-current liabilities increased by approximately S$1.32 million or 106.5% from S$1.24 million as at 31 December 2017 to S$2.56 million as at 31 December 2018. The increase was due to: (i) an increase in other financial liabilities of approximately S$1.07 million in hire purchase loans arising from purchase of motor vehicles; and (ii) an increase in deferred tax liabilities by S$0.25 million.

Current Liabilities

Current liabilities increased by approximately S$2.93 million or 45.9% from S$6.38 million as at 31 December 2017 to S$9.31 million as at 31 December 2018.

Trade and other payables increased by approximately S$2.31 million due to increases in: (i) trade payables of approximately S$0.27 million in line with increased in purchases; (ii) deposit of cylinders and LPG consumption received from customers of S$0.91 million mainly arising from the acquisition of assets and U-Gas; and (iii) accrued expenses relating to the final tranche payment of acquisition of U-Gas amounting to S$0.92 million.

Increase of other financial liabilities by approximately S$0.32 million was due to new hire purchase loans arising from the purchase of motor vehicles.

Income tax payable increased by approximately S$0.30 million in line with an increase in profit before tax.

Equity Attributable to Owners of Our Company

The increase in equity by approximately S$6.18 million or 31.2% from S$19.83 million as at 31 December 2017 to S$26.01 million as at 31 December 2018 was mainly due to net profit generated in FY2018 of approximately S$6.42 million and new shares issued pursuant to acquisitions of assets and subsidiary of S$7.64 million. This was partially offset by dividends paid to shareholders of S$2.00 million and net reserve of S$5.88 million arising from acquisition of subsidiary.

Review of Group's Cash Flows

In FY2018, our net cash flow generated from operating activities amounted to S$8.39 million. We generated operating cash flows before changes in working capital of S$10.19 million which was partially offset by net working capital outflows of S$1.19 million and taxes paid of S$0.61 million. The net working capital outflow was mainly due to an increase in: (i) trade and other receivables by S$0.22 million; and (ii) other assets of S$2.11 million. This was partially offset by: (i) an increase in trade and payables by S$1.08 million; and (ii) a decrease in inventories of S$0.06 million.

Net cash flows used in investing activities amounted to approximately S$5.55 million mainly due to acquisition of U-Gas of S$1.84 million and acquisition of intangible assets of S$3.12 million as well as net purchase of motor vehicles of S$0.76 million.

Net cash flows used in financing activities amounted to S$3.22 million in FY2018 due to (i) payment of first and final dividend for FY2017 of S$2.00 million; (ii) repayment of bank borrowings and hire purchase loan of S$1.16 million, and (iii) interest payment of S$0.06 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The financial performance of our Group for FY2018 is generally in line with what was disclosed in the section entitled "General Information on our Group – Trend Information" of the Offer Document, and in the half-year financial statements for the six months ended 30 June 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our expansion by acquisition including acquisition of assets (non-contractual relationship with domestic customers) from both Semgas and third party dealers and acquisition of subsidiary, U-Gas from UEC in 2018 has contributed to our financial performance of FY2018.

Barring any unforeseen circumstances, we expect to continue our current growth strategy as well as increase our business in the commercial sector in 2019.

11. Dividend

(a) Dividend declared (recommended) for the current financial period reported on

Yes. The board of directors of the Company (the "**Board**") is proposing a first and final dividend in respect of FY2018 (the "**Dividend**"), as follows:

Name of dividend	First and final dividend
Dividend type	Cash
Dividend per ordinary share	1.20 Singapore cent
Total annual dividend	S$2,746,354

The dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held in April 2019.

(b) Dividend declared (recommended) for the corresponding period of the immediately preceding financial year

Name of dividend	First and final dividend
Dividend type	Cash
Dividend per ordinary share	1.00 Singapore cent
Total annual dividend	S$2,000,000
Date of payment	11 May 2018

(c) Whether the dividend is before tax, net of tax, or tax exempt.

