UNION GAS HOLDINGS LIMITED

Energising the Future

ANNUAL REPORT 2023

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CORPORATE **PROFILE**

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

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

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

The Group's NG business includes the provision of compressed NG, liquefied NG, and piped NG. It produces, sells and distributes compressed NG at its "Cnergy" fuel station at 50 Old Toh Tuck Road.

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

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

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

OUR BUSINESS SEGMENTS

LPG Business

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

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

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

Union Gas owns one of the largest delivery fleets in Singapore, with more than 200 vehicles to support island-wide distribution. Its call-centre has more than 20 customer service officers and operates all year round to take customer orders. For the convenience of customers, the Group accepts orders on its website at https://order.uniongas.com.sg and e-payments via QR codes.

NG Business

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

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

Diesel Business

Since August 2015, the Group sells and distributes diesel to retail customers. Its "Cnergy" station has five (5) diesel dispensers with four (4) nozzles each, and two (2) 20,000-litre underground diesel storage tanks that house its diesel supply. Union Gas also transports, distributes and bulk sells diesel to commercial customers.

MESSAGE TO **SHAREHOLDERS**

Dear Shareholders

It is our pleasure to give you a review of our Group's performance for the financial year ended 31 December 2023 ("**FY2023**") and to share some insights as well as our plans for the following year.

FY2023 saw some respite from the soaring energy prices of the previous 12 months in 2022 ("**FY2022**"), which reduced our cost of sales and contributed to the significant improvement in our bottom-line despite a slight fall in revenue. During the year, the Group's net profit leapt 134.5% to S$12.22 million from S$5.21 million in FY2022. This was on the back of a small 4.4% year-on-year ("**YoY**") decline in overall sales to S$128.85 million.

In terms of segmental performance, our LPG segment, which is our main revenue generator, achieved a modest 0.7% YoY uptick in sales to S$106.36 million, while our NG segment continued on its strong growth trajectory and contributed a 59.1% increase in revenue to S$6.19 million driven by increase in volume from existing customers. Meanwhile, the improved performance of these two segments was partially offset by lower revenue from our Diesel segment, which declined 35.5% to S$16.30 million mainly due to a decrease in selling prices to reflect the decline in fuel prices and a fall in sales volume.

In view of our healthy set of results, the Board of directors has proposed a final dividend of 0.88 Singapore cent per ordinary share, which together with the interim dividend of 0.60 Singapore cent per ordinary share, brings total dividend per share for the year to 1.48 Singapore cents in respect of FY2023. This is 196.0% higher than the 0.50 Singapore cent per share paid out in respect of FY2022 and reflects our Group's commitment to return value to our shareholders in line with our business performance.

FY2023 Corporate Developments

While it was business-as-usual for our core segments, we are pleased to share that we had also made some headway in the new energy space, which is an increasing area of interest for us. While we believe that the traditional fuel sources that we distribute will continue to have relevance particularly for commercial and industrial use for a long time to come, we are also mindful that we have to be future ready to serve the needs of customers who may be transitioning to alternative energy sources.

MESSAGE TO **SHAREHOLDERS**

In line with this, we are pleased to have signed a Memorandum of Understanding ("**MOU**") with a Hong Kong-based provider of integrated charging solutions, Deltrix Limited ("**Deltrix**"), which we believe will pave the way for our Group to delve into developing regional electric vehicle ("**EV**") charging infrastructure in the region. This MOU supports our previously disclosed ambitions to convert our Cnergy fuel station into an adaptable multi-fuel and energy facility with potential battery storage systems and EV charging infrastructure and supported by an existing natural gas transmission pipeline. We believe it will bring to fruition our intention to expand our energy product offerings and to offer integrated EV charging solutions and ecosystems in the region.

For a start, we received the Land Transport Authority's acknowledgment as a charging station operator. We are currently operating four EV charging nozzles at our headquarters at 89 Defu Lane 10 and we plan to progressively add 12 more charging nozzles to this location over the next two years.

Our MOU with Deltrix covers Japan and the Southeast Asia region. However we would like to firmly establish our network in our Singapore home base before exploring opportunities to replicate the business operations in other markets.

As it is a growing segment, Union Gas intends to explore more opportunities in clean energy products by seeking synergistic partners that will strengthen our capabilities in this area.

Outlook

Union Gas has withstood the test of time over more than 40 years of operations. We believe our resilient business model will continue to transcend world events as we remain committed to serve our nation's needs for essential gas and fuel products.

Having said that, we are very mindful of the potential impact from prolonged conflicts in Eastern Europe and the Middle East as well as tensions in the Red Sea, which have resulted in disruptions to major shipping routes and caused volatility in commodity prices and led to uncertainties in the business environment. Therefore, we continue to take steps to increase our efficiency through streamlining our organisational structure to enhance management control, and to implement belt tightening measures to cushion any impact from these macro events on operational costs.

Being one of the largest suppliers of LPG in Singapore and having full control of the LPG supply chain gives us the ability to tap on opportunities at the right time. We will make the necessary announcements should there be developments of material impact.

Meanwhile, we continue to be on the lookout for strategic partnerships both locally and regionally that are complementary and will enable us to strengthen our customer base or expand our product offerings.

MESSAGE TO SHAREHOLDERS

Sustainability

This year marks the publication of our seventh Sustainability Report, which is included alongside this Annual Report. Our Sustainability Report provides a comprehensive overview of our efforts and progress in Environmental, Social and Governance ("**ESG**") practices, demonstrating our dedication to transparency and accountability. In this year's Sustainability Report, we have incorporated the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). As part of this initiative, our senior management, in collaboration with department heads, has undertaken a broad assessment to identify climate-related risks and opportunities within our operations. This proactive approach aligns with our long-term strategy to manage and mitigate climate risks while seizing opportunities for sustainable growth.

Appreciation

In closing, we would like to express our appreciation to shareholders who continue to support our Group through your investment in us.

We would also like to thank our fellow Directors on the Board for your wise counsel and guidance during the year as we navigate these uncertain times.

Special thanks to the staff and management of Union Gas for your hard work and dedication in upholding our brand as the one that is trusted by all.

Finally, we are thankful for the strong business relationships we have forged over the years and for the partners who have come alongside to give us their support through all seasons.

Teo Kiang Ang
Non-Executive Chairman and Honorary Advisor

Teo Hark Piang
Executive Director and CEO

BOARD OF **DIRECTORS**

TEO KIANG ANG

Founder, Non-Executive Chairman and Honorary Advisor
Date of First Appointment | 3 October 2016
Last Re-Elected | 29 April 2021
Current and Past Directorships in Listed Companies | Nil

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

TEO HARK PIANG

*Executive Director and Chief Executive Officer ("**CEO**")*
Date of First Appointment | 1 November 2018
Last Re-Elected | 28 April 2022
Current and Past Directorships in Listed Companies | Nil

Mr Teo has more than 20 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 of our Group in April 2019, he was our Director of Sales (Commercial and Industrial) responsible for overseeing the marketing strategies of our commercial and industrial segments.

Mr Teo was an executive director of Union Energy Corporation Pte. Ltd. ("**UEC Group**") between 2003 and 2018. He remains a non-executive director in UEC Group. Mr Teo was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2015 and the Public Service Star (Bintang Bakti Masyarakat) in 2023 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 | 27 April 2023
Chairman | Audit Committee
Member | Remuneration Committee & Nominating Committee
Current and Past Directorships in Listed Companies | Nil

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

Mr Loo completed the Advanced Management Programme with Harvard Business School in 2022. He also has a professional qualification in accounting from the Institute of Singapore Chartered Accountants ("**ISCA**") and is a Chartered Accountant with ISCA. He holds the accreditation of Senior Accredited Director by Singapore Institute of Directors ("**SID**"). He is also a GRI Certified Sustainability Professional.

LIM CHWEE KIM

Independent Director

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

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

BOARD OF DIRECTORS

HENG CHYE KIOU

Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 27 April 2023

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**

HONG PAY LENG
Chief Financial Officer

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

SIM LAI KITT
Group General Manager

Mr Sim was appointed Group General Manager in 2023. He is responsible for the sales, operations, services and maintenance of the Group's LPG commercial and industrial businesses as well as supporting the sales and operations of the LPG domestic households business. Mr Sim is also in charge of customer satisfaction and retention for the overall LPG business. He has extensive experience in the LPG industry having started with UEC Group as a technician in 1999 and subsequently given the role of project supervisor, managing a team that handled piping and servicing. In 2004, he was involved in the successful expansion of Union Gas' LPG business into the hawker centre segment and has since taken on several managerial positions within the Group including Project Manager (2005), Business Development Manager (2010) and Head of LPG Commercial (2019). He was redesignated as Head of Commercial & Industrial LPG Sales in 2020 before assuming his current role.

TEO WOO YANG
Business Development Director

Mr Teo was appointed Business Development Director of the Group since October 2019. He is responsible for the business operations of our compressed NG, Diesel and LPG domestic households segments as well as the procurement, management information system and marketing activities of the Group. He joined UEC Group in 2013 as a director of UEC Group's wholly owned subsidiary, Health Domain Pte. Ltd., responsible for driving the sales of its flagship product "Dr Oatcare" and "Bone Biopro". Between 2017 and 2019, Mr Teo was concurrently involved in the snack industry including Siantan Frenzies Snacks LLP and Royal International Trading LLP, where he was responsible for sales, business development 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.

KEY EXECUTIVES

SYLVIA LIO

Chief Accounting Officer

Ms Lio was appointed 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 the finance and accounting functions of the Group. Before joining the Group in October 2016, she was a Senior Manager for Accounting in UEC Group where she was responsible for financial management, accounting and management reporting as well as financial operations of the entities within the UEC Group. She is a Fellow Member of ACCA and a Chartered Accountant with ISCA.

ALEXIS TEO

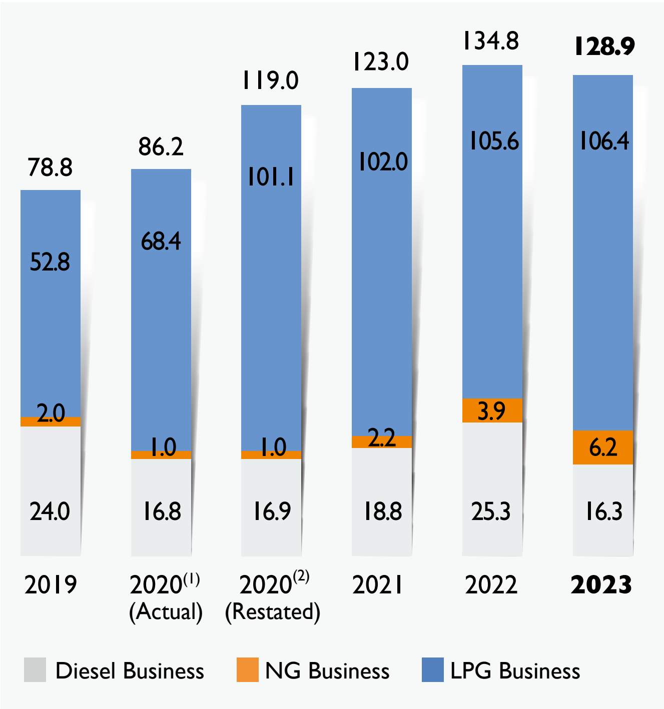
General Manager (Plant Operations)

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

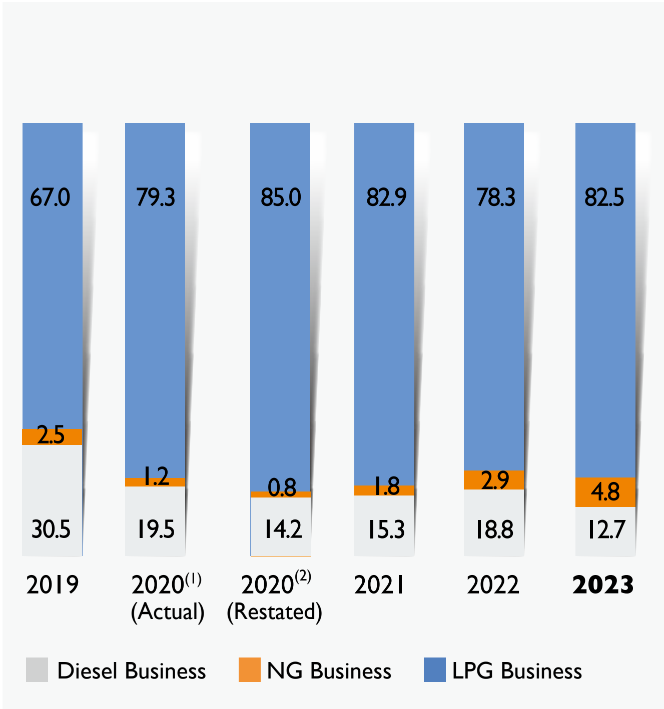
FINANCIAL **HIGHLIGHTS**

Financial year ended 31 December

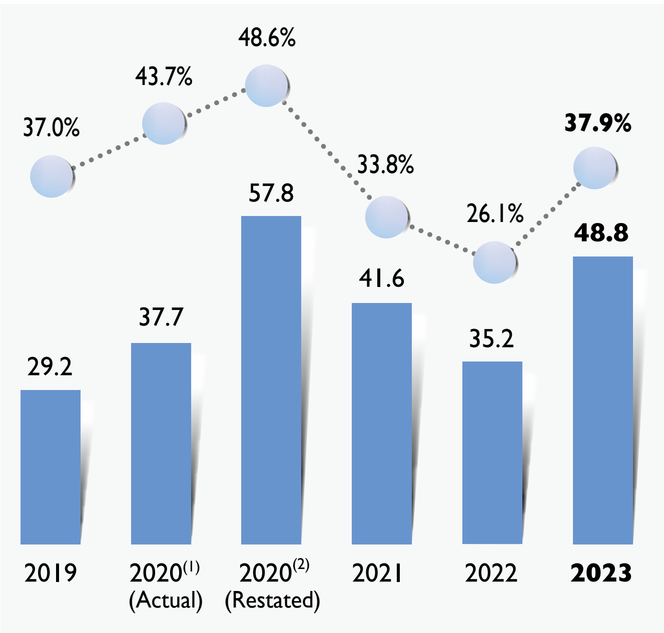
REVENUE ($m)



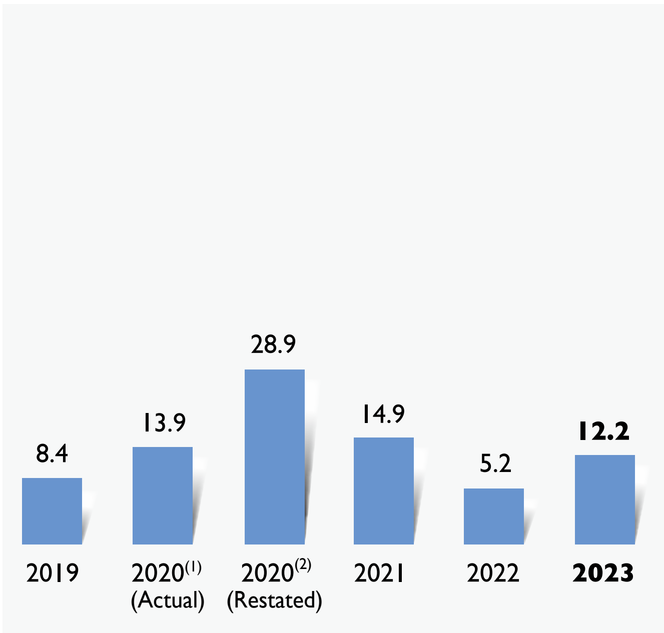
REVENUE CONTRIBUTION BY BUSINESS (%)



GROSS PROFIT ($m) AND MARGIN (%)



NET PROFIT ($m)



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

(2) With reference to the Group's announcement on 24 August 2021, the acquisition of Sembas (Asia) Trading Pte. Ltd., Summit Gas Systems Pte. Ltd., and Semgas Supply Pte. Ltd. (the "**Target Group**") was completed on 30 December 2021, following which the Target Group became a wholly-owned subsidiary of the Company. Prior to the acquisition, the Target Group was controlled by a common Controlling Shareholder, Mr Teo Kiang Ang. The acquisition is, therefore, considered to be a business combination involving entities or businesses under common control and is accounted for using the pooling of interests method. Although the acquisition occurred during the reporting year ended 31 December 2021, the consolidated financial statements present the financial position and financial performance as if the Target Group had always been combined since the beginning of the earliest period presented.

OPERATIONS AND **FINANCIAL REVIEW**

Review of the Group's FY2023 Financial Performance

Revenue

Revenue dipped $5.94 million or 4.4% to $128.85 million for the year ended 31 December 2023 ("**FY2023**") from $134.79 million for the year ended 31 December 2022 ("**FY2022**"), mainly due to a decrease in revenue from the Diesel business, offset by an increase in revenue from the NG business.

LPG Business

Revenue from the LPG business remained consistent in FY2023 at $106.36 million as compared to $105.63 million in FY2022.

NG Business

Revenue generated from the NG business increased $2.30 million or 59.1% to $6.19 million in FY2023 from $3.89 million in FY2022, mainly due to an increase in volume of NG business.

Diesel Business

Revenue from the Diesel business declined $8.97 million or 35.5% to $16.30 million in FY2023 from $25.27 million in FY2022 as a result of lower selling price arising from a decrease in fuel prices and decrease in sales volume.

Cost of Sales

Cost of sales dipped $19.56 million or 19.6% to $80.03 million in FY2023 from $99.59 million in FY2022 mainly due to cost control measurements, enhancements in operational efficiency and the decrease in direct material costs arising from lower international fuel prices in FY2023.

Gross Profit

Gross profit climbed $13.61 million or 38.7% to $48.82 million in FY2023 from $35.21 million in FY2022 as a result of lower direct material costs for the LPG as well as Diesel businesses.

OPERATIONS AND **FINANCIAL REVIEW**

Other Income and Gains

Other income and gains decreased $1.90 million or 55.2% to $1.55 million in FY2023 from $3.45 million in FY2022 mainly due to lower gain on disposal of property, plant and equipment, government grant income and rental income.

Marketing and Distribution Costs

Marketing and distribution costs decreased by $1.39 million or 6.2% to $21.28 million in FY2023 from $22.67 million in FY2022 mainly due to a decrease in advertising expenses, delivery charges, upkeep of motor vehicles and marketing expenses which is the result of cost control measures, improvements of workflow and operational systems.

Administrative Expenses

Administrative expenses increased $2.72 million or 28.4% to $12.32 million in FY2023 from $9.60 million in FY2022 mainly due to an increase in personnel costs, insurance, professional fees and depreciation of property, plant and equipment.

Finance Costs

Finance costs rose $0.68 million or 99.7% to $1.37 million in FY2023 from $0.69 million in FY2022 mainly due to an increase in interest expense for lease liabilities.

