

UNION GAS HOLDINGS LIMITED

(Registration No: 201626970Z)

Condensed Interim Financial Statements

For the Six Months Ended 30 June 2021

UNION GAS HOLDINGS LIMITED

**Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021**

Contents	Page
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income ..	1
Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Changes In Equity	3
Condensed Interim Consolidated Statement of Cash Flows	5
Notes to the Condensed Interim Financial Statements	6

UNION GAS HOLDINGS LIMITED

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months Ended 30 June 2021**

	<u>Notes</u>	<u>Unaudited 6 months ended</u>		Increase/ (decrease) %
		<u>30 June 2021</u> \$'000	<u>30 June 2020</u> \$'000	
Revenue	4	45,058	43,186	4.3
Cost of sales		<u>(28,559)</u>	<u>(24,878)</u>	14.8
Gross profit		16,499	18,308	(9.9)
Other income and gains		1,679	1,673	0.4
Marketing and distribution costs		(9,159)	(8,879)	3.1
Administrative expenses		(2,677)	(2,661)	0.6
Finance costs		(71)	(24)	195.8 ^{n.m}
Other expenses		<u>(4)</u>	<u>(18)</u>	(77.8)
Profit before income tax	5	6,267	8,399	(25.4)
Income tax expense	6	<u>(1,016)</u>	<u>(1,409)</u>	(27.9)
Profit, net of tax and total comprehensive income		<u>5,251</u>	<u>6,990</u>	(24.9)

	<u>Unaudited 6 months ended</u>	
	<u>30 June 2021</u> Cents	<u>30 June 2020</u> Cents
Basic and diluted earnings per share	<u>2.29</u>	<u>3.05</u>

Note:

(1) n.m. denotes not meaningful.

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position As at 30 June 2021

Notes	Group		Company		
	Unaudited	Audited	Unaudited	Audited	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000	
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	9	24,207	12,888	11,735	1
Right-of-use assets		40	73	40	73
Intangible assets		1,524	1,939	–	–
Investments in subsidiaries		–	–	24,501	24,501
Investment in financial asset		1,000	–	–	–
Contract costs, non-current		2,605	2,498	–	–
Other non-financial assets, non-current		3,486	4,609	363	1,789
Total non-current assets		32,862	22,007	36,639	26,364
<u>Current assets</u>					
Inventories		573	712	–	–
Contract costs, current		732	697	–	–
Trade and other receivables		5,195	4,423	437	11,545
Other non-financial assets, current		4,847	4,781	153	161
Cash and cash equivalents		30,433	34,198	13,912	5,563
Total current assets		41,780	44,811	14,502	17,269
Total assets		74,642	66,818	51,141	43,633
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	10	24,734	24,725	24,734	24,725
Retained earnings		22,597	23,139	6,124	11,774
Other reserves		(7,682)	(7,677)	–	5
Total equity		39,649	40,187	30,858	36,504
<u>Non-current liabilities</u>					
Provisions		300	300	–	–
Deferred tax liabilities		1,023	1,023	–	–
Bank borrowings, non-current	11	11,600	–	9,272	–
Lease liabilities, non-current	11	1,065	704	6	23
Total non-current liabilities		13,988	2,027	9,278	23
<u>Current liabilities</u>					
Income tax payable		2,314	3,037	–	–
Bank borrowings, non-current	11	1,483	–	904	–
Lease liabilities, current	11	949	1,029	35	50
Trade and other payables		16,259	20,538	10,066	7,056
Total current liabilities		21,005	24,604	11,005	7,106
Total liabilities		34,993	26,631	20,283	7,129
Total equity and liabilities		74,642	66,818	51,141	43,633

