

UNION GAS HOLDINGS LIMITED

(Registration No: 201626970Z)

Condensed Interim Financial Statements

For the Six-Months and Full Year Ended 31 December 2022

UNION GAS HOLDINGS LIMITED

Condensed Interim Financial Statements For the Six-Months and Full Year Ended 31 December 2022

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UNION GAS HOLDINGS LIMITED

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months and Year Ended 31 December 2022**

	Notes	6 months ended		Increase/ (decrease) %	12 months ended		Increase/ (decrease) %
		31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000		31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000	
Revenue	4	66,482	61,839	7.5	134,794	123,040	9.6
Cost of sales		(49,029)	(45,221)	8.4	(99,586)	(81,423)	22.3
Gross profit		17,453	16,618	5.0	35,208	41,617	(15.4)
Other income and gains		1,653	1,437	15.0	3,454	11,569	(70.1)
Marketing and distribution costs		(12,476)	(11,808)	5.7	(22,671)	(22,450)	1.0
Administrative expenses		(3,679)	(5,246)	(29.9)	(9,597)	(12,824)	(25.2)
Finance costs		(360)	(347)	3.7	(686)	(500)	37.2
Other expenses		(31)	(4)	N.M.	(179)	(8)	N.M.
Profit before income tax	6	2,560	650	N.M.	5,529	17,404	(68.2)
Income tax credit/(expense)	7	208	(93)	N.M.	(316)	(2,490)	(87.3)
Profit, net of tax and total comprehensive income		2,768	557	N.M.	5,213	14,914	(65.0)
					31 December <u>2022</u> Cents	31 December <u>2021</u> Cents	
Basic and diluted earnings per share – Based on weighted average number of ordinary shares in issue					1.64	4.74	

N.M.- Not meaningful

Note: Certain comparative figures have been reclassified. Refer to Note 17 for further details.

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position As at 31 December 2022

	Notes	Group	
		31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	73,161	59,897
Investment property		180	240
Goodwill		1,873	1,873
Intangible assets		992	1,828
Other financial asset		1,000	1,000
Contract costs, non-current		2,143	2,586
Other non-financial assets, non-current		14,419	12,998
Total non-current assets		<u>93,768</u>	<u>80,422</u>
<u>Current assets</u>			
Inventories		2,419	2,702
Contract costs, current		766	766
Trade and other receivables		23,634	21,324
Other non-financial assets, current		8,423	7,364
Income tax recoverable		–	268
Cash and cash equivalents		12,174	14,244
Total current assets		<u>47,416</u>	<u>46,668</u>
Total assets		<u>141,184</u>	<u>127,090</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	11	99,122	99,023
Retained earnings		37,200	35,162
Other reserves		(78,164)	(78,164)
Total equity		<u>58,158</u>	<u>56,021</u>
<u>Non-current liabilities</u>			
Provisions		1,284	1,785
Deferred tax liabilities		2,793	2,771
Bank borrowings, non-current	12	16,670	20,541
Lease liabilities, non-current	12	20,924	10,164
Total non-current liabilities		<u>41,671</u>	<u>35,261</u>
<u>Current liabilities</u>			
Income tax payable		1,016	1,645
Derivative financial liabilities		19	–
Trade and other payables		29,629	27,981
Bank borrowings, current	12	7,371	3,800
Lease liabilities, current	12	2,846	1,969
Contract liabilities		474	413
Total current liabilities		<u>41,355</u>	<u>35,808</u>
Total liabilities		<u>83,026</u>	<u>71,069</u>
Total equity and liabilities		<u>141,184</u>	<u>127,090</u>

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position (Cont'd) As at 31 December 2022

