



Fuelling Up For Future Growth



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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"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 person for the Sponsor is 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 Liquefied Petroleum Gas (“**LPG**”), Natural Gas, 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 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 customised customer relationship management system. Today, the Retail LPG Business serves more than 200,000 domestic households in Singapore.

Union Gas produces, sells and distributes compressed natural gas (“**CNG**”) at its fuel station in 50 Old Toh Tuck Road under the trusted “Energy” brand. The Group also produces, sells and distributes compressed and piped natural gas to motorists and industrial customers respectively. In 2020, the Group diversified its natural gas business to include the supply of liquefied natural gas (“**LNG**”) and piped natural gas (“**PNG**”) to commercial customers.

The Group also sells and distributes diesel to retail customers at its fuel station, as well as transports, distributes and bulk sells diesel to commercial customers.

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 and supply 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, as well as supplying for corporate and private events.

Our bottled LPG cylinders are supplied by the Union Energy Corporation Pte. Ltd. (“UEC”) and are sold under the “Union” and “Sungas” brands pursuant to dealership agreements and a trademark 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 central 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. In our continuous effort to offer greater convenience to our customers, we have rolled out various new platforms where they can place their orders. These include:

1. Mobile Apps:
 - a. SUNGAS
 - b. UnionSG

2. Online ordering:
 - a. SUNGAS website: www.sungas.com.sg
 - b. Union Gas website: www.uniongas.com.sg
3. QR Code:
 - a. SUNGAS QR code
 - b. UnionSG QR code

Natural Gas Business

We operate a 24-hour fuel station under the brand “Cnergy” at 50 Old Toh Tuck Road (“Cnergy Station”) to produce, sell and distribute CNG primarily to natural gas vehicles and industrial customers for their commercial use. The station has 14 CNG dispensers with 2 nozzles each.

Leveraging on Union Gas's Gas Retailer License, issued by Energy Market Authority in 2017, we started to diversify into the supply of PNG to customers in the services, manufacturing and industrial sector this year.

Diesel Business

Since August 2015, we sell and distribute diesel to retail customers at our Cnergy Station. The station has 5 diesel dispensers with 4 nozzles each and two 20,000-litre underground tanks which store the diesel.

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



Message to Shareholders



Dear Shareholders

The 12 months ended 31 December 2020 (“FY2020”) was a year marked by many transformational changes. The COVID-19 pandemic brought about massive lifestyle changes and forced companies worldwide to scramble to adapt their business models in order to survive this unprecedented event and the “new normal” that emerged from it.

As a provider of essential services for the local market, Union Gas was less affected by supply chain disruptions caused by the pandemic. In fact, benefiting from our diversified business model, we achieved our best performance since our Initial Public Offering (“IPO”) in 2017 with both top and bottom-lines reaching record highs in FY2020.

Net profit in FY2020 surged 64.7% year-on-year (“YOY”) to S\$13.86 million on the back of revenue growth of 9.4% to S\$86.19 million. This was led by our LPG segment, which expanded 29.5% YOY in sales to S\$68.41 million. Although our Diesel Business and Natural Gas Business declined by 29.9% to S\$16.79 million and by 50.0% to S\$0.98 million respectively, the strong performance of our LPG Business more than offset the decline.

In line with our results, our Board of Directors is pleased to propose a final dividend of 2.53 Singapore cents per share,

which together with the interim dividend of 0.50 Singapore cents per share, brings the total dividend to 3.03 cents per share in respect of FY2020 (FY2019: 1.85 Singapore cents per share). This represents 50% of net profit for the financial year.

Corporate Developments

We have grown significantly since our IPO. Building on the strong foundation laid by the founding family, we have continued to drive growth in our LPG core business. As a provider of fuel products, we must uphold a broader vision that is in alignment with the government’s push towards greener alternatives. Going forward, we plan to seek further diversification of our products and markets and also to strengthen the resilience of our businesses.

Exploring new products

In March 2021, we announced a collaboration with Surbana Jurong Group to study and evaluate the potential redevelopment of our existing fuel station at 50 Old Toh Tuck Road into Singapore’s first multi-fuels and energy facility. We envisage that it will offer renewable solar and micro-wind energy solutions, battery storage systems and electric vehicles charging stations; and a natural gas-based power generation station supported by existing transmission pipeline and subsequent export to the power grid.

Message to Shareholders

We expect to conclude our assessment and to make our conclusions and recommendations by the end of this fiscal year and we hope that it will potentially become the blueprint for how fuel stations will look in the future.

Exploring new markets

Also in March 2021, we announced our first potential overseas foray with the signing of a non-binding letter of intent with Worldbridge Industrial Developments Ltd (“**WBID**”) for a proposed joint venture to supply and distribute LPG in the Kingdom of Cambodia.

WBID is part of the WorldBridge International Group (“**WIG**”), which is a conglomerate with diverse investments in logistics, construction, real estate, finance, food and beverage, e-commerce, banking and security and is a local pioneer in many of these industries in the Kingdom of Cambodia. This partnership has created an opportunity for the Group to supply and distribute LPG to buyers of WIG’s fast-growing property development portfolio of residential, commercial and industrial projects across all the major cities in the Kingdom of Cambodia.

It also marks an entry point into the Mekong region for us. It is a region that is still developing and building infrastructure as it urbanises, similar to how Singapore was over 40 years ago when we started our business. We believe this is where we can contribute our experience to the market.

Diversifying for growth

In November 2020, we expanded our natural gas products from CNG to include the supply and retail of LNG and PNG to customers in the services and manufacturing sector.

The new fuel products kicked off with a positive and encouraging start as we secured contracts to supply PNG to customers from the packaging, food production, hospitality and waste management industries. The Group also signed a letter of intent with other potential customers to conduct technical and feasibility studies to supply LNG to their production plants.

Building resilience

We intend to strengthen our operational efficiency and optimise our resources by revisiting upstream activities to explore a more vertically integrated business model.

In June 2020, we entered into a non-binding Memorandum of Understanding with UEC, which sets out a framework for a potential acquisition of various assets by the Company from UEC including its LPG Distribution Business, its LPG Bottling Business and LPG Storage Business.

UEC’s LPG Distribution Business will enable our Group to substantially increase our base of commercial and industrial customers. Also, its LPG Bottling Business and LPG Storage Business will enable us to achieve greater efficiencies through the vertical integration of our supply chain and allow us to enhance our cost-competitiveness over the long run and lead to new opportunities for the Group.

Overall, by owning and operating a holistic integrated LPG supply chain and acquiring an enlarged base of customers, we believe we can enhance our competitiveness and improve the breadth and scale of our business. This will potentially improve our business performance and build our resilience throughout different economic cycles.

Message to Shareholders

We believe the aforementioned corporate developments will strategically position the Group for growth even as we continue to evaluate trends from the new norm that has emerged from the COVID-19 pandemic. As and when there are any developments, we will keep our shareholders updated. We may also seek the support and approval of our shareholders where required, at the appropriate time in the future.

Sustainability

Sustainable business practices are an intrinsic part of our daily operations and have become a part of our corporate DNA. Our fourth 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 the management team and our staff for your hard work, dedication and patience as we navigated through the uncertain and volatile twists and turns of this challenging year. We had to adapt and change the way we did things and put up with inconveniences for our own safety as well as the safety of our customers. Despite all that, everyone soldiered on with a cheerful smile and upheld the high standards of our brand, which has been trusted by generations. Truly, you made us proud.

We also want to express our appreciation to our fellow Directors on the Board for guiding us through the year as we executed our plans for strategic growth and to our shareholders for trusting us to deliver results. Lastly, we want to thank our business associates for your partnership and our customers for your loyal support during the year.

The Group has a strong foundation that we have continued to build on for over 40 years. We believe the new initiatives that we have put in place since our IPO positions us for a new growth trajectory in the coming year and beyond.

Teo Kiang Ang, Non-executive Chairman

Teo Hark Piang, Executive Director and Chief Executive Officer

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

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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 deep 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 as 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 Chief Executive Officer ("CEO")

Date of First Appointment | 1 November 2018

Last Re-Elected | 25 April 2019

Current and Past Directorships in Listed Companies | Nil

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Mr Teo has more than 16 years of experience in the manufacture of gas, the distribution of gaseous fuels through mains, and the general wholesale trade in Singapore. Before taking over the role of CEO in April 2019, he was the Group's Director of Sales (Commercial and Industrial) responsible for overseeing the marketing strategies of our commercial and industrial segments.

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

Board of Directors



LOO HOCK LEONG

Lead Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 25 April 2019

Chairman | Audit Committee

Member | Remuneration Committee & Nominating Committee

Current and Past Directorships in Listed Companies | Nil

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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 also has a professional qualification in accounting from the Institute of Singapore Chartered Accountants (ISCA) and is a Chartered Accountant with ISCA.

LIM CHWEE KIM

Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 26 June 2020

Chairman | Remuneration Committee

Member | Audit Committee & Nominating Committee

Current Directorships in Listed Companies | REVEZ Corporation Ltd. (SGX-ST Catalyst)

Past Directorships in Listed Companies | RichLand Group Limited

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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 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 Catalyst.

Board of Directors



HENG CHYE KIOU
Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 26 June 2020

Chairman | Nominating Committee

Member | Remuneration Committee & Audit Committee

Current and Past Directorships in Listed Companies | Nil

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

Key Executives

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 than 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, 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.

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 (ACCA) and a Chartered Accountant with ISCA.

Key Executives

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.

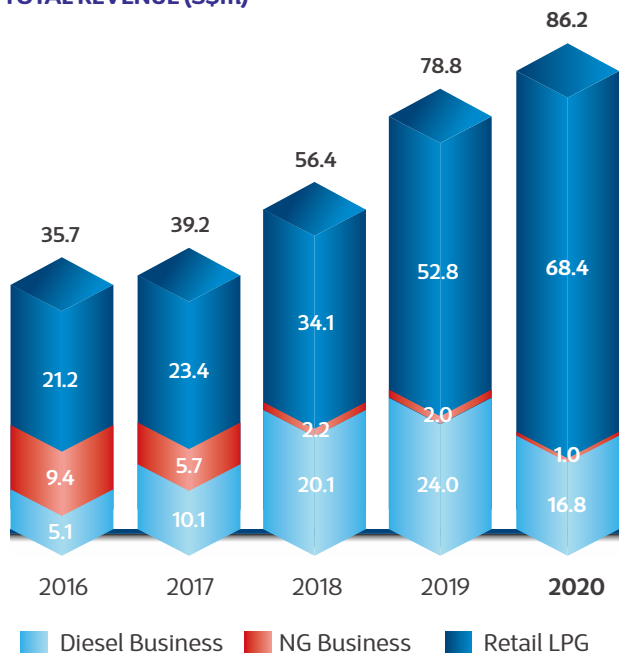
Sim Lai Kit

Head of LPG Commercial

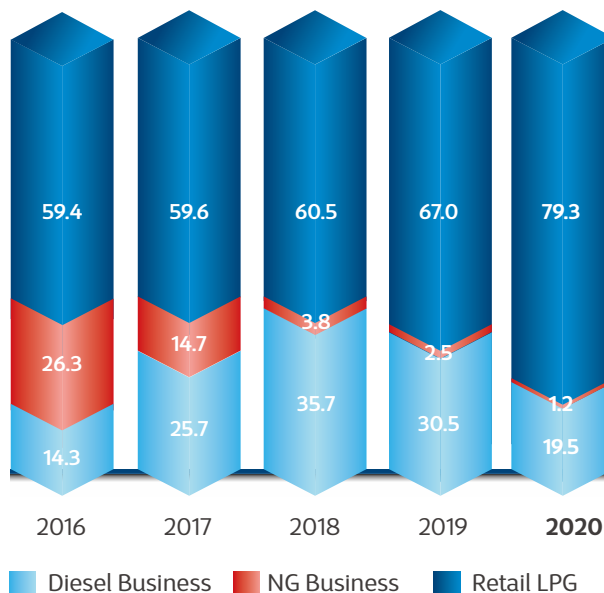
Mr Sim was appointed as Head of LPG Commercial in 2019. He manages the sales, operations, services and maintenance of the LPG Commercial and Industrial business and is in charge of customer satisfaction and retention. He first joined UEC Group in 1999 as a Technician and rose through the ranks over the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

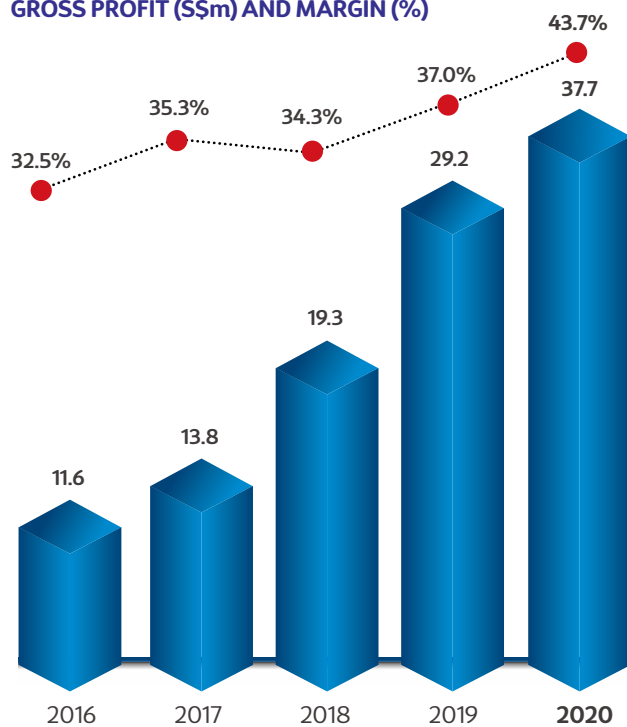
TOTAL REVENUE (S\$m)



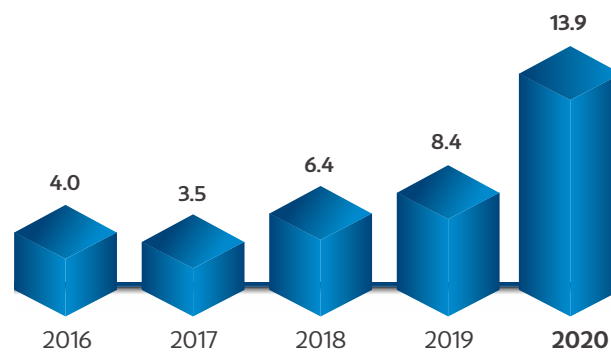
PERCENTAGE REVENUE CONTRIBUTION BY BUSINESS (%)



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



NET PROFIT (S\$m)



Operations and Financial Review

REVIEW OF THE GROUP'S FY2020 FINANCIAL PERFORMANCE

Revenue

Full year revenue increased by approximately S\$7.39 million or 9.4% from S\$78.80 million in FY2019 to S\$86.19 million in FY2020, mainly due to an increase in revenue from the retail liquefied petroleum gas ("LPG") business ("LPG Business"). This was partially offset by a decrease in revenue from our diesel business ("Diesel Business") and natural gas ("NG") business ("NG Business").