Income Tax Expense

Income tax expense jumped $2.51 million or 794.3% to $2.83 million in FY2023 from $0.32 million in FY2022 mainly due to higher profit before income tax.

Profit After Tax

As a result of the aforementioned, profit after tax increased $7.01 million or 134.5% to $12.22 million in FY2023 from $5.21 million in FY2022.

OPERATIONS AND FINANCIAL REVIEW

Review of the Group's Financial Position

Non-current Assets

Non-current assets decreased $3.17 million or 3.4% to $89.60 million as at 31 December 2023 from $92.77 million as at 31 December 2022. The decrease was mainly due to a decline in the carrying value of property, plant and equipment as a result of depreciation, offset by increase in other non-financial assets.

Current Assets

Current assets increased $6.97 million or 14.4% to $55.39 million as at 31 December 2023 from $48.42 million as at 31 December 2022. The increase was mainly due to an increase in trade and other receivables, other non-financial assets, derivative financial assets and cash and cash equivalents. This is offset by redemption of other financial asset as at 31 December 2023.

Non-current Liabilities

Non-current liabilities decreased $4.86 million or 11.7% to $36.81 million as at 31 December 2023 from $41.67 million as at 31 December 2022. The decrease was mainly due to repayment of bank borrowings and lease liabilities.

Current Liabilities

Current liabilities decreased $1.76 million or 4.2% to $39.60 million as at 31 December 2023 from $41.36 million as at 31 December 2022. The decrease was mainly due to repayment of bank borrowings and offset by an increase in income tax payable.

OPERATIONS AND FINANCIAL REVIEW

Equity Attributable to Owners of the Company

The increase in equity of $10.42 million or 17.9% to $68.58 million as at 31 December 2023 from $58.16 million as at 31 December 2022 was mainly due to net profit in FY2023. This is offset by final dividend paid in respect of reporting year ended 31 December 2022 and interim dividend paid in respect of reporting year ended 31 December 2023.

Review of the Group's Cash Flows

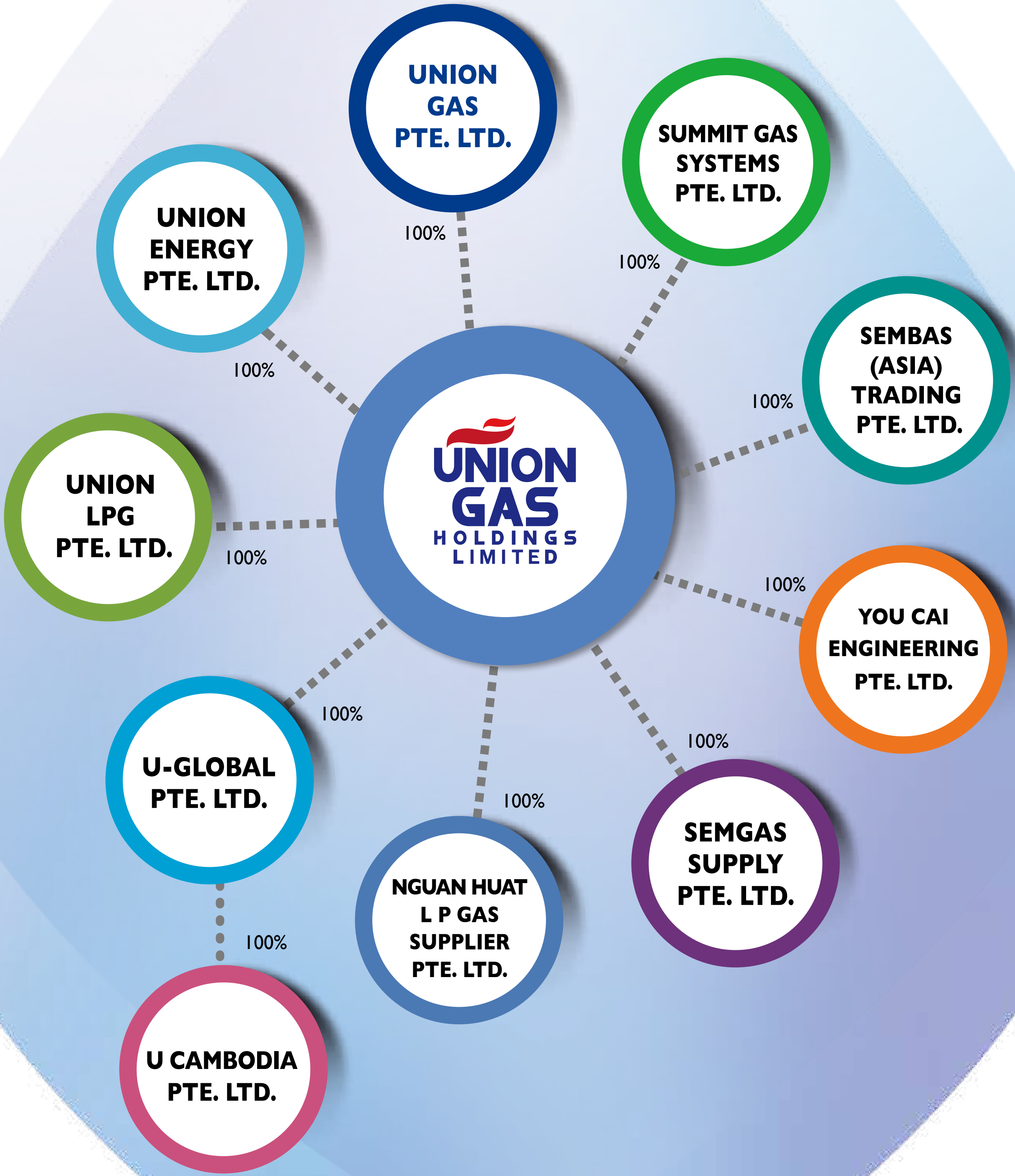
In FY2023, net cash flow generated from operating activities amounted to $18.21 million. Operating cash flows from operations before changes in working capital of $27.56 million was offset by net working capital outflows of $8.55 million and taxes paid of $0.80 million.

Net cash flows used in investing activities of $2.77 million were mainly due to (i) purchase of property, plant and equipment of $4.18 million and (ii) acquisition of intangible assets of $0.41 million. These were partially offset by (i) redemption of other financial asset of $1.00 million and (ii) proceeds from disposal of property, plant and equipment of $0.79 million.

Net cash flows used in financing activities of $14.36 million were mainly due to (i) repayment of bank borrowings and lease liabilities of $25.38 million; payment of dividend to shareholders of $2.86 million; and (ii) interest payment of $1.37 million. These were partially offset by proceeds from new bank borrowings of $15.25 million.

CORPORATE **STRUCTURE**[1]

AS AT 31 DECEMBER 2023



1 The Group's subsidiaries are all 100% owned.

SUSTAINABILITY REPORT

Board Statement

The Board of Directors (the "**Board**") of Union Gas is pleased to present the Group's seventh sustainability report ("**Report**") for the financial year ended 31 December 2023. This Report covers the Environment, Social, Governance ("**ESG**") performance across the Group's 3 business segments – LPG, NG and Diesel. This report has been prepared based on the Singapore Exchange Securities Trading Limited Listing Manual ("**SGX-ST Listing Manual**"): Listing Rules 711A and 711B and has referenced the Global Reporting Initiative ("**GRI**") Standards, a globally-recognised sustainability reporting framework, for reporting on topics that are material to Union Gas Holdings Limited. The Sustainability Report also takes into account the inclusion of the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**").

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

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

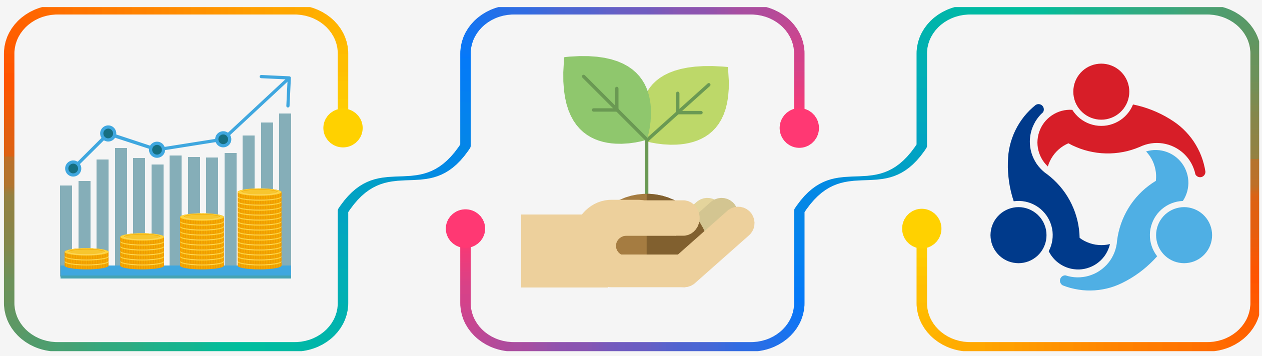
Our Approach to Sustainability

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

SUSTAINABILITY REPORT

Stakeholder Engagement and Materiality Analysis

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



OUR BUSINESS AND CUSTOMERS

Financial performance
(GRI 201-1)

Anti-corruption

Data Privacy
(GRI 418-1)

Compliance with laws and regulations
(GRI 2-27[1])

Pursuing Excellence in Products and Services

ENVIRONMENTAL RESPONSIBILITY

Energy and Emissions
(GRI 302-1, GRI 305-1, GRI 305-2)

Use of water

Use of recyclable materials in the business operations

OUR PEOPLE

Employment
(GRI 401-1)

Employees Welfare
(GRI 401-2)

Diversity and equal opportunity
(GRI 405-1)

Learning and Development*
(GRI 404-1)

Occupational health and safety*
(GRI 403-9)

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

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

SUSTAINABILITY **REPORT**

DIFFERENT STAKEHOLDER GROUPS AND HOW WE ENGAGE THEM

UNION GAS HOLDINGS LIMITED

Employees

- Emails
- Employees Wellness Initiatives

Customers

- Newspaper
- Advertisements
- QR Codes and Websites

Shareholders and Investors

- Annual Reports
- Shareholders Meetings
- Announcements on SGXNet
- Investor Relations Website

Suppliers

Annual Meetings

Regulatory Bodies

Consultations At Least Once a Year

SUSTAINABILITY REPORT

Business and Customers

Financial Performance
GRI 201-1

In FY2023, the Group generated direct economic value of $128.85 million. The economic value distributed was approximately 23.8% to key stakeholders, including 16.9% to employees and 3.3% to the government and capital providers[2], while 70.4% was spent on operating expenditure. To sustain the operations of the Group's subsidiaries, 5.8%[3] of the total economic value generated was retained and reinvested after the distribution of interim and proposed final dividend, subject to shareholders' approval during the upcoming Annual General Meeting.

Anti-Corruption Practices

The Group recognises that good and effective governance is fundamental to business success and have implemented a rigorous corporate governance framework, led by our committed Board of Directors. We commit to comply with all relevant laws and regulations, including the principles and guidelines set out in the Singapore Code of Corporate Governance 2018.

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

Whistleblowing

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

Data Privacy
GRI 418-1

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

In FY2023, the Group did not receive any substantiated complaints relating to breach of customer privacy.

[2] This includes the proposed final dividend which is subject to shareholder approval at the Annual General Meeting.
[3] This is calculated based on Profit, net of tax less interim and proposed final dividend which is subject to shareholder approval at the Annual General Meeting / Revenue.

Compliance
GRI 2-27

We comply with local laws and regulations and strive to minimise the environmental impact of our operations through responsible use of natural resources and reducing waste and emissions. In line with the Government's efforts to improve Singapore's ambient air quality by reducing vehicular emissions, we are gradually replacing our older vehicles with Euro 6 models. Approximately 81.0% of our fleet of vehicles are Euro 6 models. We are also exploring the use of electric lorries in FY2023 for our delivery operations with the intention of rolling it out on a larger scale should it be found to be a viable option. In FY2023, we purchased one (1) electric vehicle to test its suitability to be deployed as a LPG delivery vehicle.

We have no cases of significant fines[4] related to non-compliance with laws and regulations in FY2023. We will strive to maintain full compliance with all applicable laws and regulations in FY2024.

Pursuing Excellence in Products and Services

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

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

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

	Entities Certified						
Certification Standard	**UGH**	**UE**	**UG**	**Union-LPG**	**SGS**	**Semgas**	**Sembas**
ISO 45001:2018 Occupational health and safety management system	●	●	●	●	●	●	●
bizSAFE Level Star certification	●	●	●	●	●		●
ISO 9001:2015 Quality management system	●	●	●	●			●
Singapore Standard SS651:2019 Safety and health management system for the chemical industry					●		

UGH: Union Gas Holdings Limited
UE: Union Energy Pte. Ltd.
UG: Union Gas Pte. Ltd.
Union-LPG: Union LPG Pte. Ltd.
SGS: Summit Gas Systems Pte. Ltd.
Semgas: Semgas Supply Pte. Ltd.
Sembas: Sembas (Asia) Trading Pte. Ltd.

[4] Significant fines refer to fines of $6,000 and above.

SUSTAINABILITY REPORT

In addition, we conduct monthly surveys to better understand how our customers perceive us and to identify areas for improvement. Based on the results obtained for the period from January to December 2023, approximately 99% of respondents rated us 3 and above out of total score of 5 for questions relating to quality and safety of the product, services rendered by the customer service and delivery team, and complaint handling.

In 2023, Union Gas Holdings was ranked 65 on Singapore's fastest-growing companies out of more than 2,000 potential companies in Singapore by The Straits Times and Germany based global research firm Statista.

Environmental Responsibility

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

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

Energy and Emissions
GRI 302-1, GRI 305-1, GRI 305-2

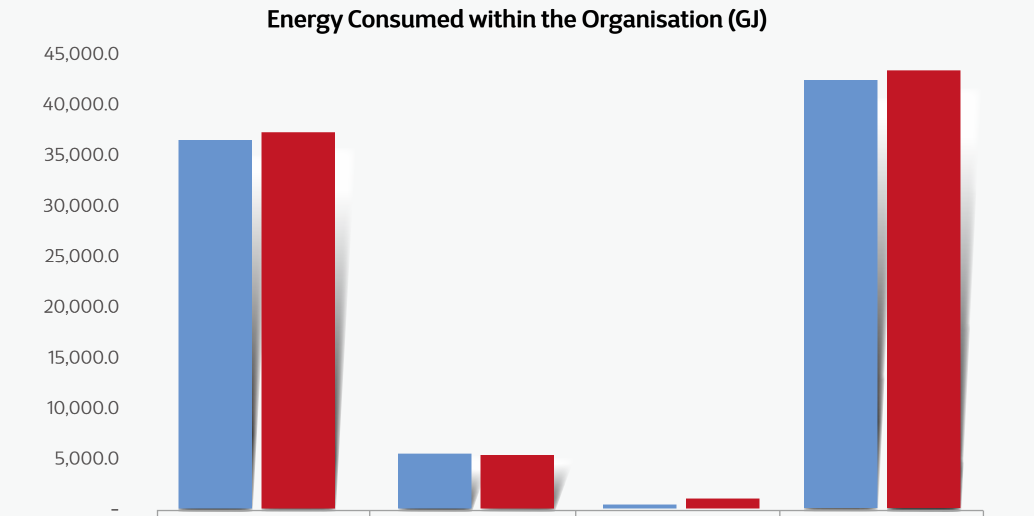
A large share of our total business greenhouse gas emissions is related to fuel consumption in our operations. We aim to exploring innovative ways to improve operational performance and benefit the environment, such as reducing energy use, improving efficiencies in equipment, water recycling, reducing waste and improving product recycling.

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

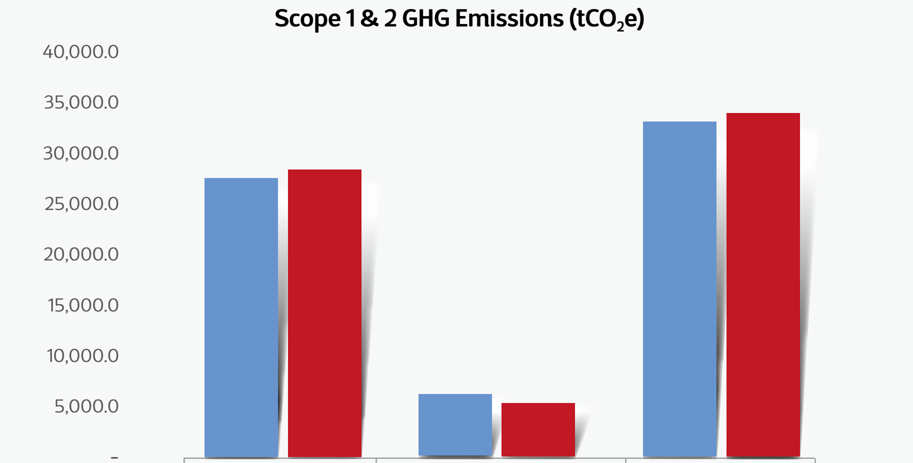
In FY2023, we embarked on a group-wide program to monitor and measure our carbon emissions. We established a data collection process for fuel consumption for our fleet of delivery vehicles and company owned vehicles, as well as electricity consumed by the various entities. The total energy consumed within the organisation was 43,691.3 GJ while the Scope 1 and Scope 2 GHG emissions was 2,784.8 tonnes carbon dioxide equivalent ("**tCO_2e**") and 628.1 tonnes carbon dioxide ("**tCO_2**") respectively. We shall continue to monitor and report on our GHG emissions with an aim of setting a reduction target in FY2025.

SUSTAINABILITY **REPORT**

Energy consumed within the organisation



	Diesel Fuel	Electricity Energy	Solar Energy	Total
FY2022	36,590.4[5]	5,664.8	718.4[6]	42,973.6[8]
FY2023	37,359.8	5,425.2	906.3[7]	43,691.3



	Scope 1	Scope 2	Total
FY2022	2,727.4[9]	638.4	3,365.8[10]
FY2023	2,784.8	628.1	3,412.9

5 Restated from 27,319.34 to 36,590.4 due to under-reporting of diesel in FY2022.
6 Restated from 0 to 718.4 due to under reporting of solar in FY2022. Excludes 508.9 GJ of solar energy that was exported.
7 Excludes 473.1 GJ of solar energy that was exported.
8 Restated from 32,984.09 to 42,973.6 due to reasons stated in 5 & 6.
9 Restated from 2,036.36 to 2,727.4 due to under-reporting of diesel in FY2022
10 Restated from 2,674.75 to 3,365.8 due to reason stated in 9

SUSTAINABILITY **REPORT**

Climate action

Climate change has impacted the world in recent years through rising sea levels, floods, erratic weather patterns, and in other ways that cause irreparable damage on property, assets, agriculture and industrial outputs. Union Gas is acutely aware of the impacts of global warming and the part that each business has to play in bringing it within limits. In preparation for climate related disclosures to be disclosed in this Report, the Group has started to identify climate related risks and opportunities, so that it can be integrated into the organisation's overall risk management. Below is a summary of the climate risks and opportunities based on TCFD recommendations that have been identified and our action plans.

