UNION GAS HOLDINGS LIMITED

FUELLING UP THE FUTURE

ANNUAL REPORT 2019

TABLE OF
CONTENTS

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B Rules of Catalist. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.*

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalist, Investment Banking, Singapore and Mr Ken Lee, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.

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 key businesses comprise Retail Liquefied Petroleum Gas ("**LPG**"), Compressed Natural Gas ("**CNG**"), and Diesel.

Union Gas is one of the leading suppliers of bottled LPG cylinders to domestic households in Singapore under the established and trusted brand "Union". In 2018, Union Gas enlarged its domestic distribution network with the acquisition of non-contractual domestic customer relationships from Semgas Supply Pte. Ltd. as well as other small LPG dealers and started to distribute LPG cylinders under the "Sungas" brand. In the same year, the Group expanded into the commercial segment with the acquisition of U-Gas Pte. Ltd., which is primarily involved in the retail sale of LPG to hawker centres in Singapore. In January 2019, the Group incorporated Union LPG Pte. Ltd. to sell LPG to eating houses, coffee shops and commercial kitchens.

Union Gas operates one of the largest bottled LPG delivery fleets in Singapore with over 200 vehicles. This extensive distribution capability is further supported by an in-house call centre that operates all year round with a customer relationship management system. The Retail LPG Business today serves more than 190,000 domestic households in Singapore.

Union Gas also produces, sells and distributes CNG at its fuel station in 50 Old Toh Tuck Road under the trusted "Cnergy" name. It is one of the leading suppliers of CNG primarily to natural gas vehicles ("**NGVs**") and industrial customers for their commercial use. It also sells and distributes diesel to retail customers at its fuel station, as well as transports, distributes and bulk sells diesel to commercial customers.

Over the years, Union Gas has gained significant goodwill and confidence from its customers and earned a reputation for quality, reliability, consistency and safety. Committed to product and service quality, Union Gas works only with trusted suppliers to ensure the quality of its supplies. The Group also has a quality assurance system in its processes which includes product inspections and proper training for its drivers in product handling and transportation.

Union Gas was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 21 July 2017 (SGX-ST stock code: 1F2).

For more information, please visit www.uniongas.com.sg.

OUR BUSINESS SEGMENTS

RETAIL LPG BUSINESS

Union Gas is involved in the retail distribution of bottled LPG cylinders and sale of LPG-related accessories, such as stoves, hoods, rubber hoses and regulators, to mainly domestic households in matured and/or older estates and landed housing in Singapore. Our small cylinders are also sold to dormitories and certain industrial customers. We also supply small cylinders for corporate and private events and functions.

Our bottled LPG cylinders are supplied by the Union Energy Corporation Pte. Ltd. and together with its subsidiaries ("**UEC Group**") and are sold under the "Union" and "Sungas" brands pursuant to dealership agreements and a trade mark licence agreement. The cylinders come in 4.5 kg, 9 kg, 11 kg, 12.7 kg, 14 kg and 50 kg sizes.

Our retail LPG business extends to the commercial and industrial segment, including the supply of LPG to hawker centres, coffee shops, eating houses and commercial kitchens.

To support our customers, we have one of the largest delivery fleets in Singapore with over 200 vehicles to support island-wide distribution. Our call-centre has approximately 50 customer service officers and operates all year-round to take customer orders and our "Fuel My Life" mobile app offers added convenience for customers to place their orders via their smart devices.

CNG BUSINESS

We operate a 24-hour fuel station under the brand "Cnergy" at 50 Old Toh Tuck Road to produce, sell and distribute CNG primarily to NGVs and industrial customers for their commercial use. The station has 14 CNG dispensers with 2 nozzles each and is open to the public.

DIESEL BUSINESS

Since August 2015, we sell and distribute diesel to retail customers at our 24-hour fuel station, which operates under the brand "Cnergy" at 50 Old Toh Tuck Road. The station, which is open to the public, has 5 diesel dispensers with 4 nozzles each and two 20,000-litre underground diesel storage tanks which house our diesel supply.

We also transport, distribute and bulk sell diesel to commercial customers.

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS

I am pleased to present you with the third consecutive year of top-line growth for Union Gas since the listing of our Group on the Catalist Board of the Singapore Exchange Securities Trading Limited in July 2017.

The financial year ended 31 December 2019 ("**FY2019**") saw Union Gas generating strong double-digit expansion in both revenue and net profit. The sterling performance continued to reflect the success of our two strategic acquisitions in 2018, that was the purchase of non-contractual domestic customer relationships from Semgas Supply Pte. Ltd. ("**Semgas**") and other dealers, which resulted in a 6.8% year-on-year ("**YOY**") improvement in our Retail LPG – Domestic sales during the year, while the acquisition of U-Gas Pte. Ltd. ("**U-Gas**") paved the way for our Group to sell LPG to hawker centres. In addition, the incorporation of a new subsidiary expanded the LPG supply to eating houses, coffee shops and commercial central kitchens in Singapore, resulting in a three-fold increase in revenue from our Retail LPG – Commercial business. At the same time, our revenue from diesel sales continued to rise steadily, registering a 19.1% uptick in sales with higher volumes being sold at our "Cnergy" brand fuel station at 50 Old Toh Tuck Road.

Through our strategic investments, the improvement in both our Retail LPG and Diesel Businesses had more than mitigated the 9.3% YOY decline in sales from our CNG Business, which we had expected to fall in tandem with the shrinking number of natural gas vehicles and vehicles that operate on CNG in Singapore.

Overall, net profit came in 31.0% higher YOY at S$8.4 million in FY2019 on the back of revenue that grew 39.8% during the year to S$78.8 million. Our Group also maintained a healthy financial standing with cash and cash equivalents at S$21.0 million as at 31 December 2019 compared to S$15.7 million as at 31 December 2018. This puts us in a strong position to consider further expansion of our business and operations through mergers and acquisitions should there be suitable opportunities.

Strengthening our team

Given the national past time of eating out at all hours of the day and the Asian culture of bonding over a meal, the Group strongly believes that our Retail LPG – Commercial segment has a lot more room to grow.

To capitalise on this and to take the Group to the next level of growth, we made several key appointments to boost the experience within the management team.

Following the last AGM in April 2019, Mr Teo Hark Piang ("**Mr Teo**") was appointed Executive Director and CEO. Before taking over the helm, Mr Teo was our Group's Director of Sales (Commercial and Industrial) responsible for overseeing the marketing strategies of our commercial and industrial segments. In addition to having more than 16 years of industry experience, he was an executive director of Union Energy Corporation Pte. Ltd. ("**UEC**") before joining our Group and was credited for it becoming the first LPG company to supply LPG to hawker centres. His experience will be invaluable as we seek to grow our commercial segment.

In June 2019, we appointed Mr Ng Yong Hwee as Deputy CEO. With over 25 years of work experience including more than 10 years in C-suite positions in infrastructure and energy companies leading mergers and acquisitions, business integration, strategy and corporate planning, he will be instrumental in helping the Group develop and implement its strategic plans.

MESSAGE TO SHAREHOLDERS

To strengthen the Retail LPG – Commercial business further, we appointed Mr Sim Lai Kitt as Head of Commercial in 2019. He has been in the industry since 1999 and in 2004, he assisted Mr Teo in UEC's penetration of the hawker centre segment and he will continue to provide support in this area. Most recently in January 2020, we appointed Ms Hong Pay Leng, a 20-year veteran in finance and accounting, as Chief Financial Officer to replace Ms Chng Geok, who had resigned as Finance Director to pursue other interests.

We are confident the Group will benefit from their collective experience as well as the drive and dedication of our existing staff, some of whom have been with us for decades.

Outlook

While we are cautiously optimistic about the growth prospects of our Retail LPG and Diesel Business, we are mindful about the impact of the recent Covid-19 situation. As a business that has weathered many storms over more than 40 years, we are confident that the Group can adapt and continue to grow despite the challenges.

Looking ahead, Union Gas remains keen to explore synergistic opportunities to expand its business. We are committed to maintain diverse sources of bottled LPG cylinders so that in the event of unforeseen incidents like the fire[1] that broke out at one of our suppliers, Summit Gas Systems Pte. Ltd., in June 2019, there will be minimum impact to our business and financial performance.

In January 2020, the Group made an offer to purchase a property at 89 Defu Lane for S$10.5 million, which is intended to operate as our headquarters. This proposed acquisition will allow us to centralise our staff, who have been operating out of offices in different locations, in a single location, and may lead to improvement in operational efficiencies.

Dividends

To distribute the earnings from a good year, Union Gas' Board of Directors has proposed a final dividend of 1.55 Singapore cents per share, which together with the interim dividend of 0.30 Singapore cents per share, brings the total dividend in respect of FY2019 to 1.85 Singapore cents per share (FY2018: 1.2 Singapore cents per share). This represents 50.3% of net profit for the financial year.

Sustainability

Sustainable business practices are an intrinsic part of our daily operations and have become a part of our corporate DNA. Our third Sustainability Report has been integrated into this Annual Report and we are pleased to report an improvement in many areas as compared to the previous year. We resolve to ensure that our next one will reflect an even better performance and firmer commitment to our employees, our customers, the local community and the surrounding environment.

Appreciation

In closing, we would like to thank all who have contributed to the performance of the Group. We are grateful for the support from our business partners and customers and thankful for the dedication of our workforce.

We also want to thank our fellow directors on the Board for your guidance and counsel over the past year. Lastly, a big thank you once again to all our shareholders. We will continue to devote our energies to ensure that the Group realises its full potential and ensure that your trust in us will bear fruit.

Teo Kiang Ang, Non-executive Chairman

Teo Hark Piang, Executive Director and CEO

[1] SGX Announcement (24 June 2019): Industrial Fire at Supplier's Facility at Jalan Buroh; SGX Announcement (13 August 2019): Unaudited Half-Year Financial Statements For The Six Months Ended 30 June 2019; and SGX Announcement (27 February 2020): Unaudited Financial Statements and Dividend Announcement for the Financial Year ended 31 December 2019.

BOARD OF DIRECTORS

TEO KIANG ANG

Founder and Non-Executive Chairman
Date of First Appointment | 3 October 2016
Last Re-Elected | 23 April 2018
Current and Past Directorships in Listed Companies | Nil

Having founded the business as a sole proprietorship in 1974, Mr Teo has more than 40 years of experience in the LPG market in Singapore and has gained an intimate knowledge and understanding of the business. 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 serves a president of Chui Huay Lim (a Teochew clan association) and was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2011.

TEO HARK PIANG

Executive Director and CEO
Date of First Appointment | 1 November 2018
Last Re-Elected | 25 April 2019
Current and Past Directorships in Listed Companies | Nil

Mr Teo has more than 16 years of experience in the manufacture of gas, 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 UEC Group between 2003 and 2018. He remains a non-executive director in UEC Group. In 2006, he was instrumental in UEC becoming the first LPG company to supply LPG to hawker centres. 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 | 25 April 2019
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 mergers and acquisitions. 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. He holds 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 | 23 April 2018
Chairman | Remuneration Committee
Member | Audit Committee & Nominating Committee
Current Directorships in Listed Companies | REVEZ Corporation Ltd. (SGX-ST Catalist)
Past Directorships in Listed Companies |RichLand Group Limited

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 and spearheaded the group's expansion into related businesses such as airport cargo terminal handling in 1994 and warehousing, storage and micro distribution in 1996. He is currently the Vice Chairman of the Citizen Consultative Committee of Hougang Single Member Constituency (SMC) and a director of REVEZ Corporation Ltd. (formerly known as Jason Holdings Limited), which is listed on the SGX-ST Catalist.

BOARD OF DIRECTORS

HENG CHYE KIOU

Independent Director
Date of First Appointment | 20 June 2017
Last Re-Elected | 23 April 2018
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, and Member of the School Advisory Committee of National Junior College. He served as Chairman of the Institute of Technical Education's Automotive Training Advisory Committee from May 1999 to April 2002. 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

NG YONG HWEE
Deputy CEO

Mr Ng was appointed as Deputy CEO of our Group in June 2019. He is responsible for the day-to-day operations as well as setting the direction and growth path of the Group. Mr Ng is a seasoned professional with more 25 years of work experience including more than 10 years in C-suite positions. He has worked for both global and Asian MNCs and Temasek-linked companies such as Esso, BASF, GE and City Gas. He has substantial experience in business development, sales and marketing, mergers and acquisitions, business integration, strategic and corporate planning as well as supply chain. Prior to joining our Group, Mr Ng was Managing Partner of Emerge Hong Kong and Emerge Consulting Singapore from October 2016 to March 2019 and CEO of NetLink Trust from October 2014 to April 2016. Between October 2004 and September 2014, Mr Ng held various management positions within City Gas Pte. Ltd. including as its President and CEO from April 2006 to September 2014. Concurrently, he was Chairman of City-OG Energy Services, a joint venture between City Gas and Osaka Gas, from March 2013 to September 2014 as well as CEO of SingSpring Pte. Ltd., a joint venture between CitySpring Infrastructure Trust and Hyflux, from October 2011 to September 2014. He holds a Bachelor of Arts and Social Sciences, National University of Singapore and a Master of Business Administration, University of Warwick, United Kingdom and is a Member of the Singapore Institute of Directors.

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 and treasury for the Group. She has more than 20 years of experience in finance and accounting in various industries including more than 10 years of corporate experience in a company listed on the SGX Mainboard. She 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.

KEY EXECUTIVES

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 served in the UEC Group for over seven years as a Senior Accountant and subsequently the Senior Manager for Accounting. She was responsible for the financial management, accounting and management reporting as well as financial operations of the entities within the UEC Group. Prior to joining the UEC Group, she was an auditor in a local accounting firm from 2008 to 2009, a senior accountant from 2007 to 2008, and an auditor with accounting firm in Malaysia from 2004 to 2007. She is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Institute of Singapore Chartered Accountants (ISCA).