LPG Business

Retail LPG – Domestic

The revenue from our Retail LPG Business increased by approximately S\$8.64 million or 28.4% from S\$30.45 million in FY2019 to S\$39.09 million in FY2020. The COVID-19 restrictions and measures imposed by the Singapore Government ("COVID-19 Restriction and Measures") had resulted in households cooking and eating more at home.

Retail LPG – Commercial

The revenue generated by Retail LPG – Commercial increased by approximately S\$6.89 million or 30.7% from S\$22.43 million in FY2019 to S\$29.32 million in FY2020. The increase was mainly contributed by the expansion of the commercial business segment from the supply of LPG to eating houses, coffee shops and commercial central kitchens.

Diesel Business

Revenue from the Diesel Business decreased by approximately S\$7.17 million or 29.9% from S\$23.96 million in FY2019 to S\$16.79 million in FY2020. This decrease was mainly due to a decrease in sales volume as our customers travelled and drove less in view of the COVID-19 Restrictions and Measures as there were lesser work commutes and personal travel.

NG Business

Revenue from the NG Business decreased by approximately S\$0.98 million or 50.0% from S\$1.96 million in FY2019 to S\$0.98 million in FY2020. This decrease was mainly due to a decrease in Compressed NG revenue as economic activities slowed down in view of the COVID-19 Restriction and Measures. However, this decrease was partially offset by revenue from the new NG Business from Piped NG.



Operations and Financial Review



Cost of Sales

Cost of sales decreased by approximately S\$1.14 million or 2.3% from S\$49.65 million in FY2019 to S\$48.51 million in FY2020.

- I. This was mainly due to a decrease in direct materials cost by approximately S\$2.63 million from FY2019 arising from a lower sales volume and a lower cost price for: (i) diesel; and (ii) Compressed NG. This was partially offset by the increase in purchase volume and average cost of bottled LPG cylinder of Retail LPG purchased for both Domestic and Commercial.
- II. The decline was partially offset by an increase in overhead costs by approximately S\$1.49 million from FY2019 mainly due to the increase in (i) amortisation expenses; (ii) license and professional fees; (iii) servicing fees; and (iv) depreciation of LPG assets with the expansion of supply to eating houses, coffee shops and commercial central kitchens.

Gross Profit

In line with the above, gross profit increased by approximately S\$8.52 million or 29.2% from S\$29.16 million in FY2019 to S\$37.68 million in FY2020, mainly due to an increase in group revenue. Gross profit margin increased from 37.0% in FY2019 to 43.7% in FY2020.

Other Income and Gains

Other Income and gains increased by approximately S\$1.73 million or 145.5% from S\$1.19 million in FY2019 to S\$2.92 million in FY2020, mainly due to pay-outs recognised from the Job Support Scheme of approximately S\$1.53 million.

Expenses

Marketing and Distribution Costs

Marketing and distribution costs increased by approximately S\$2.78 million or 18.5% from S\$15.03 million in FY2019 to S\$17.81 million in FY2020 mainly due to increases in: (i) delivery charges by S\$1.47 million; (ii) call centre charges by S\$0.42 million; and (iii) personnel costs by S\$0.54 million.

Administrative Expenses

Administrative expenses increased by approximately S\$0.91 million or 19.0% from S\$4.78 million in FY2019 to S\$5.69 million in FY2020 mainly due to the increase in personnel costs driven by business expansion activities.

Operations and Financial Review

Income Tax Expense

Income tax expense increased by approximately S\$0.54 million or 27.2% from S\$1.97 million in FY2019 to S\$2.51 million in FY2020 mainly due to a higher profit before tax.

Profit after tax

As a result of the aforementioned, our profit after tax increased by approximately S\$5.44 million or 64.7% from S\$8.42 million in FY2019 to S\$13.86 million in FY2020.

REVIEW OF GROUP'S FINANCIAL POSITION

Non-Current Assets

Non-current assets decreased by approximately S\$1.89 million or 7.9% from S\$23.90 million as at 31 December 2019 to S\$22.01 million as at 31 December 2020. The decrease was mainly due to depreciation, amortisation expenses and impairment on intangible assets incurred for FY2020.

Current Assets

Current assets increased by approximately S\$12.87 million or 40.3% from S\$31.94 million as at 31 December 2019 to S\$44.81 million as at 31 December 2020. This was mainly due to increases in: (i) Cash and cash equivalents of approximately S\$13.24 million, and (ii) inventories of approximately S\$0.30 million. However, these increases were offset by a decrease in other non-financial assets of approximately S\$0.64 million.

Non-current liabilities

Non-current liabilities increased by approximately S\$0.09 million or 4.6% from S\$1.94 million as at 31 December 2019 to S\$2.03 million as at 31 December 2020. This increase was mainly due to an increase in lease liabilities.

Current Liabilities

Current liabilities increased by approximately S\$1.71 million or 7.5% from S\$22.89 million as at 31 December 2019 to S\$24.60 million as at 31 December 2020, mainly due to the following:

- i. Income tax payable increased by approximately S\$1.21 million or 66.1% from S\$1.83 million as at 31 December 2019 to S\$3.04 million as at 31 December 2020, which is in line with an increase in tax provision for higher profit before tax.
- ii. Trade and other payables increased by approximately S\$0.71 million, which was in line with the increase of business volume.



Operations and Financial Review

Equity Attributable to Owners of Our Company

The increase in equity by approximately S\$9.18 million or 29.6% from S\$31.01 million as at 31 December 2019 to S\$40.19 million as at 31 December 2020 was mainly due to the net profit in FY2020. This was partially offset by dividends paid to shareholders.

REVIEW OF GROUP'S CASH FLOWS

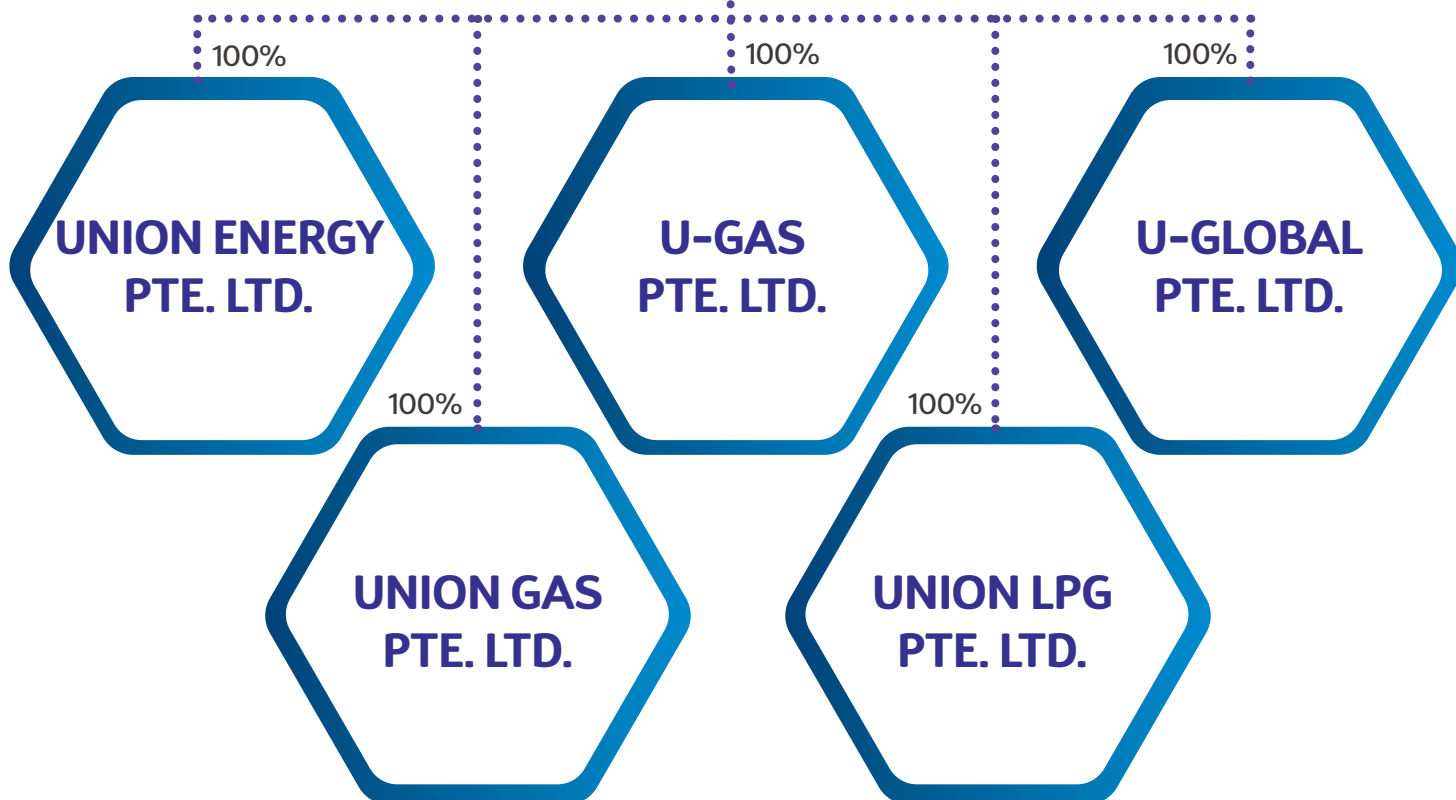
In FY2020, the net cash flow generated from operating activities amounted to S\$19.45 million. The Group generated operating cash flows before changes in working capital of S\$21.62 million is further decreased by net working capital outflows of S\$0.87 million and partially offset by taxes paid of S\$1.30 million. The net working capital outflow was mainly due to: (i) an increase in trade and other receivables by S\$0.64 million; (ii) a decrease in trade and other payables by S\$1.00 million; and (iii) an increase in inventories by S\$0.30 million. This was partially offset by an increase in: (i) other assets by S\$0.93 million; and (ii) contract costs by S\$0.15 million.

Net cash flows used in investing activities amounted to approximately S\$0.13 million were mainly due to: (i) purchase of LPG manifold system and motor vehicles of S\$0.69 million; and (ii) payment for intangible assets of S\$0.28 million. This was partially offset by proceeds from disposal of LPG manifold system and motor vehicles of S\$0.46 million and interest income received of S\$0.12 million.

Net cash flows used in financing activities amounted to S\$6.08 million in FY2020, mainly due to payment of dividends to shareholders of approximately S\$4.69 million, repayment of lease liabilities of S\$1.34 million and interest payment of S\$0.04 million.



Corporate Structure



Sustainability Report

BOARD STATEMENT

This is Union Gas Holdings Limited's fourth Sustainability Report. It covers the Environment, Social, Governance ("ESG") performance across our three business segments – Retail LPG, Natural Gas 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 environmental, social and governance issues from 1 January 2020 to 31 December 2020. This report has been prepared in accordance to 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 programs 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 of our company to help build value for the customer.

RETAIL 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 2 dedicated call-centres that operate all year-round to take customer orders. As part of our customer-oriented operations, our customers can place their orders through mobile apps, QR codes or through our Union Gas and SUNGAS websites.

PIPED AND LIQUIFIED NATURAL GAS BUSINESS

Union Gas announced in November 2020 that it had entered into agreements with customers from the packaging, food production, hospitality and waste management industries to supply LNG and PNG to their production and manufacturing plants. In addition, Union Gas also signed a letter of intent with other potential customers to conduct technical and feasibility studies to supply LNG to its production plant in the services and manufacturing sector.

These agreements were valued at approximately S\$2 million annually and the supply of PNG has commenced at the end of 2020.

Sustainability Report

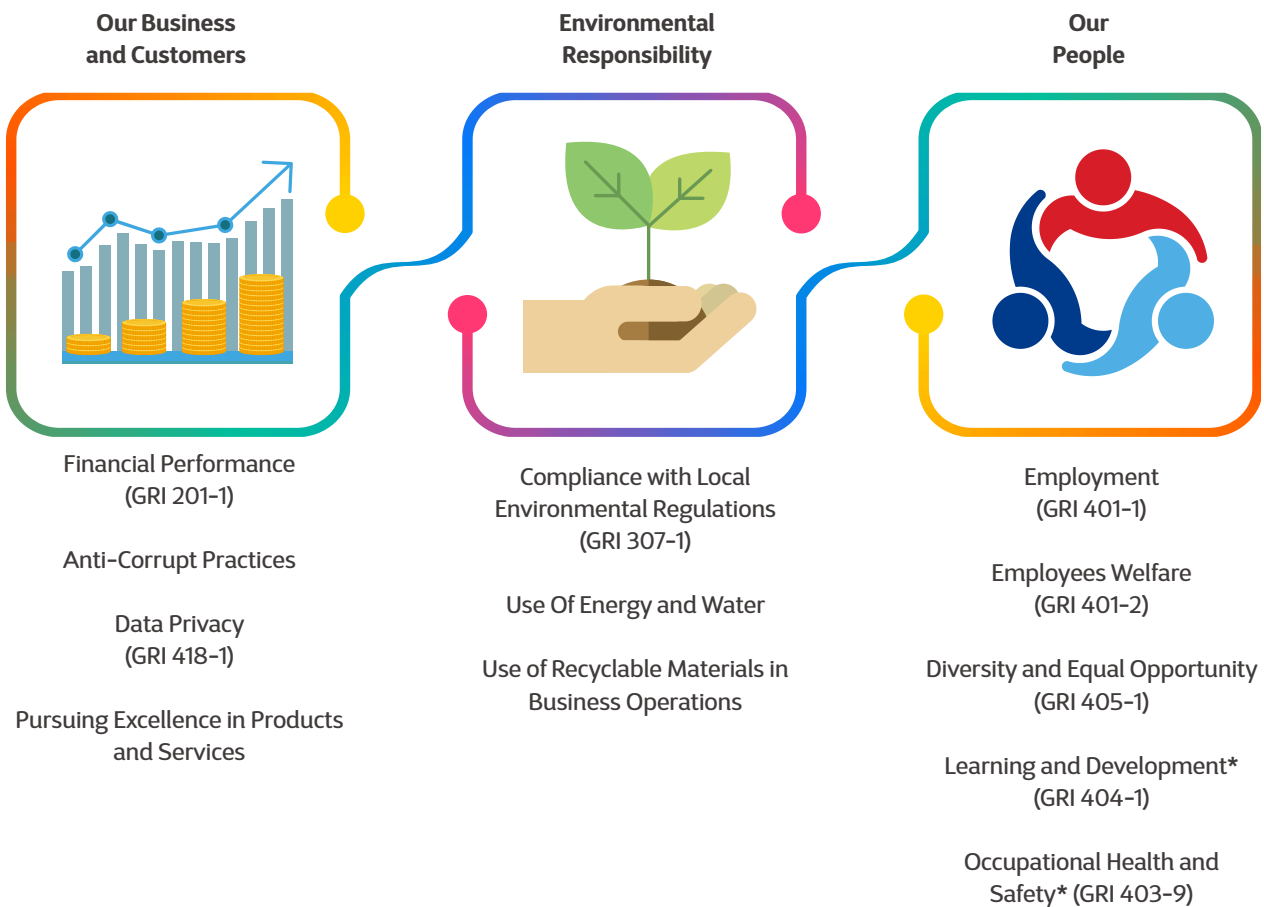
STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

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 these topics 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 table below. The relevant GRI Standards that we have used for reporting our performance on the material topics are also indicated below.