		Risks	**Potential impact and risk management**
Transition Risks	Policy and Legal	• Increase in carbon tax • Change in government policy to adopt sustainable energy resources	*Impact* • Increase in electricity tariffs and overall operating costs. • Increase in compliance costs. *Strategy* • Increase use of renewable energy through use of solar panels.
	Technology	• Technology development for green energy	*Impact* • Higher initial cost on capital investments. *Strategy* • Tap on available grants for implementing energy transition plans where possible. • Invest on technology that have savings on carbon tariffs or operating costs in the long run.
	Market	• Shift in consumer and market preferences to new segments	*Impact* • Loss of brand loyalty for consumer market. *Strategy* • Seek opportunities to expand existing market. • Explore new business segments in growing market to tag on consumer preference, for instance NG and EV charger.
	Reputation	• Increase stakeholder expectations on climate action, especially investors, shareholders, consumers, and societal expectations.	*Strategy* • Align company's business strategies to address stakeholder concerns.
Physical Risks	Acute	• High precipitation events, such as one-day maximum rainfall and a number of days with heavy rainfall are likely to increase the probability of flash floods. Time frame: medium term (3-10 years); Impact: low to medium • Extreme high temperature. Time frame: medium term (3-10 years); Impact: low to medium	*Impact* • Flash floods may lead to damage on assets. • High temperature may lead to machine failure and workers are exposure to heat stroke. *Strategy* • Union has in place a detention tank that complies with applicable government regulations to release water into public drain at a slowed control rate which in turn reduces risk of flash floods. • More breaks for manpower and increase in frequency maintenance for machines. • Increase in manpower and flexible work schedule.
	Chronic	• Rising sea levels and extreme weather lead to floods. Time frame: medium term (> 10 years); Impact: low to medium	*Impact* • Flash floods may disrupt our fleet delivery. *Strategy* • To explore alternate delivery / routes and provide flexible work schedule for employees who may be disrupted by weather events

Opportunities	Energy Source	• Use of new technologies may present us with innovation opportunities and lead to competitive advantages in the market.
	Products and Services	• Expansion to lower emissions products and services will allow us to diversify our business activities, e.g. EV charging.
	Markets	• Access to new markets may allow us to expand into the renewable energy market (low carbon) and also present growth opportunities.
	Resilience	• Energy efficiency measures as well as use of renewable energy can help to reduce operational costs and contribute to long term financial stability.

Our People

Employment
GRI 401-1

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

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

Our total staff strength as of 31 December 2023 was 385 employees, comprising 76.4% males and 23.6% females. 97.7% of our staff are employed on a full-time permanent basis, while 2.3% are part-time employees. In FY2023 we recorded a turnover rate of 39.0%. Through digitalisation and operations adjustments to improve efficiency, headcount was reduced as there was a freeze on recruitment for staff replacement. Our overall hiring rate in FY2023 was 34.8%. There was no retrenchment of staff during the year.

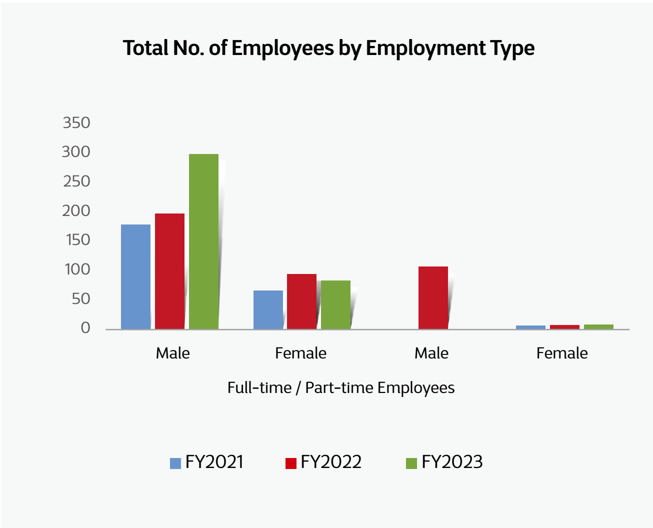
To cope with the increasingly tight labour market, the Company has a career development plan for employees which includes training programs for soft skills and technical skills as well as individual development programs such as professional certificates or short courses. We put in place several initiatives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

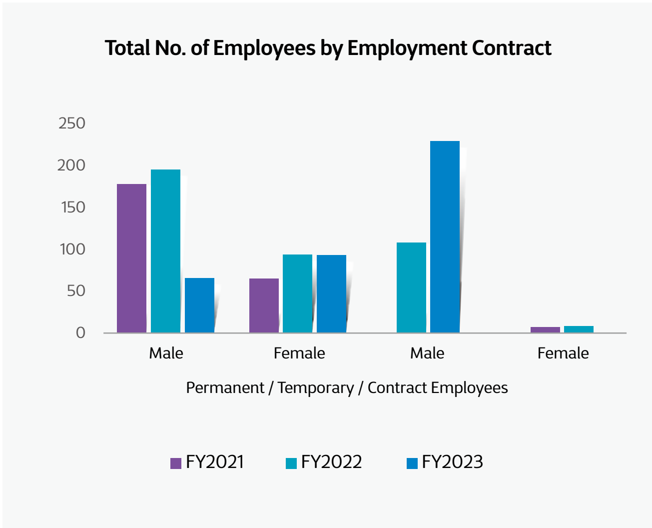
(i) Staff reward vouchers for staff who have received compliments from customers

(ii) Improved incentive package for customer service officers for every LPG cylinder sold

SUSTAINABILITY **REPORT**

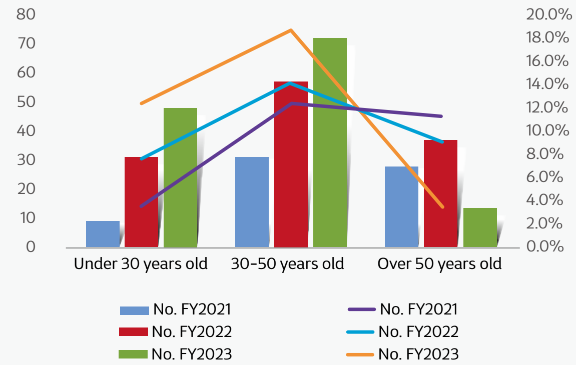
We want to continue to improve our work with development and engagement of our employees, with the aim of achieving lower staff turnover in FY2024.



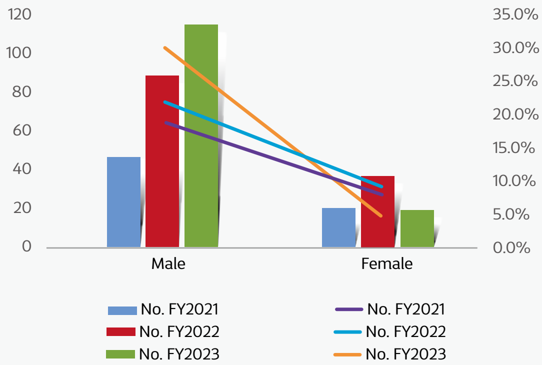


SUSTAINABILITY **REPORT**

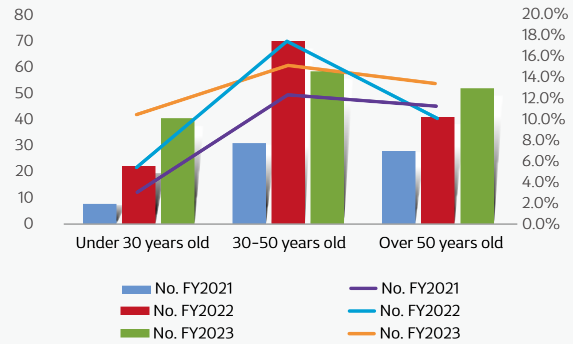
No. of New Hires and Hiring Rate by Age Group



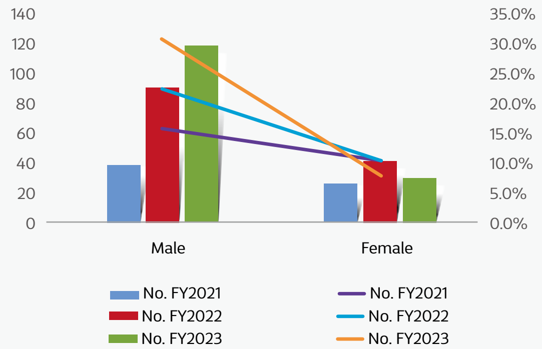
No. of New Hires and Hiring Rate by Gender



No. of Resignations and Turnover Rate by Age Group



No. of Resignations and Turnover Rate by Gender



SUSTAINABILITY **REPORT**

Performance Review for Employees

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

When a new and full-time employee joins our company, he is informed of his job scope, responsibilities and key performance indicators ("**KPI**"). He will go through a three-month probation period at the end of which his supervisor will review his performance and discuss areas where he has or has not met the agreed KPI. When 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 the KPI, his contract will not be extended after the probation ends.

Employees Welfare
GRI 401-2

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

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

Our staff benefits in FY2023 included the following:

(i) Education support fund for our employees' children to purchase school uniforms and school bags

(ii) Education bursaries for our employees' children with outstanding academic achievement

(iii) Traditional Chinese medicine ("**TCM**") treatment for our employees at Cheng Hong Siang Tng TCM Clinic

Award of outstanding academic achievement to our employees' children

SUSTAINABILITY **REPORT**

To better understand the concerns of our employees, staff engagement sessions are carried out every quarter by the HR Department to encourage team bonding. This is supplemented by additional special event such as Mid-Autumn Festival Celebration.

Our employees celebrating Mid-Autumn Festival celebration

SUSTAINABILITY REPORT

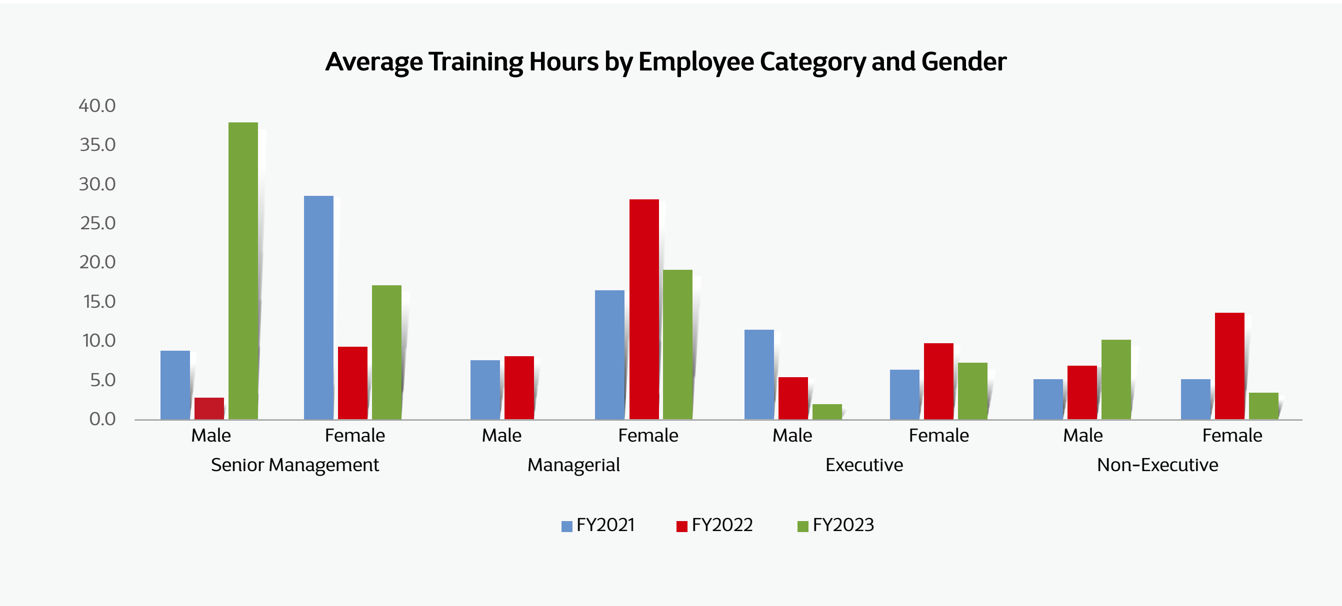
Company welfare benefits provided to our full-time staff

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

Learning and Development
GRI 404-1

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

In FY2023, our employees attended a total of approximately 3,312 training hours, which is 2.9% less than what we achieved in FY2022. Each employee was able to attend an average of 8.6 hours of training, compared to 8 hours of training per employee in FY2022. As part of our internal and external training efforts, we engaged both internal and external trainers to conduct in-house customised training for more staff with shorter training duration. We have resumed in-person training courses - our call centre staff attended customer service training covering topics such as telephone skills and responding to customers, while the drivers attended safety training which also includes storage of hazardous materials. We are targeting to maintain an average of at least 6 hours of training per employee in FY2024.



SUSTAINABILITY **REPORT**

Union Gas staff attending training activities

SUSTAINABILITY **REPORT**

Diversity and Equal Opportunity
GRI 405-1

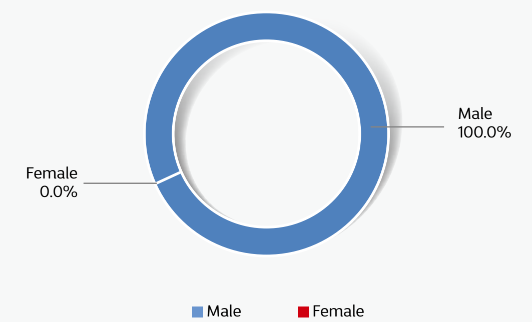
The Company is committed to providing an inclusive and harmonious workplace which offers equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability or other aspects of diversity. We believe our workforce should reflect the diversity of our customers and end-users. A diverse workplace also offers more exposure to employees from different cultures and backgrounds. Due to nature of our business, we have more male employees than female employees. In FY2023, females represented 23.6% of our total workforce.

Our workforce also includes employees from various age groups. We believe that age diversity in the workplace brings about different experiences, expectations, styles and perspectives. All these differences can become a source of strength and innovation. 9.6% of our employees under 30 years old, while 49.6% between 30-50 years old and 40.8% are over 50 years old.

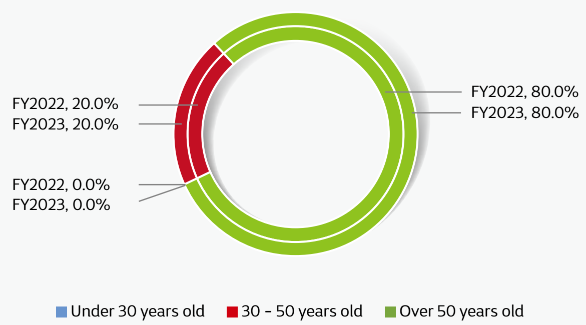
To provide an environment that promotes diversity and inclusion, equal opportunity and prevents discrimination, we have in place a policy and processes to ensure that reported incidents of discrimination are heard and handled confidentially in a fair and appropriate manner. We deal with these reports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

Composition of our Board of Directors and Employees[11]

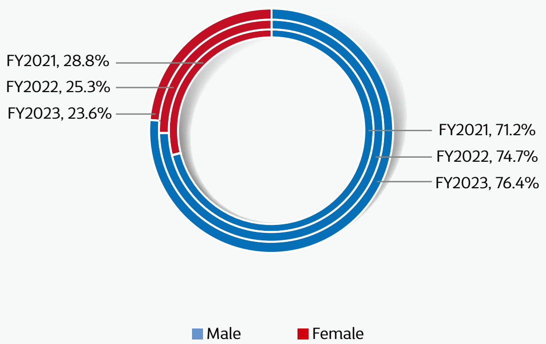
Composition of Board of Directors FY2023 by Gender



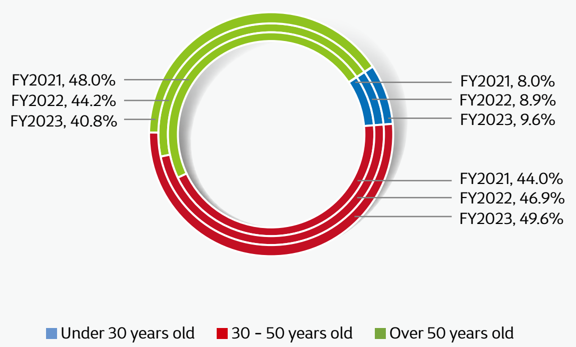
Composition of Board of Directors FY2023 by Age Group



Composition of Employees by Gender

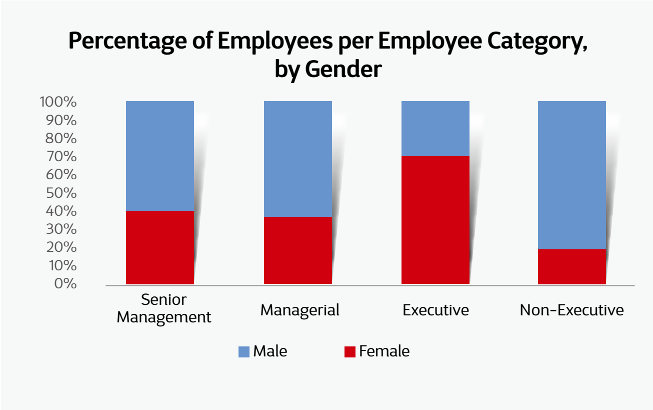


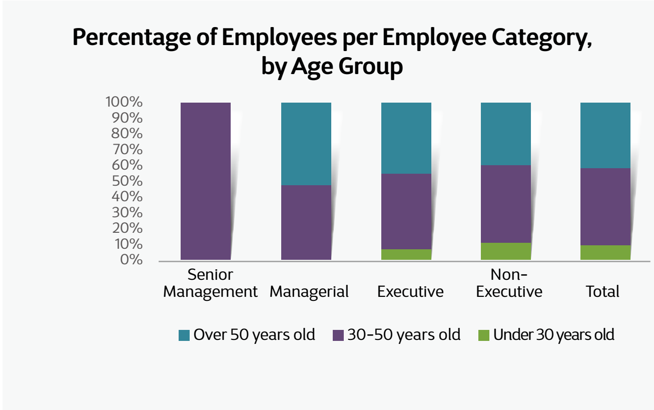
Composition of Employees by Age Group



[11] Includes temporary / part-time / contract workers

SUSTAINABILITY **REPORT**





Union Gas team bonding event held at Forte Bowl

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 February 2019. Our priority is to provide a safe and healthy work environment for our stakeholders. We continuously make considerable efforts to manage the inherent risks in our operations. The efforts to prevent workplace accidents are an essential component of operational activities for us.