Tax exempt (one-tier).

(d) Date payable

To be announced at a later date.

(e) Books closure date

To be announced at a later date.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable. The Board is recommending to declare the dividend in respect of FY2018.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Our Group has a general mandate for IPTs ("**Shareholders' Mandate**") set out in the following table, which has been renewed and approved during Annual General Meeting and Extraordinary General Meeting on 23 April 2018.

Name of Interested Person	Aggregate value of all interested person transactions (including transaction of less than S$100,000 each) during FY2018 under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules (S$'000)
Sale of diesel at the fuel station to Sembas and Summit Gas Systems Pte. Ltd.	59
Provision of IT Infrastructure services to Sembas	276
Sale of diesel in bulk to Sembas	1,178
Purchase of health products from Health Domain Pte. Ltd.	19
Purchase of electricity from Union Power Pte. Ltd.	96
Provision of maintenance and support services by Sembas to U-Gas	226

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) in accordance with Rule 720(1) of the Catalist Rules.

15. Use of Proceeds

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

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 (S$'000)	Proceeds utilised as at 31 January 2019 (S$'000)	Proceeds utilised from 31 January 2018 to the date of this announcement (S$'000)	Balance of Proceeds as at the date of this announcement (S$'000)
Acquisition of dealers for the Retail LPG Business	4,143	2,969	-	1,174
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	-	-	1,000
General working capital	724	-	-	724
Listing expenses	1,633	1,633	-	-
	7,500	4,602	-	2,898

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Retail LPG-Domestic $'000	Retail LPG - Commercial $'000	Retail station $'000	Corporate $'000	Total $'000
Group					
2018					
External revenue	28,497	5,583	22,281	–	56,361
Segment results					
Finance costs	(45)	–	(17)	–	(62)
Profit/(loss) before tax	6,200	465	2,460	(1,542)	7,583
Income tax expense	(923)	–	(213)	(23)	(1,159)
Profit, net of tax	5,277	465	2,247	(1,565)	6,424
Segment assets	14,198	6,861	12,281	4,541	37,881
Segment liabilities	7,227	1,002	2,452	1,189	11,870
Other segment information					
Amortisation expense	(315)	(488)	–	–	(803)
Capital expenditure	(6,538)	(909)	(177)	(4)	(7,628)
Depreciation expense	(1,056)	(116)	(710)	–	(1,882)
Impairment losses	17	(12)	31	–	36
2017					
External revenue	23,341	–	15,845	–	39,186
Segment results					
Finance costs	(9)	–	(26)	–	(35)
Profit/(loss) before tax	5,076	–	492	(1,346)	4,222
Income tax expense	(762)	–	15	–	(747)
Profit, net of tax	4,314	–	507	(1,346)	3,475
Segment assets	9,785	–	12,794	4,875	27,454
Segment liabilities	4,781	–	2,596	248	7,625
Other segment information					
Capital expenditure	(2,122)	–	(467)	–	(2,589)
Depreciation expense	(838)	–	(1,129)	–	(1,967)
Impairment losses	(23)	–	(58)	–	(81)

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to section 8 of this announcement for the review of the performance of the Group.

18. A breakdown of sales as follows:

	Group		
	Financial Year Ended 31 December		
	2018	2017	Increase
	S$'000	S$'000	%
(a) Sales reported for first half year	23,953	19,761	21.2
(b) Operating profit after tax before deducting minority interests reported for first half year	3,306	1,477	123.8
(a) Sales reported for second half year	32,408	19,425	66.8
(b) Operating profit after tax before deducting minority interests reported for second half year	3,118	1,998	56.1

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Financial Year Ended 31 December	
	2018	2017
	S$'000	S$'000
Ordinary	2,746	2,000
Preference	–	–
Total	2,746	2,000

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

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2018 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Alexis Teo Soak Theng
Executive Director and Chief Executive Officer
27 February 2019