This year, we have continued to take a phased approach in reporting our material topics and also updated our reporting to adhere to the latest version of GRI 403: Occupational Health and Safety 2018. As we move forward, disclosure on performance and targets of these topics will continue to be further enhanced.



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

Sustainability Report

DIFFERENT STAKEHOLDER GROUPS AND HOW WE ENGAGE THEM



OUR RESPONSE DURING COVID-19

Employment

The year 2020 brought unprecedented challenges to all with the advent of COVID-19 and with the government enforcing various measures to ensure the safety and protection of the nation. Recognising the importance of these rules, Union Gas established new work arrangements to adhere to the recommended measures.

Union Gas has assigned its staff into two working groups - Group A and Group B, for the purposes of a split working arrangement allocated to two separate locations. Depending on their job function, selected staff within each working group were also designated to work from home. As for employees working from office, lunch and transportation services (to and from various MRT stations) were provided to minimise contact with non employees and members of the public and as much as possible.

Disposable and reusable masks were distributed to all staff to enable them to comply with applicable Safe Management

Measures at the workplaces. To further encourage stricter personal hygiene practices, hand sanitisers and booklets with guidelines on safety and personal hygiene related to COVID-19 were distributed to all staff.

During this challenging period, Union Gas endeavoured to retain as many staff as possible, and we are pleased to announce that no staff were retrenched in FY2020 as a consequence of COVID-19.

In response to new working arrangements, and in order to facilitate engagement and continuous training, Union Gas adopted online training options, and further set up new E-learning to replace physical on-site training. The Microsoft Teams platform was used as the mode of virtual communication in place of face-to-face meetings.

Suppliers

Fortunately for Union Gas, despite the challenging period, we were able to fulfill our contractual obligations to our suppliers, and faced no delays nor challenges from our suppliers.

Sustainability Report

BUSINESS AND CUSTOMERS

Financial Performance GRI 201-1

In the last one year, the Company distributed around 27.4% of our revenue to key stakeholders – 16.4% to employees and 11.0% to government and capital providers¹. 64.6% of our revenue was spent on operating costs. To sustain the operations of our various companies, 8.0²% of the total economic value generated was retained and reinvested after distribution of interim and final dividend, subject to shareholder's approval at the Annual General Meeting.

Anti-Corrupt Practices

We remain 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 with all relevant laws and regulations, including the principles and guidelines set out in the Singapore Code of Corporate Governance 2018.

The Union Gas Employee Handbook provides the ethical framework for the Group. It sets out the values, principles and key points of policy that apply to everyone at the Group and every subsidiary within the Group. As part of our FY2020 action plan to enhance our policies on business ethics, we established detailed guidelines in key areas covering anti-bribery and corruption, gifts and entertainment and the appointment of third-party advisors.

In August 2020, Union Gas Holdings Limited was selected as one of the companies on Forbes Asia Best Under A Billion list. The annual Best Under a Billion list spotlights 200 publicly listed small and mid-sized companies in the Asia-Pacific region with sales under US\$1 billion and with track records of exceptional corporate performance that were selected from 18,000 companies in the region. Companies on the Best Under A Billion list must score above their peers in a composite ranking using quantitative and qualitative metrics, that includes sales and profit growth, low debt levels and robust governance. Union Gas is proud to have been selected for this list.

Whistleblowing

Anyone can report concerns or suspected cases of misconduct in confidence through a designated email address or telephone number. Our whistleblowing procedure and policy is communicated 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 FY2020, we did not received any substantiated complaints relating to breaches of customer privacy.

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 dividend and proposed final dividend) / Revenue.

Sustainability Report

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 App is a key step towards ongoing improvements.

In pursuit of excellence and consistency in our products and services, 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.

Based on the results of customer surveys conducted from Jan to Dec 2020 by the Group 98% of respondents gave us a rating of 3 and above out of a 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 services that meet our customers' expectations. At the same time, we also work towards optimising the use of resources in our operations, creating efficiencies and generating savings.

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

We remind our staff regularly about environmental friendly practices, including reducing plastic use in our offices, and encouraging 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 double-sided printing to reduce paper consumption, and avoiding printing as far as possible. We continue to conduct our annual up-cycling workshops which serve as a platform for raising staff awareness about recycling.

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, we are gradually replacing our older vehicles. Currently, about 40% of our vehicles are diesel vehicles are Euro 6 models which have reduced NOx and CO2 emissions compared to the earlier models, and thus reduce negative impacts on the environment.

There was no non-compliance with environmental laws and regulations in FY2020 and we strive to maintain full compliance with all applicable environmental laws and regulations in FY2021.

Sustainability Report

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 operations 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 FY2020, as part of our growth strategy and to expand our customer base, we acquired 3 non-contractual customer relationship from dealers. There was no retrenchment of staff in FY2020.

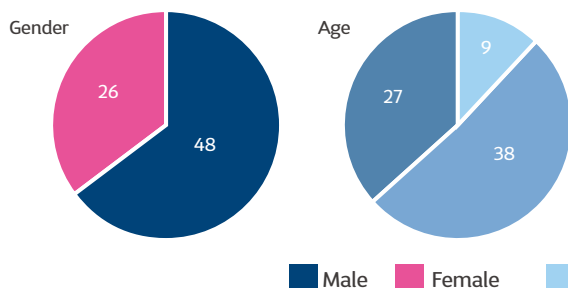
Our turnover rate has improved in FY2020 and has dropped from 38.3% to 21.9%. To ensure we have sufficient resources to support our increased customer base, the Company also increased the hiring of personnel for roles in the call centre and for drivers. In FY2020, we had an overall hiring rate of 28.9%.

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

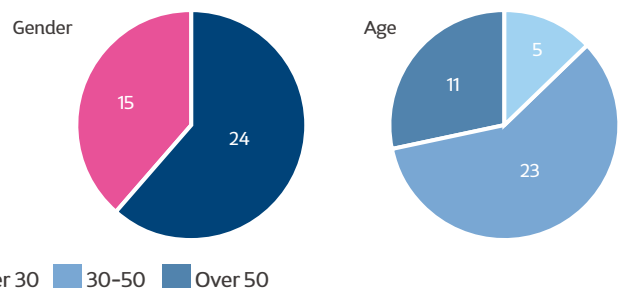
We will continue to improve our employee development and engagement programmes, with the aim of achieving lower staff turnover in FY2021.

NEW EMPLOYEES HIRED AND EMPLOYEE TURNOVER

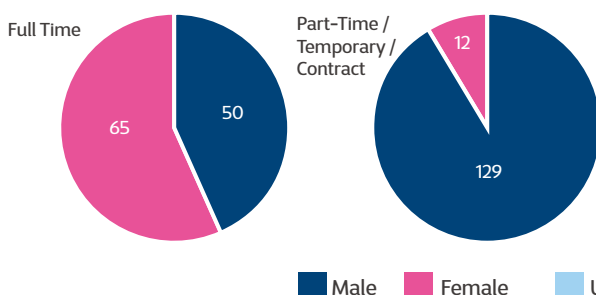
No. of New Employee Hire



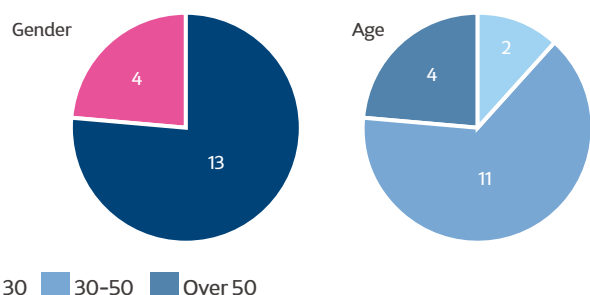
No. of Employees who left Union Gas
(due to voluntary termination or end of contract)



Total no. of Employees



No. of Employees who left Union Gas
(due to other reasons, eg. disciplinary reasons, poor work performance or failed probation)



Sustainability Report

Performance Review for Employees

Every full-time employee meets with their respective manager annually for a performance review, to check his progress against personal objectives, and to set his / her targets for the year ahead. This annual process is meant to support people throughout their careers with us and enables us to identify talent and development needs. The data we gather also helps us to monitor the outcome of our manpower development policies which are critical to our business success. We continually review the performance management process to ensure our goals remain relevant.

When a new and full-time, employee joins our company, he is informed of his job scope, responsibilities and key performance indicators ("KPI") which he will be assessed during the three-month probation period. Prior to the end of the probation period, the employee's supervisor will meet with the employee to discuss his performance, including whether the agreed KPIs have been met. 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 is clear that the employee is unable to deliver his KPIs, his contract will not be extended beyond the probation period.

Employees Welfare GRI 401-2

The Company's compensation and benefits strategy follow a very precise method for determining how we reward employees. It is benchmarked internally and externally based on reports and surveys from the Ministry of Manpower and various recruitment firms 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 a Staff Referral Scheme that rewards our current employees with tokens of appreciation should they refer a new staff who subsequently gets confirmed.

Staff who perform well or received compliments from customers are also awarded reward vouchers for their outstanding efforts. We have further enhanced our incentive package by rewarding our customer service officers for every LPG cylinder sold. We will continue to review our employee compensation and benefits to ensure it is aligned to market best practices and tailored to our employees' needs.

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. In 2020, because of COVID-19, our Year End Buffet was replaced by gift packs for all employees purchased through a B-Corporation* certified company. Union Gas consciously looks to partner businesses that endeavour to add value towards a greater good.

Company welfare benefits provided to our full-time staff

Insurance	Group Personal Insurance and Group Hospitalisation & 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

* B-Corp certified companies are businesses that meet certain standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. Certified B Corporations endeavour to use profits and growth as a means to a greater end: positive impact for their employees, communities and the environment. <https://bcorporation.net/>

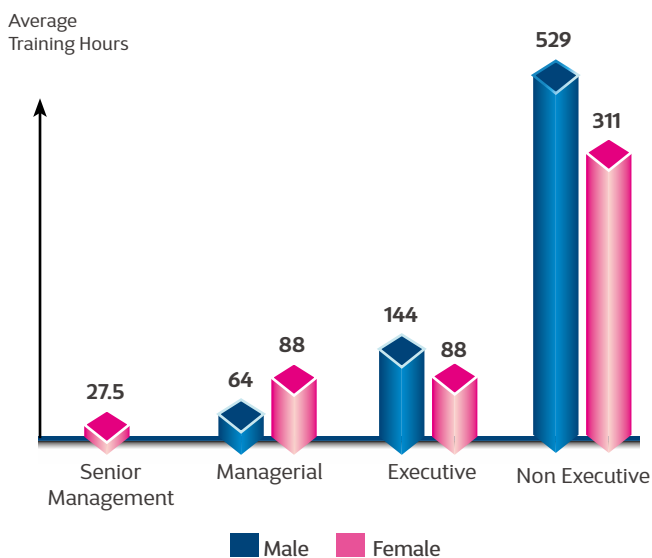
Sustainability Report

Learning and Development GRI 404-1

Continuous learning is critical to our employees' career success. Having the skills to communicate our strengths externally also builds cohesion internally. Every employee possesses skillsets and knowledge that contribute to the growth of our business. Providing training opportunities also provides them with valuable life skills and knowledge. The Company encourages lifelong learning. In FY2020 we focused particularly on training our employees on the Personal Data Protection Act and how it was to be applied in their work. We also conducted customer service training, risk management for health and safety and first aid training.

In FY2020, our employees attended approximately 1,251.5 hours of training. On average, each employee attended 4.9 hours of training in FY2020, compared to 7.4 hours per employee in FY2019. This decrease was mainly due to COVID-19 measures and restrictions for training. Despite this, Union Gas created E-Learning modules to replace onsite training, and our staff were able to continue with their planned learning. We aim to maintain an average of 5 to 6 hours of training per employee in FY2021.

Average No. of Training Hours Attended by Employees in FY2020

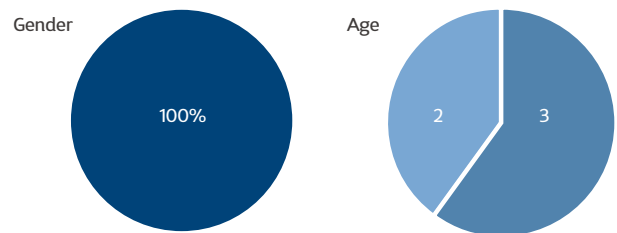


Diversity and Equal Opportunity GRI 405-1

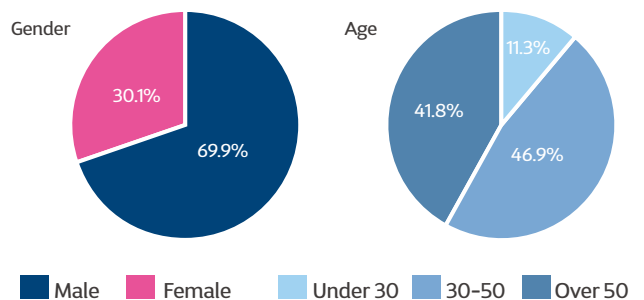
The Company is committed to providing an inclusive and harmonious workplace which gives equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability or other aspects of diversity. We believe our workforce should reflect the diversity of our customers and end-users. A diverse workplace also offers more exposure to employees from different cultures and backgrounds. In FY2020, females made up 30.1% of our total workforce. Our workforce also includes employees in 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 also have in place policy and processes to ensure that reported incidents of discrimination are heard and handled in a fair and appropriate manner. We deal with these reports very seriously and encourage reporting.