TEO WOO YANG
Business Development Director

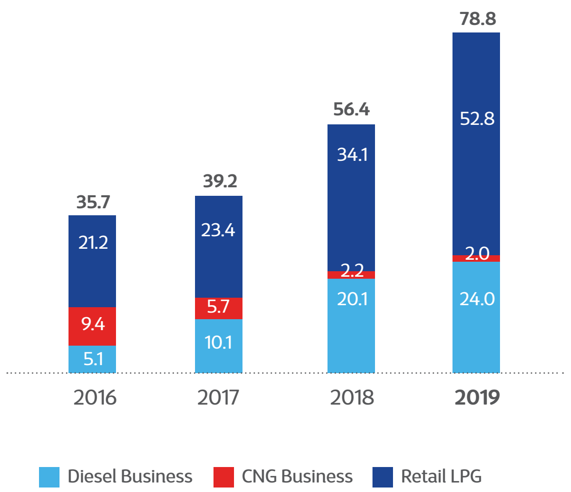
Mr Teo was appointed as Business Development Director of the Group since Oct 2019, responsible for the development and growth of its "Sungas" and "Cnergy" brands. He also oversees the Group's purchases and marketing strategies. He joined UEC Group in 2013 as a director of UEC Group's fully-owned subsidiary, 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, 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

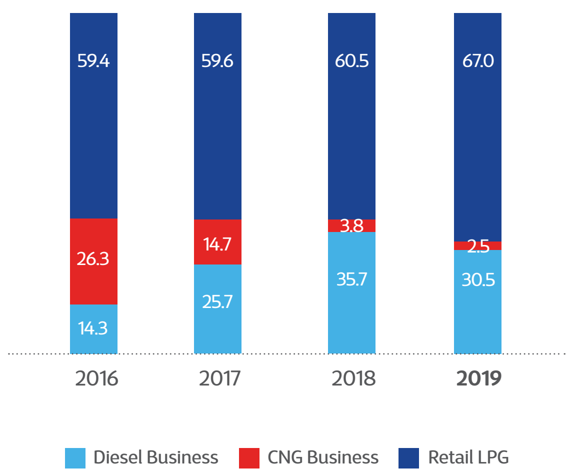
Mr Sim was appointed as Head of Commercial in 2019. He manages the sales, operations, services and maintenance of the LPG Commercial and Industrial business and is in charge of customer satisfaction and retention. He first joined UEC Group in 1999 as a Technician and rose through the ranks over the years 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

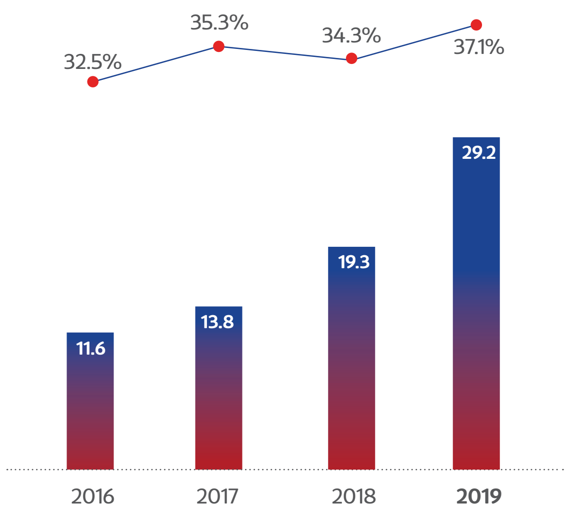
TOTAL REVENUE (S$m)



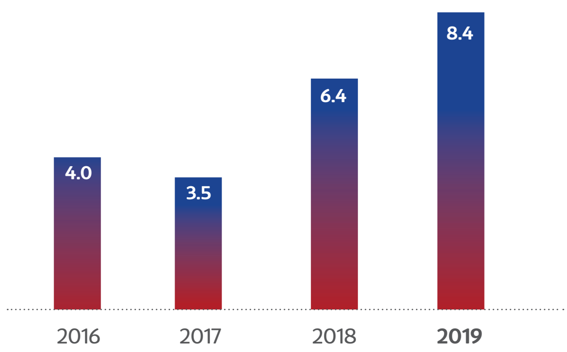
PERCENTAGE REVENUE CONTRIBUTION BY BUSINESS (%)



GROSS PROFIT (S$m) AND MARGIN (%)



NET PROFIT (S$m)



OPERATIONS AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FY2019 FINANCIAL PERFORMANCE

Revenue

Revenue increased by approximately S$22.44 million or 39.8% from S$56.36 million in FY2018 to S$78.80 million in FY2019, mainly due to an increase in:

(i) revenue from the retail of bottled LPG cylinders and LPG-related accessories to mainly domestic households in Singapore ("**Retail LPG – Domestic**");

(ii) revenue contribution from sale of commercial LPG supply to hawker centres, eating houses, coffee shops and commercial central kitchens ("**Retail LPG – Commercial**"); and

(iii) revenue from sale and distribution of diesel to retail customers at our fuels station at 50 Old Toh Tuck Road and bulk sales of diesel to commercial and industrial customers ("**Diesel Business**").

This was partially offset by a decrease in sale of CNG primarily to NGVs.

LPG Business

(i) Retail LPG – Domestic

The revenue from our Retail LPG Business increased by approximately S$1.95 million or 6.8% from S$28.50 million in FY2018 to S$30.45 million in FY2019. The increase was mainly due to the increase in sales volume.

(ii) Retail LPG – Commercial

The revenue contributed from Retail LPG – Commercial increased by approximately S$16.85 million or 302.0% from S$5.58 million in FY2018 to S$22.43 million in FY2019. The increase was mainly attributable from incorporation of a subsidiary, Union LPG Pte. Ltd. on January 2019 that expanded the LPG supply to eating houses, coffee shops and commercial central kitchens.

Diesel Business

The revenue from our Diesel Business increased by approximately S$3.84 million or 19.1% from S$20.12 million in FY2018 to S$23.96 million in FY2019. The increase was mainly due to an increase in sales volume of diesel at our fuels station at 50 Old Toh Tuck Road.

OPERATIONS AND FINANCIAL REVIEW

CNG Business
The revenue from our CNG Business decreased by approximately S$0.20 million or 9.3% from S$2.16 million in FY2018 to S$1.96 million in FY2019. The decrease was mainly due to a decrease in our sales volume as a result of decrease in the number of natural gas vehicles, vehicles that operate on CNG in Singapore.

Cost of Sales

Our cost of sales increased by approximately S$12.53 million or 33.8% from S$37.05 million in FY2018 to S$49.58 million in FY2019. This was mainly due to:

(i) an increase in direct materials cost by approximately S$9.77 million arising from an increase in volume of diesel purchased and bottled LPG cylinder of Retail LPG purchased for both Domestic and Commercial;

(ii) an increase in overhead costs by approximately S$2.76 million or 86.3% from S$3.20 million in FY2018 to S$5.96 million in FY2019 mainly due to the increase in license and professional fees, servicing fees and depreciation expenses due to expansion to supply LPG to eating houses, coffee shops and commercial central kitchens.

Gross Profit

Our gross profit increased by approximately S$9.91 million or 51.3% from S$19.31 million in FY2018 to S$29.22 million in FY2019 due to increase in sales volume and our gross profit margin increase from approximately 34.3% in FY2018 to approximately 37.1% in FY2019.

Expenses

Marketing and Distribution Costs
Our marketing and distribution costs increased by approximately S$5.92 million or 65.9% from S$8.99 million in FY2018 to S$14.91 million in FY2019, which is in line with increase in sales volume and business expansion in Retail LPG – Commercial segment. As a result, there were increases in delivery costs, call centre charges and marketing expenses.

Administrative Expenses
Our administrative expenses increased by approximately S$1.23 million or 33.0% from S$3.73 million in FY2018 to S$4.96 million in FY2019. The increase was mainly due to the increase in:

(i) salary arising mainly from additional headcount and salary increment; and

OPERATIONS AND FINANCIAL REVIEW

(ii) donations to charities that are registered under Institutions of Public Character.

Income Tax Expense
Our income tax expense increased by approximately S$0.81 million or 70.3% from S$1.16 million in FY2018 to S$1.97 million in FY2019. This was mainly due to higher profit before tax and the lower partial tax exemption which takes effect in YA2020.

Profit after tax

As a result of the above, our profit after tax increased by approximately S$1.99 million or 31.0% from S$6.42 million in FY2018 to S$8.41 million in FY2019.

REVIEW OF GROUP'S FINANCIAL POSITION

Non-Current Assets

Non-current assets increased by approximately S$5.30 million or 28.5% from S$18.60 million as at 31 December 2018 to S$23.90 million as at 31 December 2019. The increase was mainly due to:

(i) an increase in other assets in connection with the expansion to supply LPG to eating houses, coffee shops and commercial central kitchens;

(ii) purchase of motor vehicles; and

(iii) purchase of LPG manifold systems.

Current Assets

Current assets increased by approximately S$12.66 million or 65.7% from S$19.28 million as at 31 December 2018 to S$31.94 million as at 31 December 2019. This was mainly due to increases in:

(i) trade and other receivables by approximately S$2.56 million which was in line with the Group's expansion;

(ii) inventories by S$0.11 million;

(iii) other assets by approximately S$4.74 million in connection with the expansion to supply LPG to eating houses, coffee shops and commercial central kitchens; and

(iv) cash and cash equivalents of approximately S$5.25 million.

Non-current liabilities

Non-current liabilities decreased by approximately S$0.62 million or 24.2% from S$2.56 million as at 31 December 2018 to S$1.94 million as at 31 December 2019. The decrease was mainly due to repayment of finance lease liabilities.

Current Liabilities

Current liabilities increased by approximately S$13.58 million or 145.9% from S$9.31 million as at 31 December 2018 to S$22.89 million as at 31 December 2019.

Trade and other payables increased by approximately S$12.51 million, from which other payables increased by S$9.65 million mainly due to increases in purchases of LPG manifold systems, license fees and payment of deposits of LPG consumption from customers. This was partially offset by the payment for the final tranche of the consideration for the acquisition of U-Gas. Trade payables increased by S$2.86 million which is in line with increase of business volume.

Increase of lease liabilities by approximately S$1.24 million was due to adoption of SFRS(I) 16 Leases.

Income tax payable increased by approximately S$0.87 million, which is in line with an increase in profit before tax.

Equity Attributable to Owners of Our Company

The increase in equity by approximately S$5.00 million or 19.2% from S$26.01 million as at 31 December 2018 to S$31.01 million as at 31 December 2019 was due to the net profit in FY2019 and new shares issued pursuant to the awards vested under PSP. This was partially offset by dividends paid to shareholders.

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF GROUP'S CASH FLOWS

In FY2019, our net cash flow generated from operating activities amounted to S$12.27 million. We generated operating cash flows before changes in working capital of S$14.00 million which was decreased by net working capital outflows of S$0.74 million and partially offset by income tax paid of S$0.99 million. The net working capital outflow was mainly due to an increase in:

(i) other assets of S$3.50 million;

(ii) trade and other receivables by S$2.62 million; and

(iii) inventories by S$0.11 million.

This was partially offset by an increase in trade and other payables by S$5.37 million and decrease in contract costs by S$0.11 million.

Net cash flows used in investing activities amounted to approximately S$2.19 million were mainly due to:

(i) purchase of motor vehicle and LPG manifold system of S$1.52 million;

(ii) payment for the final tranche of the consideration for the acquisition of U-Gas, amounting to S$0.92 million; and

(iii) acquisition of intangible assets amounting to S$0.16 million.

This was partially offset by proceeds from disposal of motor vehicles of S$0.25 million and interest income received of S$0.16 million.

Net cash flows used in financing activities amounted to S$4.83 million in FY2019 due to:

(i) payment of first and final dividend for FY2018 of S$2.75 million and interim dividend on HY2019 of S$0.68 million;

(ii) repayment of lease liabilities of S$1.32 million; and

(iii) interest payment of S$0.08 million.

CORPORATE STRUCTURE

UNION GAS HOLDINGS LIMITED

- 100% UNION ENERGY PTE. LTD.
- 100% UNION GAS PTE. LTD.
- 100% U-GAS PTE. LTD.
- 100% UNION LPG PTE. LTD.

SUSTAINABILITY REPORT

BOARD STATEMENT

This is Union Gas' third Sustainability Report (the "**Report**"). It covers the Environment, Social and Governance ("**ESG**") performance across our three business segments – Retail LPG, CNG and Diesel. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of sustainability risks and opportunities, while ensuring all ESG matters significant to our business are addressed. The Board believes this report is a reasonable and clear presentation of the Company's plans and of its environmental, social and governance performance.

Unless otherwise stated, this Report covers our progress on ESG issues from 1 January 2019 to 31 December 2019. 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.

OUR APPROACH TO SUSTAINABILITY

Our Company is committed to implementing programmes and practices that promote environmental sustainability and social responsibility, while continuing to innovate high quality, reliable products for our customers. We believe in long term investment of our people, our customers, and the environment. We create sustained values for our stakeholders by incorporating environmental, social and governance aspects into our day-to-day operations and risk management approach. To achieve this, we maintain a high standard of corporate governance to oversee and implement the comprehensive policies that drive sustainable development. Our robust corporate governance structure plays an important role in our approach to sustainability by encouraging internal communications, enhancing transparency and building trust with our stakeholders. This process creates positive benefits for our stakeholders, drives long-term success for our Company and enables each employee at every level to help build value for the customer.

RETAIL LPG BUSINESS

We are involved in the retail distribution of bottled LPG cylinders to residential households, hawker centres, eating houses, coffee shops and commercial central kitchens as well as sale of LPG-related accessories, such as stoves, hoods, rubber hoses and regulators in Singapore. Our small cylinders are also sold to dormitories and certain industrial customers, as well as for corporate, private events and functions.

We utilise approximately 200 vehicles to support island-wide distribution and two dedicated call-centres that operate all year-round to take customer orders. As part of our customer-oriented operations, we have a "Fuel My Life" mobile app for customers to place orders on their smart devices, following feedback from our customers who wanted a faster way to place orders. This app also serves as a one stop portal to provide our customers with, *inter alia*, LPG safety tips and FAQs.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

The Company engages a wide variety of stakeholders including employees, customers, business partners, industry associations and the authorities.

From an internal stakeholder engagement exercise conducted in 2017, several topics related to economic, environment, and workplace practices were identified and provided a basis for identifying and prioritising aspects to be covered in this Report. The most material ESG factors have been ranked in order of importance as illustrated in the following diagram. The relevant GRI Standards that we have used for reporting our performance on the material topics is also indicated in the diagram.

SUSTAINABILITY REPORT

This year, we have refined our material topics and expanded the scope of our reporting to include material topics not covered in our previous reports, such as data privacy.