Hazard identification, risk assessment, and incident investigation
GRI 403-2
We have established and implemented a process for hazard identification that is ongoing and proactive. Whenever an incident or a nonconformity occurs, including any arising from complaints, we handle the incident or nonconformity in a timely manner and take appropriate steps to control, correct and resolve the issues of the said incident or nonconformity, according to the process. All information related to these incidents or non-conformity is documented, including the subsequent corrective actions taken, and verification of the effectiveness of actions taken. Enhancements are made to our existing processes and documents where needed, as part of this continual improvement process.

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

SUSTAINABILITY REPORT

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

SUSTAINABILITY REPORT

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

Worker training on occupational health and safety
GRI 403-5
New hires are paired up with more experienced and senior staff to shadow and undergo on-the-job training for a certain period, especially on safe work procedures such as cylinder loading and unloading before being deployed to the field independently. Drivers are also required to complete mandatory training via the Company's E-learning platform. The training includes, and is not limited to, "Defensive Driving," "Residential LPG Installation Procedures," "LPG Cylinder 5 Points Safety Check," and Personal Data Protection Act, Health & Safety Risk Assessment.

Promotion of worker health
GRI 403-6
Booklets on worksite safety are distributed to staff to communicate good practices. Specially designed posters are also displayed strategically at high footfall areas to reinforce good worksite safety habits.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationship
GRI 403-7
Union Gas ensures that risk assessments on workplace safety are conducted and health risks associated with workplace activities are addressed. The 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 at the bottling plants and also those who are involved in the delivery of LPG cylinders are all provided with personal protective equipment such as safety boots and impact gloves. All our drivers also hold a HAZMAT Transport Driver Permit, which is a requirement by the Singapore Civil Defence Force (SCDF) in order to transport and handle LPG cylinders. A total of 149 lost days was recorded in FY2023 compared to 397 lost days in FY2022 and 36 lost days in FY2021. The injuries most common in FY2023 were body injuries sustained during delivery of LPG cylinders. The cause of lost days in FY2023 were largely due to hand and leg injuries caused by objects hitting the fingers or legs, as well as slips and falls. Total of 13 recordable work injuries were reported in FY2023, resulting in a rate of 14.51 for recordable work-related injuries (per one million man hours worked). We will continue to actively engage our workers and positively reinforce safe workplace practices and behaviour, with an aim to further reduce our lost days and accident frequency rate in FY2024.

To encourage safe work practices in our workplace, we are also monitoring leading indicators such as accident-free days. As of 31 December 2023, two of our sites, Summit Gas Systems Pte. Ltd. and Semgas Supply Pte. Ltd. have achieved 362 and 365 accident-free days, respectively.

	FY2021		FY2022		FY2023	
	No. of cases	**Rate**	**No. of cases**	**Rate**	**No. of cases**	**Rate**
Fatalities as a result of work-related injury	0	0.00	0	0.00	0	0.00
High-consequence work-related injuries (excluding fatalities)	Not reported	Not reported	0	0.00	0	0.00
Recordable work-related injuries	Not reported	10.16	13	13.85	13	14.51

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

No. of man hours worked is based on No. of working hours per day X no. of working days X no. of workers

SUSTAINABILITY REPORT

Our Community

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

In FY2023, the Company was actively involved in community work to support the needy and also made donations to various community, cultural and educational initiatives.

Beneficiaries of our donations include the following:

Singapore Chee Chung Huay Donations to Chee Chung Huay are used to fund the TCM Clinic which provides pro bono traditional Chinese treatment and medication to the needy.
Various Community Development and Welfare Funds (CDWF) – Cheng San-Seletar, Sheng Hong Welfare Services, Moral Home for the Aged Sick, Marsiling Community Club Building Fund Donations are used to provide bursaries and support educational needs of the students in the constituency, welfare assistance, grants and subsidies to the needy, including running programmes such as providing meal vouchers to the needy and ration distributions.
Nam Hwa Opera Limited The mission of Nam Hwa Opera ("**NHO**") is to preserve and promote traditional Teochew heritage in arts and culture. NHO gives public performances for the purpose of enriching local arts and culture, and also to help raise funds for various schools, voluntary welfare organisations and charitable institutions. Nam Hwa Opera Limited is a registered charity with Institution of A Public Character (IPC) status, and a non-profit company.

Below are Union Gas staff engaging in community volunteer work at some of the beneficiaries:

SUSTAINABILITY **REPORT**

In FY2023, we conducted an upcycling workshop for our staff. The workshop aimed to educate them on reducing waste through creative means like upcycling, emphasizing their role in creating a more sustainable future.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Union Gas Holdings Limited has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2 General Disclosures (2021)	2-27: Compliance with laws and regulations	Page 21
GRI 201 Economic Performance (2016)	201-1: Direct economic value generated and distributed	Page 20
GRI 302 Energy (2016)	302-1: Energy consumption within the organisation	Page 22-23
GRI 305 Emissions (2016)	305-1: Direct (Scope 1) emissions	Page 22-23
	305-2: Energy indirect (Scope 2) emissions	Page 22-23
GRI 401 Employment (2016)	401-1: New employee hires and employee turnover	Page 25-27
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 28-30
GRI 403 Occupational Health and Safety (208)	403-1 : Occupational health and safety management system	Page 33
	403-2: Hazard identification, risk assessment, and incident investigation	Page 33-34
	403-4: Worker participation, consultation, and communication on occupational health and safety	Page 35
	403-5: Worker training on occupational health and safety	Page 35
	403-6: Promotion of worker health	Page 35
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 35
	403-9: Work-related injuries	Page 35
GRI 404 Training and Education (2016)	404-1: Average hours of training per year per employee	Page 30-31
GRI 405 Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	Page 32-33
GRI 418 Customer Privacy (2016)	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 20

SUSTAINABILITY REPORT

Our Disclosures based on TCFD Recommendations

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

Summary of our response to TCFD recommendations

RECOMMENDATIONS	KEY POINTS
GOVERNANCE: **Disclose the organisation's governance around climate-related risks and opportunities**	
(a) Describe the Board's oversight of climate-related risks and opportunities	The Board oversees Union Gas' climate-related risks and opportunities as part of overall group performance and risks management. The Board is also responsible for the monitoring and approval of Union Gas' climate strategy, goals, and targets.
(b) Describe management's role in assessing and managing climate-related risks and opportunities	The Sustainability Committee provides support and guidance for the organisational ESG strategies and programs that enable Union Gas to address climate-related risks and opportunities. Senior Management and section heads have had discussions to identify the potential risks and opportunities faced by the different business units and working on the risk management.
STRATEGY: **Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is critical**	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	A qualitative exercise was conducted to identify and assess Union Gas' climate related transition and physical risks, as well as corresponding opportunities. Senior Management from key functional business units were engaged to establish an understanding of how these climate risks and opportunities could impact on Union Gas' business objectives
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Please refer to tables on page 24 & 25 for potential impacts of the identified risks on the organisation's business.
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Union Gas has implemented energy efficiency, leading brand, diversified products and always on the look out for complementary businesses.
RISK MANAGEMENT: **Disclose how the organisation identifies, assesses and manages climate-related risks**	
(a) Describe the organisation's processes for identifying and assessing climate-related risks	A qualitative climate risk assessment was conducted through engagement with our key internal business stakeholders as well as our third-party consultant. We have conducted a climate risk identification process, covering both organisation wide impacts and asset-level impacts. Senior Management across key functional business units were engaged to establish an understanding of how these climate risks and opportunities could impact on Union Gas' business objectives.
(b) Describe the organisation's processes for managing climate-related risks	Please refer to tables on page 24 & 25 for Union Gas' processes for managing climate related risks.
(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Union Gas has included climate risks in the organisation's Enterprise Risk Management framework and process. Climate related risks are also reported to the Board.

SUSTAINABILITY **REPORT**

METRICS AND TARGETS: **Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material**	
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We have identified different metrics to understand our exposure to physical and transition climate-related risks and opportunities. Please refer to tables on page 24 & 25.
(b) Disclose Scope 1 and 2, and if appropriate Scope 3 GHG emissions and related risks	Our Scope 1 and Scope 2 GHG emissions are reported on page 22 & 23. We have started data collection for Scope 3 emissions plan to report on our Scope 3 emissions in future reports.
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Our GHG emissions are largely from the delivery fleet. We shall explore the possibility of changing our delivery fleet to electric vehicles if suitable in the future.

Report on Corporate Governance and Financial Contents

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") and the management (the "**Management**") of Union Gas Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2023 ("**FY2023**"), the Board and Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), which was issued by the Monetary Authority of Singapore ("**MAS**") on 6 August 2018, where applicable, and pursuant to Rule 710 of the Listing Manual of The Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report outlines the Company's corporate governance practices with reference to both the principles and provisions set out in the Code. The Company has also taken into consideration the Practice Guidance provided by MAS. The Board of Directors is pleased to confirm that for FY2023, the Company has adhered to the principles of the Code as well as the Rules of the Listing Manual of SGX-ST, where appropriate. Where the Company's practices vary from any provisions of the Code, the reasons for the deviations explaining how the practices the Company has adopted are consistent with the intent of the relevant principle.

(A) BOARD MATTERS

Principle 1 – The Board's Conduct of Affairs

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

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

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

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

(a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and

(b) Oversees and safeguards shareholders' interest and the Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

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

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

REPORT ON **CORPORATE GOVERNANCE**

The Board adopted a Code of Business Conduct and Ethics for Directors which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself 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 duties and responsibilities. It is a requirement under Rule 210(5) of the Listing Manual of SGX-ST for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director ("**LED**") programme organised by the Singapore Institute of Directors ("**SID**") as prescribed under Practice Note 2.3 of the Listing Manual of SGX-ST.

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

During FY2023, the Company Secretary provided the Board with updates on changes in laws and regulations, including the Companies Act, Rules of the Listing Manual of SGX-ST and the Code of Corporate Governance, which are relevant to the Group. The external auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates the Directors on the business activities of the Group during Board and Board Committee meetings.

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

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

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

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

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

When necessary or appropriate, members of the Board exchange view outside the formal environment of board meetings. Each Board member is expected to discharge his 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 FY2023 is disclosed below:

	Board	AC	NC	RC
Number of meetings held in FY2023	5	4	1	5
Name of Director	**Number of meetings attended in FY2023**			
Teo Kiang Ang	4	4#	1#	–
Teo Hark Piang	5	4#	1#	4#
Loo Hock Leong	5	4	1	5
Lim Chwee Kim	5	4	1	4
Heng Chye Kiou	5	4	1	5

Note:
By Invitation

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

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

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

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

The principal functions of the Board are:–

1. Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of the Management;

2. Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

3. Approving the nominations of Directors and appointment of key personnel;

4. Approving major funding proposals, investment and divestment proposals; and

5. Assuming responsibility for corporate governance.

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

REPORT ON CORPORATE GOVERNANCE

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 Mr 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 and Honorary Advisor	3 October 2016	29 April 2021	–	–	–
Loo Hock Leong	Lead Independent Director	20 June 2017	27 April 2023	Chairman	Member	Member
Lim Chwee Kim(2)	Independent Director	20 June 2017	28 April 2022	Member	Member	Chairman
Heng Chye Kiou	Independent Director	20 June 2017	27 April 2023	Member	Chairman	Member
Teo Hark Piang	Executive Director and Chief Executive Officer	1 November 2018	28 April 2022	–	–	–

Notes:

(1) *Mr Teo Kiang Ang will retire pursuant to Regulation 117 of the Constitution and he is subject to re-election as a director of the Company at the forthcoming AGM of the Company.*

(2) *Mr Lim Chwee Kim will retire pursuant to Regulation 117 of the Constitution and he will not seek for re-election as a director of the Company at the forthcoming AGM of the Company.*

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

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

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

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

There is no Independent Director who has served beyond nine (9) years since the date of his first appointment.

For FY2023, 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.

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

For FY2023, 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.

The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In FY2023, the Board Diversity Policy was revised to reflect the Company's commitment to consider suitable candidates in the Board appointment selection process. The NC will consider candidates on merit against objective criteria and with due regard for diversity on the Board.

The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board including giving due regard to the benefits of all aspects of diversity striving to ensure that the Board is appropriately balanced.

The main objective of the Board Diversity Policy is to continue to maintain appropriate balance of the Board's perspectives, skills and experience to support the Company's long-term goals and success. The Board also recognises that diversity is not limited any personal attributes and believes that having experienced Directors with an independent mindset is important for the Board to be effective.

The NC is also responsible for developing a framework to identify the skills that the Board collectively needs to discharge the Board's responsibilities effectively, taking into account the existing risk profile, business operations and future business strategy.

The Company's Board Diversity Policy endorses the principle that its Board should have the balance of experience, skills, knowledge and independence that supports the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board Diversity Policy provides for NC to consider a combination of factors such as skills, knowledge, professional experience, educational background etc.

In addition, the Board consists of directors with ages ranging from 40s to 70s, who serve on the Board for different tenures. The Board members with their combined business, management and professional and industrial experiences, knowledge and expertise, provide core competencies to allow for diverse and objective perspectives on the Group's business and direction.

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

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

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

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

The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

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

The Company is committed to ensuring and enhancing diversity on the board and will consider the benefits of all aspects of diversity, including diversity of skills, experience, background and other relevant factors. The NC will ensure that board appointments are made based on merit, in the context of skills, experience, independence and knowledge of the candidate.

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

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

When appropriate, the Company may engage external consultant to search for appropriate and suitable candidate to the Board.

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

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Non-Executive Chairman, as appropriate.

REPORT ON CORPORATE GOVERNANCE

Principle 3 – Chairman and Chief Executive Officer

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

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

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

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

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

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

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

Principle 4 – Board Membership

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

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

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

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

The key terms of reference of the NC include:

(a) making recommendations to the Board on relevant matters relating to:

  (i) the review of board succession plans for Directors and in particular, the Chairman and the CEO;

  (ii) the reviewing of training and professional development 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;

REPORT ON **CORPORATE GOVERNANCE**

(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 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 FY2023. 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 contribution and performance as Director of the Company, officer of other companies and/or professionals in his 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.

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

Name of Director	Designation	Retiring Pursuant to Regulation Number
Teo Kiang Ang	Non-Executive Chairman and Honorary Advisor	117
Lim Chwee Kim	Independent Director	117

Mr Lim Chwee Kim, who will be retiring at the forthcoming AGM pursuant to Regulation 117 of the Company's Constitution, had indicated his intention to retire and not seeking for re-election at the forthcoming AGM. Mr Lim will relinquish as Chairman of the RC and Member of the AC and NC.

Mr Yee Chia Hsing has been identified (the "**Proposed Incoming ID**") and his proposed appointment ("**Appointment**") will be subject to the approval of shareholders by way of a resolution at the forthcoming AGM to be convened on 30 April 2024. Please refer to the Company's announcements dated 15 April 2024. Shareholders' approvals will be sought for the appointment of Mr Yee Chia Hsing as Director pursuant to Regulation 122 of the Company's Constitution at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

As at the date of this annual report and pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information as set out in Appendix 7.4.1 relating to Mr Teo Kiang Ang and Mr Yee Chia Hsing are disclosed below:

Name	Teo Kiang Ang	Yee Chia Hsing
Date of appointment / proposed appointment	3 October 2016	30 April 2024
Date of last re-appointment	29 April 2021	Not Applicable
Age	74	52
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Pursuant to Regulation 117 of the Constitution, Mr 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.	The Nominating Committee and the Board have reviewed and considered the qualifications and working experience of Mr Yee and found that Mr Yee to be suitable candidate for the appointment as Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee. Accordingly, the Nominating Committee has recommended and the Board has approved the appointment of Mr Yee as Independent Director of the Company, Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee. The Board considers Mr Yee is independent for the purposes of Rule704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Yee's appointment will be subject to the approval of shareholders by way of a resolution to be tabled at the forthcoming annual general meeting to be convened on 30 April 2024.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead Independent Director, AC Chairman, AC Member etc.)	Non-Executive Chairman and Honorary Advisor	Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee

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Name	Teo Kiang Ang	Yee Chia Hsing
Professional qualifications	Nil	Bachelor of Accountancy Degree (First class Honours) – Nanyang Technological University
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, Mr Teo Woo Yang, Business Development Director, and Ms Alexis Teo Soak Theng, General Manager (Plant Operations).	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1)	Yes	Yes
Working experience and occupation(s) during the past 10 years	Union Energy Corporation Group See Young Group Trans-cab Group TCSP Group TCSP Investment Group Ngee Ann Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Bloomsville 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 RE Properties Pte. Ltd. Sembas International Trading Pte. Ltd. Singapore Taxi Academy Singapore Teochew Foundation Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. TKA Developers Pte. Ltd. Limited Vault@268 Pte. Ltd.	August 2022 to January 2024 – Executive Director / Chief Executive Officer of Datapulse Technology Limited March 2021 to July 2022 – Director of Corporate Affairs of iX Biopharma Ltd and General Manager of Entity Health, its nutraceutical business January 2011 to February 2021 – Head of Catalist, Managing Director, CIMB Bank (Singapore Branch)
Shareholding interest in the listed issuer and its subsidiaries	Yes	No
Shareholding details	67,813,500 (Direct Interests) 119,106,435 (Deemed Interests)	Not Applicable

REPORT ON CORPORATE GOVERNANCE

Name	Teo Kiang Ang	Yee Chia Hsing
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Evergreen Scaffolding Pte. Ltd. Gasmart Pte. Ltd. Leong Yew Timber Co (Pte) Ltd Nam Hwa Opera Limited Oasis Holdings Private Limited Oasis Investments Pte. Ltd. Oasis Paradise Pte. Ltd. Semgas (S) Pte. Ltd. TKA Developers Pte. Ltd. Trans Recovery Towing Services Pte. Ltd. Trans Towing Services Pte. Ltd.	Datapulse Technology Limited Ezion Holdings Limited
Present	Union Energy Corporation Group See Young Group Trans-cab Group TCSP Pte. Ltd. TCSP Investment Group Ngee Ann Group A Investments Pte. Ltd. Azilla Assets Pte. Ltd. B Investments Pte. Ltd. Bloomsville 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. RE Properties Pte. Ltd. Sembas International Trading Pte. Ltd. Singapore Teochew Foundation Limited Solid Capital Pte. Ltd. TAS Services Pte. Ltd. TCL Construction Pte. Ltd. T K A Construction Pte. Ltd. Trans Recovery Services Pte. Ltd. Vault@268 Pte. Ltd.	Beng Kuang Marine Limited First Sponsor Group Limited Zhongmin Baihui Retail Group Ltd. Ren Ci Hospital (Audit Committee Member, non director role)

REPORT ON
CORPORATE GOVERNANCE

Name		Teo Kiang Ang	Yee Chia Hsing
Information Required Pursuant to Rule 704(7) of the Listing Manual of SGX-ST			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Mr Yee was an Independent Non-Executive Director of Ezion Holdings Limited ("**Ezion**") from 5 January 2016 to 9 April 2021. Ezion filed an application pursuant to Section 125(1)(e) and Section 125(1)(i) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) on 28 January 2022 for Ezion to be placed in liquidation ("**Winding Up Application**"). On 18 February 2022, Ezion announced that the Court granted the Winding Up Application for Ezion to be placed into liquidation and for Messrs Ng Kian Kiat and Goh Wee Teck of RSM Corporate Advisory Pte Ltd to be appointed as joint and several liquidators.
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

REPORT ON CORPORATE GOVERNANCE

Name	Teo Kiang Ang	Yee Chia Hsing
(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

REPORT ON **CORPORATE GOVERNANCE**

Name	Teo Kiang Ang	Yee Chia Hsing
(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 offices 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.