Composition of our Board of Directors



Composition of our Employees*



*includes temporary / part-time / contract workers

Sustainability Report



Our annual Fruity Day event

Occupational Health and Safety

Occupational health and safety management system GRI 403-1

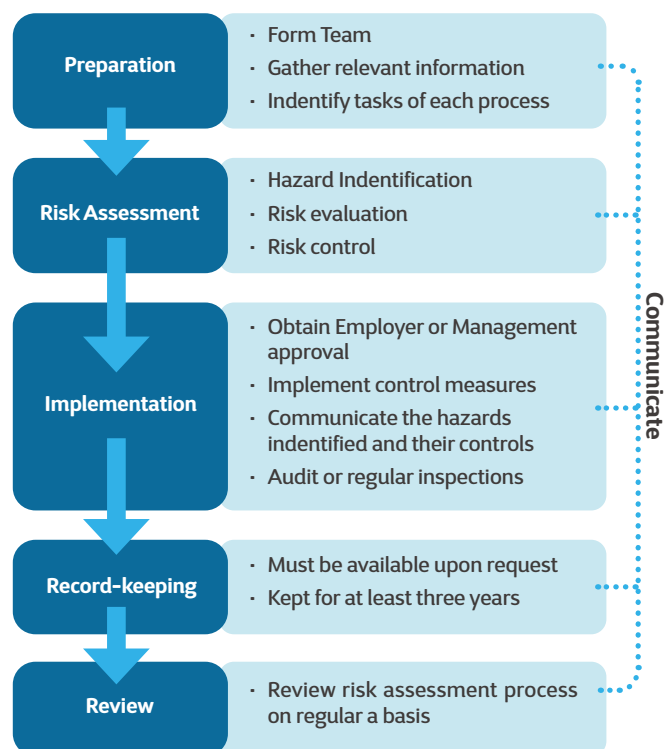
The Company has been certified with ISO 45001 Occupational Health & Safety Management System certification and bizSAFE Level Star certification since Feb 2019. Providing a safe and healthy work environment is our priority. We continuously make considerable efforts to manage the inherent risks in our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

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

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

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

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



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

Communication and dissemination of health and safety information is done through regular meetings and when the situation calls for it. All company policies are communicated by the top management via internal memos to the process owners. The process owners will then trickle down such information to their respective teams accordingly. Supervisors are responsible for conducting “Toolbox Meetings” on job specific health and safety precautions for relevant staff. These meetings cover daily responsibilities, use of personal protective equipment (“PPE”), work coordination, as well as highlight the hazards and risks related to work functions and the corresponding safety precautions and procedures.

Sustainability Report

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

New hires are paired up with more experienced senior staff. They will shadow their seniors and undergo on-the-job training for a certain period, especially on safe work procedures such as cylinder loading and unloading, before being deployed to the field independently. Drivers are also required to complete mandatory training via the Company's E-learning platform. The training includes, and is not limited to "Defensive Driving", "Residential LPG Installation Procedures", "LPG Cylinder 5 Points Safety Check_R5_M1", and Personal Data Protection Act.

Promotion of worker health **GRI 403-6**

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

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

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

Work-Related Injuries **GRI 403-9**

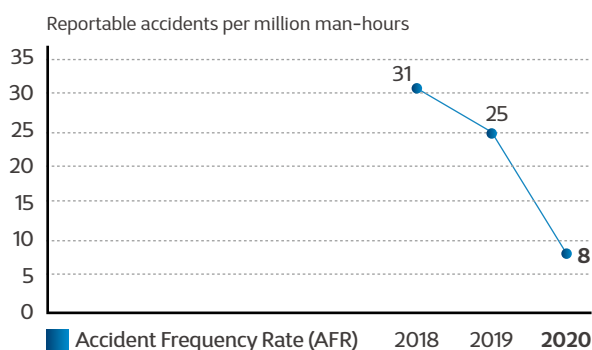
Our employees who are involved in the delivery of LPG cylinders to our commercial and residential customers are all provided with PPE such as safety boots and impact gloves. All our drivers also hold a HAZMAT Transport Driver Permit, which is a requirement by the Singapore Civil Defence Force in order to transport and handle LPG cylinders. We have seen positive outcomes from our weekly toolbox meetings on safe handling of LPG cylinders – a total of 110 lost days was recorded in FY2020 compared to 208 lost days in FY2019 and 335 lost days in FY2018. Our lost days in FY2020 were largely due to slips and falls. Our Accident Severity Rate has also decreased from 692 in FY2018 to 371 in FY2019 and further to 178 in FY2020. 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 FY2021.



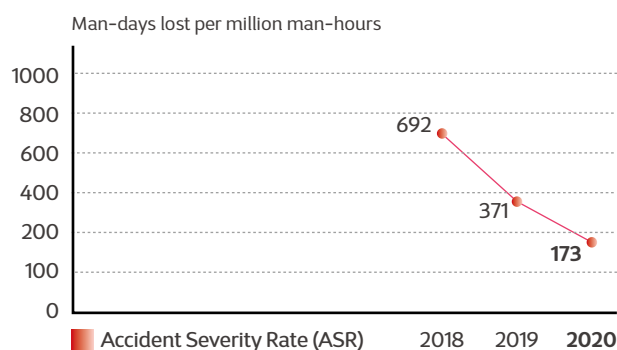
Sustainability Report

Key Workplace Safety and Health Statistics for Singapore operations in FY2018, FY2019 and FY2020 (full time staff and part-time/contract staff)

Accident Frequency Rate



Accident Severity Rate



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 (115 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 (141 employees)

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.

Sustainability Report

OUR COMMUNITY

The Company delivers to more than 200,000 households in Singapore. This creates a unique opportunity to influence a positive impact on 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.

Union Care, Jun 2020

The Company sponsored and distributed hand sanitisers to neighbourhood hawker centres. This initiative sought to raise awareness about personal hygiene and the importance of disinfecting to stop the spread of COVID-19.

Union Charity Bento Dinner Set, Jul 2020

The Company collaborated with the Macpherson Grassroots team to distribute 800 Bento dinner sets to senior residents within the neighbourhood. As the general population was discouraged from going outdoors unless for essential activities, one of the objectives of this project was to highlight the importance of and to create awareness of COVID-19 safety measures among the senior residents.

Upcycling Workshop, Sep 2020

The Company engaged Terra SG to conduct a one-day upcycling workshop for 30 employees at various locations. We did this through a combination of online and on-site activities, while observing safe-distancing measures. The objective of this workshop was to raise the staff's awareness of the importance of recycling, putting materials otherwise discarded to good use to reduce waste. A portion of the course fees paid to Terra SG was used to provide employment opportunities for students and beneficiaries from the Movement for the Intellectually Disabled of Singapore.

Union Care Collaboration with BW LPG Pte Ltd, Nov 2020

The Company collaborated with BW LPG Pte Ltd and Marsiling Cares to supply LPG cylinders to 500 low-income families staying in rented HDB units from Nov 2020 to March 2021.

Our donations in FY2020 went to the following welfare funds and charities to provide financial support for education, cultural activities, provision of Traditional Chinese Medicine consultation, subsidised medicine and acupuncture treatment for the community:-

- Nam Hwa Opera Limited
- Sian Chay Medical Institution
- Cheng Hong Welfare Society
- Whampoa Community Welfare Fund
- Teck Ghee Community Development and Welfare Fund



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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 2020 (“**FY2020**”), 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 FY2020, 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.

Report on Corporate Governance

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

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities. It is a requirement under Rule 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 FY2020, 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.

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

Report on Corporate Governance

The attendance record of each Director at meetings of the Board and Board Committees during FY2020 is disclosed below:

	Board	AC	NC	RC
Number of meetings held in FY2020	4	4	1	2
Name of Director	Number of meetings attended in FY2020			
Teo Kiang Ang	3	–	–	–
Teo Hark Piang	4	–	–	–
Loo Hock Leong	4	4	1	2
Lim Chwee Kim	4	4	1	2
Heng Chye Kiou	4	4	1	2

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 secretary 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.

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 ⁽¹⁾	Non-Executive Chairman	03 October 2016	23 April 2018	–	–	–
Loo Hock Leong ⁽²⁾	Lead Independent Director	20 June 2017	25 April 2019	Chairman	Member	Member
Lim Chwee Kim	Independent Director	20 June 2017	26 June 2020	Member	Member	Chairman
Heng Chye Kiou	Independent Director	20 June 2017	26 June 2020	Member	Chairman	Member
Teo Hark Piang	Executive Director and Chief Executive Officer	1 November 2018	25 April 2019	–	–	–

Notes:

- (1) Mr Teo Kiang Ang 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 Loo Hock Leong 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.

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

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his or her independence. The checklist is drawn up based on the guidelines provided in the Code and the Catalyst 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 Catalyst 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.

On or after 1 January 2022, a director who has served on the board for a cumulative period of nine (9) years will no longer be eligible to be designated as an independent director unless a resolution from shareholders present and voting at the general meeting is sought and approved via separate resolutions pursuant to Rule 406(3)(d)(iii) of Catalyst Rules by: (A) all shareholders; and (B) shareholders excluding directors, chief executive officer, and their associates. Such approvals will remain valid until the conclusion of 3rd AGM from such approvals.

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

For FY2020, the NC has reviewed and confirmed the independence of the Independent Directors, Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou in accordance with the Code.

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

As 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.

For FY2020, 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 and Regulatory	1	20%
Relevant industry knowledge	3	60%
Strategic planning experience	4	80%
Human Resource Management	3	60%

Report on Corporate Governance

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 FY2020, 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.

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

Report on Corporate Governance

The key terms of reference of the NC include:

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

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

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

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through our network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. No talent acquisition firm was engaged in FY2020. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Directors.

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

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

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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
Teo Kiang Ang	Non-Executive Chairman	117
Loo Hock Leong	Lead Independent Director	117

As at 31 December 2020, 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	Teo Kiang Ang	Loo Hock Leong
Date of appointment	03 October 2016	20 June 2017
Date of last re-appointment	23 April 2018	25 April 2019
Age	71	50
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 Teo Kiang Ang will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Teo's overall contributions and performance as well as his extensive knowledge of the 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 Loo Hock Leong will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Loo's overall 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.)	Non-Executive Director	Lead Independent Director, Chairman of Audit Committee and Member of Nominating Committee and Remuneration Committee
Professional qualifications	Nil	Bachelor of Electrical Engineering (Hons), National University of Singapore Masters of Applied Finance, Macquarie University Singapore Chartered Accountant

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Name	Teo Kiang Ang	Loo Hock Leong
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	Father of Mr Teo Hark Piang, Chief Executive Officer and Substantial Shareholder of the Company	None
Conflict of interest (including any competing business)	<p>As at 15 March 2021, Mr Teo and his son (Mr Teo Hark Piang) has 61.89% and 12.55% shareholding interest in Union Energy Corporation Pte. Ltd. (“UEC” and together with its subsidiaries, the “UEC Group”), respectively. Mr Teo is also a director of UEC.</p> <p>UEC Group presently engages in, amongst other things, similar but not competing businesses to that of the Company.</p> <p>The UEC Group does not supply bottled LPG cylinders directly to domestic households in Singapore. Instead, it sells bottled LPG cylinders to third-party dealers, who then on-sell them to domestic customers. The Group does not engage in the sale of bottled LPG cylinders to third-party dealers.</p> <p>In addition, any potential conflicts of interest that might arise in connection with Mr Teo is mitigated by, inter alia, the non- competition deed entered into by Mr Teo and the Company on 27 June 2017.</p> <p>Please refer to the section entitled “Potential Conflicts of Interest” of the Offer Document dated 13 July 2017 for further details.</p>	None
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 720(1))	Yes	Yes

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Name	Teo Kiang Ang	Loo Hock Leong
Working experience and occupation(s) during the past 10 years	Union Energy Corporation Group See Young Group Trans-cab Group TCSP Group TCSP Investment Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Changi Investments Pte. Ltd. Cheng Kharp Foam Manufacturer Pte Ltd Choon Hin (T.K.A.) Trading Pte Ltd D Investments Pte. Ltd. L Investments Pte. Ltd. LK Tang Pte. Ltd. Nam Hwa Opera Limited Sembas International Trading Pte Ltd Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. TKA Developers Pte Ltd Singapore Taxi Academy	Parkway Trust Management Limited, Manager of Parkway Life REIT, Chief Financial Officer

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Name	Teo Kiang Ang	Loo Hock Leong
Shareholding interest in the listed issuer and its subsidiaries	Yes	None
Shareholding details	67,813,500 (Direct Interests) 34,989,964 (Deemed Interests)	Not Applicable
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Singapore Taxi Academy	None
Present	Union Energy Corporation Group See Young Group Trans-cab Group TCSP Group TCSP Investment Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Changi Investments Pte. Ltd. Cheng Kharp Foam Manufacturer Pte Ltd Choon Hin (T.K.A.) Trading Pte Ltd D Investments Pte. Ltd. L Investments Pte. Ltd. LK Tang Pte. Ltd. Nam Hwa Opera Limited Sembas International Trading Pte Ltd Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. TKA Developers Pte Ltd	Parkway Trust Management Limited

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Name	Teo Kiang Ang	Loo Hock Leong
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.

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Name	Teo Kiang Ang	Loo Hock Leong
(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	Yes, please refer to paragraphs 1(a), 1(b), 1(d), 2(a), 2(b) and 2(e) of the disclosure in relation to Mr Teo Kiang Ang.	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	Yes, please refer to paragraph 1(c) of the disclosure in relation to Mr Teo Kiang Ang.	No.

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Name	Teo Kiang Ang	Loo Hock Leong
(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?	Yes, please refer to paragraphs 2(c) and 3 of the disclosure in relation to Mr Teo Kiang Ang.	No.

Disclosure in relation to Mr Teo Kiang Ang

Mr Teo Kiang Ang was involved in the following incidents:

1. Incidents involving entities which Mr Teo Kiang Ang is/was a director/partner
 - (a) Mr Teo Kiang Ang was a director of Sembas International Trading Pte Ltd, which paid penalties in relation to various minor offences relating to the filing of GST, holding of annual general meetings and submission of its audited accounts between 1994 and 1996.
 - (b) Mr Teo Kiang Ang was a director of Choon Hin (T.K.A.) Trading Pte Ltd, which paid minor compositions for omissions in filing income tax returns and audited accounts for 1995.
 - (c) Mr Teo Kiang Ang was the manager of TKA Auto Service Centre, which paid minor fines for inadvertent errors in collection and filing of GST between 2011 and 2012.
 - (d) Mr Teo Kiang Ang was a director of Semgas (S) Pte Ltd and Gasmart Pte Ltd, both which paid composition sums to the Inland Revenue Authority of Singapore (“**IRAS**”) in 2012 for their inadvertent omission of certain income items in their IR8A forms.
2. Other Incidents
 - (a) In 2006, Mr Teo Kiang Ang was interviewed by the Corrupt Practices Investigation Bureau (“**CPIB**”) to assist in investigations concerning dealings between Sembas (Asia) Trading Pte. Ltd, which he was a director of, and an employee of Singapore Petroleum Company Ltd.
 - (b) In 2007, Mr Teo Kiang Ang was interviewed by the Singapore Ministry of Manpower to assist in its review of a civil complaint of unfair dismissal filed by a foreign worker dismissed by Trans-cab Services Pte. Ltd. (“**Trans-cab Services**”), a wholly-owned subsidiary of Trans-cab Holdings Ltd, which he was a director of.