Our Business and Customers

Financial Performance
(GRI 201-1)

Anti-Corrupt Practices

Data Privacy
(GRI 418-1)

Pursuing Excellence in Products and Services

Environmental Responsibility

Compliance with Local Environmental Regulations
(GRI 307-1)

Use Of Energy and Water

Use of Recyclable Materials in Business Operations

Our People

Employment
(GRI 401-1)

Employees Welfare
(GRI 401-2)

Diversity and Equal Opportunity
(GRI 405-1)

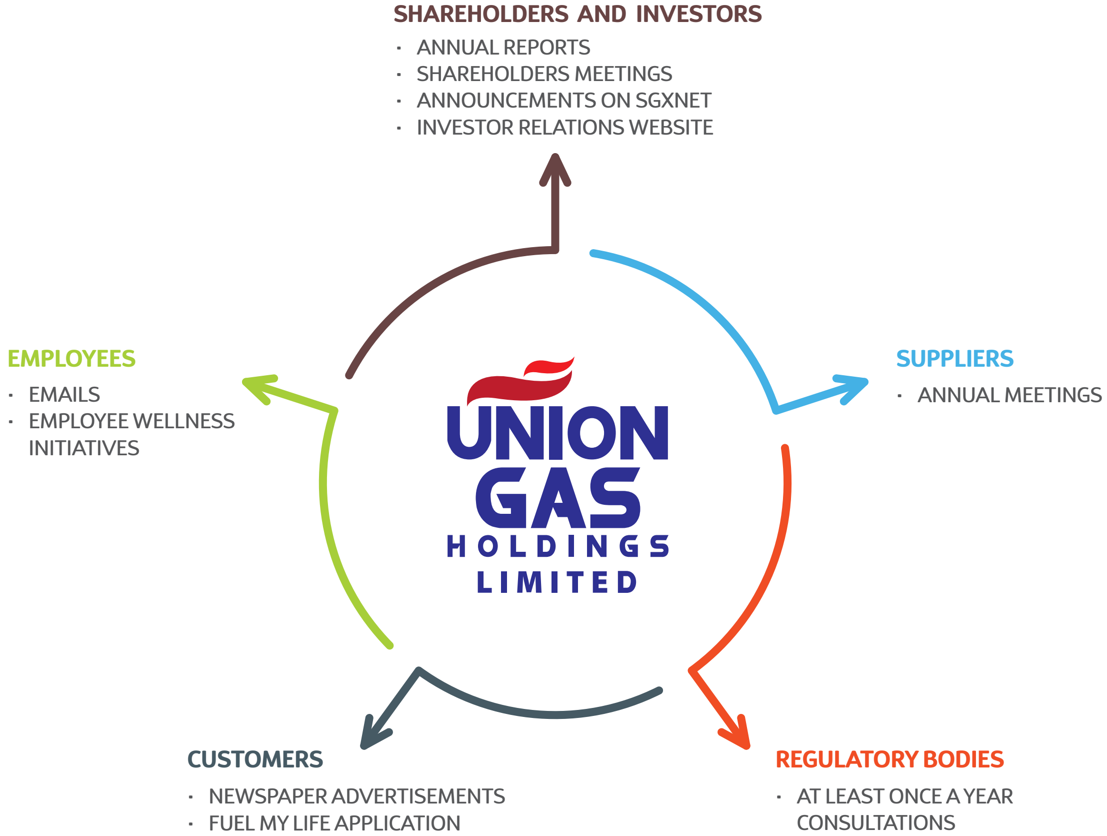
Learning and Development*
(GRI 404-1)

Occupational Health and Safety*
(GRI 403-2)

* Training and Occupational Health and Safety are both ranked similarly in order of importance.

SUSTAINABILITY REPORT

DIFFERENT STAKEHOLDER GROUPS AND HOW WE ENGAGE THEM



BUSINESS AND CUSTOMERS

Financial Performance
GRI 201-1

In the last one year, the Company distributed around 22.6 percent of our revenues to key stakeholders – 14.6 percent to employees and 8.0 percent to government and capital providers[1]. 72.1 percent of our revenue was spent on costs of sales and operation. To sustain the operations of our various companies, 5.3[2] percent of the total economic value generated was retained and reinvested.

Anti-Corrupt Practices

We stay convinced that good and effective governance is fundamental to business success. To achieve this, we have in place a rigorous corporate governance framework, overseen by our committed Board of Directors. We also ensure our compliance to all relevant laws and regulations, including the principles and guidelines set out in the Singapore Code of Corporate Governance 2018.

The Union Gas Code of Business Conduct provides the ethical framework for the Group. It sets out the values, principles and key points of policy everyone at the Group must reflect in their own policies and procedures. As part of our FY2019 action plan to enhance our business ethics policies, we have put in place detailed policies in key areas covering anti-bribery and corruption, gifts and entertainment and the appointment of third-party advisors.

In 2019, Union Gas was ranked in Top 100 companies on the SIAS list of most transparent companies and also emerged as the Winner under the Utilities category.

[1] This includes the proposed final dividend which is subject to shareholder approval at the Annual General Meeting.

[2] This is calculated based on (Profit, net of tax and total comprehensive income of the year less interim and final dividend distributed) / Revenue, and is also subject to shareholder approval at the Annual General Meeting.

SUSTAINABILITY REPORT

Whistleblowing

Our people can report concerns or suspected cases of misconduct in confidence through our designated email address or telephone number. This is publicised through induction sessions for new employees and circulated through emails twice a year. We meet quarterly to discuss compliance issues and new risk areas in the Audit Committee meetings.

Data Privacy
GRI 418-1

Data privacy is the appropriate and authorised use of data to protect customers' and individuals' right to privacy. For the Company this means only using personal data that has been collected ethically and in accordance with relevant data protection regulations. The Company 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 Privacy Policy that everyone who works for us and on our behalf must follow. Our privacy programme governs how we collect, use and manage our customers' personal data to make sure we respect the confidentiality of any choices that they have made regarding the use of their data. Our approach also ensures that initiatives with personal data will observe privacy principles such as transparency, purpose limitation, retention and security. By upholding these requirements, we aim to limit any privacy impact for our customers.

In FY2019, we did not receive any substantiated complaints relating to breaches of customer privacy.

Pursuing Excellence in Products and Services

The Company's philosophy is to provide goods and services of the best quality and offer excellent services to customers. Our commitment to excellence is exemplified by our yearly checks on gas valves, complemented by a comprehensive feedback mechanism from design to after-sale to ensure that we provide an impeccable level of service quality to our customers.

Across all our operating companies, we continually improve our services to ensure that customer needs and feedback are addressed proactively. Ongoing engagement with our users is key to this process, and our use of digitised customer service through our "Fuel My Life" mobile app is a first step towards realising the above.

In pursuit of excellence and consistency in the products and services that we offer, the headquarters of Union Gas Holdings Limited and our subsidiaries – Union Energy Pte. Ltd., Union Gas Pte. Ltd., U-Gas Pte. Ltd. and Union LPG Pte. Ltd. are now certified to ISO 9001:2015 Quality Management System and ISO 45001 Occupational Health and Safety Management System.

In addition to the surveys done for our domestic customers, we have also started rolling out customer satisfaction surveys for customers at our fuel station in 50 Old Toh Tuck Road, to better understand and identify areas where we can improve. Based on the surveys that we received, 94% of the 2,385 respondents gave us a rating of 4 or 5 out of total score of 5 for questions relating to quality and safety of the product, service rendered by the customer service team and delivery team, and complaint handling.

ENVIRONMENTAL RESPONSIBILITY

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

A large share of our total business greenhouse gas emissions is related to fuel consumption in our operations. Our policy is to promote low-emission modes of transport as much as possible, including using consolidated trucks as opposed to dedicated trucks.

Compliance with Local Environmental Regulations
GRI 307-1

We follow local environmental legislation and strive to reduce 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, our current diesel vehicles consist of Euro 4, 5 and 6 models.

There were no non-compliances with environmental laws and regulations in FY2019 and we strive to maintain full compliance with all applicable environmental laws and regulations in FY2020.

SUSTAINABILITY **REPORT**

Use of Recyclable Materials in Business Operations

Environmentally friendly initiatives are encouraged, several of our initiatives include reducing plastic use in our offices, and increased focus on recycling of paper, plastic and IT hardware. Our shredded waste-paper is recycled and we also encourage our employees to implement environmentally friendly routines in their daily work, such as printing double-sided to reduce paper consumption, and avoiding printing as far as possible. Our annual up-cycling workshops serve as a platform for raising staff awareness on recycling and we have recently implemented a standard company outlook signature template which includes a "Green Message" that highlights the importance paper reduction to recipients of the email.

OUR PEOPLE

Employment
GRI 401-1

The heart of the Company are our people. They shape the experiences of thousands of our customers every day. How we manage and develop our employees plays a key role in our future growth. We work hard to ensure a strong ethical foundation and a culture of innovation to attract and retain the most talented people, which allows us to deliver the highest standards of quality and service and contributes to the growth and success of our business. Our family culture of care, respect and fairness extends to all aspects of our businesses and to every interaction with our people. We always aspire to provide the environment and opportunities that allow our people to flourish and be their best selves.

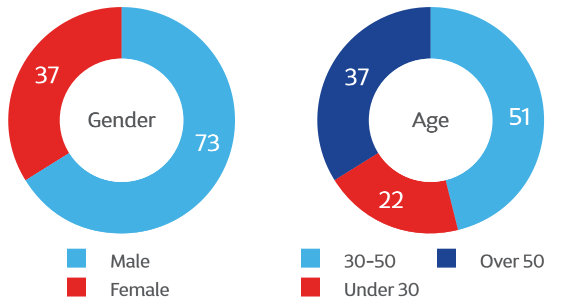
In FY2019, as part of our continued growth strategy and to expand our customer base, we acquired one non-contractual customer relationship from a dealer. There was no retrenchment of staff in FY2019.

We are pleased to note that our turnover rate has improved in FY2019 and has dropped from 42.7% to 38.3%. 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. For FY2019, we had an overall hiring rate of 47.8%.

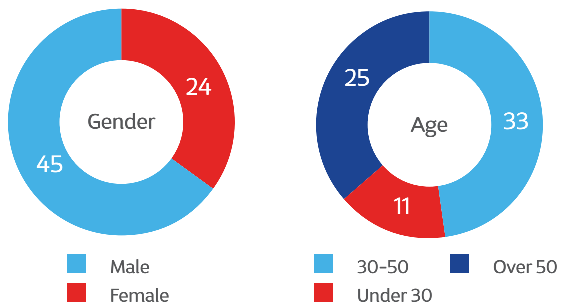
To cope with the increasingly tight labour market, the Company has put in place a career development plan for employees which includes training programs for soft skills and technical skills as well as individual development programs such as professional certificates or short courses.

We want to continue to improve our work with development and engagement of our employees, with the aim of achieving lower staff turnover in FY2020.

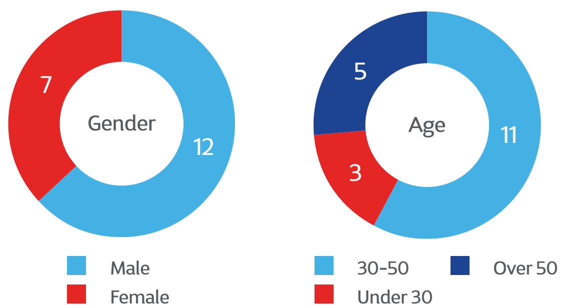
New Employee Hire



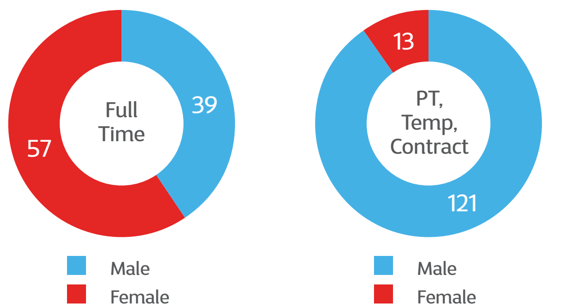
Employees who left Union Gas
(due to voluntary termination or end of contract)



(due to other reasons, eg. disciplinary reasons, poor work performance or failed probation)



Total no. of employees



SUSTAINABILITY REPORT

Performance Review for Employees

Every full-time employee meets with the manager annually to assess performance and progress against personal objectives, 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. The data we gained also helps us to monitor results which are critical to our business success. We continually review the performance management process to ensure our goals remain relevant.

When new employees join our company, they are informed of their job scope, responsibilities and key performance indicators ("**KPI**") which they will be assessed during the three-month probation period. Prior to the end of the probation period, an employee's supervisor will review the performance of the employee and discuss areas which they have or have 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, their contract will not be extended after the probation ends.

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 internally and externally to ensure fairness, consistency and competitiveness. Two days per year of examination leave are provided for all full-time employees in their pursuit of continuing education or professional qualifications. We also have Staff Referral Scheme for our current employees. Upon successful confirmation of the new staff referred to the company, an employee will receive a token of appreciation.

Staff who have done well and received compliments from customers are also awarded with staff reward vouchers for their outstanding efforts.

To better understand the concerns of our employees, staff engagement sessions were 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 and Year End Buffet Dinner.

We regularly review our employee compensation and benefits to ensure that it is aligned to market best practices and tailored to our employees' needs.

SUSTAINABILITY REPORT

Company Welfare Benefits Provided To Our Full-Time Staff

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

Diversity and Equal Opportunity
GRI 405-1

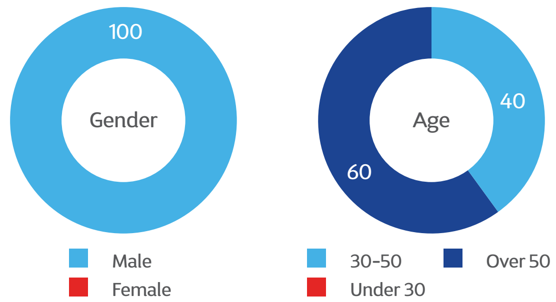
The Company is committed to providing an inclusive and harmonious workplace which gives equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability or other aspects of diversity. We believe our workforce should reflect the diversity of our customers and end-users. A diverse workplace also offers more exposure to employees from different cultures and backgrounds. In FY2019, females represented 30% of our total workforce. Our workforce 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 create an environment that promotes diversity and inclusion, equal opportunity and prevents discrimination, we have in place policies and processes to ensure that reported incidents of discrimination are heard and handled in a fair and appropriate manner. We deal with these very seriously and encourage reporting.

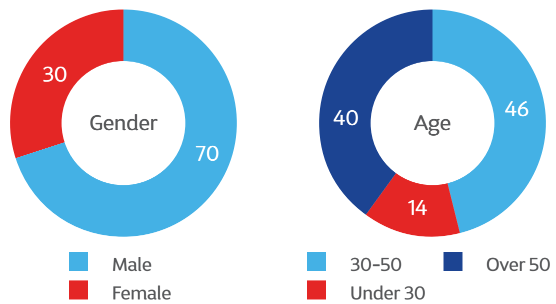
Learning and Development
GRI 404-1

Continuous learning is a necessity for our employees' career success. In addition to providing every employee with skillsets and knowledge that contribute to the growth of our business, we also offer training opportunities for our employees to equip them with valuable life skills. The Company encourages lifelong learning and in FY2019 we focused particularly on training for all employees on the Personal Data Protection Act and how it applied to their work. We also conducted customer service training, risk management for health and safety and first aid training.