REPORT ON CORPORATE GOVERNANCE

(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) In 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 Transcab 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 and Honorary Advisor, and his continued ability to contribute through his extensive industry knowledge to the Company, recommends that Mr Teo Kiang Ang who will retire by rotation pursuant to Regulation 117 of the Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected. Mr Teo Kiang Ang will remain as the Non-Executive Chairman and Honorary Advisor. Key information details on Mr Teo Kiang Ang are set out on page 6 of this Annual Report.

Upon re-election as Director, Mr Teo Kiang Ang will remain as Non-Executive Chairman and Honorary Advisor and will be considered non-independent.

The NC had reviewed and the Board, taking into consideration of Mr Yee Chia Hsing's qualifications and working experience and found that Mr Yee to be suitable candidate for the appointment as Independent Director of the Company, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee.

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 ability to contribute through his business acumen and strategic thinking process for the business.

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

REPORT ON CORPORATE GOVERNANCE

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 FY2023 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 FY2023, the Board did not set any limit on the number of listed company directorships given that all Independent Directors were able to dedicate their time to the Group. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a limit in future. There is no alternate director appointed in FY2023.

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 73 – 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 FY2023, one NC meeting was held.

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

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

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

The NC has reviewed the overall performance of the Board as a whole, the Board Committees and Individual Director for FY2023.

Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2023, both the NC and the Board are of the view that the Board has met its performance objectives for FY2023. No external facilitator was used in the process.

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

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

(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 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 FY2023, five RC meetings were held.

Currently, the RC members are:

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

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

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");

(b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;

(c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;

(d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

(e) reviewing the link between performance and reward in the remuneration structure of each of the Director and Key Management Personnel and recommends such targets for each of such Director and Key Management Personnel, for endorsement by the Board.

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

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

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

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$773,686 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2024 once approvals are obtained from shareholders at the forthcoming AGM.

For FY2023, the payment of $242,678 as Directors' Fees to Non-Executive and Independent Directors had been approved at the AGM held on 27 April 2023.

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

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

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

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

During FY2023, 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 FY2023, the Company engaged an 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 and other payments and benefits of Directors of the Company for FY2023 is set out below:

Directors	Salary[1] (%)	Bonus and Others[1] (%)	Director's Fees (%)	Total[1] (%)
Above $1,000,000				
Teo Hark Piang[2]	64	36	–	100
Below $500,001 to $750,000				
Teo Kiang Ang	–	84[3]	16	100
Below $250,000				
Loo Hock Leong	–	–	100	100
Lim Chwee Kim	–	–	100	100
Heng Chye Kiou	–	–	100	100

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CORPORATE GOVERNANCE

The breakdown (in percentage terms) of the remuneration of 5 Key Management Personnel (who are not Directors) of the Group for FY2023 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary[1] (%)	Bonus and Others[1] (%)	Total (%)
Between $250,001 to $500,000				
Teo Woo Yang	Business Development Director	69	31	100
Alexis Teo Soak Theng	General Manager (Plant Operations)	60	40	100
Hong Pay Leng	Chief Financial Officer	70	30	100
Below $250,000				
Sim Lai Kitt	Group General Manager	89	11	100
Sylvia Lio	Chief Accounting Officer	68	32	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. This is advisory fees.

The Company's success depends to a significant extent upon the Directors and Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term service agreements, could have a material adverse effect on the Company. In view of this and in the best interest of the Company, the Company is not disclosing the exact remuneration of the Directors or the link between performance and remuneration paid to the Directors and Key Management Personnel. In aggregate, the total remuneration paid to the above Key Management Personnel was $1,660,812 in FY2023. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the remuneration for the Executive Directors and Key Management Personnel. Save for the Executive Directors, there are no employees who were substantial shareholders of the Company in FY2023.

Accordingly, the Company is of the view that its practices of disclosing the remuneration of Key Management Personnel in bands of $250,000 are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.

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

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

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

REPORT ON CORPORATE GOVERNANCE

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 FY2023. Their remuneration is made up of fixed and variable compensations.

SHARE OPTION SCHEME

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

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

– to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;

– to retain key employees and Directors whose contributions are essential to the long term growth and profitability of the Group;

– to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of the Group;

– to attract potential employees with relevant skills to contribute to our Group and to create value for shareholders of the Company; and

– to align the interests of Participants with the interests of our shareholders.

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

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 FY2023. 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**").

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

(a) in the case of a Market Price Option, during the period commencing after the first anniversary of the offer date to grant an Option ("**Offer Date**") and expiring on the tenth anniversary of the Offer Date (or such shorter period if so determined by the Committee); and

(b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date, provided always that the Options granted to employees and executive directors of the Group and its associated companies shall be exercised before the tenth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee), and Options granted to non-executive directors of the Group and its associated companies shall be exercised before the fifth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee).

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

PERFORMANCE SHARE PLAN

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

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

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

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

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.

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

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

During the financial year, no award has been granted and no share has been vested to its employees in FY2023. No Share was also issued or allotted to a Director or controlling shareholder and each of their associates under the Share Option Scheme and PSP in FY2023.

(C) ACCOUNTABILITY AND AUDIT

Principle 9 – Risk Management and Internal Controls

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

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

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

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

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

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

The AC, with the assistance of the internal auditors, conduct reviews of the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The internal auditors have carried out internal audit on the system of internal controls and reported the findings to the AC. The external auditors have in the course of its statutory audit, gained an understanding of those 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 FY2023.

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

For FY2023, the Board had received assurance from the CEO and the Chief Financial Officer (the "**CFO**") the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

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

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

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, reviews performed by the internal and external auditors, and assurance from the CEO, CFO and Key Management Personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls are adequate and effective as at 31 December 2023 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.

Currently, 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 auditors have direct and unrestricted access to the Chairman of the Board and AC, and is able to meet separately to discuss matters/concerns;

(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;

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

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

(g) review the co-operation given by the Management to the internal and external auditors, where applicable;

(h) keep abreast of changes in accounting standards and issues which have a direct impact on financial statements;

(i) review the assurance provided by the CEO and CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;

(j) participate in the appointment, replacement or dismissal of the head of internal audit or, if an external party, the internal auditors;

(k) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of the Listing Manual of SGX-ST, including such amendments made thereto from time to time;

(l) review and approve interested person transactions and review procedures thereof;

(m) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(n) review the risk management framework with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet;

(o) investigate any matters within its terms of reference;

(p) review the policy and arrangements, by which the staff or any third party may, in confidence, raise concerns about possible improprieties including matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(q) where the AC deems necessary, to commission and review the findings of any internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position;

(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 to mitigate the Group's internal control weaknesses (if any);

(s) report to the Board its findings from time to time on matters arising and requiring the attention of the Committee or to undertake such other reviews and projects as may be requested by the Board; and

(t) undertake such other functions and duties as may be required by statute or the Rules of the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

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

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

During FY2023, the fees paid by the Company to the external auditors for audit and non-audit services amounted to \$195,000 and \$38,000 respectively. The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the independence and objectivity of the external auditors have not been affected.

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

The Group has outsourced its internal audit function to Yang Lee & Associates ("**YLA**" or "**Internal Auditor**") which reports directly to the AC. YLA is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing services, food and beverage, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing ("**IIA Standards**") issued by the Institute of Internal Auditors. The engagement team is staffed with professionals with knowledge and experience in internal audit, risk management and other relevant disciplines.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The Internal Auditor reports its audit findings and recommendations directly to the AC. The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor completed one internal audit review based on the internal audit plan for the financial year ended 31 December 2023. The AC approved the internal audit report and the Management has adopted key recommendations of the Internal Auditor as set out in the internal audit report. The AC has reviewed and is satisfied that the internal audit function is independent, adequate, effective and has the appropriate standing in the Company to discharge its duties effectively.

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

The AC had met up with the internal and external auditors without the presence of Management for FY2023. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2023 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal accounting controls that are relevant to the statutory audit.

During FY2023, the AC reviewed the planned audit procedures and the potential key audit areas presented by the external auditors. At the AC meeting held in February 2024, the AC received a report on FY2023 audit results from the external auditors, which summarised the audit work performed for the key audit areas. In particular, the following key audit matter was discussed during the meeting:

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

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

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

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

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

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

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

For FY2023, 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, possesses a Masters of Applied Finance from the Macquarie University with three distinguished awards and holds the accreditation of Senior Accredited Director by SID including a GRI Certified Sustainability Professional. The AC chairman has also been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT (which is listed on SGX-ST) since January 2009. For FY2023, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards (International) by the external auditors in the course of its report to AC.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 – Shareholder Rights and Conduct of General Meetings

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

Prior to the onset of COVID-19 pandemic, the Company's principal form of dialogue with shareholders takes place at general meetings. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company. Shareholders will also be briefed during the general meetings on voting procedures of the general meetings.

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

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

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

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

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Alternative Meeting Arrangement for 2023

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 27 April 2023 ("**2023 AGM**") was held by way of electronic means via live webcast. To enable the members to participate at the 2023 AGM, ask questions during 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 2023 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 2023 AGM. At the 2023 AGM, all resolutions tabled at the 2023 AGM were conducted by live poll pursuant to Rule 730A(2) of the Listing Manual of SGX-ST, counted by the Polling Agent and verified by the Scrutineer at the 2023 AGM. The poll results were announced by the Company via SGXNet on the same day after the 2023 AGM. The minutes of the 2023 AGM was published via SGXNet and the Company's website within one month from the date of 2023 AGM.

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

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

(i) the level of the Group's cash and retained earnings;

(ii) the Group's actual and projected financial performance;

(iii) the Group's projected levels of capital expenditure and other investment plans;

(iv) the Group's working capital requirements and general financing condition;

(v) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

(vi) any other factors that the Directors deem appropriate.

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

Principle 12 – Engagement with Shareholders

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

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

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

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

- SGXNet and press releases on major developments of the Group.

SGXNet disclosures and press releases of the Group are also available on the Company's website at www.uniongas.com.sg.

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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 2023 AGM, shareholders had submitted their questions before the meeting and the Company had announced its response via SGXNet before the 2023 AGM. The notice of general meeting in the annual report was released on SGXNet and on the Company's website to inform shareholders of the upcoming meeting.

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

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

Principle 13 – Engagement with Stakeholders

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

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

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.

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

(E) DEALINGS IN SECURITIES

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

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

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

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

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

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

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No IPT mandate has been obtained at the Annual General Meeting held on 27 April 2023. The aggregate value of all interested person transactions for FY2023 were as follows:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than $100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST) during FY2023 ($'000)	Aggregate value of all interested person transactions (including transaction of less than $100,000 each) during FY2023 under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST ($'000)
Purchase of electricity by the Group from Union Power Pte. Ltd. and Union Solar Pte. Ltd.	179	–
Provision of diesel pump by the Group from Trans-Cab Services Pte. Ltd.	467	–

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

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

Use of Proceeds	Gross Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") ($'000)	Proceeds utilised as at 28 February 2024 ($'000)	Proceeds utilised from 28 February 2024 to the date of this annual report ($'000)	Balance of Proceeds as at the date of this annual report ($'000)
Acquisition of dealers for the Retail LPG Business	4,143	(4,143)	–	–
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	(153)	–	847
General working capital	724	(724)	–	–
Listing expenses	1,633	(1,633)	–	–
	7,500	(6,653)	–	847

The above utilisation of Gross Proceeds is 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.

REPORT ON CORPORATE GOVERNANCE

(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 FY2023 or if not then subsisting, entered into since the end of the previous financial year.

(I) CORPORATE ACTIONS

AMALGAMATION

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

ACQUISITION

During the first half ended 30 June 2023, the Company has acquired You Cai Engineering Pte. Ltd. ("**the Acquisition**"). The Acquisition is to acquire the rights to operate as general contractor, as well as continuing improvement plan to enhance management and efficiencies of the Group's LPG infrastructure on provision of maintenance and support service in respect of construction works relating to the installations of LPG manifold systems, stoves, pipes, etc.

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 2023.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying consolidated financial statements of the Group and 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 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

2. Directors

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

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

3. Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The Company		Number of shares of no par value		
Teo Kiang Ang	67,813,500	67,813,500	119,106,435	119,106,435
Teo Hark Piang	25,479,500	25,577,000	–	–
Loo Hock Leong	800,000	800,000	–	–
Lim Chwee Kim	200,000	200,000	–	–

STATEMENT BY DIRECTORS

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

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

The directors' interests as at 21 January 2024 were the same as those at the end of the reporting year.

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

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

5. Union Gas Performance Share Plan

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

The Union Gas PSP is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies. Employees of the Group and/or associated companies shall be eligible to participate in the Union Gas PSP subject to the absolute discretion of the Remuneration Committee.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Union Gas PSP. The share awards granted by the Company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

The aggregate number of shares available under the Union Gas PSP shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company. The actual number of shares awarded will depend on the achievement of set targets over a year. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a three-year vesting period.

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

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

6. Options

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

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

STATEMENT BY **DIRECTORS**

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 auditor and internal auditor 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 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 auditor 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 auditor and internal auditor, 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 auditor and internal auditor;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("**SGX–ST**") Listing Manual.

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

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

STATEMENT BY DIRECTORS

8. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

9. Subsequent developments

There are no significant developments subsequent to the release of the preliminary financial information of the Group and of the Company, as announced on 28 February 2024, 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

1 April 2024

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 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 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 2B 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 and price changes processed in the billing system. In addition, the application of SFRS(I) 15 *Revenue from Contracts with Customers* requires management's judgement and estimates when accounting for revenue.

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

We assessed the judgement and estimates used by the management in determining and allocating the transaction price to performance obligations. Furthermore, we performed test of details on the revenue transactions using automated tools and techniques and other substantive audit procedures, where appropriate. We performed cut-off tests to check whether the Group had complied with proper cut-off procedures and revenue was recognised in the appropriate accounting period.

We reviewed the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Union Gas Holdings Limited

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

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 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 SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2024

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 2023

	Notes	2023 $'000	2022 $'000
Revenue	5	128,851	134,794
Cost of sales		(80,027)	(99,586)
Gross profit		48,824	35,208
Other income and gains	6	1,548	3,454
Marketing and distribution costs		(21,275)	(22,671)
Administrative expenses		(12,323)	(9,597)
Finance costs	8	(1,370)	(686)
Other expenses	6	(355)	(179)
Profit before income tax	7	15,049	5,529
Income tax expense	10	(2,826)	(316)
Profit, net of tax		12,223	5,213
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment on derivatives		1,058	–
Total comprehensive income		13,281	5,213

	Notes	2023 Cents	2022 Cents
Basic and diluted earnings per share	11	3.85	1.64

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

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2023

	Notes	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	67,549	73,161	17,687	18,410
Investment property	14	180	180	–	–
Goodwill	15	1,906	1,873	–	–
Intangible assets	16	781	992	–	–
Investments in subsidiaries	17	–	–	110,597	110,564
Contract costs, non-current	18	1,702	2,143	–	–
Trade and other receivables, non-current	19	3	–	–	–
Deferred tax assets	10	27	–	–	–
Other non-financial assets, non-current	20	17,447	14,419	352	352
Total non-current assets		89,595	92,768	128,636	129,326
Current assets					
Inventories	21	2,654	2,419	–	–
Contract costs, current	18	939	766	–	–
Trade and other receivables, current	19	25,859	23,634	2,858	5,896
Other financial asset	22	–	1,000	–	–
Other non-financial assets, current	20	11,273	8,423	71	15
Derivative financial assets	23	1,418	–	–	–
Cash and cash equivalents	24	13,244	12,174	1,327	1,429
Total current assets		55,387	48,416	4,256	7,340
Total assets		144,982	141,184	132,892	136,666
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	25	99,122	99,122	99,122	99,122
Retained earnings		46,563	37,200	13,712	9,088
Other reserves	26	(77,106)	(78,164)	–	–
Total equity		68,579	58,158	112,834	108,210
Non-current liabilities					
Provisions	28	1,884	1,284	105	105
Deferred tax liabilities	10	2,924	2,793	80	93
Trade and other payables, non-current	29	–	–	2,268	4,836
Bank borrowings, non-current	30	13,154	16,670	7,380	7,891
Lease liabilities, non-current	31	18,843	20,924	5,994	6,185
Total non-current liabilities		36,805	41,671	15,827	19,110
Current liabilities					
Income tax payable		2,934	1,016	33	–
Trade and other payables, current	29	29,389	29,629	3,328	8,233
Bank borrowings, current	30	3,686	7,371	679	924
Derivative financial liabilities	23	240	19	–	–
Lease liabilities, current	31	2,893	2,846	191	189
Contract liabilities	32	456	474	–	–
Total current liabilities		39,598	41,355	4,231	9,346
Total liabilities		76,403	83,026	20,058	28,456
Total equity and liabilities		144,982	141,184	132,892	136,666

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

STATEMENTS OF
CHANGES IN EQUITY

Reporting Year Ended 31 December 2023

			Other reserves				
Group	**Share capital $'000**	**Retained earnings $'000**	**Merger reserve $'000**	**Capital reserve $'000**	**Fair value reserve $'000**	**Total other reserves $'000**	**Total equity $'000**
Current year							
Opening balance at 1 January 2023	99,122	37,200	(81,482)	3,318	–	(78,164)	58,158
Total comprehensive income for the year	–	12,223	–	–	1,058	1,058	13,281
Dividends paid (Note 12)	–	(2,860)	–	–	–	–	(2,860)
Closing balance at 31 December 2023	99,122	46,563	(81,482)	3,318	1,058	(77,106)	68,579
Previous year							
Opening balance at 1 January 2022	99,023	35,162	(81,482)	3,318	–	(78,164)	56,021
Total comprehensive income for the year	–	5,213	–	–	–	–	5,213
Dividends paid (Note 12)	–	(3,175)	–	–	–	–	(3,175)
Shares issued under the scrip dividend scheme (Note 25)	99	–	–	–	–	–	99
Closing balance at 31 December 2022	99,122	37,200	(81,482)	3,318	–	(78,164)	58,158

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

STATEMENTS OF
CHANGES IN EQUITY

Reporting Year Ended 31 December 2023

Company	Share capital $'000	Retained earnings $'000	Total equity $'000
Current year			
Opening balance at 1 January 2023	99,122	9,088	108,210
Total comprehensive income for the year	–	7,484	7,484
Dividends paid (Note 12)	–	(2,860)	(2,860)
Closing balance at 31 December 2023	99,122	13,712	112,834
Previous year			
Opening balance at 1 January 2022	99,023	10,259	109,282
Total comprehensive income for the year	–	2,004	2,004
Dividends paid (Note 12)	–	(3,175)	(3,175)
Shares issued under the scrip dividend scheme (Note 25)	99	–	99
Closing balance at 31 December 2022	99,122	9,088	108,210