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- (c) In 2009, Mr Teo Kiang Ang was investigated by the IRAS for an inadvertent failure to report certain income items between 2003 and 2009, which has been subsequently settled.
- (d) On or around 2009, Mr Teo Kiang Ang was interviewed by the CPIB in relation to the alleged corrupt practices involving an officer of the Singapore National Environment Agency, who was granted a discharge amounting to an acquittal in 2010.
- (e) Between 2012 and 2014, Mr Teo Kiang Ang was interviewed by the Commercial Affairs Department in relation to an apparent circumvention of a rule set by the Land Transport Authority of Singapore by Trans-cab Services.

As at the date of this annual report, Mr. Teo Kiang Ang has not been charged with any of the offences disclosed and there has not been any follow up contact or request for further assistance from any of the aforementioned authorities.

3. Mr Teo Kiang Ang was involved in other minor breaches and paid minor compositions and fines between 1972 to 1996.

Please refer to the Company's prospectus dated 13 July 2017 for further details on the disclosures in relation to Mr Teo Kiang Ang.

The NC had reviewed, taking into consideration Mr Teo Kiang Ang, being the Non-Executive Chairman of the Company and his continued ability to contribute through his extensive industry knowledge and expertise to the Company, recommends that Mr Teo Kiang Ang 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 Teo Kiang Ang will remain as the Non-Executive Chairman. Key information details on Mr Teo Kiang Ang are set out on page 6 of this Annual Report.

The NC had also reviewed, taking into consideration Mr Loo Hock Leong, being the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee, and his continued ability to contribute through his extensive accounting knowledge to the Company, recommends that Mr Loo Hock Leong who will retire by rotation pursuant to 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 Loo Hock Leong will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Key information details on Mr Loo Hock Leong are set out on page 7 of this Annual Report.

Upon re-election as Director, Mr Teo Kiang Ang will remain as Non-Executive Chairman of the Company.

Upon re-election as Director, Mr Loo Hock Leong will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee 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 candour), as an Independent Director.

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

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

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

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2020 from carrying out their duties to the Company:

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

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

For FY2020, 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 FY2020.

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

- (a) Pages 6 to 8 – Academic and professional qualifications, date of first appointment as director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) Page 60 – 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 FY2020, 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.

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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 FY2020.

Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2020, both the NC and the Board are of the view that the Board has met its performance objectives for FY2020. No external facilitator was used in the process.

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

(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 FY2020, two 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;

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- (d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- (e) reviewing the link between performance and reward in the remuneration structure of each of the Director and Key Management Personnel and recommends such targets for each of such Director and Key Management Personnel, for endorsement by the Board.

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

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

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

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

Principle 7 – Level and Mix of Remuneration

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

The RC recommends to the Board the quantum of Directors' Fees and the Board in turn endorses the recommendations for shareholders' approvals at each AGM. To facilitate timely payment of Directors' Fees, the Company has recommended for the Directors' Fees amounting to S\$231,121 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2021 once approvals are obtained from shareholders at the forthcoming AGM.

For FY2020, the payment of S\$206,500 as Directors' Fees to Non-Executive Directors had been approved at the AGM held on 26 June 2020.

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.

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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 FY2020, 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 FY2020, the Company did not engage any external remuneration consultants to assist in the review of compensation and remuneration packages.

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

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

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 FY2020 is set out below:

Directors	Salary ¹ (%)	Bonus ¹ (%)	Director’s Fees (%)	Total ¹ (%)	Total (S\$’000)
<u>Above S\$750,000</u>					
Teo Hark Piang ²	64	36	–	100	1,275.9
<u>Up to S\$250,000</u>					
Teo Kiang Ang	–	–	100	100	78.2
Loo Hock Leong	–	–	100	100	49.5
Lim Chwee Kim	–	–	100	100	39.4
Heng Chye Kiou	–	–	100	100	39.4

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There are only five (5) Key Management Personnel in the Company for FY2020. The breakdown (in percentage terms) of the remuneration of 5 Key Management Personnel (who are not also Directors) of the Group for FY2020 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary ¹ (%)	Bonus and Others ¹ (%)	Total (%)
Above S\$250,000				
Ng Yong Hwee	Deputy CEO	71	29	100
Teo Woo Yang	Business Development Director	63	37	100
Hong Pay Leng ³	Chief Financial Officer	68	32	100
Up to S\$250,000				
Sim Lai Kitt	Head of Commercial	89	11	100
Sylvia Lio	Chief Accounting Officer	65	35	100

Notes:

1. The salary and bonus amounts shown are inclusive of Singapore's Central Provident Funds contributions.
2. Remuneration of Mr Teo Hark Piang is calculated based on the Service Agreements.
3. Appointed on 22 January 2020.

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\$1,404,194 in FY2020. Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2020.

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

Remuneration Band	Relationship to Director or CEO
S\$300,000 – S\$400,000	
Teo Woo Yang	Son of Mr Teo Kiang Ang and brother of Mr Teo Hark Piang

The remuneration received by the Executive Director and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2020. 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:

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

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

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

No Option or Share has been awarded to any Participant under the Share Option Scheme since adoption including in FY2020. 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.

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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**”).

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, no awards has been granted. The Company has allotted and issued 28,958 new ordinary shares to its employees in FY2020 pursuant to the vesting of share awards granted on 6 June 2019. No Share was issued or allotted to a Director or controlling shareholder and each of their associates.

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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	–	26,208	43,680	17,472
Sie Kok Khiam	–	19,800	33,000	13,200
Neo Candy Shelgrad	–	11,908	19,848	7,940

(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 FY2020.

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.

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For FY2020, 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.

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 2020 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;

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- (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 external auditor.

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 FY2020, the fees paid by the Company to the external auditor for audit and non-audit services amounted to S\$101,000 and S\$15,050 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.

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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 independent, effective, adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately 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 auditor.

The AC had met up with the internal and external auditors without the presence of Management in February 2021. The external auditor was also invited to be present at AC meetings, as and when required, held during FY2020 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal controls that are relevant to the statutory audit.

During FY2020, the AC reviewed the planned audit procedures and the potential key audit areas presented by the external auditor. At the AC meeting held in February 2021, the AC had received a report on FY2020 audit results from the external auditor, which summarised the audit work done for the key audit areas. In particular, the following key audit matter was discussed during the meeting:

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

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.

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

For FY2020, 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 FY2020, 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.

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

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

The Board, Management and the external 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.

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.

Alternative Meeting Arrangement for 2020

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variables Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's AGM held on 26 June 2020 ("**2020 AGM**") was held by way of electronic means via live webcast. To enable the members to participate at the 2020 AGM and exercise their votes effectively, instructions on how to register, participate, pose their questions, submission of proxy form, vote and etc. relating to the 2020 AGM was published at the SGXNet and Company's website. The Company has published, on the SGXNet, and the Company's website, its responses to questions raised by shareholders in advance of the 2020 AGM. At the 2020 AGM, the Chairman of the Meeting was appointed as the proxy to vote in accordance with shareholders' instructions. All resolutions tabled at the 2020 AGM were conducted by poll pursuant to Rule 730A(2) of the Catalist Rules, counted by the Polling Agent and verified by the Scrutineer before the 2020 AGM. The poll results were announced by the Company via SGXNet on the same day after the 2020 AGM. The minutes of the 2020 AGM was published via SGXNet and the Company's website within one month from the date of 2020 AGM.

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The Company has a dividend policy that aims to provide shareholders of the Company with a target annual dividend pay out of not less than 50% of the net profit attributable to Shareholders excluding non-controlling interests and non-recurring, one-off and exceptional items. Such declaration and payment of dividends shall be determined at the sole discretion of the Board, taking into account, inter-alia:-

- (i) the level of the Group's cash and retained earnings;
- (ii) the Group's actual and projected financial performance;
- (iii) the Group's projected levels of capital expenditure and other investment plans;
- (iv) the Group's working capital requirements and general financing condition;
- (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 2.53 Singapore cents per ordinary share for FY2020 which will be subject to shareholders' approvals at the forthcoming AGM.

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 Catalyst 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. As mentioned above, for the 2020 AGM, shareholders had submitted their questions before the meeting and the Company had announced its response via SGXNet before the 2020 AGM. The notice of general meeting 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.

Report on Corporate Governance

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

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities in compliance with Rule 1204(19) of the Catalist Rules, 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 at the Annual General Meeting held on 26 June 2020.

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than S\$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) during FY2020 (S\$'000)	Aggregate value of all interested person transactions (including transaction of less than S\$100,000 each) during FY2020 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.	–	24,879
Purchase of bottled LPG by the Group from Sengas Supply Pte. Ltd.	–	4,000
Purchase of LPG manifold systems, pipings and storage licences from the Mandated Interested Persons	–	1,996
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)	–	110

Report on Corporate Governance

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than S\$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalyst Rules) during FY2020 (S\$'000)	Aggregate value of all interested person transactions (including transaction of less than S\$100,000 each) during FY2020 under Shareholders' Mandate pursuant to Rule 920 of the Catalyst Rules (S\$'000)
Sale of diesel at the Group's fuel station by the Group to the Mandated Interested Persons	–	37
Sale of diesel in bulk by the Group to Mandated Interested Persons	–	794
Purchase of electricity by the Group from Mandated Interested Persons	–	195
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	–	1,251
The provision of delivery services by Mandated Interested Persons to the Group	–	1,635
Provision of IT Infrastructure services to Sembas	–	276

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; and
- (ii) the Executive Director and CEO, Mr. Teo Hark Piang, 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. Please refer to the Appendix to Notice of the Annual General Meeting for more information.

Report on Corporate Governance

(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**”) with the Gross Proceeds been utilised as follows:

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 (“Re-Allocation”) (S\$’000)	Proceeds utilised as at 25 February 2021 (S\$’000)	Proceeds utilised from 25 February 2021 to the date of this annual report (S\$’000)	Balance of Proceeds as at the date of this annual report (S\$’000)
Acquisition of dealers for the Retail LPG Business	4,143	(3,074)	(5)	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) ¹	–	550
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(4,881)</u>	<u>(5)</u>	<u>2,614</u>

Note:

1. Uses of proceeds for general working capital from 13 August 2020 related to the payment of Directors’ fees and Professional fees (auditors, tax agent and company secretary).

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 FY2020 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 FY2020.

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 2020.

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 2020 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	67,813,500	67,813,500	34,989,964	34,989,964
Teo Hark Piang	25,287,300	25,479,500	–	–
Lim Chwee Kim	400,000	400,000	–	–

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 2021 were the same as those at the end of the reporting year.

Statement by Directors

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

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

5. Union Gas Performance Share Plan

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

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

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

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

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

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

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 2020	Share awards granted	Share awards vested	Share awards forfeited	Share awards not released as at 31 December 2020
6 June 2019	67,570	–	(28,958)	–	38,612

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 shares awarded under 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 the end of the reporting year.

Statement by Directors

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

Statement by Directors

7. Audit committee (cont'd)

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

The AC has recommended to the board of directors that RSM Chio Lim LLP be nominated for re-appointment as independent external auditor at the 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 2020.

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 25 February 2021, which would materially affect the operating and financial performance of the Group and of the Company as of the date of this statement.

On behalf of the directors

.....
Teo Kiang Ang
Director

.....
Teo Hark Piang
Director

31 March 2021

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 2020, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

Revenue recognition

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

The Group derives its revenue from the sale of liquefied petroleum gas ("LPG") and LPG-related accessories, and the sale of natural gas and diesel.

We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group. In addition, under SSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, revenue recognition is a presumed fraud risk.

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

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

Independent Auditor's Report

To the members of Union Gas Holdings Limited

Key audit matters (cont'd)

Revenue recognition (cont'd)

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.

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.

Independent Auditor's Report

To the members of Union Gas Holdings Limited

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

- 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.

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

31 March 2021

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 2020

	Notes	2020 \$'000	2019 \$'000
Revenue	5	86,190	78,801
Cost of sales		(48,509)	(49,645)
Gross profit		37,681	29,156
Other income and gains	6	2,917	1,188
Marketing and distribution costs	7	(17,807)	(15,032)
Administrative expenses	8	(5,692)	(4,775)
Finance costs	9	(44)	(80)
Other expenses	6	(680)	(66)
Profit before income tax		16,375	10,391
Income tax expense	11	(2,511)	(1,974)
Profit, net of tax and total comprehensive income		13,864	8,417
		2020 Cents	2019 Cents
Basic and diluted earnings per share	12	6.06	3.68

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

Statements of Financial Position

As at 31 December 2020

	Notes	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	12,888	14,013	1	2
Right-of-use assets	15	73	119	73	86
Intangible assets	16	1,939	3,047	-	-
Investments in subsidiaries	17	-	-	24,501	20,000
Contract costs, non-current	18	2,498	2,490	-	-
Other non-financial assets, non-current	19	4,609	4,233	1,789	-
Total non-current assets		22,007	23,902	26,364	20,088
Current assets					
Inventories	20	712	408	-	-
Contract costs, current	18	697	858	-	-
Trade and other receivables	21	4,423	4,296	11,545	8,067
Other non-financial assets, current	19	4,781	5,416	161	17
Cash and cash equivalents	22	34,198	20,959	5,563	4,437
Total current assets		44,811	31,937	17,269	12,521
Total assets		66,818	55,839	43,633	32,609
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	24,725	24,718	24,725	24,718
Retained earnings		23,139	13,968	11,774	5,155
Other reserves	24	(7,677)	(7,678)	5	4
Total equity		40,187	31,008	36,504	29,877
Non-current liabilities					
Provisions	26	300	300	-	-
Deferred tax liabilities	11	1,023	1,020	-	-
Lease liabilities, non-current	27	704	618	23	16
Total non-current liabilities		2,027	1,938	23	16
Current liabilities					
Income tax payable		3,037	1,826	-	2
Trade and other payables	28	20,538	19,826	7,056	2,643
Lease liabilities, current	27	1,029	1,241	50	71
Total current liabilities		24,604	22,893	7,106	2,716
Total liabilities		26,631	24,831	7,129	2,732
Total equity and liabilities		66,818	55,839	43,633	32,609

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

Statements of Changes in Equity

Reporting year ended 31 December 2020

	Share capital \$'000	Retained earnings \$'000	Other reserves			Total other reserves \$'000	Total equity \$'000
			Merger reserve \$'000	Capital reserve \$'000	Share-based payment reserve \$'000		
Group							
Current year							
Opening balance at 1 January 2020	24,718	13,968	(11,000)	3,318	4	(7,678)	31,008
Total comprehensive income for the year	-	13,864	-	-	-	-	13,864
Dividends paid (Note 13)	-	(4,693)	-	-	-	-	(4,693)
Share-based payment (Note 24C)	7	-	-	-	1	1	8
Closing balance at 31 December 2020	24,725	23,139	(11,000)	3,318	5	(7,677)	40,187
Previous 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