	Notes	Company	
		31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	18,410	18,914
Investments in subsidiaries		110,564	108,305
Other non-financial assets, non-current		352	272
Total non-current assets		<u>129,326</u>	<u>127,491</u>
<u>Current assets</u>			
Trade and other receivables		5,896	2,338
Other non-financial assets, current		15	3
Cash and cash equivalents		1,429	2,219
Total current assets		<u>7,340</u>	<u>4,560</u>
Total assets		<u>136,666</u>	<u>132,051</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	99,122	99,023
Retained earnings		9,088	10,259
Total equity		<u>108,210</u>	<u>109,282</u>
<u>Non-current liabilities</u>			
Provision		105	105
Deferred tax liabilities		93	–
Trade and other payables		4,836	–
Bank borrowings, non-current	12	7,891	8,815
Lease liabilities, non-current	12	6,185	6,186
Total non-current liabilities		<u>19,110</u>	<u>15,106</u>
<u>Current liabilities</u>			
Trade and other payables		8,233	6,571
Bank borrowings, current	12	924	911
Lease liabilities, current	12	189	181
Total current liabilities		<u>9,346</u>	<u>7,663</u>
Total liabilities		<u>28,456</u>	<u>22,769</u>
Total equity and liabilities		<u>136,666</u>	<u>132,051</u>

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

UNION GAS HOLDINGS LIMITED

**Condensed Interim Statements of Changes in Equity
For the Year Ended 31 December 2022**

	Share capital \$'000	Retained earnings \$'000	----- Other reserves -----			Total other reserves \$'000	Total equity \$'000
			Merger reserve \$'000	Capital reserve \$'000	Share-based payment reserve \$'000		
Group							
Current year							
Opening balance at 1 January 2022	99,023	35,162	(81,482)	3,318	–	(78,164)	56,021
Total comprehensive income for the year	–	5,213	–	–	–	–	5,213
Dividend paid (Note 8A)	–	(3,175)	–	–	–	–	(3,175)
Shares issued under the scrip dividend scheme (Note 11)	99	–	–	–	–	–	99
Closing balance at 31 December 2022	<u>99,122</u>	<u>37,200</u>	<u>(81,482)</u>	<u>3,318</u>	<u>–</u>	<u>(78,164)</u>	<u>58,158</u>
Previous year							
Opening balance at 1 January 2021	23,525	38,161	(830)	3,318	5	2,493	64,179
Total comprehensive income for the year	–	14,914	–	–	–	–	14,914
Placement of treasury shares (Note 11)	1,200	–	3,152	–	–	3,152	4,352
Dividend paid (Note 8A)	–	(7,968)	–	–	–	–	(7,968)
Dividend paid former shareholders of subsidiaries (Note 8B)	–	(9,945)	–	–	–	–	(9,945)
Share-based payment	9	–	–	–	(5)	(5)	4
Acquisition of subsidiaries from a related party (Note 14)	74,289	–	(83,804)	–	–	(83,804)	(9,515)
Closing balance at 31 December 2021	<u>99,023</u>	<u>35,162</u>	<u>(81,482)</u>	<u>3,318</u>	<u>–</u>	<u>(78,164)</u>	<u>56,021</u>

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

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**Condensed Interim Statements of Changes in Equity (Cont'd)
For the Year Ended 31 December 2022**

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Other reserve</u> Share-based payment reserve \$'000	<u>Total equity</u> \$'000
<u>Company</u>				
Current 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 8A)	–	(3,175)	–	(3,175)
Shares issued under the scrip dividend scheme (Note 11)	99	–	–	99
Closing balance at 31 December 2022	<u>99,122</u>	<u>9,088</u>	<u>–</u>	<u>108,210</u>
Previous year				
Opening balance at 1 January 2021	24,725	11,774	5	36,504
Total comprehensive income for the year	–	6,568	–	6,568
Dividends paid (Note 8A)	–	(8,083)	–	(8,083)
Share-based payment	9	–	(5)	4
Acquisition of subsidiaries from a related party (Note 14)	74,289	–	–	74,289
Closing balance at 31 December 2021	<u>99,023</u>	<u>10,259</u>	<u>–</u>	<u>109,282</u>