Composition of our Board of Directors

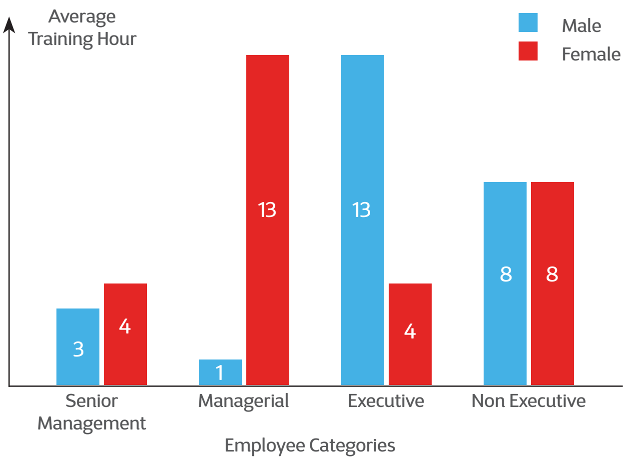


Composition of our Employees



In FY2019, our employees attended a total of approximately 1,696 hours of training. On average, each employee attended 7.4 hours of training in FY2019, compared to 5 hours per employee in FY2018. This increase of 2 hours of training per employee was largely due to increased in-house training conducted for employees to keep abreast of new government regulations applicable to our business operations. We aim to maintain an average of 5 to 6 hours of training per employee in FY2020.

Avg. No. of Training Hours



SUSTAINABILITY REPORT

Occupational Health and Safety
GRI 403-2

The Company has been awarded the ISO 45001 Occupational Health & Safety Management System certification and bizSAFE Level Star certification since February 2019. Providing a safe and healthy work environment is our priority. 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.

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 in order to transport and handle LPG cylinders. New workers undergo a buddy system and are trained by the more experienced, senior workers on safe work procedures and cylinder loading/unloading procedures before they are deployed to work on their own.

Since embarking on our weekly toolbox meetings to brief and remind workers on safe handling of LPG cylinders, we recorded a total of 208 lost days in FY2019 as compared to 335 lost days in FY2018. Our lost days in FY2019 were largely due to slips, falls and hand injuries when handling the LPG cylinders. Our Accident Severity Rate has also decreased from 692 in FY2018 to 371 in FY2019. 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 FY2020.

In response to the current Covid-19 outbreak, the Company has put in place precautionary measures to ensure the well-being of employees, customers, suppliers and other stakeholders that we work with. We are following the development and the advisory by the Ministry of Health and Ministry of Manpower as we continuously assess and update our policies and have taken the following measures, but are not limited to:

- Increased frequency in cleaning and disinfecting of high-contact areas,
- Daily temperature screening for all employees – our sales and delivery team are given "I am Okay" stickers to paste on their uniforms when they pass the temperature screening as per the Ministry of Health guidelines,
- Making available hand sanitisers at all our premises,
- Requiring our employees to disinfect their hands and shoes before entering the office premises,
- Providing our delivery drivers with a personal care pack which includes hand sanitisers and surgical masks and
- Frequent reminders to our delivery team during the weekly toolbox meeting on personal hygiene habits and to remain vigilant.

We have developed Business Continuity Plans to respond to disruptive incidents, such as the Covid-19, and will continue to monitor the changing situation. As an agile organisation, the Company is well-positioned to make real-time decisions necessary to ensure minimal disruption to operations, while safeguarding the safety and health of our employees and minimising the impact on the delivery of services to our customers.

Key Workplace Safety and Health Statistics for Singapore operations in FY2018 and FY2019 (full time staff and part-time/contract staff)

Description	FY2018	FY2019
Accident Frequency Rate (reportable accidents per million man-hours)	31	25
Accident Severity Rate (man-days lost per million man-hours)	692	371
Occupational Disease Rate	0	0
Work Related Fatalities	0	0

No. of man-hours worked (for full time staff) is assumed to be 8 hours a day, 20 days a month, for 12 months, based on full-time headcount in Singapore (96 employees)

No. of man-hours worked (for part time staff) is assumed to be 9 hours a day, 26 days a month, for 12 months, based on part-time headcount in Singapore (134 employees)

Workplace injury Rate $= \dfrac{\text{No. of Fatal and Non-Fatal workplace injuries}}{\text{No. of Employed Persons}} \times 100{,}000$

Accident Frequency Rate (AFR) $= \dfrac{\text{No. of Workplace Accidents Reported}}{\text{No. of Man-hours Worked}} \times 1{,}000{,}000$

Accident Severity Rate (ASR) $= \dfrac{\text{No. of Man Days Lost To Workplace Accidents}}{\text{No. of Man-hours Worked}} \times 1{,}000{,}000$

Occupational Disease incidence $= \dfrac{\text{No. of Occupational Diseases (i.e. chronic confirmed cases)}}{\text{No. of Employed Persons}} \times 100{,}000$

SUSTAINABILITY REPORT

Definitions on types of injuries

Major Injuries refer to non-fatal injuries which are more severe in nature. These include: amputation, blindness, deafness, paralysis, crushing, fractures and dislocations: head, back, chest and abdomen, neck, hip and pelvis, exposure to electric current, acute illness requiring medical treatment or loss of consciousness from exposure to chemical and/or biological agents, concussions with more than 20 days of medical leave

Minor injuries include all other reportable injuries that did not result in death or major injuries.

OUR COMMUNITY

The Company delivers LPG to more than 190,000 households in Singapore. Even as we do our business, we want to reach out to create a positive impact in the local community. Whether it is by supporting a local charity, sponsoring an event or donations-in-kind, we are committed to meaningful, impactful and rewarding projects that empower the community, engage our stakeholders and conserve our environment.

One Community Day, Sept 2019

The Company sponsored three lorries to transport food items to about 2,000 under privileged households. Beneficiaries included residents from the seven rental blocks in Chai Chee as well as public assistance recipients in Kembangan-Chai Chee. 13 employees signed up as volunteers to pack and distribute the food to the needy families.

Upcycling Workshop, Aug 2019

The Company engaged Terra SG to hold an upcycling workshop. The objective of this workshop was to raise the staff's awareness of the importance of recycling and what items could be saved from the waste bin and put to good use. A portion of the course fees that was paid to Terra SG was in turn used to provide employment opportunities for students and beneficiaries from the Movement for the Intellectual Disabled of Singapore.

Mid-Autumn Celebration Charity Luncheon, Sept 2019

The Company held a Mid-Autumn Charity Luncheon for 400 underprivileged seniors.

Project We Care, Sept 2019

The Company was a corporate volunteer for Project We Care 2019 which benefited approximately 1,500 underprivileged seniors, families and children. Project We Care aims to encapsulate the nation's forward-looking vision in embracing technology while reiterating a whole-of-community effort to ensure our residents are taken care of and being provided opportunities to better themselves.

In addition to sponsoring four buses to provide transport for the beneficiaries, our CEO and Deputy CEO participated in the Mass Digital Lights show.

Donations-in-Kind

Our donations in FY2019 have benefitted the following:-

Sian Chay Medical Institution
Ren Ci Hospital
Cheng Hong Welfare Society
Project We Care
Alzheimer's Disease Association
Whampoa Community Welfare Fund

REPORT ON CORPORATE GOVERNANCE AND **FINANCIAL CONTENTS**

REPORT ON
CORPORATE GOVERNANCE

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 2019 ("**FY2019**"), 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 Section B: Rules of Catalist (the "**Catalist Rules**") issued by 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 FY2019, the Company has adhered to the principles of the Code as well as the Catalist Rules, 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.

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

- Auditor's reports if deemed satisfactory and free of material errors after review.

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 406(3)(a) of the Catalist Rules 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 4D of the Catalist Rules.

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 (Chapter 50) of Singapore (the "**Companies Act**") and industry-related matters, to develop themselves professionally, at the Company's expense.

During FY2019, the Company Secretary provided the Board with updates on changes in laws and regulations, including the Companies Act, Catalist Rules and the Code of Corporate Governance, which are relevant to the Group. The external auditor regularly updates 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.

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 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.

REPORT ON
CORPORATE GOVERNANCE

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.

The attendance record of each Director at meetings of the Board and Board Committees during FY2019 is disclosed below:

	Board	AC	NC	RC
Number of meetings held in FY2019	4	4	1	3
Name of Director	**Number of meetings attended in FY2019**			
Teo Kiang Ang	2	–	–	–
Teo Hark Piang	4	–	–	–
Alexis Teo	1	–	–	–
Loo Hock Leong	4	4	1	3
Lim Chwee Kim	2	2	1	3
Heng Chye Kiou	4	4	1	3

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.

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.

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

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.

REPORT ON
CORPORATE GOVERNANCE

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.

Director	Designation	Date of Initial Appointment as Director	Date of Last Re-Election	AC	NC	RC
Teo Kiang Ang	Non-Executive Chairman	03 October 2016	23 April 2018	–	–	–
Loo Hock Leong	Lead Independent Director	20 June 2017	25 April 2019	Chairman	Member	Member
Lim Chwee Kim[(1)]	Independent Director	20 June 2017	23 April 2018	Member	Member	Chairman
Heng Chye Kiou[(2)]	Independent Director	20 June 2017	23 April 2018	Member	Chairman	Member
Teo Hark Piang	Executive Director and Chief Executive Officer	1 November 2018	25 April 2019	–	–	–
Alexis Teo[(3)]	Executive Director and Chief Executive Officer	03 October 2016	–	–	–	–

Notes:

(1) Mr Lim Chwee Kim will retire pursuant to Article 117 of the Constitution and is subject to re-election as a director at the forthcoming AGM of the Company.

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

(3) Ms Alexis Teo did not seek for re-election and retired at the AGM held on 25 April 2019.

Details of the Directors' qualifications and experiences are set out on pages 5 to 7 (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 Catalist Rules. 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 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules 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. There is no Independent Director who has served beyond nine years since the date of his first appointment.

For FY2019, 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 or her own independence.

As more than half 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.

REPORT ON CORPORATE GOVERNANCE

For FY2019, 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.

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 current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:–

Balance and Diversity of the Board	**Number of Directors**	**Proportion of the Board**
Core Competencies		
Accounting or finance related	3	60%
Business and management experience	3	60%
Legal or corporate governance	1	20%
Relevant industry knowledge	4	80%
Strategic planning experience	3	60%
Human Resource Management	3	60%

The Board will take 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.

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management. For FY2019, the Independent Directors had met the auditors from Yang Lee & Associates ("**internal auditor**") and RSM Chio Lim LLP ("**external auditor**") 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 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.

Teo Kiang Ang is our Non-Executive Chairman and 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.

REPORT ON
CORPORATE GOVERNANCE

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.

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

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 programs 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;

REPORT ON
CORPORATE GOVERNANCE

(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. 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-election. 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.

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

Name of Director	Designation	Retiring Pursuant to Article Number
Lim Chwee Kim	Independent Director	117
Heng Chye Kiou	Independent Director	117

REPORT ON CORPORATE GOVERNANCE

As at 31 December 2019, pursuant to Catalist Rule 720(5), the information as set out in Appendix 7F relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

Name	Lim Chwee Kim	Heng Chye Kiou
Date of appointment	20 June 2017	20 June 2017
Date of last re-appointment	23 April 2018	23 April 2018
Age	61	69
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Pursuant to Article 117 of the Constitution, Mr Lim Chwee Kim will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Lim'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.	Pursuant to Article 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 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.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee	Independent Director, Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee
Professional qualifications	Nil	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 submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 720(1))	Yes	Yes

REPORT ON CORPORATE GOVERNANCE

Working experience and occupation(s) during the past 10 years	1999 – 2012 Executive Director, Fuyuan Resources Pte. Ltd. 2008 – Present BroyLand Holdings Pte. Ltd. Present Vice Chairman of the Citizen Consultative Committee of Hougang Single Member Consistency	1982 – 2012 Executive Director and CEO, VICOM Ltd
Shareholding interest in the listed issuer and its subsidiaries	Yes	None
Shareholding details	400,000 ordinary shares	Not Applicable
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	BroyLand Holdings Pte. Ltd. Chengdu BroyLand Logistics Investment Management Co., Ltd Chengdu BroyLand Logistics Services Co., Ltd BroyLand Properties Pte. Ltd. BroyLand China Investment Pte. Ltd. BroyLand Trading Pte. Ltd. Fuyuan Resources Pte. Ltd. Sai Ho Realty Pte Ltd Lim Chwee Kim Pte. Ltd. RLG Development Pte. Ltd. Crownshine Season Fruits Private Limited	Scientec Pte. Ltd.
Present	Revez Corporation Ltd. BroyLand Logistics Services Pte. Ltd.	GBAD Services Pte. Ltd.

REPORT ON
CORPORATE GOVERNANCE

Information Required Pursuant to Listing Rule 704(5)		
(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

(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

(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 Lim Chwee Kim, being the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee, and his continued ability to contribute through his extensive industry knowledge and expertise to the Company, recommends that Mr Lim Chwee Kim who will retire by rotation pursuant to Article 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 Lim Chwee Kim will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Key information details on Mr Lim Chwee Kim are set out on page 6 of this Annual Report.

Pursuant to Article 117 of the Constitution, Mr Heng Chye Kiou, being the 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 Article 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 7 of this Annual Report.

Upon re-election as Director, Mr Lim Chwee Kim will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

REPORT ON CORPORATE GOVERNANCE

Upon re-election as Director, Mr Heng Chye Kiou will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

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 candor), 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 or her nominations are hinged on myriad of criteria whereby he or she 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 FY2019 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 or her 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 FY2019, 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 by any Director in FY2019.

REPORT ON CORPORATE GOVERNANCE

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

(a) Pages 5 to 7 – 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 56 – Shareholdings, if any, in the Company and its subsidiaries.

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 FY2019, 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 FY2019.

Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2019, both the NC and the Board are of the view that the Board has met its performance objectives for FY2019. 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/her performance.

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 FY2019, three RC meetings were 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.

REPORT ON CORPORATE GOVERNANCE

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.

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' approval at each AGM. To facilitate timely payment of directors' fees, the Company has recommended for the Directors' fees amounting to S$206,500 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2020 once approval is obtained from shareholders at the forthcoming AGM.