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

Statements of Changes in Equity

Reporting year ended 31 December 2020

	Share capital \$'000	Retained earnings \$'000	← Other reserve → Share-based payment reserve \$'000	Total equity \$'000
Company				
Current year				
Opening balance at 1 January 2020	24,718	5,155	4	29,877
Total comprehensive income for the year	–	11,312	–	11,312
Dividends paid (Note 13)	–	(4,693)	–	(4,693)
Share-based payment (Note 24C)	7	–	1	8
Closing balance at 31 December 2020	<u>24,725</u>	<u>11,774</u>	<u>5</u>	<u>36,504</u>
Previous 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	<u>24,718</u>	<u>5,155</u>	<u>4</u>	<u>29,877</u>

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

Consolidated Statement of Cash Flows

Reporting year ended 31 December 2020

	2020 \$'000	2019 \$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	16,375	10,391
Amortisation expenses	1,025	679
Depreciation of property, plant and equipment	3,752	2,953
Depreciation of right-of-use assets	115	102
Gain on disposal of property, plant and equipment	(255)	(116)
Impairment on trade and other receivables	511	58
Impairment on intangible assets	164	–
Interest income	(124)	(156)
Interest expense	44	80
Share-based payments	8	13
Operating cash flows before changes in working capital	21,615	14,004
Inventories	(304)	(110)
Contract costs	153	114
Trade and other receivables	(638)	(2,615)
Other non-financial assets	928	(3,504)
Trade and other payables	(1,004)	5,369
Net cash flows from operations	20,750	13,258
Income taxes paid	(1,297)	(985)
Net cash flows from operating activities	19,453	12,273
<u>Cash flows from investing activities</u>		
Settlement of consideration for acquisition of a subsidiary in prior year	–	(920)
Proceeds from disposal of property, plant and equipment	455	246
Purchase of property, plant and equipment	(685)	(1,518)
Acquisitions of intangible assets	(28)	(158)
Interest income received	124	156
Net cash flows used in investing activities	(134)	(2,194)
<u>Cash flows from financing activities</u>		
Dividends paid	(4,693)	(3,433)
Lease liabilities – principal portions paid	(1,343)	(1,321)
Interest expenses paid	(44)	(80)
Net cash flows used in financing activities	(6,080)	(4,834)
Net increase in cash and cash equivalents	13,239	5,245
Cash and cash equivalents, beginning balance	20,959	15,714
Cash and cash equivalents, ending balance (Note 22)	34,198	20,959

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

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 Dollar (“\$”) and have been rounded to the nearest thousand (\$’000), unless when otherwise indicated.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 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 (the “Act”) and also with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Accounting convention

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

Basis of preparation of financial statements

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

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 2020

1. General (cont'd)

Basis of presentation (cont'd)

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

Other income

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

Interest income is recognised using the effective interest method.

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

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

Employee benefits

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

Share-based compensation

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

Borrowing costs

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

Foreign currency transactions

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Property, plant and equipment

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

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

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

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.

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

Leasehold land and buildings	– Over the lease terms of 14 years
Plant and equipment	– 3 to 8 years
Motor vehicles	– 3 to 10 years

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Office space and call centre – Over the lease terms of 1 to 2 years

Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leases of lessor

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

Intangible assets

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

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

Non-contractual customer relationships – 5 years

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

Subsidiaries (cont'd)

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

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.

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

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.

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2A. Significant accounting policies (cont'd)

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.

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.

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

2C. Critical judgements, assumptions and estimation uncertainties

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

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

The Group derives its revenue from the sale of LPG and LPG-related accessories, and the sale of NG and diesel. Management exercises judgement in the estimation and allocation of transaction price to performance obligation as the Group has large number of customers with variable selling prices. Changes in the Group's pricing model and the method used in quantifying and allocating of transaction price may affect the amount of revenue recognised by the Group. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions. The accounting policy for revenue recognition and the revenue recognised in the reporting year are disclosed in Notes 2A and 5 respectively.

Allowance for doubtful trade accounts

The trade receivables are subject to the expected credit loss ("ECL") model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 21.

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.

Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the class of assets at the end of the reporting year affected by the assumption are disclosed in Note 14.

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 28.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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	
	2020 \$'000	2019 \$'000
Delivery charges	(1,635)	(1,157)
Upkeep of motor vehicles	(136)	(115)
Purchase of electricity	(195)	(230)
Purchase of health products	-	(2)
Purchase of LPG	(28,879)	(23,245)
Purchase of plant and equipment	(1,324)	(4,783)
Purchase of storage license	(672)	(2,188)
Rental expenses	(180)	(287)
Sale of diesel	831	1,156
Service income	19	27
Service income for provision of IT infrastructure service	276	276
Servicing fees	(1,251)	(1,137)

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

3C. Key management compensation

	Group	
	2020 \$'000	2019 \$'000
Salaries and other short-term employee benefits	2,883	1,920
Share-based payments	4	7
	2,887	1,927

Included in the above amounts are the following items:

Remuneration of directors	1,276	1,062
Fees to directors	207	183

The above amounts are included in employee benefits expense.

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

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

3D. Balances with related parties

	Group	
	2020 \$'000	2019 \$'000
<u>Other payables to related parties</u>		
At beginning of the year	(8,224)	(925)
Purchase of plant and equipment, storage license and reimbursement of other assets	(2,160)	(8,219)
Amounts paid out	2,330	920
At end of the year (Note 28)	(8,054)	(8,224)

	Group and Company	
	2020 \$'000	2019 \$'000
<u>Other payables to directors</u>		
At beginning of the year	(8)	-
Fees to directors	(207)	(183)
Amounts paid out	215	183
Settlements of liabilities on behalf of the Company	-	(8)
At end of the year (Note 28)	-	(8)

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

3E. Balances with related companies

	Company	
	2020 \$'000	2019 \$'000
<u>Subsidiaries</u>		
At beginning of the year	1,308	1,000
Amounts paid out and settlements of liabilities on behalf of subsidiaries	5,808	2,357
Amount paid in and settlements of liabilities on behalf of the Company	(12,537)	(2,049)
At end of the year	<u>(5,421)</u>	<u>1,308</u>
Presented in the statements of financial position as follows:		
Other receivables (Note 21)	503	3,357
Other payables (Note 28)	(5,924)	(2,049)
	<u>(5,421)</u>	<u>1,308</u>

3F. Guarantees

The Company provided guarantees to financial institutions for the issuance of performance guarantees in favour of the suppliers of certain subsidiaries in the Group. As at the end of the reporting year, the total value of the performance guarantees issued by financial institutions was \$1,851,000 (2019: \$1,899,000) and no supplier has called on the performance guarantees. No charge is made to the subsidiaries.

4. Financial information by operating segments

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

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

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

- 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; and
- Natural gas (“NG”) and diesel business – Sale and distribution of liquefied natural gas (“LNG”) and retail sale of compressed natural gas (“CNG”) and diesel to vehicles through a CNG and diesel refilling station located at 50 Old Toh Tuck Road, Singapore.
- Other operations include provision of corporate services.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

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

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.

Group	Retail LPG - Domestic \$'000	Retail LPG - Commercial \$'000	Natural gas and diesel \$'000	Others \$'000	Total \$'000
<u>2020</u>					
External revenue	39,091	29,323	17,776	–	86,190
Segment results:					
Profit before income tax	10,935	5,456	3,973	(3,989)	16,375
Income tax expense	(1,507)	(557)	(447)	–	(2,511)
Profit, net of tax	9,428	4,899	3,526	(3,989)	13,864
Other segment information:					
Amortisation expense	(898)	(127)	–	–	(1,025)
Depreciation expense	(1,258)	(1,844)	(682)	(83)	(3,867)
Finance costs	(41)	–	(2)	(1)	(44)
Impairment on intangible assets	–	(164)	–	–	(164)
Allowance for impairment of trade and other receivables –reversal/(charged)	–	(522)	11	–	(511)
Segment assets and liabilities:					
Total assets	25,981	23,902	9,284	7,651	66,818
Total liabilities	(9,244)	(12,883)	(3,293)	(1,211)	(26,631)
Additions:					
Property, plant and equipment	1,472	1,355	–	–	2,827
Right-of-use assets	–	–	–	69	69
Intangible assets	81	–	–	–	81
Contract costs	–	1,083	–	–	1,083

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

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

Group	Retail LPG - Domestic \$'000	Retail LPG - Commercial \$'000	Natural gas and diesel \$'000	Others \$'000	Total \$'000
<u>2019</u>					
External revenue	30,451	22,434	25,916	-	78,801
Segment results:					
Profit before income tax	5,381	4,412	3,787	(3,189)	10,391
Income tax expense	(923)	(476)	(573)	(2)	(1,974)
Profit, 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

4B. Geographical information

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

4C. Information on major customers

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

5. Revenue

	Group	
	2020 \$'000	2019 \$'000
Sale of LPG and LPG-related accessories	68,414	52,885
Sale of CNG	949	1,954
Sale of diesel	16,793	23,962
Sale of LNG	34	-
	86,190	78,801

The contracts are short-term in nature. Also see Note 4.

6. Other income and gains and (other expenses)

	Group	
	2020 \$'000	2019 \$'000
Allowance for impairment of trade and other receivables	(511)	(58)
Allowance for impairment of intangible assets	(164)	-
Bad debts written-off	(2)	(7)
Foreign exchange losses, net	(2)	(1)
Gain on disposal of property, plant and equipment	255	116
Government grant income	371	171
Government grant from Jobs Support Scheme #	1,527	-
Interest income	124	156
Rental income from property	183	286
Service income for provision of IT infrastructure service	276	276
Others	180	183
	2,237	1,122
Presented in profit or loss as:		
Other income and gains	2,917	1,188
Other expenses	(680)	(66)
	2,237	1,122

In 2020, the Group received wage support for local employees under the Jobs Support Scheme from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty commencing from April 2020 to August 2021.

Notes to the Financial Statements

Reporting year ended 31 December 2020

7. Marketing and distribution costs

Major components include the following:

	Group	
	2020 \$'000	2019 \$'000
Commission expenses	815	704
Delivery charges	1,635	1,542
Depreciation of property, plant and equipment	1,153	1,139
Employee benefit expenses (Note 10)	10,851	8,873
Marketing expenses	1,277	1,495

8. Administrative expenses

Major components include the following:

	Group	
	2020 \$'000	2019 \$'000
Depreciation of property, plant and equipment	245	268
Depreciation of right-of-use assets	115	102
Fees to directors	207	183
Fees to independent auditor of the Company		
– Audit	101	98
– Non-audit	15	14
Employee benefit expenses (Note 10)	2,549	2,113
Legal and professional fee	427	402
Repair and maintenance expense	311	275

9. Finance costs

	Group	
	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	44	80

Notes to the Financial Statements

Reporting year ended 31 December 2020

10. Employee benefit expenses

	Group	
	2020 \$'000	2019 \$'000
Short term employee benefits expense	13,163	10,261
Contributions to defined contribution plans	980	1,302
Share-based payment	8	13
	14,151	11,576

Employee benefit expenses are charged as follows:

	Group	
	2020 \$'000	2019 \$'000
Cost of sales	751	590
Marketing and distributions costs	10,851	8,873
Administrative expenses	2,549	2,113
	14,151	11,576

11. Income tax expense

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

	Group	
	2020 \$'000	2019 \$'000
<u>Current tax</u>		
Current tax expense	2,644	1,815
(Over) / under adjustments in respect of prior years	(136)	38
Subtotal	2,508	1,853
<u>Deferred tax</u>		
Deferred tax (income) / expense	(26)	121
Under adjustments in respect of prior years	29	-
Subtotal	3	121
Total income tax expense	2,511	1,974

Notes to the Financial Statements

Reporting year ended 31 December 2020

11. Income tax expense (cont'd)

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

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit before income tax for the reporting years due to the following differences:

	Group	
	2020 \$'000	2019 \$'000
Profit before income tax	16,375	10,391
Income tax expense at the above rate	2,784	1,766
(Income) / expenses not (taxable) / deductible for tax purposes	(96)	239
Stepped income exemption and rebates	(70)	(69)
(Over) / under adjustments in respect of prior year	(107)	38
Total income tax expense	2,511	1,974

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

11B. Deferred tax expense recognised in profit or loss

	Group	
	2020 \$'000	2019 \$'000
Excess of carrying value over tax value of property, plant and equipment	3	121

11C. Deferred tax liabilities in statements of financial position

	Group	
	2020 \$'000	2019 \$'000
Excess of carrying value over tax value of property, plant and equipment	1,023	1,020

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 2020

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	
	2020 \$'000	2019 \$'000
Numerators:		
Profit, net of tax	13,864	8,417
	2020	2019
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	228,917	228,884

Basic and diluted earnings per share are calculated by dividing profit or loss, net of tax for the reporting year attributable to owners of the Company by the weighted average number of 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 21,000 (2019: 82,000) shares is not material.

13. Dividends

	Rate per share		2020 \$'000	2019 \$'000
	2020 Cents	2019 Cents		
Final tax exempt (1-tier) dividend in respect of previous reporting year	1.55	1.20	3,548	2,746
Interim tax exempt (1-tier) dividend	0.50	0.30	1,145	687
	2.05	1.50	4,693	3,433

In respect of the current reporting year, the directors proposed that a final dividend of 2.53 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 treasury shares) in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to owners of the Company.

Notes to the Financial Statements

Reporting year ended 31 December 2020

14. Property, plant and equipment

<u>Group</u>	Leasehold land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost</u>				
At 1 January 2019	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
Additions	–	1,444	1,383	2,827
Disposals	–	(241)	(272)	(513)
At 31 December 2020	9,165	10,416	11,695	31,276
<u>Accumulated depreciation</u>				
At 1 January 2019	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
Depreciation for the year	518	2,004	1,230	3,752
Disposals	–	(78)	(235)	(313)
At 31 December 2020	7,610	6,763	4,015	18,388
<u>Carrying value</u>				
At 1 January 2019	2,591	811	8,128	11,530
At 31 December 2019	2,073	4,376	7,564	14,013
At 31 December 2020	1,555	3,653	7,680	12,888

<u>Company</u>	Plant and equipment \$'000
<u>Cost</u>	
At 1 January 2019, 31 December 2019 and 31 December 2020	4
<u>Accumulated depreciation</u>	
At 1 January 2019	*
Depreciation for the year	2
At 31 December 2019	2
Depreciation for the year	1
At 31 December 2020	3
<u>Carrying value</u>	
At 1 January 2019	4
At 31 December 2019	2
At 31 December 2020	1

* Denotes less than \$1,000

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

The allocation of depreciation expense is as follows:

	Group	
	2020 \$'000	2019 \$'000
Cost of sales	2,354	1,546
Marketing and distribution costs	1,153	1,139
Administrative expenses	245	268
	3,752	2,953

Certain motor vehicles are acquired by means of leases (see Note 27).

A fixed charge has been placed on motor vehicles with a total carrying amount of \$4,041,000 (2019: \$4,023,000) as security for lease liabilities of \$1,660,000 (2019: \$1,738,000) (Note 27).