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Reporting Year Ended 31 December 2023

	2023 $'000	2022 $'000
Cash flows from operating activities		
Profit before income tax	15,049	5,529
Amortisation expenses	620	982
Bad debts written-off	70	–
Depreciation of property, plant and equipment	10,785	8,013
Fair value changes on derivative financial instruments, net	(139)	19
Gain on disposal of property, plant and equipment	(270)	(454)
Gain on remeasurement of right-of-use assets	(8)	(2)
Impairment loss on investment property	–	60
Interest income	(68)	(142)
Interest expense	1,370	686
Impairment on trade and other receivables – allowance / (reversal)	148	(69)
Intangible assets written-off	46	–
Reversal for impairment on intangible assets	(45)	(93)
Reversal of provision of restoration costs	–	(821)
Operating cash flows before changes in working capital	27,558	13,708
Inventories	(235)	283
Contract costs	268	443
Trade and other receivables	(2,446)	(2,408)
Other non-financial assets	(5,878)	(2,480)
Trade and other payables, and contract liabilities	(258)	1,709
Net cash flows from operations	19,009	11,255
Income taxes paid	(804)	(655)
Net cash flows from operating activities	18,205	10,600
Cash flows from investing activities		
Acquisition of intangible assets	(410)	(53)
Acquisition of a subsidiary, net of cash acquired (Note 17D)	(33)	–
Asset acquisition from a third party (Note 17C)	–	(2,259)
Proceeds from disposal of property, plant and equipment	785	879
Purchase of property, plant and equipment	(4,181)	(5,429)
Redemption of other financial asset	1,000	–
Interest income received	68	142
Net cash flows used in investing activities	(2,771)	(6,720)
Cash flows from financing activities		
Dividends paid	(2,860)	(3,076)
Proceeds from bank borrowings	15,252	5,000
Repayment of bank borrowings	(22,453)	(5,300)
Lease liabilities – principal portions paid	(2,933)	(1,888)
Interest expenses paid	(1,370)	(686)
Net cash flows used in financing activities	(14,364)	(5,950)
Net increase / (decrease) in cash and cash equivalents	1,070	(2,070)
Cash and cash equivalents, beginning balance	12,174	14,244
Cash and cash equivalents, ending balance (Note 24)	13,244	12,174

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

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

1. General

Union Gas Holdings Limited (Registration No.: 201626970Z) (the "**Company**") is incorporated in Singapore with limited liability. The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The financial statements cover the Company and its subsidiaries (collectively, the "**Group**"). All financial information are presented in Singapore Dollar ("**$**") and have been rounded to the nearest thousand ("**$'000**"), unless when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

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 89 Defu Lane 10, Union Gas House, Singapore 539220.

Uncertainties relating to the current macroeconomic conditions

Management has considered the uncertain and challenging macroeconomic and geopolitical environment that has caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. Management reviewed the probable impact and plausible downside scenarios, in particular, the recoverable amounts of the assets. No material uncertainties were identified in connection with the Group's ability to continue in operational existence for the near future.

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 Accounting Standards Committee under Accounting and Corporate Regulatory Authority ("**ASC**"). They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis of preparation of financial statements

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.

Basis of presentation and principles of consolidated

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 Company 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. They are de-consolidated from the date that control ceases.

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.

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy and other explanatory information

2A. Material accounting policy and other explanatory information – general

Revenue and income recognition

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 and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

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

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. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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.

NOTES TO
THE FINANCIAL STATEMENTS
31 December 2023

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

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.

Income tax

Tax expense (tax benefit) 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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statement of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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.

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

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

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

Property, plant and equipment (cont'd)

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 gain or loss arising from the de-recognition of an item of property, plant and equipment is recognised in profit or loss.

Right-of-use assets

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

Investment property

Investment property is property owned to earn rentals or for capital appreciation or both. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises.

Leases of lessee

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

Leases of lessor

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

NOTES TO
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2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

Intangible assets

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

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

Non-contractual customer relationships – 5 years

Goodwill

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

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

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

Subsidiaries

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

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

NOTES TO
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31 December 2023

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

Carrying amounts of non-financial assets

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

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

Inventories

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

Contract cost

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

Financial instruments

Recognition and derecognition of financial instruments

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

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

Financial instruments (cont'd)

Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments requires the categorisation of financial instruments. At the end of the reporting year, the reporting entity had the following categories of financial assets and liabilities:

- 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, bank and cash balances are classified in this category.

- Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("**FVTOCI**"): A debt asset instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

Cash and cash equivalents

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

Derivative financial instruments

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

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THE FINANCIAL STATEMENTS

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2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy and other explanatory information – general (cont'd)

Derivatives financial instruments held for risk management purposes and hedge accounting

Certain derivatives held for risk management might be designated as hedging instruments in qualifying hedging relationships. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge based on the principle of an economic relationship. Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item (for example, when the hedged item is a risk component, the relevant change in fair value or cash flows of an item is the one that is attributable to the hedged risk).

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the fair value reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

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 (eg. 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 or 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 material 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. The recurring measurements are made at each reporting year end date.

NOTES TO
THE FINANCIAL STATEMENTS

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2. Disclosures of material accounting policy and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the corresponding notes to these financial statements. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

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

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

Allowance for expected credit loss

Trade receivables are subject to the expected credit loss ("**ECL**") model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade receivables is disclosed in Note 19.

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 values of property, plant and equipment are disclosed in Note 13.

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.

Measurement of impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The carrying amount of the Company's investments in subsidiaries at the end of the reporting year is disclosed in Note 17.

Impairment on other non-financial assets

The carrying amount of other non-financial assets is reviewed at each end of 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 level of the impairment is assessed by taking into account the sales performance and other factors that affect estimated recoverable amount, including subsequent changes in circumstances. Actual outcomes could vary from these estimates. It is impracticable to disclose the extent of the possible effects. The carrying amounts of other non-financial assets are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2023 $'000	2022 $'000
Legal and professional fee	(501)	–
Purchase of diesel pump and facilities	(467)	–
Purchase of electricity	(179)	(384)
Rental expense of premises	–	(34)
Sub-contractor fee	(68)	(546)

3C. Key management compensation

	Group	
	2023 $'000	2022 $'000
Salaries and other short-term employee benefits	3,564	3,085
Included in the above amount are the following items:		
Remuneration of directors	1,271	1,075
Fees to directors	243	231

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.

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THE FINANCIAL STATEMENTS
31 December 2023

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

3D. Balances with related parties

	Group		Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
At beginning of the year	(1,349)	(2,129)	484	–
Purchase of plant and equipment, storage license and reimbursement of other assets	467	–	–	–
Amounts paid out and settlements of liabilities on behalf of related parties	(467)	780	–	484
At end of the year	(1,349)	(1,349)	484	484
Presented in the statements of financial position as follows:				
Other receivables (Note 19)	4,545	4,545	486	486
Other payables (Note 29)	(5,894)	(5,894)	(2)	(2)
	(1,349)	(1,349)	484	484

3E. Balances with subsidiaries

	Company	
	2023 $'000	**2022 $'000**
At beginning of the year	(6,789)	(4,884)
Amounts paid out and settlements of liabilities on behalf of subsidiaries	22,634	11,930
Amount paid in and settlements of liabilities on behalf of the Company	(18,577)	(13,835)
At end of the year	(2,732)	(6,789)
Presented in the statements of financial position as follows:		
Other receivables (Note 19)	1,816	5,364
Other payables (Note 29)	(4,548)	(12,153)
	(2,732)	(6,789)

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 $19,092,000 (2022: $18,358,000) and no supplier has called on the performance guarantees. No charge is made to the subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. Financial information by operating segments

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

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 to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

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

- Liquefied petroleum gas ("**LPG**") – Bottling of LPG, sale and distribution of bottled LPG and LPG-related accessories and provision of LPG-related services to dealers, domestic households, industrial and commercial customers;

- Natural gas ("**NG**") – Sale and distribution of liquefied natural gas and piped natural gas to commercial customers and retail sale of compressed natural gas ("**CNG**") through a CNG refiling station located at 50 Old Toh Tuck Road;

- Diesel – Sale and distribution of diesel to commercial customers and to vehicles through a diesel refiling station located at 50 Old Toh Tuck Road; and

- Other operations include provision of corporate services.

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

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

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

NOTES TO
THE FINANCIAL STATEMENTS
31 December 2023

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

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

Group	**LPG $'000**	**NG $'000**	**Diesel $'000**	**Others $'000**	**Total $'000**
2023					
Revenue	106,364	6,190	16,297	–	128,851
Segment results:					
Profit / (loss) before income tax	13,762	714	2,019	(1,446)	15,049
Income tax expense	(2,444)	(88)	(255)	(39)	(2,826)
Profit / (loss), net of tax	11,318	626	1,764	(1,485)	12,223
Other segment information:					
Amortisation expenses	(620)	–	–	–	(620)
Depreciation of property, plant and equipment	(10,081)	(134)	(570)	–	(10,785)
Finance costs	(1,299)	(18)	(53)	–	(1,370)
Impairment on trade and other receivables – (reversal) / allowance	(153)	1	4	–	(148)
Reversal for impairment of intangible assets	45	–	–	–	45
Segment assets and liabilities:					
Total assets	134,121	4,299	4,091	2,471	144,982
Total liabilities	68,470	2,792	3,947	1,194	76,403
Additions:					
Property, plant and equipment	5,832	159	460	–	6,451
Intangible assets	410	–	–	–	410
Contract costs	816	–	–	–	816

NOTES TO
THE FINANCIAL STATEMENTS
31 December 2023

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

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

Group	LPG $'000	NG $'000	Diesel $'000	Others $'000	Total $'000
2022					
Revenue	105,634	3,888	25,272	–	134,794
Segment results:					
Profit / (loss) before income tax	4,884	(505)	1,807	(657)	5,529
Income tax expense	(34)	–	(189)	(93)	(316)
Profit / (loss), net of tax	4,850	(505)	1,618	(750)	5,213
Other segment information:					
Amortisation expenses	(982)	–	–	–	(982)
Depreciation of property, plant and equipment	(7,327)	(63)	(623)	–	(8,013)
Finance costs	(596)	(11)	(79)	–	(686)
Reversal for impairment on intangible assets	93	–	–	–	93
Reversal for impairment on trade and other receivables	64	1	4	–	69
Reversal of provision of restoration costs	821	–	–	–	821
Segment assets and liabilities:					
Total assets	131,634	2,436	3,744	3,370	141,184
Total liabilities	74,454	1,903	5,643	1,026	83,026
Additions:					
Property, plant and equipment	21,705	161	54	–	21,920
Intangible assets	53	–	–	–	53
Contract costs	551	–	–	–	551

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

31 December 2023

5. Revenue

	Group	
	2023 $'000	2022 $'000
Sale of LPG, LPG-related accessories and services	106,364	105,634
Sale of NG	6,190	3,888
Sale of diesel	16,297	25,272
	128,851	134,794

Also see Note 4.

6. Other income and gains and (other expenses)

	Group	
	2023 $'000	2022 $'000
Bad debts written-off	(70)	–
Fair value changes on derivative financial instruments, net	19	(19)
Foreign exchange losses, net	(91)	(100)
Gain on disposal of property, plant and equipment	270	454
Gain on remeasurement of right-of-use assets	8	2
Government grant income	331	770
Impairment on trade and other receivables – (allowance) / reversal	(148)	69
Intangible assets written-off	(46)	–
Interest income	68	142
Loss on fair value changes in investment property (Note 14)	–	(60)
Rental income from properties	227	504
Reversal for impairment on intangible assets (Note 16)	45	93
Reversal for provision of restoration costs (Note 28)	–	821
Others	580	599
Net	1,193	3,275
Presented in profit or loss as:		
Other income and gains	1,548	3,454
Other expenses	(355)	(179)
	1,193	3,275

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

7. Profit before tax

In addition to the profit and loss line items disclosed elsewhere in the Notes to the financial statements, this item includes the following expenses:

	Group	
	2023 $'000	**2022 $'000**
Amortisation expenses	620	982
Commission expenses	717	747
Depreciation of property, plant and equipment	10,785	8,013
Employee benefit expenses (Note 9)	21,722	20,813
Fees to directors	243	231
Fees to independent auditor of the Company		
– Audit fees	195	185
– Non-audit-related services	38	32
Insurance expense	1,650	1,410
Legal and professional fees	1,120	665
Marketing expenses	1,496	1,737
Repair and maintenance expense	1,376	833

8. Finance costs

	Group	
	2023 $'000	**2022 $'000**
Interest expense on:		
– Bank borrowings	546	502
– Derivative financial instruments	8	–
– Lease liabilities	816	184
	1,370	686

9. Employee benefit expenses

	Group	
	2023 $'000	**2022 $'000**
Short term employee benefits expense	20,366	19,376
Contributions to defined contribution plans	1,356	1,437
	21,722	20,813

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10. Income tax expense

10A. Components of tax expense recognised in profit or loss

	Group	
	2023 $'000	2022 $'000
Current tax		
Current tax expense	2,815	1,016
Over adjustments in respect of prior years	(93)	(722)
Subtotal	2,722	294
Deferred tax		
Deferred tax (income) / expense	(109)	4
Under adjustments in respect of prior years	213	18
Subtotal	104	22
Total income tax expense	2,826	316

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2022: 17%) to profit before income tax for the reporting years due to the following differences:

	Group	
	2023 $'000	2022 $'000
Profit before income tax	15,049	5,529
Income tax expense at the above rate	2,558	940
Expense not deductible for tax purposes	299	142
Stepped income exemption and rebates	(151)	(62)
Under / (over) adjustments in respect of prior years	120	(704)
Total income tax expense	2,826	316

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

10B. Deferred tax expense recognised in profit or loss

	Group	
	2023 $'000	2022 $'000
Excess of carrying value over tax value of property, plant and equipment, net	104	22

10C. Deferred tax liabilities in statements of financial position

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Excess of carrying value over tax value of property, plant and equipment, net	(2,897)	(2,793)	(80)	(93)

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

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11. Earnings per share

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

	Group	
	2023	**2022**
Numerators:		
Profit, net of tax ($'000)	12,223	5,213
Denominators:		
Weighted average number of equity shares for basic and diluted EPS ('000)	317,767	317,687

Basic and diluted earnings per share are calculated by dividing profit or loss, net of tax for the reporting year attributable to owners of the Company by the weighted average number of ordinary shares. During the reporting years, the weighted average number of ordinary shares is derived from the number of ordinary shares issued by the Company.

As at the end of the reporting year, there was no transactions involving ordinary shares or potential ordinary shares of the Company (2022: Nil).

12. Dividends

Group and Company	Rate per share			
	2023 Cents	**2022 Cents**	**2023 $'000**	**2022 $'000**
Final tax exempt (1-tier) dividend in respect of previous reporting year	0.30	0.80	953	2,541
Interim tax exempt (1-tier) dividend in respect of current reporting year	0.60	0.20	1,907	634
			2,860	3,175

In respect of the current reporting year, the directors proposed a final dividend of 0.88 Singapore cent per ordinary share payable via cash. This dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend is payable in respect of all ordinary shares (excluding treasure shares) in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders of the Company.

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13. Property, plant and equipment

Group	Leasehold land	Leasehold properties	Plant and equipment	Motor vehicles	Construction in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2022	14,845	24,562	47,592	17,642	–	104,641
Additions	–	16,491	4,069	–	1,360	21,920
Disposals	–	(5,318)	(3,092)	(635)	–	(9,045)
Remeasurement	204	–	–	–	–	204
At 31 December 2022	15,049	35,735	48,569	17,007	1,360	117,720
Additions / reclassification	754	1,404	5,094	147	(948)	6,451
Disposals	–	(2,620)	(1,613)	(1,130)	–	(5,363)
Remeasurement	91	–	–	–	–	91
At 31 December 2023	15,894	34,519	52,050	16,024	412	118,899
Accumulated depreciation						
At 1 January 2022	4,994	10,735	22,272	6,743	–	44,744
Depreciation for the year	850	1,511	3,569	2,083	–	8,013
Disposals	–	(4,877)	(2,761)	(560)	–	(8,198)
At 31 December 2022	5,844	7,369	23,080	8,266	–	44,559
Depreciation for the year	892	4,127	4,010	1,756	–	10,785
Disposals	–	(1,766)	(1,260)	(968)	–	(3,994)
At 31 December 2023	6,736	9,730	25,830	9,054	–	51,350
Carrying value						
At 1 January 2022	9,851	13,827	25,320	10,899	–	59,897
At 31 December 2022	9,205	28,366	25,489	8,741	1,360	73,161
At 31 December 2023	9,158	24,789	26,220	6,970	412	67,549

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THE FINANCIAL STATEMENTS

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

Company	Leasehold land $'000	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Cost				
At 1 January 2022	6,443	11,069	1,777	19,289
Additions	–	–	119	119
Remeasurement	186	–	–	186
At 31 December 2022	6,629	11,069	1,896	19,594
Additions	–	–	101	101
At 31 December 2023	6,629	11,069	1,997	19,695
Accumulated depreciation				
At 1 January 2022	89	184	102	375
Depreciation for the year	217	368	224	809
At 31 December 2022	306	552	326	1,184
Depreciation for the year	221	368	235	824
At 31 December 2023	527	920	561	2,008
Carrying value				
At 1 January 2022	6,354	10,885	1,675	18,914
At 31 December 2022	6,323	10,517	1,570	18,410
At 31 December 2023	6,102	10,149	1,436	17,687

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

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Leasehold land	6,102	6,323	6,102	6,323
Leasehold properties	10,149	10,517	10,149	10,517
Motor vehicles	1,476	2,102	–	–
	17,727	18,942	16,251	16,840

NOTES TO
THE FINANCIAL STATEMENTS

31 December 2023

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

13A. Right-of-use assets

The Group leases land, warehouses and office and plant and equipment for business operations under non-cancellable lease arrangements. These right-of-use assets are recognised and presented together with property, plant and equipment of the same class (Note 13).

The carrying values of such leased assets are as follows:

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Leasehold land	9,158	9,205	6,102	6,323
Leasehold properties	13,699	16,348	–	–
Plant and equipment	15	–	–	–
	22,872	25,553	6,102	6,323

Depreciation of right-of-use assets for the year relating to leasehold land, leasehold properties and plant and equipment were $892,000, $3,191,000 and $1,000 (2022: $850,000, $577,000 and Nil) respectively.

The related lease liabilities are disclosed in Note 31.