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

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Condensed Interim Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	5,529	17,404
Amortisation expenses	982	842
Bad debts written-off	–	8
Depreciation of property, plant and equipment	8,013	8,865
Fair value loss on derivative financial instruments	19	–
Gain on disposal of a subsidiary	–	(1,590)
Gain on disposal of property, plant and equipment	(454)	(349)
Gain on remeasurement of right-of-use assets	(2)	(24)
Reversal for impairment on trade and other receivables	(69)	(483)
Reversal for impairment on intangible assets	(93)	–
Loss on fair value changes in investment property	60	–
Interest income	(142)	(136)
Interest expense	686	500
Reversal of provision of restoration costs	(821)	–
Share-based payments	–	4
Operating cash flows before changes in working capital	<u>13,708</u>	<u>25,041</u>
Inventories	283	(1,011)
Contract costs	443	(157)
Trade and other receivables	(2,407)	(943)
Other non-financial assets	(2,480)	(10,043)
Trade and other payables, and contract liabilities	<u>1,709</u>	<u>1,621</u>
Net cash flows from operations	<u>11,256</u>	<u>14,508</u>
Income taxes paid	<u>(655)</u>	<u>(3,923)</u>
Net cash flows from operating activities	<u>10,601</u>	<u>10,585</u>
<u>Cash flows from investing activities</u>		
Acquisition of a subsidiary, net of cash acquired (Note 14)	–	(10,000)
Asset acquisition from a third party (Note 15)	(2,260)	–
Proceeds from disposal of a subsidiary (Note 16)	–	1,590
Proceeds from disposal of property, plant and equipment	878	545
Proceeds from placement of treasury shares	–	4,352
Purchase of property, plant and equipment	(5,428)	(19,218)
Acquisitions of intangible assets	(53)	(731)
Acquisition of a financial asset	–	(1,000)
Interest income received	142	136
Net cash flows used in investing activities	<u>(6,721)</u>	<u>(24,326)</u>
<u>Cash flows from financing activities</u>		
Dividends paid	(3,076)	(17,913)
Proceeds from bank borrowings	5,000	17,000
Repayment of bank borrowings	(5,300)	(5,290)
Lease liabilities – principal portions paid	(1,888)	(3,974)
Interest expenses paid	<u>(686)</u>	<u>(500)</u>
Net cash flows used in financing activities	<u>(5,950)</u>	<u>(10,677)</u>
Net decrease in cash and cash equivalents	(2,070)	(24,418)
Cash and cash equivalents, beginning balance	<u>14,244</u>	<u>38,662</u>
Cash and cash equivalents, ending balance	<u>12,174</u>	<u>14,244</u>

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

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Notes to the Condensed Interim Financial Statements 31 December 2022

1. General

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

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

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

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

The latest audited annual financial statements for the reporting year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

2. Basis of presentation

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

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the last interim financial statements for the six months ended 30 June 2022. Accordingly, these financial statements are to be read in conjunction with the Group’s annual financial statements for the reporting year ended 31 December 2021 and last interim financial statements for the six months ended 30 June 2022. The Company’s separate financial statements have been prepared on the same basis, and as permitted by SGX Mainboard Rules, the Company’s separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

Critical judgements, assumptions and estimation uncertainties

The estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when condensed interim financial statements are prepared. However, this does not prevent actual figures differing from estimates. The estimates and assumptions adopted in the preparation of these condensed interim financial statements are same as those disclosed in the Group’s annual financial statements for the reporting year ended 31 December 2021 and last interim financial statements for the six months ended 30 June 2022.

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2. Basis of presentation (cont'd)

New and amended standards adopted by the Group

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

3. Seasonal operations

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

4. Financial information by operating segments

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

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

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

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

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

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

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

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
12 months ended 31 December 2022					
Revenue	105,634	3,888	25,272	–	134,794
Segment results:					
Profit before income tax	8,081	(432)	2,279	(4,399)	5,529
Income tax expense	(34)	–	(189)	(93)	(316)
Profit, net of tax	8,047	(432)	2,090	(4,492)	5,213
Other segment information:					
Amortisation expense	(982)	–	–	–	(982)
Depreciation of property, plant and equipment	(6,518)	(63)	(623)	(809)	(8,013)
Finance costs	(401)	(11)	(79)	(195)	(686)
Reversal for impairment of intangible assets	93	–	–	–	93
Reversal for impairment of trade and other receivables	64	1	4	–	69
Segment assets and liabilities:					
Total assets	107,056	2,436	3,744	27,948	141,184
Total liabilities	59,162	1,903	5,643	16,318	83,026
Additions:					
Property, plant and equipment	(19,326)	(161)	(54)	(2,379)	(21,920)
Intangible assets	(53)	–	–	–	(53)
Contract costs	(769)	–	–	–	(769)