For FY2019, the payment of S$182,500 as Directors' fees to Non-Executive Directors had been approved at the AGM held on 25 April 2019.

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 (the "**Service Agreement**") with the Executive Director and CEO, namely, Teo Hark Piang.

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 FY2019, 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 FY2019, 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.

REPORT ON CORPORATE GOVERNANCE

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.

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 FY2019 is set out below:

Directors	Salary[1] (%)	Bonus[1] (%)	Director's Fees (%)	Total[1] (%)	Total (S$'000)
ABOVE S$750,001					
Teo Hark Piang[2]	69	31	–	100	887.2
Up to S$250,000					
Alexis Teo[2, 3]	54	46	–	100	174.6
Teo Kiang Ang	–	–	100	100	62.5
Loo Hock Leong	–	–	100	100	45.0
Lim Chwee Kim	–	–	100	100	37.5
Heng Chye Kiou	–	–	100	100	37.5

There are only Five (5) Key Management Personnel in the Company for FY2019. The breakdown (in percentage terms) of the remuneration of 5 Key Management Personnel (who are not also Directors) of the Group for FY2019 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary[1] (%)	Bonus and Others[1] (%)	Total (%)
Ng Yong Hwee[4]	Deputy CEO	69	31	100
Chng Geok[5]	Finance Director	58	42	100
Teo Woo Yang[6]	Business Development Director	62	38	100
Sylvia Lio	Chief Accounting Officer	64	36	100
Sim Lai Kitt[7]	Head of Commercial	84	16	100

Notes:
1. The salary and bonus amounts shown are inclusive of Singapore's Central Provident Funds contributions.
2. Remuneration of Ms Alexis Teo and Mr Teo Hark Piang are calculated based on the Service Agreements.
3. Retired as Executive Director and CEO at the AGM on 25 April 2019.
4. Appointed on 1 June 2019.
5. Resigned on 29 November 2019.
6. Appointed on 1 October 2019.
7. Appointed on 1 August 2019.

REPORT ON **CORPORATE GOVERNANCE**

As the roles and responsibilities performed by Key Management Personnel are of a competitive nature and may be highly sought after both within and outside Group, the disclosure of the total remuneration as recommended by the Code may not be in the best interest of the Group. In aggregate, the total remuneration paid to the 5 Key Management Personnel was S$682,720 in FY2019. Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2019. There is no employee who is an immediate family member of a Director or the CEO whose remuneration exceeded S$100,000 during FY2019.

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 FY2019. 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 instill 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.

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.

REPORT ON CORPORATE GOVERNANCE

No Option or Share has been awarded to any Participant under the Share Option Scheme since adoption including in FY2019. 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

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 is set out on pages 210 to 219 of the Company's Offer Document dated 13 July 2017.

During the financial year, the Company has granted 126,528 (2018: Nil) ordinary shares to its employees.

Name of participant	Aggregate number of Shares comprised in Awards under the PSP during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such participant since commencement of the PSP to end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the PSP to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review
Sylvia Lio	43,680	13,104	13,104	30,576
Sie Kok Khiam	33,000	9,900	9,900	23,100
Chng Geok	30,000	9,000	9,000	–*
Neo Candy Shelgrad	19,848	5,954	5,954	13,894

* Chng Geok resigned as Finance Director on 29 November 2019. 21,000 shares granted to her were lapsed upon the cessation of her employment with the Company.

REPORT ON CORPORATE GOVERNANCE

(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.

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 http://www.uniongas.com.sg.

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 auditor has carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditor has 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 FY2019.

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 FY2019, the Board had received assurance from the CEO and the Chief Financial Officer 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 the Deputy CEO, 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 including financial, operational, compliance and information technology controls are adequate and effective.

REPORT ON CORPORATE GOVERNANCE

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, Deputy 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 2019 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

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 auditor has 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 auditor;

(e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor;

(f) review the system of internal controls and management of financial risks with the internal and external auditors;

REPORT ON CORPORATE GOVERNANCE

(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 Company'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 auditor;

(k) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, 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;

(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 Catalist Rules, 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 auditing firm.

REPORT ON
CORPORATE GOVERNANCE

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 FY2019, the fees paid by the Company to the external auditor for audit and non-audit services amounted to S$98,000 and S$13,850 respectively. The AC has reviewed the non-audit services provided by the external auditor and is of the opinion that the independence and objectivity of the external auditor have not been affected.

The AC and the Board are of the view that the external auditor is adequately resourced. The external auditor is 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 auditor of the Company at the forthcoming AGM of the Company.

The Group has outsourced its internal audit function to Yang Lee & Associates which reports directly to the AC. The IA has an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. 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 AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced 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 Catalist Rules 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 2020. The external auditor was also invited to be present at AC meetings, as and when required, held during FY2019 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal controls.

During FY2019, the AC reviewed the planned audit procedures and the potential key audit areas as presented by the external auditor. At the AC meeting held in February 2020, the AC had received the report on FY2019 audit results from RSM, which summarised the audit work done for the key audit areas. In particular, the following key audit matters were 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 RSM, reviewed the audit report and accepted the conclusions.

The Company's whistle-blowing programme serves to encourage and to provide a channel for staff of the Group and any external parties to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. 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). The whistle-blowing programme has been communicated to all staff.

REPORT ON CORPORATE GOVERNANCE

The AC 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 FY2019, 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 FY2019, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditor 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.

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 auditor 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.

REPORT ON
CORPORATE GOVERNANCE

The Company's Constitution does not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. 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.

At the forthcoming AGM, pursuant to Catalist Rule 730A(2), all resolutions will be put to vote by way of a poll, and their detailed results will be announced via SGXnet after the conclusion of the AGM.

At the forthcoming AGM, the Company will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of the AGM will be made available to shareholders, upon their request.

The Company does not publish minutes of general meetings of shareholders on its corporate website as there are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11 of the Code, as between themselves, shareholders are treated fairly and equitably by the Company.

The Company has a dividend policy that aims to provide shareholders of the Company with a target annual dividend payout 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;

(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 Board has proposed a final dividend of 1.55 Singapore cents per ordinary share for FY2019 which will be subject to shareholders' approvals at the forthcoming AGM.

REPORT ON
CORPORATE GOVERNANCE

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 Catalist Rules; 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 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. At the forthcoming AGM, shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company and the Group. The notice of AGM will be sent together with the annual report, released on SGXnet and on the Company's website as well as published in the newspapers to inform shareholders of the upcoming meeting.

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.

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) which includes an investor relations section containing the Company's financial highlights, annual report, corporate announcements, whistle-blowing policy and investor relations policy.

REPORT ON CORPORATE GOVERNANCE

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, 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, Chapter 289. 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.

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 25 April 2019.

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions of less than S$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) during FY2019 (S$'000)	Aggregate value of all interested person transactions (including transactions of less than S$100,000 each) during FY2019 under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules (S$'000)
Purchase of bottled LPG by the Group from Summit Gas Systems Pte. Ltd.	–	21,111
Purchase of bottled LPG by the Group from Semgas Supply Pte. Ltd.	–	2,048
Purchase of LPG manifold systems, pipings and storage licences from the Mandated Interested Persons	–	6,971
Provision of maintenance services by Mandated Interested Persons to the Group in relation to the repair and maintenance of lorries and the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries)	–	108

REPORT ON CORPORATE GOVERNANCE

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions of less than S$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) during FY2019 (S$'000)	Aggregate value of all interested person transactions (including transactions of less than S$100,000 each) during FY2019 under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules (S$'000)
Sale of diesel at the Group's fuel station by the Group to the Mandated Interested Persons	–	43
Sale of diesel in bulk by the Group to Mandated Interested Persons	–	1,113
Purchase of electricity by the Group from Mandated Interested Persons	–	230
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	–	1,137
The provision of delivery services by Mandated Interested Persons to the Group	–	1,157
Provision of IT Infrastructure services to Sembas (Asia) Pte Ltd	–	276
Purchase of health products by the Group from Health Domain Pte Ltd	–	2

Nature of relationships in relation to the IPTs set out in the table above:–

(i) the Non-executive Chairman of the Company, Mr. Teo Kiang Ang, is a director of Union Energy Corporation Pte Ltd ("**UEC**") and has an equity interest of approximately 61.89% in UEC;

(ii) the Executive Director and CEO, Mr. Teo Hark Piang, has an equity interest of approximately 12.55% in UEC; and

(iii) Ms. Ellen Teo Soak Hoon, a Substantial Shareholder of the Company, has an equity interest of approximately 12.55% in UEC,

UEC, a Substantial Shareholder of the Company, is the shareholder of the Mandated Interested Persons, which include Choon Hin Gas Supply Pte Ltd, Gasmart Pte Ltd, Health Domain Pte Ltd, Sembas (Asia) Trading Pte Ltd, Semgas (S) Pte Ltd, Semgas Supply Pte Ltd, Summit Gas Systems Pte Ltd, United Gas Pte Ltd, and Union Power Pte Ltd.

The Group will be seeking a renewal of the general mandate from shareholders for recurrent interested person transactions at the forthcoming AGM.

(G) USE OF PROCEEDS (CATALIST RULE 1204(5)(F) AND (22))

The Company raised gross proceeds from the IPO of approximately S$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**") as follows:

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") (S$'000)	Proceeds utilised as at 27 February 2020 (S$'000)	Balance of Proceeds as at 27 February 2020 (S$'000)
Acquisition of dealers for the Retail LPG Business	4,143	3,051	1,092
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	4,684	2,816

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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES (CATALIST RULE 1204(21))

There were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch in FY2019.

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 2019.

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 2019 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 Singapore Companies Act, Chapter 50 (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	115,575,746	67,813,500	28,862,864	34,989,964
Teo Hark Piang	8,291,232	25,287,300	–	–
Lim Chwee Kim	400,000	400,000	–	–

STATEMENT BY DIRECTORS

3. **Directors' interests in shares and debentures (Continued)**

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

The directors' interests as at 21 January 2020 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.

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, Heng Chye Kou, 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.

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.

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.

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.

At the end of the reporting year, details of the awards granted under the Union Gas PSP on the unissued ordinary shares of the Company are as follows:

Date of grant	Share awards not released as at 1 January 2019	Share awards granted in 2019	Share awards vested in 2019	Share awards forfeited in 2019	Share awards not released as at 31 December 2019
6 June 2019	–	126,528	(37,958)	(21,000)	67,570

STATEMENT BY DIRECTORS

5. **Union Gas performance share plan (Continued)**

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.

Except for the Union Gas PSP, 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 31 December 2019.

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.

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 standard, concerns and issues arising from statutory audit including any matters which the 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;

STATEMENT BY **DIRECTORS**

7. Audit committee (Continued)

- 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 described 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, 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 next Annual General Meeting of the Company.

8. Independent auditor

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

9. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the independent external and internal auditors, reviews performed by management, other committees of the board and the board, and the confirmation obtained from the Chief Executive Officer and Chief Financial Officer, the AC and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology risks and risk management system were adequate and effective as at 31 December 2019.

10. 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 2020, 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	Teo Hark Piang
Director	Director

1 April 2020

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 2019, 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 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 Singapore Companies Act, Chapter 50 (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 2019 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 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 compressed 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.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF UNION GAS HOLDINGS LIMITED

Key audit matters (Continued)

Revenue recognition (Continued)

Our IT specialists reviewed the adequacy of the overall general controls of the Group's IT system. In addition, our internal 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNION GAS HOLDINGS LIMITED

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.

- 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.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF UNION GAS HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (Continued)

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

1 April 2020

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 2019

	Note	2019 $'000	2018 $'000
Revenue	5	**78,801**	56,361
Cost of sales		**(49,581)**	(37,054)
Gross profit		**29,220**	19,307
Other income and gains	6	**1,188**	1,058
Marketing and distribution costs	7	**(14,909)**	(8,986)
Administrative expenses	8	**(4,962)**	(3,730)
Finance costs	9	**(80)**	(62)
Other expenses	6	**(66)**	(4)
Profit before income tax		**10,391**	7,583
Income tax expense	11	**(1,974)**	(1,159)
Profit, net of tax and total comprehensive income		**8,417**	6,424

		2019 Cents	2018 Cents
Basic and diluted earnings per share	12	**3.68**	2.96

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**14,013**	11,530	**2**	4
Right-of-use assets	15	**119**	–	**86**	–
Intangible assets	16	**3,047**	3,568	**–**	–
Investments in subsidiaries	17	**–**	–	**20,000**	20,000
Contract costs, non-current	18	**2,490**	2,481	**–**	–
Other assets, non-current	19	**4,233**	1,020	**–**	–
Total non-current assets		**23,902**	18,599	**20,088**	20,004
Current assets					
Inventories	20	**408**	298	**–**	–
Contract costs, current	18	**858**	853	**–**	–
Trade and other receivables	21	**4,296**	1,739	**8,067**	5,084
Other assets, current	19	**5,416**	678	**17**	10
Cash and cash equivalents	22	**20,959**	15,714	**4,437**	4,505
Total current assets		**31,937**	19,282	**12,521**	9,599
Total assets		**55,839**	37,881	**32,609**	29,603
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	**24,718**	24,709	**24,718**	24,709
Retained earnings		**13,968**	8,984	**5,155**	3,705
Other reserves	24	**(7,678)**	(7,682)	**4**	–
Total equity		**31,008**	26,011	**29,877**	28,414
Non-current liabilities					
Provisions	26	**300**	300	**–**	–
Deferred tax liabilities	11	**1,020**	899	**–**	–
Lease liabilities, non-current	27	**618**	–	**16**	–
Other financial liabilities, non-current	28	**–**	1,359	**–**	–
Total non-current liabilities		**1,938**	2,558	**16**	–
Current liabilities					
Income tax payable		**1,826**	959	**2**	23
Trade and other payables	29	**19,826**	7,313	**2,643**	1,166
Lease liabilities, current	27	**1,241**	–	**71**	–
Other financial liabilities, current	28	**–**	1,040	**–**	–
Total current liabilities		**22,893**	9,312	**2,716**	1,189
Total liabilities		**24,831**	11,870	**2,732**	1,189
Total equity and liabilities		**55,839**	37,881	**32,609**	29,603