The Group has made an upfront payment to secure the right-of-use of a parcel land for 15 years, which is used in the Group's CNG and diesel segment. As at the end of the reporting year, Jurong Town Corporation ("**JTC**") granted a lease extension for the said land for a period of 4 years, from 1 January 2024. The Group also makes annual lease payments to JTC for 3 parcels of leasehold land, which are used as the Group's offices and bottling plants.

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

14. Investment property

	Group	
	2023 $'000	2022 $'000
At valuation		
At beginning of the year	180	240
Loss on fair value change (Note 6)	–	(60)
At end of the year	180	180
Rental income from investment property	26	18
Direct operating expenses (including repairs and maintenance)	5	8

NOTES TO
THE FINANCIAL STATEMENTS
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14. Investment property (cont'd)

The fair value of investment property was measured by management. In arriving at the fair value, management made reference to publicly available market data and a valuation in December 2022 prepared by an independent professional valuation firm which has the appropriate and recognised professional qualifications and relevant experience. The valuation firm is a member of the Singapore Institute of Surveyors and Valuers ("**SISV**") and the valuation has been prepared in accordance with SISV Standards. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

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

Asset:	Leasehold industrial unit
Location:	13 Lorong 8 Toa Payoh, #03-03 Braddell Tech, Singapore 319261
Tenure:	30 years from 1 January 1998
Fair value hierarchy:	Level 3 (2022: Level 3)
Valuation technique for recurring fair value measurements:	Direct market comparison method
Significant observable inputs and range (weighted average):	Price per square metre: $1,000 (2022: $1,000)
Sensitivity on management's estimates – 10% variation from estimate:	Impact lower by $18,000 (2022: $18,000); higher by $18,000 (2022: $18,000)

15. Goodwill

	Group	
	2023 $'000	**2022 $'000**
Cost:		
At beginning of the year	1,873	1,873
Arising from acquisition of subsidiary (Note 17D)	33	–
At end of the year	1,906	1,873

The goodwill is arose from the acquisition of a bottling and distribution of LPG business in 2017 from a third party by a subsidiary which was acquired by the Company on 30 December 2021 and from the acquisition of a subsidiary in 2023 from a third party (Note 17D).

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

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

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15. Goodwill (cont'd)

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

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

	2023	2022
Valuation technique:	Discounted cash flow method	
Unobservable inputs:		
– Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	8.9%	8.9%
– Revenue growth rate	0%	0%
– Earnings before interest, tax, depreciation and amortisation margin	4%	13%
– Cash flow forecasts derived from the most recent financial budgets and plans approved by management	3 years	4 years

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

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16. Intangible assets

Group	Non-contractual customer relationships $'000
Cost	
At 1 January 2022	4,881
Additions	53
At 31 December 2022	4,934
Additions	410
Written off	(54)
At 31 December 2023	5,290
Accumulated amortisation and impairment	
At 1 January 2022	3,053
Amortisation for the year	982
Reversal of impairment for the year	(93)
At 31 December 2022	3,942
Amortisation for the year	620
Reversal of impairment for the year	(45)
Written off	(8)
At 31 December 2023	4,509
Carrying value	
At 1 January 2022	1,828
At 31 December 2022	992
At 31 December 2023	781

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

Amortisation of intangible assets is charged to cost of sales.

17. Investments in subsidiaries

	Company	
	2023 $'000	2022 $'000
Unquoted equity shares, at cost	110,597	110,564
Movements in cost during the year:		
At beginning of the year	110,564	108,305
Acquisition from a third party (Note 17C and Note 17D)	33	2,259
At end of the year	110,597	110,564

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17. Investments in subsidiaries (cont'd)

17A. Details of the subsidiaries held by the Company

Name of subsidiary and principal activities	Cost		Effective equity held	
	2023 $'000	2022 $'000	2023 %	2022 %
Held by the Company				
Union Energy Pte. Ltd. Sale of LPG and related products to domestic households	3,100	3,100	100	100
Union Gas Pte. Ltd. Sale of NG and diesel in retail and wholesale markets	9,700	9,700	100	100
U-Gas Pte. Ltd. (Note 17B) Sale of LPG in retail and wholesale markets	–	9,700	–	100
Union LPG Pte. Ltd. (Note 17B) Sale of LPG in retail and wholesale markets	11,700	2,000	100	100
U-Global Pte. Ltd. Investment holding	1	1	100	100
Sembas (Asia) Trading Pte. Ltd. Sale of LPG in retail and wholesale markets	31,283	31,283	100	100
Summit Gas Systems Pte. Ltd. LPG bottler and sale of LPG in retail and wholesale markets	27,288	27,288	100	100
Semgas Supply Pte. Ltd. LPG bottler and sale of LPG in retail and wholesale markets	25,233	25,233	100	100
Nguan Huat L P Gas Supplier Pte. Ltd. (Note 17C) Retail sale of LPG and related wholesale markets and storage of LPG products	2,259	2,259	100	100
You Cai Engineering Pte. Ltd. (Note 17D) General contractors and building construction works	33	–	100	–
	110,597	110,564		
Held through U-Global Pte. Ltd.				
U Cambodia Pte. Ltd. Investment holding			100	100

All subsidiaries are incorporated in Singapore.

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

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17. Investments in subsidiaries (cont'd)

17B. Amalgamation of wholly-owned subsidiaries

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

17C. Asset acquisition from a third party

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

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

17D. Acquisition of a subsidiary from a third party

On 31 March 2023, the Company acquired 100% of the issued and paid up share capital of You Cai Engineering Pte. Ltd. ("**YouCai**"), a company incorporated in Singapore, for a cash consideration of $33,000. The Group acquired YouCai to support the installation and maintenance of LPG infrastructure such as manifold systems, stoves, pipes etc. in the provision of LPG-related services. The transaction was accounted for by the acquisition method of accounting. The fair value of identifiable assets acquired and liabilities assumed were not material.

18. Contract costs

	Group	
	2023 $'000	**2022 $'000**
Current	939	766
Non-current	1,702	2,143
	2,641	2,909
Movements in contract costs are as follows:		
At beginning of the year	2,909	3,352
Additions	816	551
Amortisation for the year	(1,084)	(994)
At end of the year	2,641	2,909

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.

Amortisation expenses are charged as follows:

	Group	
	2023 $'000	**2022 $'000**
Reduction of revenue	735	692
Marketing and distributions costs	349	302
	1,084	994

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19. Trade and other receivables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade receivables				
Outside parties	18,871	17,466	–	–
Less: Allowance for ECL	(135)	(140)	–	–
	18,736	17,326	–	–
Related parties	30	32	–	–
Less: Allowance for ECL	(4)	(4)	–	–
	26	28	–	–
Subtotal	18,762	17,354	–	–
Other receivables				
Outside parties	853	1,409	41	–
Less: Allowance for ECL	(318)	(166)	–	–
	535	1,243	41	–
Refundable deposits	2,020	492	115	46
Subsidiaries (Note 3)	–	–	1,816	5,364
Related parties (Note 3)	4,545	4,545	486	486
Dividend receivable from a subsidiary	–	–	400	–
Subtotal	7,100	6,280	2,858	5,896
Total trade and other receivables	25,862	23,634	2,858	5,896
Presented in the statements of financial position as follows:				
Current	25,859	23,634	2,858	5,896
Non-current	3	–	–	–
	25,862	23,634	2,858	5,896

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THE FINANCIAL STATEMENTS

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19. Trade and other receivables (cont'd)

Movements in allowance for ECL:

	Group	
	2023 $'000	**2022 $'000**
Trade receivables from outside parties		
At beginning of the year	140	340
Reversal to profit or loss included in other income and gains	(4)	(162)
Bad debts written-off	(1)	(38)
At end of the year	135	140
Trade receivables from related parties		
At beginning and end of the year	4	4
Other receivables from outside parties		
At beginning of the year	166	79
Charged to profit or loss included in other expenses	152	93
Bad debts written-off	–	(6)
At end of the year	318	166

Trade receivables

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

The ageing of the assets is as follows:

Group	**Gross amount**		**ECL rate**		**Loss allowance**	
	2023 $'000	**2022 $'000**	**2023 %**	**2022 %**	**2023 $'000**	**2022 $'000**
Current	10,906	7,217	–	–	–	–
1 to 30 days past due	3,856	1,526	–	–	–	–
31 to 60 days past due	1,352	1,822	–	–	–	–
Over 60 days past due	2,650	6,795	0.08	0.09	2	6
	18,764	17,360			2	6

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19. Trade and other receivables (cont'd)

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2023 **$'000**	**2022** **$'000**
Top 1 customer	7,963	8,040
Top 2 customers	9,099	8,941
Top 3 customers	9,768	9,321

As at 31 December 2023, 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	
	2023 **$'000**	**2022** **$'000**
Gross carrying amount	137	138
Less: Allowance for ECL	(137)	(138)
Net carrying amount	–	–

Other receivables

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

At the end of the reporting year, a loss allowance is recognised at an amount equal to 12-month ECL because there has not been a significant increase in credit risk since initial recognition including the impact of current economic conditions (e.g. increasing interest rates, fluctuations in commodity prices and foreign currency rates). As at year end of the reporting year, a loss allowance of $318,000 (2022: $166,000) is recognised.

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

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

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20. Other non-financial assets

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Non-current				
Prepaid advance rebates	14,861	12,273	–	–
Other prepayments	139	–	–	–
Deferred customer retention costs	2,095	1,794	–	–
Deposits for purchase of property, plant and equipment	352	352	352	352
Subtotal	17,447	14,419	352	352
Current				
Prepaid advance rebates	7,790	5,606	–	–
Other prepayments	1,805	843	71	15
Deferred customer retention costs	1,562	1,634	–	–
Deposits for purchase of LPG	–	244	–	–
Deposits to secure services	116	96	–	–
Subtotal	11,273	8,423	71	15
Total other non-financial assets	28,720	22,842	423	367

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

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

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

21. Inventories

	Group	
	2023 $'000	2022 $'000
LPG	1,396	1,148
LPG-related accessories	1,199	1,184
Diesel	59	87
	2,654	2,419
(Increase) / decrease in inventories of goods for resale	(235)	283
Amount of inventories included in cost of goods sold	62,528	83,973

There are no inventories pledged as security for liabilities.

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THE FINANCIAL STATEMENTS
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22. Other financial asset

	Group	
	2023 $'000	**2022 $'000**
Unquoted convertible bond	–	1,000

The convertible bond was redeemable at any time after one year from the maturity date. It bore interest between 10% and 13% per annum for the reporting year ended 31 December 2022.

The Group redeemed the bond and received its investment in full during the reporting year.

23. Derivative financial assets / (liabilities)

	2023 $'000	**2022 $'000**
Assets – Contracts with positive fair values		
Derivatives designated as hedging instruments:		
Commodities future contracts – cash flow hedges	1,298	–
Commodities future contracts – fair value hedges	120	–
	1,418	–
Liabilities – Contracts with negative fair values		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts – cash flow hedges	(240)	–
Foreign currency forward contracts – fair value hedges	–	(19)
	(240)	(19)
Total derivatives designated as hedging instruments to fair value reserve (Note 26C)	1,058	–

Group	**Notional amount**		**Fair value gain/(loss)**	
	2023 US$'000	**2022 US$'000**	**2023 $'000**	**2022 $'000**
Commodities future contracts (Level 1)	17,014	–	1,418	–
Foreign currency forward contracts (Level 2)	11,500	800	(240)	(19)

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

Derivative contracts are utilised to hedge material future transactions and cash flows. The Group enters into commodity future contracts to manage its price risk on the purchases of fuel due to fluctuation in commodity prices. The Group also enters into foreign currency forward contracts in the management of its exchange rate exposures as it purchases of fuel in United States Dollar and sells them in Singapore Dollar. The derivative contracts are entered based on forecasted purchase. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

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23. Derivative financial assets / (liabilities) (cont'd)

For purposes of estimating the fair values of the derivative contracts, wherever possible, the Group utilises quoted market price (Level 1) and, if not available, valuation techniques with market observable inputs (Level 2). The models incorporate various inputs including broker quotes for similar transactions, foreign exchange spot and forward rates.

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

24. Cash and cash equivalents

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not restricted in use	13,244	12,174	1,327	1,429

Included in cash not restricted in use is an amount of $1,466,000 (2022: Nil) maintained with an established financial institution in Singapore for settlement of derivative contracts disclosed in Note 23.

24A. Significant non-cash transactions

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

- The Group acquired property, plant and equipment and right-of-use assets with total cost of $105,000 and $1,565,000 respectively (2022: right-of-use assets of $13,745,000) by means of leases; and

- Included in additions to property, plant and equipment is an amount of $600,000 (2022: $320,000) related to restoration costs capitalised (Note 28).

24B. Reconciliation of liabilities arising from financing activities

<u>Group</u>	Borrowings $'000	Lease liabilities $'000
At 1 January 2022	24,341	12,133
Cash flows	(300)	(1,888)
Non-cash changes (Note 24A)	–	13,525
At 31 December 2022	24,041	23,770
Cash flows	(7,201)	(2,933)
Non-cash changes (Note 24A)	–	899
At 31 December 2023	16,840	21,736

25. Share capital

Group and Company	No. of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
At 1 January 2022	317,618	99,023
Shares issued under the scrip dividend scheme*	149	99
At 31 December 2022 and 31 December 2023	317,767	99,122

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

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

Except as disclosed above, there were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2023 and 2022.

Capital management:

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

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

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total bank borrowings (exclude lease liabilities in Note 31) less cash and cash equivalents.

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Net debt:				
Total bank borrowings	16,958	24,732	8,059	8,815
Less: Cash and cash equivalents	(13,244)	(12,174)	(1,327)	(1,429)
Net debt	3,714	12,558	6,732	7,386
Adjusted capital:				
Total equity	68,579	58,158	112,834	108,210
Debt-to-adjusted capital ratio	0.05	0.22	0.06	0.07

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26. Other reserves

	Group	
	2023 $'000	2022 $'000
Merger reserve (Note 26A)	(81,482)	(81,482)
Capital reserve (Note 26B)	3,318	3,318
Fair value reserve (Note 26C)	1,058	–
	(77,106)	(78,164)

26A. Merger reserve

	Group	
	2023 $'000	2022 $'000
Balance at beginning and end of the year	(81,482)	(81,482)

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

26B. Capital reserve

	Group	
	2023 $'000	2022 $'000
Balance at beginning and end of the year	3,318	3,318

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

26C. Fair value reserve

	Group	
	2023 $'000	2022 $'000
Balance at beginning of the year	–	–
Fair value adjustment on derivatives (Note 23)	1,058	–
Balance at end of the year	1,058	–

The fair value reserve accumulates after tax gains and losses on cash flow hedges.

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27. Share plan (equity-settled)

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

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

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

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

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

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

28. Provisions

	Group		Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
At beginning of the year	1,284	1,785	105	105
Additions	600	320	–	–
Reversal (Note 6)	–	(821)	–	–
At end of the year	1,884	1,284	105	105

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

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29. Trade and other payables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables				
Outside parties and accrued liabilities	14,452	16,922	–	–
Related parties	1,605	63	–	–
Subtotal	16,057	16,985	–	–
Other payables				
Outside parties	1,545	1,467	1,039	907
Subsidiaries (Note 3)	–	–	4,548	12,153
Related parties (Note 3)	5,894	5,894	2	2
Deposits for LPG cylinders	5,806	5,260	–	–
Other deposits from customers	87	23	7	7
Subtotal	13,332	12,644	5,596	13,069
Total trade and other payables	29,389	29,629	5,596	13,069
Presented in the statements of financial position as follows:				
Current	29,389	29,629	3,328	8,233
Non-current	–	–	2,268	4,836
	29,389	29,629	5,596	13,069

The Company's trade and other payables included an amount of $4,068,000 (2022: $7,236,000) due from a subsidiary, which is repayable at a monthly instalments of $200,000, commencing from 1 July 2022.

30. Bank borrowings

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current				
Bank loan (secured)	274	526	274	526
Bank loans (unsecured)	3,412	6,845	405	398
Subtotal	3,686	7,371	679	924
Non-current				
Bank loan (secured)	6,862	6,969	6,863	6,969
Bank loans (unsecured)	6,292	9,701	517	922
Subtotal	13,154	16,670	7,380	7,891
Total	16,840	24,041	8,059	8,815

Secured bank loan bears floating interest rates that range between 4.37% to 4.39% per annum (2022: 1.18% per annum for the first two years from the date of disbursement and at floating rate for the subsequent years). The loan is secured by the first legal mortgage over the leasehold property (Note 13).

30. Bank borrowings (cont'd)

The remaining unsecured bank loans bear fixed interest rates that range between 1.75% to 2.00% (2022: 1.75% to 2.00%) per annum. The loans provide for the following:

(i) Corporate guarantee from the Company; and

(ii) Compliance with certain financial covenants.

In the previous reporting year, unsecured bank loans of $3,500,000 bore floating interest rates that ranged between 1.60% to 5.29% per annum.

All bank loans are repayable by monthly instalments over 60 to 216 months (2022: 60 to 180 months) from the date of first drawdown.

31. Lease liabilities

	Group		Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Current	2,893	2,846	191	189
Non-current	18,843	20,924	5,994	6,185
	21,736	23,770	6,185	6,374

Movements of lease liabilities are as follows:

Balance at beginning of the year	23,770	12,133	6,374	6,367
Additions	1,670	13,745	–	–
Remeasurement	(771)	(220)	–	186
Accretion of interest	816	184	74	77
Lease payments – principal paid	(2,933)	(1,888)	(189)	(179)
Interest expense paid	(816)	(184)	(74)	(77)
Balance at end of the year	21,736	23,770	6,185	6,374

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

<u>Group</u>	**Minimum payments $'000**	**Finance charges $'000**	**Present value $'000**
<u>2023</u>			
Due within 1 year	3,607	(714)	2,893
Due within 2 to 5 years	14,406	(1,479)	12,927
Due more than 5 years	6,664	(748)	5,916
	24,677	(2,941)	21,736
Carrying value of property, plant and equipment under leases			23,760
<u>2022</u>			
Due within 1 year	3,628	(782)	2,846
Due within 2 to 5 years	13,606	(1,990)	11,616
Due more than 5 years	10,205	(897)	9,308
	27,439	(3,669)	23,770
Carrying value of property, plant and equipment under leases			27,445

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31. Lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities at the end of the reporting year is as follows (cont'd):

Company	Minimum payments $'000	Finance charges $'000	Present value $'000
2023			
Due within 1 year	263	(72)	191
Due within 2 to 5 years	1,050	(264)	786
Due more than 5 years	5,929	(721)	5,208
	7,242	(1,057)	6,185
Carrying value of property, plant and equipment under leases			6,102
2022			
Due within 1 year	263	(74)	189
Due within 2 to 5 years	1,050	(273)	777
Due more than 5 years	6,191	(783)	5,408
	7,504	(1,130)	6,374
Carrying value of property, plant and equipment under leases			6,323

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

As at the end of the reporting year, the Group's and the Company's obligations under leases that are related to right-of-use assets are $21,618,000 (2022: $23,079,000) and $6,185,000 (2022: $6,374,000) respectively. These leased assets are presented under Note 13A.