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
12 months ended 31 December 2021					
Revenue	101,953	2,250	18,837	–	123,040
Segment results:					
Profit before income tax	19,345	180	3,133	(5,254)	17,404
Income tax expense	(2,114)	(39)	(337)	–	(2,490)
Profit, net of tax	17,231	141	2,796	(5,254)	14,914
Other segment information:					
Amortisation expense	(842)	–	–	–	(842)
Depreciation of property, plant and equipment	(7,783)	(51)	(623)	(408)	(8,865)
Finance costs	(360)	–	(8)	(132)	(500)
Gain on disposal of a subsidiary	1,590	–	–	–	1,590
Government grant from Jobs Support Scheme	1,231	10	89	33	1,363
Insurance compensation	5,555	–	–	–	5,555
Reversal/(allowance) for impairment of trade and other receivables	493	–	(10)	–	483
Segment assets and liabilities:					
Total assets	96,182	1,192	5,667	24,049	127,090
Total liabilities	45,903	1,681	6,414	17,071	71,069
Additions:					
Property, plant and equipment	(19,143)	–	–	(19,285)	(38,428)
Intangible assets	(731)	–	–	–	(731)
Contract costs	(1,082)	–	–	–	(1,082)

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.

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

4D. Disaggregation of revenue from contracts with customers

	<u>Group</u>		<u>Group</u>	
	<u>6 months ended</u>		<u>12 months ended</u>	
	31	31	31	31
	December	December	December	December
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Sale of LPG, LPG-related accessories and services	52,315	51,130	105,634	101,953
Sale of NG	2,061	1,197	3,888	2,250
Sale of diesel	12,106	9,512	25,272	18,837
	<u>66,482</u>	<u>61,839</u>	<u>134,794</u>	<u>123,040</u>

4E. Breakdown of sales

	<u>Group</u>		Increase/ (decrease) %
	31 December	31 December	
	<u>2022</u>	<u>2021</u>	
	\$'000	\$'000	
Sales reported for first half year	68,312	61,201	11.6
Operating profit after tax before deducting non-controlling interests reported for the first half year	2,445	14,357	(83.0)
Sales reported for second half year	66,482	61,839	7.5
Operating profit after tax before deducting non-controlling interests reported for the second half year	2,768	557	N.M.

5. Significant related party transactions

	<u>Group</u>	
	31 December	31 December
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Sale of LPG	—	11,627
Servicing income	—	628
Sale of LPG piping	—	486
Delivery charges	—	1,909
Purchase of storage license	—	2,308
Rental expense of premises	64	398
Rental expense for motor vehicles	—	442
Purchase of electricity	384	354
Marketing expenses	—	204
Sub-contract fee	546	477

N.M.- Not meaningful

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6. Profit before income tax

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

	Group	
	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
Amortisation expenses	(982)	(842)
Bad debts written-off	–	(8)
Depreciation of property, plant and equipment	(8,013)	(8,865)
Employee benefit expenses	(20,813)	(21,218)
Fair value loss on derivative financial instruments	(19)	–
Foreign exchange (losses)/gains, net	(100)	77
Gain on disposal of property, plant and equipment	454	349
Gain on remeasurement of right-of-use assets	2	24
Gain on disposal of a subsidiary (Note 16)	–	1,590
Government grant income	770	678
Government grant from Jobs Support Scheme	–	1,363
Insurance compensation ⁽¹⁾	–	5,555
Interest expense	(686)	(500)
Interest income	142	136
Loss on fair value changes in investment property	(60)	–
Other income	599	668
Rental income from property	504	646
Reversal for impairment of trade and other receivables	69	483
Reversal for impairment on intangible assets	93	–
Reversal of provision of restoration costs	821	–
	821	–

⁽¹⁾ This is related to compensation received under insurance policies for damages caused by a fire broke out at one of the Group's LPG bottling and storage facilities in 2019. The Group has since built a new bottling and storage facilities at the same location in 2021.