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2019

	Share capital $'000	Retained earnings $'000	Other reserves: Merger reserve $'000	Other reserves: Capital reserve $'000	Other reserves: Share-based payment reserve $'000	Other reserves: Total other reserves $'000	Total equity $'000
Group							
Current year:							
Opening balance at 1 January 2019	**24,709**	**8,984**	**(11,000)**	**3,318**	**–**	**(7,682)**	**26,011**
Total comprehensive income for the year	**–**	**8,417**	**–**	**–**	**–**	**–**	**8,417**
Dividends paid (Note 13)	**–**	**(3,433)**	**–**	**–**	**–**	**–**	**(3,433)**
Share-based payment (Note 24C)	**9**	**–**	**–**	**–**	**4**	**4**	**13**
Closing balance at 31 December 2019	**24,718**	**13,968**	**(11,000)**	**3,318**	**4**	**(7,678)**	**31,008**
Previous year:							
Opening balance at 1 January 2018	17,069	4,560	(1,800)	–	–	(1,800)	19,829
Total comprehensive income for the year	–	6,424	–	–	–	–	6,424
Acquisition of subsidiary from a related party (Note 23)	6,440	–	(9,200)	3,318	–	(5,882)	558
Acquisition of intangible assets from a related party (Note 23)	1,200	–	–	–	–	–	1,200
Dividends paid (Note 13)	–	(2,000)	–	–	–	–	(2,000)
Closing balance at 31 December 2018	24,709	8,984	(11,000)	3,318	–	(7,682)	26,011

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

STATEMENTS OF
CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2019

			Other reserve	
	Share capital $'000	Retained earnings $'000	Share-based payment reserve $'000	Total equity $'000
Company				
Current year:				
Opening balance at 1 January 2019	**24,709**	**3,705**	**–**	**28,414**
Total comprehensive income for the year	**–**	**4,883**	**–**	**4,883**
Dividends paid (Note 13)	**–**	**(3,433)**	**–**	**(3,433)**
Share-based payment (Note 24C)	**9**	**–**	**4**	**13**
Closing balance at 31 December 2019	**24,718**	**5,155**	**4**	**29,877**
Previous year:				
Opening balance at 1 January 2018	17,069	2,443	–	19,512
Total comprehensive income for the year	–	3,262	–	3,262
Acquisition of subsidiary from a related party (Note 23)	6,440	–	–	6,440
Acquisition of intangible assets from a related party (Note 23)	1,200	–	–	1,200
Dividends paid (Note 13)	–	(2,000)	–	(2,000)
Closing balance at 31 December 2018	24,709	3,705	–	28,414

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit before income tax	**10,391**	7,583
Interest income	**(156)**	(126)
Interest expense	**80**	62
Depreciation of property, plant and equipment	**2,953**	1,882
Depreciation of right-of-use assets	**102**	–
Impairment on trade receivables	**58**	–
Amortisation expenses	**679**	803
Gain on disposal of property, plant and equipment	**(116)**	(17)
Share-based payments	**13**	–
Operating cash flows before changes in working capital	**14,004**	10,187
Inventories	**(110)**	67
Contract costs	**114**	(941)
Trade and other receivables	**(2,615)**	(222)
Other assets	**(3,504)**	(1,542)
Trade and other payables	**5,369**	1,043
Net cash flows from operations	**13,258**	8,592
Income taxes paid	**(985)**	(612)
Net cash flows from operating activities	**12,273**	7,980
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired (Note 30)	**–**	(1,840)
Settlement of consideration for acquisition of a subsidiary in prior year	**(920)**	–
Proceeds from disposal of property, plant and equipment	**246**	44
Purchase of property, plant and equipment	**(1,518)**	(762)
Purchase of intangible assets	**(158)**	(2,711)
Interest income received	**156**	126
Net cash flows used in investing activities	**(2,194)**	(5,143)
Cash flows from financing activities		
Dividends paid	**(3,433)**	(2,000)
Lease liabilities – principal portions paid	**(1,321)**	(1,159)
Interest expenses paid	**(80)**	(62)
Net cash flows used in financing activities	**(4,834)**	(3,221)
Net increase/(decrease) in cash and cash equivalents	**5,245**	(384)
Cash and cash equivalents, beginning balance	**15,714**	16,098
Cash and cash equivalents, ending balance (Note 22)	**20,959**	15,714

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

NOTES TO THE **FINANCIAL STATEMENTS**

REPORTING YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Union Gas Holdings Pte. Ltd. (the "Company") is incorporated in Singapore with limited liability. The Company is listed on the Catalist Board 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 Dollars ("$") and have been rounded to the nearest thousand ($'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 17 to the financial statements.

The registered office and principal place of business of the Company is located at 3 Lorong Bakar Batu, #07-04 Union Industrial Center, Singapore 348741.

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 Singapore Companies Act, Chapter 50 and also with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

1. GENERAL (CONTINUED)

Basis of presentation (Continued)

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.

Sale of goods

Revenue from the sale of liquefied petroleum gas ("LPG") and LPG-related accessories and the sale of compressed natural gas ("CNG") 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 (in this respect, incoterms are considered).

Rendering of services

Revenue from service orders and term projects is recognised when the Group 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, revenue is recognised as the services are provided.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

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.

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).

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.

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.

All other repairs and maintenance are charged to profit or loss when incurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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. The annual rates of depreciation are as follows:

Leasehold land and buildings	–	6.9% (i.e. over the term of lease)
Plant and equipment	–	12% to 33.33%
Motor vehicles	–	10% to 30%

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.

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.

Right-of-use assets

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

Leases of lessee

A lease is a contract, or part of a contract, that 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 statements 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 lease 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-to-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 and an interest expense on the recognised lease liability (included in finance costs). 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 whereby the lease payments are expensed to profit or loss as incurred on a straight-line basis over the remaining lease term.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. 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 statements of financial position as a receivable at an amount equal to the net investment in the 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. Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

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 – 6 years

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.

Business combinations in 2018

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 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.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Impairment 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.

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.

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.

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.

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Financial instruments (Continued)

Classification and measurement of financial assets

(i) 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, trade and other receivables and cash and cash equivalents are classified in this category.

(ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI") – There were no financial assets classified in this category at reporting year end date.

(iii) Financial asset that is an equity investment classified as measured at FVTOCI – There were no financial assets classified in this category at reporting year end date.

(iv) Financial asset classified as measured at FVTPL – There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances:

(i) The liabilities are managed, evaluated and reported internally on a fair value basis; or

(ii) 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 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

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

REPORTING YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2B. Other explanatory information (Continued)

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 CNG 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.

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 16.

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.

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.

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	
	2019	2018
	$'000	$'000
Acquisition of intangible assets	**–**	(2,028)
Delivery charges	**(1,157)**	(30)
Upkeep of motor vehicles	**(115)**	(26)
Purchase of accessories	**–**	(65)
Purchase of electricity	**(230)**	(155)
Purchase of health products	**(2)**	(19)
Purchase of LPG	**(23,245)**	(15,501)
Purchase of plant and equipment	**(4,783)**	–
Purchase of storage license	**(2,188)**	–
Renovation expenses	**–**	(172)
Rental expenses	**(287)**	(98)
Sale of diesel	**1,156**	1,270
Service income	**27**	–
Service income for provision of IT infrastructure service	**276**	276
Servicing fees	**(1,137)**	(275)
Transportation income	**–**	19

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3C. Key management compensation

	Group 2019 $'000	Group 2018 $'000
Salaries and other short-term employee benefits	**1,920**	1,021
Share-based payments	**7**	–
	1,927	1,021

The above amounts are included in employee benefits expense. Included in the above amounts are the following items:

	Group 2019 $'000	Group 2018 $'000
Remuneration of directors	**1,062**	365
Fees to directors	**183**	145

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

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.

3D. Other receivables from and other payables to related parties

Trade transactions and trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

Movements in other receivables from and other payables to related parties are as follows:

	Group 2019 $'000	Group 2018 $'000
Other payables to related parties		
At beginning of the year	**(925)**	(5)
Outstanding consideration for purchase of plant and equipment, storage license and reimbursement of other assets (Note 22A)	**(8,219)**	–
Outstanding consideration for acquisition of subsidiary (Note 30)	**–**	(920)
Amounts paid out	**920**	–
At end of the year (Note 29)	**(8,224)**	(925)

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3D. Other receivables from and other payables to related parties (Continued)

	Group and Company	
	2019	2018
	$'000	$'000
Other payables to directors		
At beginning of the year	–	(145)
Fees to directors	(183)	(145)
Amounts paid out	183	290
Settlements of liabilities on behalf of the Company	(8)	–
At end of the year (Note 29)	(8)	–

	Company	
	2019	2018
	$'000	$'000
Other payables to related parties		
At beginning of the year	(920)	–
Outstanding consideration for acquisition of subsidiary (Note 30)	–	(920)
Amount paid out	920	–
At end of the year (Note 29)	–	(920)

	Company	
	2019	2018
	$'000	$'000
Other receivables from subsidiaries		
At beginning of the year	1,000	–
Amounts paid out and settlements of liabilities on behalf of subsidiaries	2,357	1,000
Amount paid in and settlements of liabilities on behalf of the Company	(2,049)	–
At end of the year	1,308	1,000
Presented in the statements of financial position as follows:		
Other receivables (Note 21)	3,357	1,000
Other payables (Note 29)	(2,049)	–
	1,308	1,000

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3E. Guarantees

The Company has provided guarantees to banks in relation to performance guarantees issued in favour of suppliers of certain subsidiaries in the Group. As at the end of the reporting year, the total amount under these issued performance guarantees was $1,899,000 (2018: $1,846,000) and no supplier has call 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:

- Retail LPG (Domestic) business – Sale and distribution of bottled LPG and LPG-related accessories and provision of LPG-related services to domestic households;
- Retail LPG (Commercial) business – Sale and distribution of LPG and LPG-related accessories and provision of LPG-related services to commercial customers;
- Retail station business – Retail sale of CNG and diesel to vehicles through a CNG and diesel refilling station at 50 Old Toh Tuck Road in Singapore; and
- Corporate – Provision of corporate services.

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

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

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

Group	Retail LPG-Domestic $'000	Retail LPG-Commercial $'000	Retail station $'000	Corporate $'000	Total $'000
2019					
External revenue	30,451	22,434	25,916	–	78,801
Segment results					
Profit/(loss) before income tax	5,381	4,412	3,787	(3,189)	10,391
Income tax expense	(923)	(476)	(573)	(2)	(1,974)
Profit/(loss), net of tax	4,458	3,936	3,214	(3,191)	8,417
Other segment information					
Amortisation expense	(592)	(87)	–	–	(679)
Depreciation expense	(1,254)	(1,036)	(698)	(67)	(3,055)
Finance costs	(71)	–	(6)	(3)	(80)
Allowance for impairment of trade and other receivables-reversal/(charged)	1	(33)	(26)	–	(58)
Segment assets and liabilities					
Total assets	16,137	22,177	12,973	4,552	55,839
Total liabilities	8,510	12,582	3,056	683	24,831
Additions:					
Property, plant and equipment	762	4,796	9	–	5,567
Right-of-use assets	95	–	–	–	95
Intangible assets	140	18	–	–	158
Contract costs	–	1,016	–	–	1,016

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

Group	Retail LPG-Domestic $'000	Retail LPG-Commercial $'000	Retail station $'000	Corporate $'000	Total $'000
2018					
External revenue	28,497	5,583	22,281	–	56,361
Segment results					
Profit/(loss) before income tax	6,200	465	2,460	(1,542)	7,583
Income tax expense	(923)	–	(213)	(23)	(1,159)
Profit/(loss), net of tax	5,277	465	2,247	(1,565)	6,424
Other segment information					
Amortisation expense	(315)	(488)	–	–	(803)
Depreciation expense	(1,056)	(116)	(710)	–	(1,882)
Finance costs	(45)	–	(17)	–	(62)
Allowance for impairment of trade and other receivables-reversal/(charged)	17	(12)	31	–	36
Segment assets and liabilities					
Total assets	14,198	6,861	12,281	4,541	37,881
Total liabilities	7,227	1,002	2,452	1,189	11,870
Additions:					
Property, plant and equipment	3,129	–	177	5	3,311
Intangible assets (reclassified)	3,408	503	–	–	3,911
Contract costs (reclassified)	–	1,065	–	–	1,065

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 single external customers that had contributed more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

5. REVENUE

	Group	
	2019 $'000	2018 $'000
Sale of LPG and LPG-related accessories	**52,885**	34,080
Sale of CNG	**1,954**	2,165
Sale of diesel	**23,962**	20,116
	78,801	56,361

The revenue are from customers in Singapore and recognised at a point in time. The contracts are short-term in nature. Also see Note 4.

6. OTHER INCOME AND GAINS AND (OTHER EXPENSES)

	Group	
	2019 $'000	2018 $'000 (Reclassified)
Allowance for impairment of trade and other receivables – (charged)/reversal	**(58)**	36
Bad debts written-off	**(7)**	(2)
Foreign exchange losses, net	**(1)**	(2)
Gain on disposal of property, plant and equipment	**116**	17
Government grant income	**171**	150
Interest income	**156**	126
Rental income from property	**286**	270
Others	**459**	459
	1,122	1,054
Presented in profit or loss as:		
Other income and gains	**1,188**	1,058
Other expenses	**(66)**	(4)
	1,122	1,054

7. MARKETING AND DISTRIBUTION COSTS

Major components include the following:

	Group	
	2019 $'000	2018 $'000
Commission expenses	**704**	584
Delivery charges	**1,542**	30
Depreciation of property, plant and equipment	**1,139**	916
Employee benefit expenses	**8,873**	6,504
Marketing expenses	**1,495**	375

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

8. ADMINISTRATIVE EXPENSES

Major components include the following:

	Group	
	2019 $'000	2018 $'000
Depreciation of property, plant and equipment	**268**	308
Depreciation of right-of-use assets	**102**	–
Fees to directors	**183**	145
Fees to independent auditor of the Company		
– Audit	**98**	86
– Non-audit	**14**	56
Employee benefit expenses	**2,113**	1,290
Legal and professional fee	**402**	489
Repair and maintenance expense	**275**	326

9. FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest expense on bank loans	**–**	7
Interest on lease liabilities	**80**	55
	80	62

10. EMPLOYEE BENEFIT EXPENSES

	Group	
	2019 $'000	2018 $'000
Short term employee expense	**10,261**	8,199
Contributions to defined contribution plans	**1,302**	205
Share-based payment	**13**	–
	11,576	8,404
Employee benefit expenses are charged as follows:		
Administrative expenses	**2,113**	1,290
Marketing and distributions costs	**8,873**	6,504
Cost of sales	**590**	610
	11,576	8,404

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

11. INCOME TAX EXPENSE

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

	Group 2019 $'000	Group 2018 $'000
Current tax		
Current tax expense	**1,815**	1,058
Under/(over) adjustments in respect of prior years	**38**	(142)
Subtotal	**1,853**	916
Deferred tax		
Deferred tax expense	**121**	243
Total income tax expense	**1,974**	1,159

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit before income tax for the reporting years due to the following differences:

	Group 2019 $'000	Group 2018 $'000
Profit before income tax	**10,391**	7,583
Income tax expense at the above rate	**1,766**	1,289
Expenses not deductible for tax purposes	**239**	123
Stepped income exemption and rebates	**(69)**	(111)
Under/(over) adjustments to current tax in respect of prior years	**38**	(142)
Total income tax expense	**1,974**	1,159

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

11B. Deferred tax expense recognised in profit or loss

	Group 2019 $'000	Group 2018 $'000
Excess of carrying value over tax values of property, plant and equipment	**121**	243

11C. Deferred tax liabilities in statements of financial position

	Group 2019 $'000	Group 2018 $'000
Excess of carrying value over tax values of property, plant and equipment	**1,020**	899

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 2019

12. EARNINGS PER SHARE

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

	Group	
	2019	2018
	$'000	$'000
Numerators:		
Profit, net of tax	**8,417**	6,424

	2019	2018
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	**228,884**	217,183

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 parent by the weighted average number of equity shares. The weighted average number of equity shares refers to shares in issue outstanding during the reporting year. The dilutive effect from unreleased share awards of approximately 82,000 (2018: Nil) shares is not material.