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

UNION GAS HOLDINGS LIMITED

**Condensed Interim Statements of Changes in Equity
For the Six-Months Ended 30 June 2021**

	Share capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Capital reserve \$'000	Other reserves		Total equity \$'000
					Share- based payment reserve \$'000	Total other reserves \$'000	
Unaudited Group							
Current period							
Opening balance at 1 January 2021	24,725	23,139	(11,000)	3,318	5	(7,677)	40,187
Total comprehensive income for the period	–	5,251	–	–	–	–	5,251
Dividends paid (Note 7)	–	(5,793)	–	–	–	–	(5,793)
Share-based payment	9	–	–	–	(5)	(5)	4
Closing balance at 30 June 2021	<u>24,734</u>	<u>22,597</u>	<u>(11,000)</u>	<u>3,318</u>	<u>–</u>	<u>(7,682)</u>	<u>39,649</u>
Previous period							
Opening balance at 1 January 2020	24,718	13,968	(11,000)	3,318	4	(7,678)	31,008
Total comprehensive income for the period	–	6,990	–	–	–	–	6,990
Dividends paid (Note 7)	–	(3,548)	–	–	–	–	(3,548)
Share-based payment	7	–	–	–	(4)	(4)	3
Closing balance at 30 June 2020	<u>24,725</u>	<u>17,410</u>	<u>(11,000)</u>	<u>3,318</u>	<u>–</u>	<u>(7,682)</u>	<u>34,453</u>

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

UNION GAS HOLDINGS LIMITED

**Condensed Interim Statements of Changes in Equity (cont'd)
For the Six-Months Ended 30 June 2021**

	Share capital \$'000	Retained earnings \$'000	Other reserve	Total equity \$'000
			Share- based payment reserve \$'000	
<u>Unaudited</u>				
<u>Company</u>				
Current period				
Opening balance at 1 January 2021	24,725	11,774	5	36,504
Total comprehensive income for the year	–	143	–	143
Dividends paid	–	(5,793)	–	(5,793)
Share-based payment	9	–	(5)	4
Closing balance at 30 June 2021	<u>24,734</u>	<u>6,124</u>	<u>–</u>	<u>30,858</u>
Previous period				
Opening balance at 1 January 2020	24,718	5,155	4	29,877
Total comprehensive income for the year	–	159	–	159
Dividends paid	–	(3,548)	–	(3,548)
Share-based payment	7	–	(4)	3
Closing balance at 30 June 2020	<u>24,725</u>	<u>1,766</u>	<u>–</u>	<u>26,491</u>

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Consolidated Statement of Cash Flows For the Six-Months Ended 30 June 2021

	<u>Unaudited</u> <u>6 months ended</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	6,267	8,399
Amortisation expenses	415	340
Bad debts written-off	4	–
Depreciation of property, plant and equipment	2,065	1,842
Depreciation of right-of-use assets	33	59
Gain on disposal of property, plant and equipment	(89)	(63)
(Reversal) / impairment on trade and other receivables	(220)	14
Interest income	(31)	(101)
Interest expense	71	24
Share-based payments	4	3
Operating cash flows before changes in working capital	<u>8,519</u>	<u>10,517</u>
Inventories	139	(178)
Contract costs	(142)	336
Trade and other receivables	(556)	544
Other non-financial assets	(431)	1,692
Trade and other payables	<u>(4,295)</u>	<u>(2,404)</u>
Net cash flows from operations	3,234	10,507
Income taxes paid	<u>(1,739)</u>	<u>(238)</u>
Net cash flows from operating activities	<u>1,495</u>	<u>10,269</u>
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment	181	127
Purchase of property, plant and equipment	(10,923)	(49)
Acquisitions of intangible assets	–	(20)
Acquisitions of financial asset	(1,000)	–
Interest income received	31	101
Net cash flows (used in) / from investing activities	<u>(11,711)</u>	<u>159</u>
<u>Cash flows from financing activities</u>		
Dividends paid	(5,793)	–
Proceeds from bank borrowings	13,400	–
Repayment of bank borrowings	(317)	–
Lease liabilities – principal portions paid	(768)	(649)
Interest expenses paid	(71)	(24)
Net cash flows generated from / (used in) financing activities	<u>6,451</u>	<u>(673)</u>
Net (decrease) / increase in cash and cash equivalents	(3,765)	9,755
Cash and cash equivalents, beginning balance	<u>34,198</u>	<u>20,959</u>
Cash and cash equivalents, ending balance	<u>30,433</u>	<u>30,714</u>