15. Right-of-use assets

	Group \$'000	Company \$'000
<u>Office and call centre</u>		
<u>Cost</u>		
At 1 January 2019	126	57
Additions	95	95
At 31 December 2019	221	152
Additions	69	69
Written off	(69)	(69)
At 31 December 2020	221	152
<u>Accumulated depreciation</u>		
At 1 January 2019	-	-
Depreciation for the year	102	66
At 31 December 2019	102	66
Depreciation for the year	115	82
Written off	(69)	(69)
At 31 December 2020	148	79
<u>Carrying value</u>		
At 1 January 2019	126	57
At 31 December 2019	119	86
At 31 December 2020	73	73

The Group leases office space and call centre for use 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 2020

16. Intangible assets

	<u>Group</u> <u>\$'000</u>
<u>Non-contractual customer relationships</u>	
<u>Cost</u>	
At 1 January 2019	3,911
Additions	158
At 31 December 2019	4,069
Additions	81
At 31 December 2020	4,150
 <u>Accumulated amortisation and impairment</u>	
At 1 January 2019	343
Amortisation for the year	679
At 31 December 2019	1,022
Amortisation for the year	1,025
Impairment for the year	164
At 31 December 2020	2,211
 <u>Carrying value</u>	
At 1 January 2019	3,568
At 31 December 2019	3,047
At 31 December 2020	1,939

Non-contractual customer relationships are those customer relationships that the Group 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.

Non-contractual customer relationships at a carrying amount of \$279,000 (2019: \$406,000) was impaired by \$164,000 (2019: Nil) due to weak performance. This arose from the management regular review on the sales performance of LPG business.

17. Investments in subsidiaries

	<u>Company</u>	
	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Unquoted equity shares, at cost	24,501	20,000
Movement in cost during the year:		
At beginning of the year	20,000	20,000
Addition	4,501	*
At end of the year	24,501	20,000

* Denotes less than \$1,000

Notes to the Financial Statements

Reporting year ended 31 December 2020

17. Investments in subsidiaries (cont'd)

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

Name	Principal activities	Cost		Equity held	
		2020 \$'000	2019 \$'000	2020 %	2019 %
Union Energy Pte. Ltd.	Retailers, distributors, general merchants, importers and exporters, wholesalers, dealers and suppliers of LPG and related products	3,100	1,100	100	100
Union Gas Pte. Ltd.	Sale of NG and diesel in retail and wholesale markets	9,700	9,700	100	100
U-Gas Pte. Ltd.	Retail sale of LPG and related wholesale markets	9,700	9,200	100	100
Union LPG Pte. Ltd.	Retail sale of LPG and related wholesale markets	2,000	*	100	100
U-Global Pte. Ltd.	Investment holding	1	–	100	–
		<u>24,501</u>	<u>20,000</u>		

* 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	
	2020 \$'000	2019 \$'000
Current	697	858
Non-current	2,498	2,490
	<u>3,195</u>	<u>3,348</u>

The movement in contract costs are as follows:

At beginning of the year	3,348	3,334
Additions	1,083	1,016
Amortisation for the year	(1,036)	(1,002)
Disposal	(200)	–
At end of the year	<u>3,195</u>	<u>3,348</u>

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

18. Contract costs (cont'd)

Amortisation expenses are charged as follows:

	Group	
	2020 \$'000	2019 \$'000
Reduction of revenue	779	790
Marketing and distributions costs	257	212
	<u>1,036</u>	<u>1,002</u>

19. Other non-financial assets

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Non-current</u>				
Prepaid advance rebates	1,467	3,344	-	-
Deferred customer retention costs	1,353	889	-	-
Deposits for purchase of property, plant and equipment	1,789	-	1,789	-
Subtotal	<u>4,609</u>	<u>4,233</u>	<u>1,789</u>	<u>-</u>
<u>Current</u>				
Prepayments	1,038	1,221	161	17
Prepaid advance rebates	2,556	3,194	-	-
Deferred customer retention costs	1,034	950	-	-
Deposits to secure services	153	51	-	-
Subtotal	<u>4,781</u>	<u>5,416</u>	<u>161</u>	<u>17</u>
Total other non-financial assets	<u>9,390</u>	<u>9,649</u>	<u>1,950</u>	<u>17</u>

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

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

The Group can claim a refund of the payments made to the customers if the terms of the contracts are breached. For early termination of contracts, the outstanding amount is transferred from other non-financial assets to other receivables due from outside parties and set out in Note 21.

Deposits for property, plant and equipment include deposit and stamp duty paid totalled \$1,360,000 (2019: Nil) for the purchase of a property located at 89 Defu Lane 10, Singapore.

Notes to the Financial Statements

Reporting year ended 31 December 2020

20. Inventories

	Group	
	2020 \$'000	2019 \$'000
LPG	272	227
LPG-related accessories	391	127
Diesel	49	54
	712	408
Increase in inventories of goods for resale	(304)	(110)
Amount of inventories included in cost of goods sold	26,512	30,868

There are no inventories pledged as security for liabilities.

21. Trade and other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables</u>				
Outside parties	3,742	3,955	-	-
Less: Allowance for ECL	(62)	(81)	-	-
	3,680	3,874	-	-
Related parties	254	332	-	-
Subtotal	3,934	4,206	-	-
<u>Other receivables</u>				
Outside parties	769	51	-	-
Less: Allowance for ECL	(541)	(31)	-	-
	228	20	-	-
Subsidiaries (Note 3)	-	-	503	3,357
Dividends receivable from subsidiaries	-	-	11,000	4,700
Refundable deposits	80	70	37	10
Government grant receivables	181	-	5	-
Subtotal	489	90	11,545	8,067
Total trade and other receivables	4,423	4,296	11,545	8,067

Notes to the Financial Statements

Reporting year ended 31 December 2020

21. Trade and other receivables (cont'd)

	Group	
	2020 \$'000	2019 \$'000
Movements in allowance for trade receivables from outside parties:		
At beginning of the year	81	59
Charged to profit or loss included in other expenses	1	58
Bad debts written-off	(20)	(36)
At end of the year	62	81
Movements in allowance for other receivables from outside parties:		
At beginning and end of the year	31	31
Charged to profit or loss included in other expenses	510	-
At end of the year	541	31

Trade receivables

The expected credit losses (ECL) on the above trade receivables is measured using the simplified approach which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of the asset. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period ranging from 9 to 24 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the COVID-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The ageing of the assets is as follows:

Group	Gross amount		ECL rate		Loss allowance	
	2020 \$'000	2019 \$'000	2020 %	2019 %	2020 \$'000	2019 \$'000
Current	2,562	2,801	0.23	0.22	6	6
1 to 30 days past due	974	995	0.31	0.41	3	4
31 to 60 days past due	205	256	1.95	0.82	4	2
Over 60 days past due	211	170	2.37	2.38	5	4
	3,952	4,222			18	16

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

21. Trade and other receivables (cont'd)

Trade receivables (cont'd)

As at 31 December 2020, 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	
	2020 \$'000	2019 \$'000
Gross carrying amount	44	65
Less: Allowance for ECL	(44)	(65)
Net carrying amount	<u>–</u>	<u>–</u>

Other receivables

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

At the end of the reporting year, a loss allowance is recognised at an amount equal to 12-month ECL because there has not been a significant increase in credit risk since initial recognition including the impact of the COVID-19 pandemic. A loss allowance of \$541,000 (2019: \$31,000) is recognised.

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.

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

22. Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not restricted in use	<u>34,198</u>	<u>20,959</u>	<u>5,563</u>	<u>4,437</u>

The rates of interest for the cash on interest-earning balances ranged between 0.25% to 0.45% (2019: 1.05 % to 1.78%) per annum.

Notes to the Financial Statements

Reporting year ended 31 December 2020

22. Cash and cash equivalents (cont'd)

22A. Significant non-cash transactions

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

- The Group acquired plant and equipment and right-of-use assets with total cost of \$1,148,000 and \$69,000 respectively (2019: \$560,000 and \$95,000) by means of leases; and
- The Group acquired plant and equipment, storage license and reimbursement of other assets with total cost of \$1,324,000 (2019: \$4,783,000), \$672,000 (2019: \$2,188,000) and \$84,000 (2019: \$6,530,000) respectively from related parties. The purchase consideration of \$1,681,000 (2019: \$8,219,000) remain unsettled as at the end of the reporting year.

22B. Reconciliation of liabilities arising from financing activities

	Lease liabilities \$'000
<u>Group</u>	
At 1 January 2019	2,399
Adoption of SFRS(I) 16	126
Cash flows	(1,321)
Non-cash changes	655
At 31 December 2019	1,859
Cash flows	(1,343)
Non-cash changes (Note 22A)	1,217
At 31 December 2020	<u>1,733</u>

23. Share capital

<u>Group and Company</u>	No. of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
At 1 January 2019	228,862	24,709
Shares issued under Union Gas PSP (Note 25)	38	9
At 31 December 2019	228,900	24,718
Shares issued under Union Gas PSP (Note 25)	29	7
At 31 December 2020	<u>228,929</u>	<u>24,725</u>

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

23. Share capital (cont'd)

Capital management:

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

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

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital. 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.

24. Other reserves

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Merger reserve (Note 24A)	(11,000)	(11,000)	-	-
Capital reserve (Note 24B)	3,318	3,318	-	-
Share-based payment reserve (Note 24C)	5	4	5	4
	<u>(7,677)</u>	<u>(7,678)</u>	<u>5</u>	<u>4</u>

24A. Merger reserve

	Group	
	2020 \$'000	2019 \$'000
Balance at beginning and end of the year	<u>(11,000)</u>	<u>(11,000)</u>

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

24B. Capital reserve

	Group	
	2020 \$'000	2019 \$'000
Balance at beginning and end of the year	<u>3,318</u>	<u>3,318</u>

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

24. Other reserves (cont'd)

24C. Share-based payment reserve

	Group and Company	
	2020 \$'000	2019 \$'000
Balance at beginning of the year	4	–
Expense recognised in profit or loss, net	8	13
Exercised during the year	(7)	(9)
Balance at end of the year	5	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.

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:

Date of grant	Fair value at grant date	Number of shares					Granted and not released at end of the year
		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	67,570	–	(28,958)	–	38,612	

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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

25. Share plan (equity-settled) (cont'd)

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. Provision

	Group	
	2020 \$'000	2019 \$'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.

27. Lease liabilities

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current	1,029	1,241	50	71
Non-current	704	618	23	16
	<u>1,733</u>	<u>1,859</u>	<u>73</u>	<u>87</u>

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning of the year	1,859	2,525	87	57
Additions	1,217	655	68	92
Accretion of interest	44	80	2	3
Lease payments – principal portion paid	(1,343)	(1,321)	(82)	(62)
Interest paid	(44)	(80)	(2)	(3)
Balance at end of the year	<u>1,733</u>	<u>1,859</u>	<u>73</u>	<u>87</u>

Notes to the Financial Statements

Reporting year ended 31 December 2020

27. Lease liabilities (cont'd)

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

<u>Group</u>	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2020</u>			
Due within 1 year	1,054	(25)	1,029
Due within 2 to 5 years	716	(12)	704
	1,770	(37)	1,733
			4,041
Carrying value of plant and equipment under leases			4,041
Carrying value of right-of-use assets under leases			73
<u>2019</u>			
Due within 1 year	1,280	(39)	1,241
Due within 2 to 5 years	625	(7)	618
	1,905	(46)	1,859
			4,023
Carrying value of plant and equipment under leases			4,023
Carrying value of right-of-use assets under leases			119
<u>Company</u>			
<u>2020</u>			
Due within 1 year	51	(1)	50
Due within 2 to 5 years	23	*	23
	74	(1)	73
			73
Carrying value of right-of-use assets under leases			73
<u>2019</u>			
Due within 1 year	72	(1)	71
Due within 2 to 5 years	16	*	16
	88	(1)	87
			86
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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

28. Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	4,766	4,356	-	-
Related parties	1,215	1,284	-	-
Subtotal	5,981	5,640	-	-
<u>Other payables</u>				
Outside parties	2,335	715	1,132	586
Subsidiaries (Note 3)	-	-	5,924	2,049
Related parties (Note 3)	8,054	8,224	-	-
Directors (Note 3)	-	8	-	8
Deposits for LPG cylinders	4,110	3,861	-	-
Other deposits from customers	58	1,378	-	-
Subtotal	14,557	14,186	7,056	2,643
Total trade and other payables	20,538	19,826	7,056	2,643

Included in the Group's other payables to related parties are consideration payable for acquisition of assets amounting to \$1,681,000 (2019: \$8,219,000) as disclosed in Note 22A.

Included in the Group's other payables to outside parties are consideration payable for acquisition of intangible assets amounting to \$53,000 (2019: Nil).

29. 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	
	2020 \$'000	2019 \$'000
Commitments for purchase of property, plant and equipment	10,312	-

Notes to the Financial Statements

Reporting year ended 31 December 2020

30. 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	
	2020 \$'000	2019 \$'000
Not later than one year	211	10
Between 1 and 2 years	9	126
Between 2 and 3 years	–	264
	220	400
Rental income for the year	183	286

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.

31. Financial instruments: information on financial risks

31A. 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets at amortised cost	38,621	25,255	17,108	12,504
Financial liabilities at amortised cost	22,271	21,685	7,129	2,730

Further quantitative disclosures are included throughout these financial statements.

31B. 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.

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

31C. 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.

31D. 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 and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

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

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

31E. Liquidity risk – financial liabilities maturity analysis

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

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

<u>Group</u>	Less than 1 year \$'000	1 – 5 years \$'000	Total \$'000
<u>2020</u>			
Trade and other payables	20,538	–	20,538
Lease liabilities	1,054	716	1,770
	21,592	716	22,308
<u>2019</u>			
Trade and other payables	19,826	–	19,826
Other financial liabilities	1,280	625	1,905
	21,106	625	21,731

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

31E. Liquidity risk – financial liabilities maturity analysis (cont'd)

<u>Company</u>	Less than 1 year \$'000	1 – 5 years \$'000	Total \$'000
<u>2020</u>			
Trade and other payables	7,056	–	7,056
Lease liabilities	51	23	74
	7,107	23	7,130
Financial guarantee contracts (Note 3)	1,851	–	1,851
	8,958	23	8,981
<u>2019</u>			
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

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 60 to 120 days (2019: 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.

31F. 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Financial assets</u>				
Fixed rate	13,000	2,020	3,000	–
<u>Financial liabilities</u>				
Fixed rate	1,733	1,859	73	87

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

Notes to the Financial Statements

Reporting year ended 31 December 2020

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

31G. 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, NG 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 \$160,000 (2019: \$118,000).