13. DIVIDENDS

	Rate per share			
	2019	2018	2019	2018
	Cents	Cents	$'000	$'000
Final tax exempt (1-tier) dividend in respect of previous reporting year	**1.20**	1.00	**2,746**	2,000
Interim tax exempt (1-tier) dividend	**0.30**	–	**687**	–
	1.50	1.00	**3,433**	2,000

In respect of the current reporting year, the directors proposed that a final dividend of 1.55 Singapore cent per share be paid to the shareholders. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares (excluding treasure 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 owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group				
Cost				
At 1 January 2018	9,165	4,023	6,463	19,651
Additions	–	242	3,069	3,311
Acquisition of subsidiary (Note 30)	–	212	471	683
Disposals	–	(33)	(26)	(59)
At 31 December 2018	9,165	4,444	9,977	23,586
Additions	–	4,894	673	5,567
Disposals	–	(125)	(66)	(191)
At 31 December 2019	9,165	9,213	10,584	28,962
Accumulated depreciation				
At 1 January 2018	6,056	3,277	873	10,206
Depreciation for the year	518	371	993	1,882
Disposals	–	(15)	(17)	(32)
At 31 December 2018	6,574	3,633	1,849	12,056
Depreciation for the year	518	1,219	1,216	2,953
Disposals	–	(15)	(45)	(60)
At 31 December 2019	7,092	4,837	3,020	14,949
Carrying value				
At 1 January 2018	3,109	746	5,590	9,445
At 31 December 2018	2,591	811	8,128	11,530
At 31 December 2019	2,073	4,376	7,564	14,013

	Plant and equipment $'000
Company	
Cost	
At 1 January 2018	–
Additions	4
At 31 December 2018 and 31 December 2019	4
Accumulated depreciation	
At 1 January 2018	–
Depreciation for the year	*
At 31 December 2018	*
Depreciation for the year	2
At 31 December 2019	2
Carrying value	
At 1 January 2018	–
At 31 December 2018	4
At 31 December 2019	2

* Denotes less than $1,000

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The allocation of depreciation expense is as follows:

	Group	
	2019 $'000	2018 $'000
Cost of sales	**1,546**	658
Marketing and distribution costs	**1,139**	916
Administrative expenses	**268**	308
	2,953	1,882

Certain motor vehicles are under leases (see Note 27).

15. RIGHT-OF-USE ASSETS

	Group $'000	Company $'000
Office and call centre		
Cost		
At 1 January 2019	–	–
Adoption of SFRS(I) 16 (Note 36)	126	57
At 1 January 2019 (restated)	126	57
Additions	95	95
At 31 December 2019	221	152
Accumulated depreciation		
At 1 January 2019	–	–
Depreciation for the year	102	66
At 31 December 2019	102	66
Carrying value		
At 1 January 2019 (restated)	126	57
At 31 December 2019	119	86

The Group has leases contracts for office space and call centre used in its operations.

Depreciation of right-of-use asset is charged to administrative expenses.

The related lease liabilities are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

16. INTANGIBLE ASSETS

Non-contractual customer relationships	**Group $'000**
Cost	
At 1 January 2018	–
Additions	3,911
At 31 December 2018	3,911
Additions	158
At 31 December 2019	4,069
Accumulated amortisation	
At 1 January 2018	–
Amortisation for the year	343
At 31 December 2018	343
Amortisation for the year	679
At 31 December 2019	1,022
Carrying value	
At 1 January 2018	–
At 31 December 2018 (Reclassified)	3,568
At 31 December 2019	3,047

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

Amortisation of intangible assets are charged to cost of sales.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 $'000	**2018 $'000**
Unquoted equity shares, at cost	**20,000**	20,000
Movement in cost during the year:		
At beginning of the year	**20,000**	10,800
Addition	*****	–
Acquisition (Note 30)	**–**	9,200
At end of the year	**20,000**	20,000

* Denotes less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries held by the Company are as follows:

Name	Principal activities	Cost 2019 $'000	Cost 2018 $'000	Equity held 2019 %	Equity held 2018 %
Union Energy Pte. Ltd.	Retailers, distributors, general merchants, importers and exporters, wholesalers, dealers and suppliers of LPG and related products	**1,100**	1,100	**100**	100
Union Gas Pte. Ltd.	Sale of CNG and diesel in retail and wholesale markets	**9,700**	9,700	**100**	100
U-Gas Pte. Ltd. ("U-Gas") (Note 30)	Retail sale of LPG and related wholesale markets	**9,200**	9,200	**100**	100
Union LPG Pte. Ltd.	Retail sale of LPG and related wholesale markets	*	–	**100**	–
		20,000	20,000		

* Denotes less than $1,000

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.

18. CONTRACT COSTS

	Group 2019 $'000	Group 2018 $'000
		(Reclassified)
Contract costs, current	**858**	853
Contract costs, non-current	**2,490**	2,481
	3,348	3,334
The movement in contract costs are as follows:		
At beginning of the year	**3,334**	–
Additions	**1,016**	1,065
Acquisition of subsidiary (Note 30)	**–**	2,836
Amortisation for the year	**(1,002)**	(567)
At end of the year	**3,348**	3,334

18. CONTRACT COSTS (CONTINUED)

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

Amortisation expenses are charged as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Reduction of revenue	**790**	487
Marketing and distributions costs	**211**	80
	1,001	567

19. OTHER ASSETS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
		(Reclassified)		
Non-current				
Prepaid advance rebates	**3,344**	1,020	**–**	–
Deferred customer retention costs	**889**	–	**–**	–
Subtotal	**4,233**	1,020	**–**	–
Current				
Prepayments	**1,221**	140	**17**	10
Prepaid advance rebates	**3,194**	374	**–**	–
Deferred customer retention costs	**950**	–	**–**	–
Deposits to secure services	**51**	52	**–**	–
Others	**–**	112	**–**	–
Subtotal	**5,416**	678	**17**	10
	9,649	1,698	**17**	10

Deferred customer retention costs relate to payments made to the Group's customers to facilitate their business costs. 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 if the terms of the contracts are breached.

Disposals mainly relate to expiries and early termination of contracts. For early termination of contracts, the outstanding amount is transferred from deferred customer retention costs to other receivables due from outside parties and set out in Note 21.

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

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

20. INVENTORIES

	Group	
	2019 $'000	2018 $'000
LPG	227	44
LPG-related accessories	127	210
Diesel	54	44
	408	298
Changes in inventories of goods for resale – increase/(decrease)	110	(21)
Amount of inventories included in cost of goods sold	30,868	20,669

There are no inventories pledged as security for liabilities.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables				
Outside parties	3,955	1,594	–	–
Less: Allowance for impairment	(81)	(59)	–	–
	3,874	1,535	–	–
Related parties (Note 3)	332	133	–	–
Subsidiaries (Note 3)	–	–	–	1,062
Subtotal	4,206	1,668	–	1,062
Other receivables				
Outside parties	51	46	–	10
Less: Allowance for impairment	(31)	(31)	–	–
	20	15	–	10
Subsidiaries (Note 3)	–	–	3,357	1,000
Dividends receivable from subsidiaries	–	–	4,700	3,000
Refundable deposits	70	56	10	12
Subtotal	90	71	8,067	4,022
Total trade and other receivables	4,296	1,739	8,067	5,084

	Group	
	2019 $'000	2018 $'000
Movements in allowance for trade receivables from outside parties:		
At beginning of the year	59	95
Charged/(reversed) to profit or loss included in other income and gains and (other expenses)	58	(36)
Bad debts written-off	(36)	–
At end of the year	81	59
Movements in allowance for other receivables from outside parties:		
At beginning and end of the year	31	31

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables are subject to the expected credit loss ("ECL") model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. 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 ranging from 9 to 24 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 for trade receivables was determined as follows:

	Gross amount		ECL rate		Loss allowance	
Group	**2019 $'000**	**2018 $'000**	**2019 %**	**2018 %**	**2019 $'000**	**2018 $'000**
Current	**2,801**	925	**0.22**	0.15	**6**	1
1 to 30 days past due	**995**	406	**0.41**	1.03	**4**	4
31 to 60 days past due	**256**	273	**0.82**	1.69	**2**	5
Over 60 days past due	**170**	82	**2.38**	9.76	**4**	8
	4,222	1,686			**16**	18

As at 31 December 2019, 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	
	2019 $'000	**2018 $'000**
Gross carrying amount	**65**	41
Less: Allowance for impairment	**(65)**	(41)
Net carrying amount	**–**	–

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

Other receivables

Other receivables at amortised cost set out above are subject to the ECL model under the financial reporting standard on financial instruments. Other receivables that can be graded as low risk individually are considered to have low credit risk. At end of first reporting period, 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. A loss allowance balance of $31,000 (2018: $31,000) is recognised.

At each subsequent reporting date, an evaluation is made whether there is 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 reporting date (based on modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Not restricted in use	**20,959**	15,714	**4,437**	4,505

The rates of interest for the cash on interest-earning balances ranged between 1.05% to 1.78% (2018: 1.05% to 1.7%).

22A. Significant non-cash transactions

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

– The Group acquired plant and equipment with total cost of $561,000 (2018: $2,549,000) by means of leases;

– The Group acquired plant and equipment, storage license and reimbursement of other assets with total cost of $4,783,000 (2018: Nil), $2,188,000 (2018: Nil) and $6,530,000 (2018: Nil) respectively from related parties. The purchase consideration of $8,219,000 remain unsettled as at the end of the reporting year (Note 3D);

– In 2018, the Company issued 4,533,434 new ordinary shares of no par value at $0.2647 per share for $1,200,000 as partial settlement of the consideration for the acquisition of intangible assets; and

– In 2018, the Company issued 24,329,430 new ordinary shares of no par value at $0.2647 per share for $6,440,000 as partial settlement of the consideration for the acquisition of a subsidiary (see Note 30).

22B. Reconciliation of liabilities arising from financing activities

	Bank loan $'000	Lease liabilities $'000	Total liabilities arising from financial activities $'000
Group			
At 1 January 2018	528	481	1,009
Cash flows	(528)	(631)	(1,159)
Non-cash changes	–	2,549	2,549
At 31 December 2018	–	2,399	2,399
Adoption of SFRS(I) 16	–	126	126
Cash flows	–	(1,321)	(1,321)
Non-cash changes	–	655	655
At 31 December 2019	–	1,859	1,859

23. SHARE CAPITAL

	No. of shares issued '000	Share capital $'000
Group and Company		
Ordinary shares of no par value:		
At 1 January 2018	200,000	17,069
Issue of shares for acquisition of intangible assets (Note 22A)	4,533	1,200
Issue of shares for acquisition of subsidiary (Note 30)	24,329	6,440
At 31 December 2018	228,862	24,709
Shares issued under Union Gas Performance Share Plan (Note 25)	38	9
At 31 December 2019	228,900	24,718

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

Capital management:

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. Net debt is calculated as total borrowings less cash and cash equivalents. As at the end of the reporting year, the debt-to-equity ratio is not meaningful as the Group has net surplus of cash over debt.

In order to maintain its listing on the Singapore Exchange it 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.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

24. OTHER RESERVES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Merger reserve (Note 24A)	**(11,000)**	(11,000)	**–**	–
Capital reserve (Note 24B)	**3,318**	3,318	**–**	–
Share-based payment reserve (Note 24C)	**4**	–	**4**	–
	(7,678)	(7,682)	**4**	–

24A. Merger reserve

	Group	
	2019 $'000	2018 $'000
Balance at beginning of the year	**(11,000)**	(1,800)
Acquisition of subsidiary (Note 30)	**–**	(9,200)
Balance at end of the year	**(11,000)**	(11,000)

This represents the difference between the consideration paid and the net assets acquired of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method (Note 30).

24B. Capital reserve

	Group	
	2019 $'000	2018 $'000
Balance at beginning of the year	**3,318**	–
Acquisition of subsidiary (Note 30)	**–**	3,318
Balance at end of the year	**3,318**	3,318

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

24C. Share-based payment reserve

	Group and Company	
	2019 $'000	2018 $'000
Balance at beginning of the year	**–**	–
Expense recognised in profit or loss, net	**13**	–
Exercised during the year	**(9)**	–
Balance at end of the year	**4**	–

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 2019

25. 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 details of the awards granted under the Union Gas PSP are as follows:

		Number of shares				
Date of grant	**Fair value at grant date**	**Granted and not released at beginning of the year**	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**Granted and not released at end of the year**
6 June 2019	$0.24	–	126,528	(37,958)	(21,000)	67,570

The measurement of the fair values at grant date of the share plan is based on share price at grant date. There is 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.

26. PROVISIONS

	Group	
	2019	**2018**
	$'000	**$'000**
Balance at beginning and end of the year	**300**	300

The provision is recognised for expected dismantling and removal costs upon expiry of the land lease where the Group's CNG and diesel refilling station is located. The estimate is based on quotation from an external contractor.