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

UNION GAS HOLDINGS LIMITED

Notes to the Condensed Interim Financial Statements 30 June 2021

1. General

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

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

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

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

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

2. Basis of presentation

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

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

Critical judgements, assumptions and estimation uncertainties

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

UNION GAS HOLDINGS LIMITED

2. Basis of presentation (cont'd)

New and amended standards adopted by the Group

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

3. Seasonal operations

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

4. Financial information by operating segments

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

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

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

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

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

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

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

UNION GAS HOLDINGS LIMITED

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended 30 June 2021					
External revenue	<u>34,696</u>	<u>1,053</u>	<u>9,309</u>	<u>–</u>	<u>45,058</u>
Segment results:					
Profit before income tax	6,497	142	1,605	(1,977)	6,267
Income tax expense	(801)	(22)	(193)	–	(1,016)
Profit, net of tax	<u>5,696</u>	<u>120</u>	<u>1,412</u>	<u>(1,977)</u>	<u>5,251</u>
Other segment information:					
Amortisation expense	(415)	–	–	–	(415)
Depreciation expense	(1,703)	(25)	(312)	(58)	(2,098)
Finance costs	(35)	–	–	(36)	(71)
Allowance for impairment of trade and other receivables – reversal/(loss)	<u>231</u>	<u>–</u>	<u>(11)</u>	<u>–</u>	<u>220</u>
Segment assets and liabilities:					
Total assets	<u>39,036</u>	<u>1,148</u>	<u>7,081</u>	<u>27,377</u>	<u>74,642</u>
Total liabilities	<u>21,957</u>	<u>845</u>	<u>2,205</u>	<u>9,986</u>	<u>34,993</u>
Additions:					
Property, plant and equipment	1,716	–	–	11,760	13,476
Contract costs	<u>937</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>937</u>

UNION GAS HOLDINGS LIMITED

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended 30 June 2020					
External revenue	<u>33,958</u>	<u>516</u>	<u>8,712</u>	<u>–</u>	<u>43,186</u>
Segment results:					
Profit before income tax	8,132	143	1,970	(1,846)	8,399
Income tax expense	<u>(1,111)</u>	<u>(17)</u>	<u>(281)</u>	<u>–</u>	<u>(1,409)</u>
Profit, net of tax	<u>7,021</u>	<u>126</u>	<u>1,689</u>	<u>(1,846)</u>	<u>6,990</u>
Other segment information:					
Amortisation expense	(340)	–	–	–	(340)
Depreciation expense	(1,515)	(14)	(330)	(42)	(1,901)
Finance costs	(23)	(1)	–	–	(24)
Allowance for impairment of trade and other receivables – reversal/(loss)	<u>(15)</u>	<u>–</u>	<u>1</u>	<u>–</u>	<u>(14)</u>
Segment assets and liabilities:					
Total assets	<u>40,747</u>	<u>872</u>	<u>11,033</u>	<u>9,193</u>	<u>61,845</u>
Total liabilities	<u>20,173</u>	<u>494</u>	<u>2,547</u>	<u>4,178</u>	<u>27,392</u>
Additions:					
Property, plant and equipment	479	–	–	–	479
Intangible assets	20	–	–	–	20
Contract costs	<u>193</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>193</u>

4B. Geographical information

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

4C. Information on major customers

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

UNION GAS HOLDINGS LIMITED

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

4D. Disaggregation of revenue from contracts with customers

	<u>Group</u>	
	<u>6 months ended</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
	\$'000	\$'000
Sale of LPG and LPG-related accessories	34,696	33,958
Sale of NG	1,053	516
Sale of diesel	9,309	8,712
	<u>45,058</u>	<u>43,186</u>

The contracts are short-term in nature.

5. Profit before taxation

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

	<u>Group</u>	
	<u>6 months ended</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
	\$'000	\$'000
Amortisation expenses	(415)	(340)
Bad debts written-off	(4)	–
Depreciation of property, plant and equipment	(2,065)	(1,842)
Depreciation of right-of-use assets	(33)	(59)
Employee benefit expenses	(6,986)	(7,074)
Foreign exchange losses, net	(13)	(4)
Gain on disposal of property, plant and equipment	89	63
Government grant income	966	1,146
Interest expense	(71)	(24)
Interest income	31	101
Other income	230	227
Rental income from property	143	136
Reversal / (allowance) for impairment of trade and other receivables	220	(14)
	<u>220</u>	<u>(14)</u>