32. Contract liabilities

	Group 2023 $'000	Group 2022 $'000
Balance at beginning of the year	474	413
Consideration received	12,801	19,775
Performance obligation satisfied	(12,819)	(19,714)
Balance at end of the year	456	474

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

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

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33. Operating lease income commitments – as lessor

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

	Group	
	2023 $'000	**2022 $'000**
Not later than one year	103	22
Between 1 and 2 years	31	–
Between 2 and 3 years	5	–
	139	22
Rental income for the year	227	504

Included in operating rental income is an amount of $6,000 (2022: $231,000) related to lease of premises on a month-to-month basis or with no commitment terms.

The lease rental income terms are negotiated for terms ranging from one to three 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.

34. 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	
	2023 $'000	**2022 $'000**
Commitments for purchase of property, plant and equipment	7,406	830

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35. Financial instruments: information on financial risks

35A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial assets:				
– At amortised cost	39,106	36,808	4,185	7,325
– At fair value through profit or loss	120	–	–	–
– At fair value through other comprehensive income	1,298	–	–	–
	40,524	36,808	4,185	7,325
Financial liabilities:				
– At amortised cost	67,965	77,440	19,840	28,258
– At fair value through profit or loss	–	19	–	–
– At fair value through other comprehensive income	240	–	–	–
	68,205	77,459	19,840	28,258

Further quantitative disclosures are included throughout these financial statements.

35B. Financial risk management

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

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

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

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

35B. Financial risk management (cont'd)

With regard to derivatives, the policies include the following:

- The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.
- Ineffectiveness is recognised in profit or loss as soon as it arises.
- Effectiveness is assessed at the inception of the hedge and at each end of the reporting year ensuring that the criteria in financial reporting standard on financial instruments are met.
- Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

35C. Fair value of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material 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. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

35D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks and receivables.

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.

Note 24 discloses the cash and cash equivalents. There was no identified impairment loss.

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

35E. 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.

Derivative financial liabilities will be settled at their contractual maturities within 12 months after at the end of reporting year. See Note 23 for details.

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

Group	Less than 1 year $'000	2 – 5 years $'000	More than 5 years $'000	Total $'000
2023				
Trade and other payables	29,389	–	–	29,389
Borrowings	4,156	8,884	7,991	21,031
Lease liabilities	3,607	14,406	6,664	24,677
	37,152	23,290	14,655	75,097
2022				
Trade and other payables	29,629	–	–	29,629
Borrowings	7,704	12,430	5,043	25,177
Lease liabilities	3,628	13,606	10,205	27,439
	40,961	26,036	15,248	82,245

Company				
2023				
Trade and other payables	3,328	2,268	–	5,596
Borrowings	1,001	2,995	7,991	11,987
Lease liabilities	263	1,050	5,929	7,242
	4,592	6,313	13,920	24,825
2022				
Trade and other payables	8,233	4,836	–	13,069
Borrowings	1,029	3,386	5,043	9,458
Lease liabilities	263	1,050	6,191	7,504
	9,525	9,272	11,234	30,031

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

The average credit period taken to settle trade payables is approximately 30 to 90 days (2022: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

35E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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

Company	Less than 1 year $'000	2 – 5 years $'000	Total $'000
2023			
Financial guarantee contracts – bank guarantee in favour of subsidiaries	18,359	733	19,092
2022			
Financial guarantee contracts – bank guarantee in favour of subsidiaries	18,118	240	18,358

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

35F. 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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial assets				
Fixed rates	–	1,000	–	–
Financial liabilities				
Fixed rates	31,440	44,311	7,108	15,189
Floating rates	7,136	3,500	7,136	–

The floating rate debt asset instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

	Group	
	2023 $'000	2022 $'000
Sensitivity analysis:		
A hypothetical variation in floating interest rates by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by	71	35

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

35G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

There is exposure to foreign currency risk as part of the Group's normal business. The Group has a foreign currency exposure as it purchases LPG and NG in United States Dollar ("**US$**") and sells them in Singapore Dollar. As at the end of the reporting year, the Group's trade payables denominated in United States Dollar was $3,215,000 (2022: $3,433,000).

The Group enters into foreign currency forward contracts in the management of its foreign currency exchange rate exposures. Note 23 discloses the foreign currency hedging activities in place at the end of the reporting year.

A hypothetical 10% strengthening in the exchange rate of the functional currency Singapore Dollar against the US$ would have a favourable effect on the Group's profit before income tax of $322,000 (2022: $343,000).

The above shows sensitivity to a hypothetical percentage variation in the functional currency against US$. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried without taking into consideration hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

35H. Commodity price risk

The Group is exposed to price risk on the purchases of fuel that affect cost. It hedges against fluctuations in purchase prices of fuel using commodity future contracts where the price is indexed to a benchmark price index. See Note 23 for further details pertaining to the notional amounts and fair value of the commodities future contracts.

36. Changes and adoption of financial reporting standards

For the current reporting year, the ASC issued amendment to SFRS(I) 1-1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc).

In addition, the ASC issued certain new or revised financial reporting standards. Those applicable to the Group are listed below.

SFRS (I) No.	Title
SFRS(I) 1-8	Definition of Accounting Estimates – Amendments to
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to

None had a material impact on the Group and the Company.

37. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Group for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Presentation of Financial Statements – Amendments relating to Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 1- 1	Presentation of Financial Statements – Amendments relating to Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 1-7 and SFRS(I) 7	Supplier Finance Arrangements (Amendments)	1 January 2024
SFRS(I) 16	Lease Liability in a Sale and Leaseback (Amendments)	1 January 2024
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (Amendments) Lack of Exchangeability	1 January 2025

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 19 March 2024

Issued and Fully Paid Capital	:	**$99,122,135**
Class of shares	:	**Ordinary Shares**
Voting rights	:	**1 vote per share**
Total no. of issued Ordinary Shares	:	**317,767,542**
Total no. of Treasury Shares	:	**Nil**
Total no. of Subsidiary Holdings	:	**Nil**

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	9	0.57	383	0.00
100 - 1,000	126	8.07	79,228	0.02
1,001 - 10,000	783	50.13	4,464,459	1.41
10,001 - 1,000,000	626	40.08	40,440,133	12.73
1,000,001 AND ABOVE	18	1.15	272,783,339	85.84
TOTAL	**1,562**	**100.00**	**317,767,542**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UNION ENERGY CORPORATION PTE LTD	88,649,905	27.90
2	CITIBANK NOMINEES SINGAPORE PTE LTD	44,797,001	14.10
3	DBS NOMINEES (PRIVATE) LIMITED	35,089,504	11.04
4	TEO HARK PIANG (ZHANG XUEBIN)	25,577,000	8.05
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	24,381,550	7.67
6	TAN AI BIN VINCENT DE PAUL	11,878,100	3.74
7	ELLEN TEO SOAK HOON	7,863,002	2.47
8	TEO SOAK THENG ALEXIS (ZHANG SHUTING)	6,926,000	2.18
9	LK TANG PTE LTD	6,127,100	1.93
10	ALICE TEO SOAK IMN (ALICE ZHANG SHUYING)	4,215,100	1.33
11	TEO KIANG ANG	3,963,500	1.25
12	RAFFLES NOMINEES (PTE.) LIMITED	3,411,219	1.07
13	NG PAU LING SIMON	2,045,200	0.64
14	PHILLIP SECURITIES PTE LTD	1,877,944	0.59
15	CHAN WENG KONG	1,780,000	0.56
16	LOK KEE FONG	1,538,891	0.48
17	WONG CHENG YONG	1,431,600	0.45
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,230,723	0.39
19	GOH YONG HOCK	1,000,000	0.31
20	TIGER BROKERS (SINGAPORE) PTE. LTD.	998,082	0.31
	TOTAL	**274,781,421**	**86.46**

STATISTICS OF SHAREHOLDINGS

As at 19 March 2024

SUBSTANTIAL SHAREHOLDERS
As shown in the Register of Substantial Shareholders

		Direct Interest		Deemed Interest	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Teo Kiang Ang[(1)]	67,813,500	21.34	119,106,435	37.48
2	Union Energy Corporation Pte. Ltd.	112,979,335	35.55	–	–
3	Teo Hark Piang	25,577,000	8.05	–	–

Notes:

(1) Mr. Teo Kiang Ang is the Non-Executive Chairman, Honorary Advisor and a controlling shareholder of the Company.

43,850,000 shares are registered in Citibank Nominees the Singapore Pte. Ltd. and 20,000,000 shares in DBS Nominees (Private) Limited.

Mr. Teo Kiang Ang is deemed interested in (i) 6,127,100 Shares held by LK Tang Pte. Ltd. ("**LKT**"), which is 100% owned by Mr. Teo Kiang Ang; and (ii) 112,979,335 Shares held by Union Energy Corporation Pte. Ltd. ("**UEC**"), which is 6.73% owned by Mr. Teo Kiang Ang and 55.16% owned by See Young Investments Pte. Ltd., which is in turn 100% owned by Mr. Teo Kiang Ang. Therefore, Mr. Teo Kiang Ang is deemed to have interest in the shares held by LKT and UEC by virtue of Section 4 of the Securities and Futures Act 2001.

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 19 March 2024, approximately 22.34% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **UNION GAS HOLDINGS LIMITED** will be held at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Cultural Training Room 1, Singapore 308409 on Tuesday, 30 April 2024 at 1.00 p.m., 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 2023 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.88 Singapore cent per ordinary share for the financial year ended 31 December 2023. **(Resolution 2)**

3. To note the retirement of Mr. Lim Chwee Kim, a Director of the Company, who is retiring pursuant to Regulation 117 of the Constitution of the Company. Mr. Lim had indicated that he does not wish to seek for re-election at this Annual General Meeting.
   See Explanatory Note (i)

4. To re-elect Mr. Teo Kiang Ang retiring pursuant to Regulation 117 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director of the Company.
   See Explanatory Note (ii) **(Resolution 3)**

5. To approve the payment of Directors' Fees of S$773,686 for the financial year ending 31 December 2024, payable half yearly in arrears. (FY2023: S$242,678)
   See Explanatory Note (iii) **(Resolution 4)**

6. To re-appoint RSM SG Assurance LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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 Ordinary Resolutions, with or without any modifications:

8. That Mr. Yee Chia Hsing be and is hereby appointed as Director of the Company pursuant to Regulation 119 of the Company's Constitution.
   See Explanatory Note (iv) **(Resolution 6)**

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

   That pursuant to Section 161 of the Companies Act 1967 of Singapore (the **"Companies Act"**) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), the Directors of the Company be authorised and empowered to:

   (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

NOTICE OF
ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

  (i) new Shares arising from the conversion or exercise of any convertible securities;

  (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

  (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (v) **(Resolution 7)**

10. **Authority to allot and issue shares under the Union Gas Scrip Dividend Scheme**

That authority be and is hereby given to the Directors to allot and issue from time to time such number of new ordinary shares of the Company as may be required to be allotted and issued pursuant to the Union Gas Scrip Dividend Scheme.

(Resolution 8)

11. **Authority to allot and issue shares under the Union Gas Employee Share Option Scheme (the "Share Option Scheme")**

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

See Explanatory Note (vi) **(Resolution 9)**

NOTICE OF
ANNUAL GENERAL MEETING

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

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Union Gas Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Union Gas Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Share Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award.
See Explanatory Note (vii) **(Resolution 10)**

13. **Proposed Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined) whether by way of;

(i) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which shares may for the time being be listed and quoted, the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

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

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

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to any share incentive scheme(s) implemented or to be implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act.

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution relating to the Share Buy-Back Mandate and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated,

(the "**Relevant Period**");

NOTICE OF ANNUAL GENERAL MEETING

(d) For the purposes of this resolution:

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

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

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

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

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

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

See Explanatory Note (viii) **(Resolution 11)**

By Order of the Board

Wong Yoen Har
Company Secretary

Singapore
15 April 2024

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(i) Mr. Lim Chwee Kim, upon retirement as a Director of the Company, will relinquish as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company at the conclusion of the Annual General Meeting.

(ii) Mr. Teo Kiang Ang, upon re-election as a Director of the Company, will remain as Non-Executive Chairman and Honorary Advisor.

(iii) The Ordinary Resolution 4, if passed, will facilitate the payment of Directors' Fees during the financial year ending 31 December 2024 in which the fees are incurred, which is payable half yearly in arrears.

(iv) Ordinary Resolution 6 is to appoint Mr. Yee Chia Hsing ("**Mr. Yee**") as Director of the Company. The Board considers Mr. Yee to be independent for the purpose of the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Further details of Mr. Yee's appointment as Independent Non-Executive Director of the Company pursuant to Rule 704(7) of the Listing Manual of SGX-ST was set out in the Company's announcement dated 15 April 2024. Mr. Yee will, upon the passing of Ordinary Resolution 6, shall be appointed as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee

(v) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

(vi) The Ordinary Resolution 9, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme which was approved by shareholders on 19 June 2017. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 7.

(vii) The Ordinary Resolution 10, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Union Gas Performance Share Plan in accordance with the provisions of the Union Gas Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Union Gas Performance Share Plan which was approved by shareholders on 19 June 2017, subject to the maximum number of shares prescribed under the terms and conditions of the Union Gas Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Union Gas Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the day preceding the relevant date of the award. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 7.

(viii) The Ordinary Resolution 11, if passed, will empower the Directors of the Company effective until the earliest of: (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; (ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting; and (iii) the date on which the share buyback is fulfilled up to the full extent of the Share Buy-Back Mandate, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the illustrative financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 are set out in greater detail in the Appendix to Notice of Annual General Meeting dated 15 April 2024 ("**Appendix**") attached.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

1. Members of the Company are invited to **attend physically** at the Annual General Meeting (the "**Meeting**"). There will be no option for members to participate virtually. The Annual Report 2023, Notice of Annual General Meeting, Proxy Form, Appendix and Request Form (to request hardcopy of the Annual Report 2023 and the Appendix) will be made available to members by electronic means via publication on the Company's corporate website at http://www.uniongas.com.sg and are also made available on the SGX website at URL https://www.sgx.com/securities/company-announcements.

   Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Members who wish to obtain a printed copy of the Annual Report 2023 and the Appendix should complete the Request Form and return it by post to the registered office address of the Company at 89 Defu Lane 10 Union Gas House, Singapore 539220 or via email to ughlagm2024@boardroomlimited.com **no later than 1.00 p.m. on 22 April 2024**.

2. Members (including Central Provident Fund Investment Scheme investors ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the Meeting by:

   (a) attending the Meeting in person;
   (b) raising questions at the Meeting or submitting questions in advance of the Meeting; and/or
   (c) voting at the Meeting:
       (i) themselves personally; or
       (ii) through their duly appointed proxy(ies).

   A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend, speak and vote at the Meeting. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

   Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors should approach their respective relevant intermediary or CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the Meeting, **by 5.00 p.m. on 18 April 2024.**

   A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. Duly completed and signed instrument appointing the proxy or proxies as proxy must either be submitted to the Company in the following manner:

   (a) if submitted by post, to be deposited at the registered office address of the Company at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
   (b) if submitted electronically, to be submitted via email to ughlagm2024@boardroomlimited.com.

   in either case, by 1.00 p.m. on 27 April 2024 (being not less than seventy-two (72) hours before the time appointed for the Meeting).

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email to ughlagm2024@boardroomlimited.com.

4. Members may submit questions related to the resolutions to be tabled for approval at the Meeting in advance of the Meeting **by 1.00 p.m. on 23 April 2024**:

   (a) by post to reach at the registered office address of the Company at 89 Defu Lane 10 Union Gas House, Singapore 539220; or
   (b) by email to ughlagm2024@boardroomlimited.com.

   The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from shareholders prior to the Meeting by publishing the responses to those questions on SGXNet at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms.

   The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the Meeting via SGXNet on SGX website and the Company's website within one (1) month from the date of the Meeting.

NOTICE OF
ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing proxy(ies) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 3 for the definition of "relevant intermediary").
2. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), who wish to appoint proxy or proxies should approach their relevant intermediary to submit their votes at least seven (7) working days before the AGM, **by 18 April 2024**.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We, ______________________ (Name) ______________________ (NRIC/Passport No./Registration No.)

of ____ (Address)

being a member/members of **Union Gas Holdings Limited** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Email Address	Proportion of Shareholding	
				No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Email Address	Proportion of Shareholding	
				No. of Shares	(%)

or failing whom the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 190 Keng Lee Road, Chui Huay Lim Club, Level 4, Cultural Training Room 1, Singapore 308409 on Tuesday, 30 April 2024 at 1.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary 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 2023 together with the Independent Auditor's Report thereon			
2	To approve a final tax exempt (one-tier) dividend of 0.88 Singapore cent per ordinary share for the financial year ended 31 December 2023			
3	To re-elect Mr. Teo Kiang Ang as Director of the Company			
4	To approve of Directors' Fees of S$773,686 for the financial year ending 31 December 2024, payable half yearly in arrears			
5	To re-appoint RSM SG Assurance LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
6	To appoint Mr. Yee Chia Hsing as Director of the Company			
7	To authorise Directors to allot and issue new shares			
8	To authorise the allotment and issuance of shares pursuant to the Union Gas Scrip Dividend Scheme			
9	To authorise Directors to allot and issue shares pursuant to the Union Gas Employee Share Option Scheme			
10	To authorise Directors to allot and issue shares pursuant to the Union Gas Performance Share Plan			
11	Proposed Renewal of the Share Buy-Back Mandate			

If you wish to exercise all your votes "For" or "Against" or "Abstain" a Resolution, please tick [✓] or [X] within the "For" or "Against" or "Abstain" box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in the relevant Resolution.

Dated this __________ day of ________________ 2024

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

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company is entitled to attend, speak and vote at a meeting of the Company is entitled to appoint one or two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

3. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, **by 5.00 p.m. on 18 April 2024.**

   A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing proxy or proxies must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the registered office address of the Company at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
   (b) if submitted electronically, be submitted via email to ughlagm2024@boardroomlimited.com.

   in either case, by 1.00 p.m. on 27 April 2024 (being not less than seventy-two (72) hours before the time appointed for the Meeting).

5. A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal (or such other methods as provided for in Section 41B of the Companies Act 1967 of Singapore) or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

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 15 April 2024.

GENERAL:

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

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Teo Kiang Ang
Non-Executive Chairman and Honorary Advisor

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

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Union Gas House
Singapore 539220
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Fax: (+65) 6743 0467

SHARE REGISTRAR

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1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITORS

RSM SG Assurance LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Mr Chan Weng Keen
(Public Accountant and Chartered Accountant Singapore)
Effective from reporting year ended 31 December 2019

INVESTOR RELATIONS

Email: ir@uniongas.com.sg
Website: www.uniongas.com.sg

AUGUST CONSULTING

Ms Wrisney Tan - wrisneytan@august.com.sg
Ms Victoria Lim - victorialim@august.com.sg

 

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