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

27. LEASE LIABILITIES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Lease liabilities, current	1,241	–	71	–
Lease liabilities, non-current	618	–	16	–
	1,859	–	87	–

Movements of lease liabilities for the reporting year are as follows:

	Group 2019 $'000	Company 2019 $'000
Total lease liabilities recognised at 1 January 2019 (Note 36)	2,525	57
Additions	735	95
Lease payments – principal portion paid	(1,321)	(62)
Interest paid	(80)	(3)
Total lease liabilities at 31 December 2019	1,859	87

A summary of the maturity analysis of lease liabilities are as follows:

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2019			
Due within 1 year	1,280	(39)	1,241
Due within 2 to 5 years	625	(7)	618
	1,905	(46)	1,859
Carrying value of plant and equipment under leases			4,023
Carrying value of right-of-use assets under leases			119
Company			
2019			
Due within 1 year	72	(1)	71
Due within 2 to 5 years	16	*	16
	88	(1)	87
Carrying value of right-of-use assets under leases			86

* Denotes less than $1,000

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

As at the end of the reporting year, the obligations under leases that are secured by a legal charge over the lease assets are $1,738,500.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

28. OTHER FINANCIAL LIABILITIES

	Group 2019 $'000	Group 2018 $'000
Non-current		
Finance lease liabilities	–	1,359
Current		
Finance lease liabilities	–	1,040
Non-current portion is repayable as follows:		
Due within 2 to 5 years	–	1,359

Finance lease liabilities were reclassified from "other financial liabilities" to "lease liabilities" on 1 January 2019 upon adoption of SFRS(I) 16 *Leases* (Note 36).

A summary of the maturity analysis of lease liabilities was as follows:

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2018			
Due within 1 year	1,100	(60)	1,040
Due within 2 to 5 years	1,391	(32)	1,359
	2,491	(92)	2,399
Carrying value of plant and equipment under finance leases			3,844

29. TRADE AND OTHER PAYABLES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade payables				
Outside parties and accrued liabilities	**4,356**	2,176	**–**	–
Related parties (Note 3)	**1,284**	595	**–**	–
Subtotal	**5,640**	2,771	**–**	–
Other payables				
Outside parties	**715**	836	**586**	246
Subsidiaries (Note 3)	**–**	–	**2,049**	–
Related parties (Note 3)	**8,224**	925	**–**	920
Directors (Note 3)	**8**	–	**8**	–
Deposits for LPG cylinders	**3,861**	2,262	**–**	–
Other deposits from customers	**1,378**	519	**–**	–
Subtotal	**14,186**	4,542	**2,643**	1,166
Total trade and other payables	**19,826**	7,313	**2,643**	1,166

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

30. ACQUISITION OF A SUBSIDIARY FROM A RELATED PARTY IN 2018

U-Gas Pte. Ltd. ("U-Gas") was incorporated in Singapore on 29 September 2017 and a wholly-owned subsidiary of Union Energy Corporation Pte. Ltd. ("UEC"), a related party.

Between October 2017 and March 2018, U-Gas acquired the following from certain subsidiaries of UEC, for no consideration, in order to carry out the business of retail sales of LPG to hawker centres in Singapore (the "Hawker Centre Business"):

- Contracts with hawker centres to supply LPG;
- Existing LPG pipes necessary to service these customers;
- Motor vehicles;
- Deferred customer retention costs; and
- Employees servicing the Hawker Centre Business.

On 19 March 2018, the Company entered into a sale and purchase agreement with UEC to acquire the entire issued and paid-up share capital of U-Gas for a consideration of $9,200,000, comprising 24,329,430 new ordinary shares in the capital of the Company at $0.2647 per share and cash of $2,760,000 (the "Acquisition"). The Acquisition was completed on 31 May 2018, following which U-Gas became a wholly-owned subsidiary of the Company.

As the Group, UEC and U-Gas are under the common control of the Controlling Shareholder, the Acquisition was accounted for as business combination under common control by applying the pooling of interest method. As disclosed in Note 2A, in accordance with the Group's accounting policy, this requires, amongst others, that the consolidated statement of profit and loss and other comprehensive income reflects the results of the combining businesses for the full year, irrespective of when the combination took place, and the comparatives are presented as if the businesses had always been combined since the date the businesses had come under common control. However, such a restatement of the comparatives was not made for the Acquisition as management determined that it was impracticable to do so.

Total consideration was as follows:

	2018 $'000
Cash paid	1,840
Outstanding cash consideration included in other payables	920
24,329,430 shares issued at $0.2647 each	6,440
	9,200

30. ACQUISITION OF SUBSIDIARY FROM RELATED PARTY IN 2018 (CONTINUED)

Identifiable assets acquired and liabilities assumed were as follows:

	2018 $'000
Plant and equipment	683
Contract costs	2,836
Inventories	44
Trade and other receivables	301
Other assets	25
Trade and other payables	(571)
Total identifiable net assets	3,318

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

	2018 $'000
Total consideration	9,200
Total identifiable net assets acquired	(3,318)
Capital reserve (Note 24B)	3,318
Merger reserve (Note 24A)	9,200

The contribution from U-Gas for the reporting year ended 31 December 2018 was as follows:

	$'000
Revenue	5,583
Profit before income tax	465

31. 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	
	2019 $'000	2018 $'000
Commitments for purchase of plant and equipment	–	538

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

32. 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 five years and a total of the amounts for the remaining years is as follows:

	Group	
	2019 $'000	2018 $'000
Not later than one year	**10**	198
Between 1 and 2 years	**126**	10
Between 2 and 3 years	**264**	–
	400	208
Rental income for the year	**286**	270

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.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

33A. Categories of financial assets and liabilities

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets				
At amortised cost	**25,255**	17,453	**12,504**	9,589
Financial liabilities				
At amortised cost	**21,685**	9,712	**2,730**	1,166

Further quantitative disclosures are included throughout these financial statements.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33B. 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:

- 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.

33C. Fair value of financial instruments

The analyses 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.

33D. Credit risk on financial assets

Financial assets that 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 is limited because the counter-parties are entities with acceptable credit ratings. For ECL on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-one loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables 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 as disclosed in Note 22 represent amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33E. Liquidity risk

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:

	Less than 1 year $'000	1 – 5 years $'000	Total $'000
Group			
2019			
Trade and other payables	**19,826**	**–**	**19,826**
Lease liabilities	**1,280**	**625**	**1,905**
	21,106	**625**	**21,731**
2018			
Trade and other payables	7,313	–	7,313
Other financial liabilities	1,100	1,391	2,491
	8,413	1,391	9,804
Company			
2019			
Trade and other payables	**2,643**	**–**	**2,643**
Lease liabilities	**72**	**16**	**88**
	2,715	**16**	**2,731**
Financial guarantee contracts (Note 3)	**1,899**	**–**	**1,899**
	4,614	**16**	**4,630**
2018			
Trade and other payables	1,166	–	1,166
	1,166	–	1,166
Financial guarantee contracts (Note 3)	1,846	–	1,846
	3,012	–	3,012

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 120 days (2018: 30 to 120 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.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33F. 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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets				
Fixed rate	**2,020**	4,000	**–**	–
Financial liabilities				
Fixed rate	**1,859**	2,399	**87**	–

Sensitivity analysis: The impact on profit before income tax is not significant.

33G. 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.

The Group has a foreign currency exposure to United State Dollar as it purchases LPG, CNG and diesel in this currency and sells them in Singapore Dollar. As at the end of the reporting year, the Group's trade payables denominated in United State Dollar was $118,000 (2018: $134,000).

Sensitivity analysis: The impact on profit before income tax is not significant.

34. EVENTS AFTER THE END OF THE REPORTING YEAR

- On 19 January 2020, the Company made an offer and paid a deposit of $105,000 to purchase a property located at 89 Defu Lane for $10,500,000 to operate as the Group's headquarters.

- There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020 and the fluctuations in the oil and gas market prices. These uncertainties may have an impact to the recoveries of certain assets. The Group is closely monitoring the impact of the events and will align its marketing activities and adapt its operations accordingly.

NOTES TO THE
FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

35. RECLASSIFICATION AND COMPARATIVE FIGURES

The following reclassifications were made to balances in the financial statements for the previous reporting year to enhance the comparison:

- Non-refundable deferred customer retention costs and prepayments amounting to $2,678,000 (1 January 2018: Nil) and $1,676,000 (1 January 2018: Nil) were reclassified from intangible assets and other assets to contract costs and separately presented on statements of financial position.

The effect of the reclassification is as follows:

Group	As previously reported $'000	Reclassification $'000	Reclassified amount $'000
2018 Statement of Financial Position:			
Non-current assets			
Intangible assets	6,246	(2,678)	3,568
Contract costs, non-current	–	2,481	2,481
Other assets, non-current	–	1,020	1,020
Current assets			
Contract costs, current	–	853	853
Other assets, current	2,354	(1,676)	678
2018 Statement of Comprehensive Income:			
Other income and gains	–	1,058	1,058
Other gains	53	(53)	–
Other income	1,005	(1,005)	–

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 the previous reporting year is not presented because above reclassification has no effect on the information in the statements of financial position at the beginning of the previous reporting year.

36. 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) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS(I) INT 23	Uncertainty over Income Tax Treatments
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS (CONTINUED)

SFRS(I) 16 *Leases*

On 1 January 2019, the Group adopted SFRS(I) 16 *Leases*. At the date of initial application, the Group recognised the rights to use leased assets as right-of-use assets and their associated obligations as lease liabilities. The Group applied this standard using the modified retrospective approach. Management elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The lease liability does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 3.39% per year.

Reconciliation of lease commitments and lease liabilities at the date of initial application:

	Group 2019 $'000	Company 2019 $'000
Operating lease commitments as at 31 December 2018	246	73
Relief option for short-term leases	(54)	(15)
Other minor adjustments	(62)	–
Subtotal – operating lease liabilities before discounting	130	58
Discounted using incremental borrowing rate	(4)	(1)
Recognised as finance lease obligations as at 31 December 2018	2,399	–
Total lease liabilities recognised at 1 January 2019	2,525	57

The right-of-use assets and lease liabilities are disclosed in Note 15 and 27 respectively.

Under the modified retrospective approach, the adoption of applying this standard was not material, hence the comparative information is not restated, and no presentation of a third column for the statement of financial position is made.

NOTES TO THE FINANCIAL STATEMENTS

REPORTING YEAR ENDED 31 DECEMBER 2019

37. 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
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020

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 11 MARCH 2020

Issued and Fully Paid Capital	:	**S$24,718,587**
Class of shares	:	**Ordinary Shares**
Voting rights	:	**1 vote per share**
Total no. of issued Ordinary Shares	:	**228,900,822**
Total no. of Treasury Shares	:	**Nil**
Total no. of Subsidiary Holdings	:	**Nil**

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	32	4.53	23,900	0.01
1,001 – 10,000	309	43.77	1,589,200	0.69
10,001 – 1,000,000	349	49.43	37,902,104	16.56
1,000,001 AND ABOVE	16	2.27	189,385,618	82.74
TOTAL	**706**	**100.00**	**228,900,822**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEO KIANG ANG	45,813,500	20.01
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	28,862,864	12.61
3	TEO HARK PIANG (ZHANG XUEBIN)	25,287,300	11.05
4	CITIBANK NOMINEES SINGAPORE PTE LTD	23,300,000	10.18
5	TEO WOO YANG	11,200,000	4.89
6	ELLEN TEO SOAK HOON	10,563,002	4.61
7	TEO SOAK THENG ALEXIS (ZHANG SHUTING)	10,394,500	4.54
8	ALICE TEO SOAK IMN (ALICE ZHANG SHUYING)	7,000,000	3.06
9	TAN AI BIN VINCENT DE PAUL	6,347,000	2.77
10	LK TANG PTE LTD	6,127,100	2.68
11	RAFFLES NOMINEES (PTE.) LIMITED	5,982,998	2.61
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,020,000	1.76
13	DBS NOMINEES (PRIVATE) LIMITED	1,227,600	0.54
14	ANG HAO YAO (HONG HAOYAO)	1,150,200	0.50
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,098,854	0.48
16	YEOH POH CHONG	1,010,700	0.44
17	GOH YONG HOCK	1,000,000	0.44
18	KOH KA SENG	951,800	0.42
19	TAN KIA HONG (CHEN YIFENG)	900,000	0.39
20	TAN KOK TENG	900,000	0.39
	TOTAL	**193,137,418**	**84.37**

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2020

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 11 March 2020, approximately 24.06% 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 Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist.

The Company did not hold any treasury shares and subsidiary holdings as at 11 March 2020.

Substantial Shareholders

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	%	No. of Shares	%
1	Teo Kiang Ang[1]	67,813,500	29.62	34,989,964	15.29
2	Union Energy Corporation Pte. Ltd.[2]	24,329,430	10.63	4,533,434	1.98
3	Teo Hark Piang	25,287,300	11.05	–	–
4	Ellen Teo Soak Hoon[3]	10,563,002	4.61	4,759,598	2.08

(1) Mr. Teo Kiang Ang is the Non-executive Chairman and a controlling shareholder of the Company.

Union Energy Corporation Pte. Ltd. ("UEC") has 24,329,430 shares, Semgas Supply Pte. Ltd. ("Semgas") has 4,533,434 shares and LK Tang Pte. Ltd. ("LKT") has 6,127,100 shares in Union Gas Holdings Limited. Teo Kiang Ang has 61.89% shareholding interest in UEC, Semgas is wholly-owned by UEC and LKT is wholly-owned by Teo Kiang Ang. Therefore, Teo Kiang Ang is deemed to have interest in the shares of Union Gas Holdings Limited held by UEC, Semgas and LKT by virtue of Section 4 of the Securities and Futures Act (Chapter 289).

(2) Semgas is wholly-owned by UEC and has 4,533,434 shares in Union Gas Holdings Limited. Therefore, UEC is deemed to have interest in the shares of Union Gas Holdings Limited held by Semgas by virtue of Section 4 of the Securities and Futures Act (Chapter 289).

(3) Ms. Ellen Teo Soak Hoon has 50% shareholding interest in BCGM Limited. Therefore, Ms. Ellen Teo Soak Hoon is deemed to have interest in the 4,759,598 shares held by BCGM Limited by virtue of Section 4 of the Securities and Futures Act (Chapter 289). The 4,759,598 ordinary shares are registered in Raffles Nominees (Pte.) Limited.

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

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
3 Lorong Bakar Batu
#07-04 Unions Industrial Center
Singapore 348741
Tel: (65) 6316 6666
Fax: (65) 6743 0467

SPONSOR
CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS
RSM Chio Lim LLP
8 Wilkie Road
#03-08 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
Union Gas Holdings Limited
ir@uniongas.com.sg

August Consulting
Ms Wrisney Tan – wrisneytan@august.com.sg
Ms Silvia Heng – silviaheng@august.com.sg

UNION GAS HOLDINGS LIMITED

3 LORONG BAKAR BATU #07-04 UNION INDUSTRIAL CENTER
SINGAPORE 348741