Significant related party transactions

Delivery charges	(894)	(801)
Upkeep of motor vehicles	(48)	(52)
Purchase of electricity	(103)	(101)
Purchase of LPG	(16,092)	(14,608)
Purchase of plant and equipment	(182)	(430)
Purchase of storage license	(84)	(214)
Rental expenses	(61)	(83)
Sale of diesel	508	420
Service income	20	2
Service income for provision of IT infrastructure service	138	138
Servicing fees	(676)	(590)

UNION GAS HOLDINGS LIMITED

6. Income tax expense

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

	<u>Group</u>	
	<u>6 months ended</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
	\$'000	\$'000
Current tax expense	<u>1,016</u>	<u>1,409</u>

7. Dividends

	<u>Rate per share</u>			
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Cents	Cents	\$'000	\$'000
Final tax exempt (1-tier) dividend in respect of previous reporting year	<u>2.53</u>	<u>1.55</u>	<u>5,793</u>	<u>3,548</u>

Interim dividend

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

8. Net assets value

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net assets value per ordinary share (cents)	17.32	17.55	13.48	15.95
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>228,968</u>	<u>228,929</u>	<u>228,968</u>	<u>228,929</u>

9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$13,476,000 (31 December 2020: \$2,827,000) and disposed of assets amounting to \$92,000 (31 December 2020: \$200,000).

UNION GAS HOLDINGS LIMITED

10. Share capital

<u>Group and Company</u>	No. of shares <u>issued</u> '000	<u>Share capital</u> \$'000
Ordinary shares of no par value:		
At 1 January 2020	228,900	24,718
Shares issued under Union Gas PSP ⁽¹⁾	29	7
At 31 December 2020	228,929	24,725
Shares issued under Union Gas PSP ⁽²⁾	39	9
At 30 June 2021	228,968	24,734

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

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

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

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2021 and 31 December 2020.

11. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	30 June <u>2021</u> \$'000	31 December <u>2020</u> \$'000	30 June <u>2021</u> \$'000	31 December <u>2020</u> \$'000
<u>Amount repayable within one year</u>				
Secured	1,431	979	516	–
Unsecured	967	–	388	–
<u>Amount repayable after one year</u>				
Secured	8,814	681	7,756	–
Unsecured	3,845	–	1,517	–
Total borrowings	15,057	1,660	10,177	–

The total borrowings and debts securities exclude the carrying amounts of lease liabilities related to right-of-use assets of \$40,000 (31 December 2020: \$73,000).

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

12. Incorporation of subsidiary

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

UNION GAS HOLDINGS LIMITED

13. Capital commitments

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

	30 June <u>2021</u> \$'000	<u>Group</u> 31 December <u>2020</u> \$'000
Commitments for purchase of property, plant and equipment	<u>755</u>	<u>10,312</u>

14. Subsequent events

The Company obtained the approval in-principle from the SGX-ST in relation to the Company's application for the transfer of listing from the Catalist Board to the Mainboard of the SGX-ST (Proposed Transfer) on 10 June 2021.

Shareholders' approval was obtained on the Extraordinary General Meeting held on 13 July 2021 for the Proposed Transfer. The effective date for the transfer of the listing of the Company from Catalist to the Mainboard of the SGX-ST is 19 July 2021.

15. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue increased by \$1.87 million or 4.3% from \$43.19 million for the half year ended 30 June 2020 ("HY2020") to \$45.06 million for the half year ended 30 June 2021 ("HY2021"), mainly due to an increase revenue from retail liquefied petroleum gas ("LPG") business, diesel ("Diesel") business and natural gas ("NG") business.

LPG Business

Revenue from the retail LPG business increased by \$0.74 million or 2.2% from \$33.96 million in HY2020 to \$34.70 million in HY2021. This was mainly due to increase in sales volume and average sales price.

NG Business

Revenue from the NG business increased by \$0.53 million or 101.9% from \$0.52 million in HY2020 to \$1.05 million in HY2021, mainly due to higher average selling price in compressed NG revenue and new NG business from piped NG.

Diesel Business

Revenue from the Diesel business increased by \$0.60 million or 6.9% from \$8.71 million in HY2020 to \$9.31 million in HY2021, mainly due to increase in average selling price arising from an increase in fuel prices.