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

32. Events after the end of the reporting year

- On 21 January 2021, the Group entered into a bond subscription agreement with a third party in Singapore to subscribe for convertible bonds with principal amount of \$1,000,000 for cash consideration of \$1,000,000.
- On 3 March 2021, the Group entered into a consultancy services agreement with a third party as part of a collaboration to study and evaluate the potential redevelopment of the Group's existing CNG fuel station located at 50 Old Toh Tuck Road, Singapore.
- On 10 March 2021, the Group entered into a non-binding letter of intent in relation to a proposed joint venture with a third party in Cambodia for the distribution and supply of LPG in the Kingdom of Cambodia.
- 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.

33. 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) 3	Definition of a Business – Amendments
SFRS(I) 1-1 and 1-8	Definition of Material – Amendments to
SFRS(I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS(I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting
SFRS(I) 16	COVID-19 Related Rent Concessions – Amendment to (effective from 30 June 2020)

The applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

Notes to the Financial Statements

Reporting year ended 31 December 2020

34. 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	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to	1 January 2022
SFRS(I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 January 2022
SFRS(I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to	1 January 2022
SFRS(I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I)10 and SFRS(I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet

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 15 March 2021

Issued and Fully Paid Capital	:	S\$24,725,537
Class of shares	:	Ordinary Shares
Voting rights	:	1 vote per share
Total no. of issued Ordinary Shares	:	228,929,780
Total no. of Treasury Shares	:	Nil
Total no. of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	70	6.82	51,000	0.02
1,001 - 10,000	517	50.39	2,795,200	1.22
10,001 - 1,000,000	423	41.23	38,535,814	16.83
1,000,001 AND ABOVE	16	1.56	187,547,766	81.93
TOTAL	1,026	100.00	228,929,780	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	45,787,600	20.00
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	28,953,864	12.65
3	TEO HARK PIANG (ZHANG XUEBIN)	25,479,500	11.13
4	TEO KIANG ANG	24,213,500	10.58
5	TEO WOO YANG	11,200,000	4.89
6	TAN AI BIN VINCENT DE PAUL	10,757,900	4.70
7	ELLEN TEO SOAK HOON	10,563,002	4.61
8	TEO SOAK THENG ALEXIS (ZHANG SHUTING)	7,302,400	3.19
9	LK TANG PTE LTD	6,127,100	2.68
10	ALICE TEO SOAK IMN (ALICE ZHANG SHUYING)	4,215,100	1.84
11	OCBC SECURITIES PRIVATE LIMITED	3,880,800	1.70
12	DBS NOMINEES (PRIVATE) LIMITED	2,822,200	1.23
13	LIM & TAN SECURITIES PTE LTD	1,988,200	0.87
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,619,900	0.71
15	CHAN WENG KONG	1,370,000	0.60
16	PHILLIP SECURITIES PTE LTD	1,266,700	0.55
17	GOH YONG HOCK	1,000,000	0.44
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	955,500	0.42
19	KOH KA SENG	951,800	0.42
20	ONG POH LIM @ ONG PAO LIM	943,300	0.41
	TOTAL	191,398,366	83.62

Statistics of Shareholdings

As at 15 March 2021

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Teo Kiang Ang ⁽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	25,479,500	11.13	–	–

(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).

43,600,000 ordinary shares are registered in Citibank Nominees Singapore Pte. Ltd.

(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).

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 15 March 2021, approximately 28.75% 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **UNION GAS HOLDINGS LIMITED** will be held by electronic means on Thursday, 29 April 2021 at 9.00 a.m. (of which there will be a live webcast), to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Statement By Directors and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Independent Auditor's Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 2.53 Singapore cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To re-elect Mr. Teo Kiang Ang retiring pursuant to Article 117 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director of the Company.
See Explanatory Note (i) **(Resolution 3)**
4. To re-elect Mr. Loo Hock Leong retiring pursuant to Article 117 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director of the Company.
See Explanatory Note (ii) **(Resolution 4)**
5. To approve the payment of Directors' Fees of S\$231,121 for the financial year ending 31 December 2021, payable half yearly in arrears.
See Explanatory Note (iii) **(Resolution 5)**
6. To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares**

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercising of share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

See Explanatory Note (iv)

(Resolution 7)

9. Authority to allot and issue shares under the Union Gas Employee Share Option Scheme (the “Share Option Scheme”)

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Share Option Scheme, Union Gas Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued share (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day immediately preceding the date of offer of the employee share options.

See Explanatory Note (v)

(Resolution 8)

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10. Authority to allot and issue shares under the Union Gas Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Union Gas Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Union Gas Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Share Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award.

See Explanatory Note (vi)

(Resolution 9)

11. Proposed Renewal of the General Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are "**entities at risk**" (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Mandated Transactions described in the Appendix (the "**Appendix**") with any of the Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such Mandated Transactions;
- (b) the approval given in sub-paragraph (a) above (the "**General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and /or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the General Mandate and/or this Resolution.

See Explanatory Note (vii)

(Resolution 10)

12. Proposed Adoption of the Share Buy-Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which shares may for the time being be listed and quoted, the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

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- (ii) off-market purchases (“**Off-Market Purchases**”) transacted otherwise on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Company Act);

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalyst Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-Back Mandate**”).

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to any share incentive scheme(s) implemented or to be implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act.
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution relating to the Share Buy-Back Mandate and expiring on the earliest of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or
 - (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated,

(the “**Relevant Period**”);

- (d) For the purposes of this resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, Offer Date (as hereafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made;

“**Offer Date**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price (as hereafter defined) calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Market Day**” means a day on which the SGX-ST is open for trading in securities;

“**Maximum Limit**” means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed by shareholders for the Share Buy-Back Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

“**Maximum Price**” in relation to a Share to be purchased, means the purchase price (excluding applicable brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price; and

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- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they and/ or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buy-Back Mandate. **(Resolution 11)**

By Order of the Board

Wong Yoen Har
Company Secretary

Singapore
7 April 2021

EXPLANATORY NOTES:

- (i) Mr. Teo Kiang Ang, upon re-election as a Director of the Company, will remain as Non-Executive Chairman and the Board of Directors (save for Mr. Teo Kiang Ang) considers him non-independent.
- (ii) Mr. Loo Hock Leong, upon re-election as a Director of the Company, will remain as Lead Independent Director, the Chairman of the Audit Committee, and a member of the Nominating and Remuneration Committees, and the Board of Directors (save for Mr. Loo Hock Leong) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.
- (iii) The Ordinary Resolution 5, if passed, will facilitate the payment of Directors' Fees during the financial year ending 31 December 2021 in which the fees are incurred, which is payable half yearly in arrears.
- (iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares.

- (v) The Ordinary Resolution 8, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme which was approved by shareholders on 19 June 2017. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 7.
- (vi) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Union Gas Performance Share Plan in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Union Gas Performance Share Plan which was approved by shareholders on 19 June 2017, subject to the maximum number of shares prescribed under the terms and conditions of the Union Gas Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Union Gas Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the day preceding the relevant date of the award. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 7.

Notice of Annual General Meeting

- (vii) The Ordinary Resolution 10, if passed, will allow the Company, its subsidiaries and associated companies that are “entities at risk” (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Mandated Transactions described in the Appendix. Please refer to the Appendix for more details.

Notes:

- (1) The Annual General Meeting (“the Meeting”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- (2) Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the attached accompanying document entitled “Instructions to Shareholders for Annual General Meeting”.
- (3) **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**

The accompanying proxy form for the Annual General Meeting may be accessed at the Company’s website at <https://forms.uniongas.com.sg/downloads/uniongas-proxy-2021.pdf> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Supplementary Retirement Scheme (“SRS”) investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 19 April 2021.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged with the Company’s Share Registrar’s office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
- (b) if submitted electronically, be submitted via email to srs.teamc@boardroomlimited.com.

in either case, at least seventy-two (72) hours before the time for holding the Meeting.

A member who wishes to submit an instrument of proxy electronically must complete and sign the proxy form (obtained either by post or electronically), scan the completed form and send it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- (6) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting as proxy(ies) which was delivered by a member to the Company before 9.00 a.m. on 26 April 2021 as a valid instrument appointing the Chairman of the Meeting as the member’s proxy to attend, speak and vote at the Meeting if:
- (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and
- (b) the member has not withdrawn the appointment.
- (7) A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to srs.teamc@boardroomlimited.com to notify the Company of the withdrawal, at least seventy-two (72) hours before the time for holding the Meeting.
- (8) Submission by a member of a valid instrument appointing the Chairman of the Meeting as proxy at least seventy-two (72) hours before the time for holding the Meeting will supersede any previous instrument appointing a proxy(ies) submitted by that member.
- (9) The annual report for the financial year ended 31 December 2020 (“2020 Annual Report”) may be accessed at <https://forms.uniongas.com.sg/downloads/uniongas-ar2020.pdf> or on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This document has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2) (b) of the Catalist Rules. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact persons for the Sponsor is 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.

Instructions to Shareholders for Annual General Meeting

For the financial year ended 31 December 2020 (the “AGM”)

Due to the current COVID-19 restriction orders in Singapore, shareholders will not be allowed to attend the Annual General Meeting of Union Gas Holdings Limited (the “Company”) in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM for (a) watching the AGM proceedings via live webcast or listening to the AGM proceedings via live audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. Please see paragraphs I to III below for these alternative arrangements.

I. To vote at the virtual AGM

Shareholders (whether individual or corporate) who wish to exercise their votes must submit their instrument appointing the Chairman of the Meeting (“Proxy Form”) to vote on their behalf.

Shareholders (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The completed and signed Proxy Form can be submitted to the Company in hard copy form or by email:

- (a) if the Proxy Form is in hard copy and sent personally or by post, to the Share Registrar’s office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
- (b) if by email, the Proxy Form must be received by the Company at srs.teamc@boardroomlimited.com.

in either case, by 9.00 a.m. on 26 April 2021.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms personally or by post, members are strongly encouraged to submit the completed Proxy Forms electronically via email.

Shareholders should have received a printed Proxy Form by post. Alternatively, the Proxy Form can also be downloaded from the Company’s website at <https://forms.uniongas.com.sg/downloads/uniongas-proxy-2021.pdf> or SGX website at <https://www.sgx.com/securities/company-announcements>.

Supplementary Retirement Scheme (“SRS”) investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 19 April 2021.

II. Registration for the live webcast

Shareholders will be able to watch the AGM proceedings through a live webcast via their mobile phones, tablets or computers or listen to the AGM proceedings through a live audio feed via telephone. In order to do so, shareholders must follow these steps:

- (a) shareholders who wish to watch the live webcast or listen to the live audio feed must pre-register at <https://forms.uniongas.com.sg/agm/2021/agm-registration.html> by **9.00 a.m. on 26 April 2021** (the “Registration Deadline”).
- (b) shareholders who have registered by the Registration Deadline but do not receive an email by **9.00 a.m. on 28 April 2021** should contact the Company’s Share Registrar at email address srs.teamc@boardroomlimited.com or call the general telephone number at +65 6536 5355 between 10:00 a.m. to 4:00 p.m. for assistance.

The Company advises all shareholders to register as early as possible.

Instructions to Shareholders for Annual General Meeting

For the financial year ended 31 December 2020 (the “AGM”)

Persons who hold shares through relevant intermediaries. Persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), other than CPF and SRS investors, and who wish to participate in the AGM by:

- (a) observing and/or listening to the AGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions to the Chairman of the Meeting in advance of, or “live” at, the AGM; and/or
- (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

III. Submission of Questions

Shareholders who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the AGM to <https://forms.uniongas.com.sg/agm/2021/agm-registration.html>. All questions must be submitted by **9.00 a.m. on 24 April 2021**.

Please note that shareholders will not be able to ask questions “live” during the webcast and via the audio feed. It is therefore important for shareholders to pre-register their participation and submit their questions latest by the aforesaid deadline.

The Company would remind shareholders that, with the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are encouraged to check the Company’s announcement regularly for any updates on the AGM.

The Company wishes to thank all shareholders for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

By Order of the Board

Teo Hark Piang
Executive Director and Chief Executive Officer

7 April 2021

This announcement has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is 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.

UNION GAS HOLDINGS LIMITED

(Company Registration No: 201626970Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("the Meeting") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), registration for live webcast, submission of questions in advance of the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Instructions to Shareholders for Annual General Meeting.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
4. Supplementary Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 19 April 2021. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.

I/We, _____ (Name) _____ (NRIC/Passport No./Registration No.)
of _____ (Address)

being a member/members of Union Gas Holdings Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company **to be held by electronic means on Thursday, 29 April 2021 at 9.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting the resolutions to be proposed at the Meeting in the spaces provided hereunder.

No.	Resolutions relating to:	For	Against	Abstain
ORDINARY BUSINESS				
1	To adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 December 2020 together with the Independent Auditor's Report thereon			
2	To approve a final tax exempt (one-tier) dividend of 2.53 Singapore cents per ordinary share for the financial year ended 31 December 2020			
3	To re-elect Mr. Teo Kiang Ang as Director of the Company			
4	To re-elect Mr. Loo Hock Leong as Director of the Company			
5	To approve of Directors' Fees of S\$231,121 for the financial year ending 31 December 2021, payable half yearly in arrears			
6	To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
7	To authorise Directors to allot and issue new shares			
8	To authorise Directors to allot and issue shares pursuant to the Union Gas Employee Share Option Scheme			
9	To authorise Directors to allot and issue shares pursuant to the Union Gas Performance Share Plan			
10	Renewal of the General Mandate for Interested Person Transactions			
11	The Proposed Adoption of the Share Buy-Back Mandate			

If you wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please tick (✓) within the box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box in respect of that resolution.

If you wish the Chairman of the Meeting as your proxy to Abstain from voting on a resolution, please tick in the Abstain box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the Abstain box in respect of that resolution.

In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.

Dated this _____ day of _____ 2021

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder



Notes:

1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed at the Company's website at <https://forms.uniongas.com.sg/downloads/uniongas-proxy-2021.pdf> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The Chairman of the Meeting, as proxy, need not be a member of the Company.
3. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy(ies) shall be deemed to relate to all the shares held by you.
4. Persons who hold shares of the Company through a relevant intermediary (as defined in Section 181 of the Companies Act), including SRS investors and who wish to appoint the Chairman of the Meeting as their proxy should approach their relevant intermediary or respective SRS Operators to submit their votes by 19 April 2021, being 7 working days before the date of the AGM.
5. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. The duly completed and signed instrument appointing the Chairman of the Meeting as proxy must either be submitted by:
 - (a) mail to the Share Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) email to srs.teamc@boardroomlimited.com.

as soon as possible, in either case, not less than seventy-two (72) hours before the time appointed for holding the Meeting.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms personally or by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

This document has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact persons for the Sponsor is 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 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 348 741
Tel: (65) 6316 6666
Fax: (65) 6743 0690

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 Pte. Ltd.
Ms Wrisney Tan - wrisneytan@august.com.sg
Ms Silvia Heng - silviaheng@august.com.sg




**UNION
GAS**
HOLDINGS
LIMITED

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