UNION GAS HOLDINGS LIMITED

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

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

Cost of sales

Cost of sales increased by \$3.68 million or 14.8% from \$24.88 million in HY2020 to \$28.56 million in HY2021, mainly due to the increase in revenue, sales volume and increase in direct material cost.

Gross profit

Gross profit decreased by \$1.81 million or 9.9% from \$18.31 million in HY2020 to S\$16.50 million in HY2021 as a result of higher direct material cost arising from LPG, Diesel and NG businesses.

Other income and gains

Other income and gains increased by \$0.01 million or 0.4% from \$1.67 million in HY2020 to \$1.68 million in HY2021, mainly due to reversal of impairment on receivables as a result of recoverable. This was partially offset by a decreased in Job Support Scheme pay-outs recognised.

Marketing and distribution Costs

Marketing and distribution costs increased by \$0.28 million or 3.1% from \$8.88 million in HY2020 to \$9.16 million in HY2021 mainly due to increase in marketing and advertising activities, driven by greater branding awareness and customer loyalty programs.

Income tax expense

Income tax expense decreased by \$0.39 million or 27.9% from \$1.41 million in HY2020 to \$1.02 million in HY2021 mainly due to lower profit before tax.

Profit after tax

As a result of the above, our profit after tax decreased by \$1.74 million or 24.9% from \$6.99 million in HY2020 to \$5.25 million in HY2021.

Review of the Group's Financial Position

Non-current assets

Non-current assets increased by \$10.85 million or 49.3% from \$22.01 million as at 31 December 2020 to \$32.86 million as at 30 June 2021. The increase was mainly due to completion of purchase of property at 89 Defu Lane 10 and investment in financial asset. This was partially offset by depreciation and amortisation expenses of non-current assets for HY2021.

Current assets

Current assets decreased by \$3.03 million or 6.76% from \$44.81 million as at 31 December 2020 to \$41.78 million as at 30 June 2021. This was mainly due to decreases in cash and cash equivalents of \$3.77 million.

UNION GAS HOLDINGS LIMITED

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

Review of the Group's Financial Position (cont'd)

Non-current liabilities

Non-current liabilities increased by \$11.96 million or 589.2% from \$2.03 million as at 31 December 2020 to \$13.99 million as at 30 June 2021. The increase was mainly due to increase in bank borrowings.

Current liabilities

Current liabilities decreased by \$3.59 million or 14.6% from \$24.60 million as at 31 December 2020 to \$21.01 million as at 30 June 2021.

Income tax payable decreased by \$0.73 million or 24.0% from \$3.04 million as at 31 December 2020 to \$2.31 million as at 30 June 2021 as a result of tax paid and decrease in tax provision for lower profit before tax.

Trade and other payables decreased by \$4.28 million was mainly due to payment of accrued liabilities as at 31 December 2020 and payment for LPG manifold systems and license fees.

Equity attributable to owners of the Company

The decrease in equity by \$0.54 million or 1.3% from \$40.19 million as at 31 December 2020 to \$39.65 million as at 30 June 2021 was due to dividends paid to shareholders. This was partially offset by the net profit in HY2021.

Review of the Group's Cash Flows

In HY2021, our net cash flow generated from operating activities amounted to \$1.50 million. We generated operating cash flows before changes in working capital of \$8.52 million which was decreased by net working capital outflows of \$5.28 million and taxes paid of \$1.74 million.

Net cash flows used in investing activities amounted to \$11.71 million were mainly due to: (i) purchase of property at 89 Defu Lane of \$10.19 million; and (ii) investment in financial asset \$1.0 million. This was partially offset by proceeds from disposal of property, plant and equipment of \$0.18 million and interest income of \$0.03 million.

Net cash flows generated from financing activities amounted to \$6.45 million in HY2021, mainly due to: (i) payment of dividend to shareholders of \$5.79 million; (ii) repayment of bank borrowings and lease liabilities of \$1.09 million; and (iii) interest payment of \$0.07 million. This was partially offset by bank borrowings of \$13.40 million.

16. Forecast, or a prospect statement

Not applicable.

UNION GAS HOLDINGS LIMITED

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

The COVID-19 pandemic has impacted the Group's businesses and business segments differently. However as a provider of essential service, the Group was not significantly affected by COVID-19 pandemic. The Group will continue to adjust and adapt the operations and marketing activities to market conditions so as to achieve optimum business growth.

On 17th June 2020, the Group signed a Memorandum of Understanding ("MoU") with Union Energy Corporation Pte. Ltd. ("UEC") which sets out a framework for a potential acquisition of various assets by the Group from UEC ("Potential Acquisition"). The assets which are currently being contemplated of being subject to the Potential Acquisition include shares in Sembas (Asia) Trading Pte. Ltd., Sengas Supply Pte. Ltd., and Summit Gas Systems Pte. Ltd. ("Potential Target Companies"), as well commercial vehicles to support its expanded distribution network. The Potential Target Companies collectively owns the bottling plants and land at 43 Jalan Buroh Singapore 619490 and 2D Jalan Pesawat Singapore 619360, businesses relating to the bottling, distribution and storage of liquefied petroleum gas, support infrastructure, trademarks, brand names and goodwill. The Group sees the Potential Acquisition both as strategic and complementary to its existing business.

At the present moment, the Group is in the process of negotiation for the Potential Acquisition.

In March 2021, we made two announcements to venture into alternative renewable energy sources and expand into overseas markets.

First, we are partnering Surbana Jurong Infrastructure Pte. Ltd. ("Surbana Jurong") to explore converting our Cnergy fuel station into Singapore's first solar and/or wind energy self-powered multi-fuels and energy facility station. The Group received the report from Surbana Jurong on the study and assessment of the Potential Redevelopment and we expect to reduce substantial carbon footprint of our Cnergy fuel station after redevelopment. We will continue working with Surbana Jurong for the lease renewal and potential redevelopment with the aim of transforming it into an innovative, adaptable and sustainable multi-fuels and energy facility which the Group believes will bode well for the evolving energy requirements and challenges of the future.

The second announcement was in relation to our non-binding letter of intent with Worldbridge Industrial Developments Limited ("WBID") for us to potentially expand our operations to the Kingdom of Cambodia and to drive strategic growth for our LPG business segment regionally. As the proposed Joint Venture represents our first investment and expansion into a different geographical territory, we intend to adopt a cautious approach in expanding and growing our overseas business.

The Group will provide relevant update announcements as and when there are material developments.

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

UNION GAS HOLDINGS LIMITED

18. Interested person transactions

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

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than \$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) during HY2021 \$'000	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during HY2021 under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules \$'000
Purchase of bottled LPG by the Group from Summit Gas Systems Pte. Ltd.	–	14,595
Purchase of bottled LPG by the Group from Semgas Supply Pte. Ltd.	–	2,307
Purchase of LPG manifold systems, pipings and storage licences from the Mandated Interested Persons	–	266
Provision of maintenance services by Mandated Interested Persons to the Group in relation to the repair and maintenance of lorries and the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries)	–	40
Sale of diesel at the Group’s fuel station by the Group to the Mandated Interested Persons	–	17
Sale of diesel in bulk by the Group to Mandated Interested Persons	–	491
Purchase of electricity by the Group from Mandated Interested Persons	–	103
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	–	676
The provision of delivery services by Mandated Interested Persons to the Group	–	894
Provision of IT Infrastructure services to Sembas	–	138

UNION GAS HOLDINGS LIMITED

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

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

20. Use of Proceeds

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

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") \$'000	Proceeds utilised as at 7 April 2021 \$'000	Proceeds utilised from 7 April 2021 to the date of this announcement \$'000	Balance of Proceeds as at the date of this announcement \$'000
Acquisition of dealers for the Retail LPG Business	4,143	(3,079)	–	1,064
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	(174)	(167)	383
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(4,886)</u>	<u>(167)</u>	<u>2,447</u>
Details of working capital used:				\$'000
Professional fees (auditors, investor relations consultancy and company secretary)				51
Directors' fees				116
Total				<u>167</u>

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

UNION GAS HOLDINGS LIMITED

21. Confirmation by the board

On behalf of the directors of the Company, we, the undersigned directors, do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors that may render the interim financial statements to be false or misleading in any material aspect.

On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Loo Hock Leong
Lead Independent Director

Singapore
12 August 2021