7. Income tax expense

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

	Group	
	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
Income tax expense	294	918
Deferred tax expense	22	1,572
	316	2,490

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8. Dividends

8A. Dividends declared and paid

	<u>Rate per share</u>		31 December <u>2022</u> Cents	31 December <u>2021</u> Cents	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
	31 December <u>2022</u> Cents	31 December <u>2021</u> Cents				
<u>Group</u>						
Final tax exempt (1-tier) dividend in respect of previous reporting year	0.80	2.53			2,541	5,678
Interim tax exempt (1-tier) dividend in respect of current reporting year	0.20	1.00			634	2,290
					<u>3,175</u>	<u>7,968</u>

	<u>Rate per share</u>		31 December <u>2022</u> Cents	31 December <u>2021</u> Cents	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
	31 December <u>2022</u> Cents	31 December <u>2021</u> Cents				
<u>Company</u>						
Final tax exempt (1-tier) dividend in respect of previous reporting year	0.80	2.53			2,541	5,793
Interim tax exempt (1-tier) dividend in respect of current reporting year	0.20	1.00			634	2,290
					<u>3,175</u>	<u>8,083</u>

Declared or paid interim dividend:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Name of dividend	Interim tax exempt (one-tier) dividend	Interim tax exempt (one-tier) dividend
Type	Cash	Cash
Dividend rate	0.20 Singapore cent	1.00 Singapore cent
Book closure date	11 October 2022	5 October 2021
Date paid	<u>21 October 2022</u>	<u>15 October 2021</u>

The Directors are pleased to propose the payment of a final dividend of 0.30 Singapore cent per ordinary share, in respect of the reporting year ended 31 December 2022, subject to the approval of shareholders at the next Annual General Meeting of the Company, as follows:

Name of dividend	Final Dividend
Dividend type	Cash or share in-lieu
Dividend rate	0.30 Singapore cent
Tax rate	Tax-exempt (one-tier)

Subject to approval by the shareholders at the next Annual General Meeting, the payment date of the proposed dividend and books closure date will be announced at a later date.

8B. Dividends paid to former shareholders of subsidiaries

During the previous reporting year, the dividends amounting of \$9,945,000 were declared by Summit Gas Systems Pte Ltd and Semgas Supply Pte Ltd to its former shareholders prior to these companies being acquired by the Company.

UNION GAS HOLDINGS LIMITED

9. Net assets value

	<u>Group</u>		<u>Company</u>	
	31 December <u>2022</u>	31 December <u>2021</u>	31 December <u>2022</u>	31 December <u>2021</u>
Net assets value per ordinary share (cents)	18.30	17.64	34.05	34.41
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>317,767</u>	<u>317,618</u>	<u>317,767</u>	<u>317,618</u>

10. Property, plant and equipment

During the reporting year ended 31 December 2022, the Group acquired assets which included by mean of leases amounting to \$21,920,000 (31 December 2021: \$38,428,000) and disposed of assets with carrying value amounting to \$424,000 (31 December 2021: \$196,000).

11. Share capital

	No. of shares <u>issued</u> '000	<u>Share capital</u> \$'000
<u>Group</u>		
Ordinary shares of no par value:		
At 1 January 2021	224,396	23,525
Shares issued under Union Gas PSP ⁽¹⁾	39	9
Placement of treasury shares ⁽²⁾	4,533	1,200
Shares issued for acquisition of subsidiaries (Note 14)	<u>88,650</u>	<u>74,289</u>
At 31 December 2021	317,618	99,023
Shares issued under the scrip dividend scheme ⁽³⁾	<u>149</u>	<u>99</u>
At 31 December 2022	<u>317,767</u>	<u>99,122</u>
<u>Company</u>		
Ordinary shares of no par value:		
At 1 January 2021	228,929	24,725
Shares issued under Union Gas PSP ⁽¹⁾	39	9
Shares issued for acquisition of subsidiaries (Note 14)	<u>88,650</u>	<u>74,289</u>
At 31 December 2021	317,618	99,023
Shares issued under the scrip dividend scheme ⁽³⁾	<u>149</u>	<u>99</u>
At 31 December 2022	<u>317,767</u>	<u>99,122</u>

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

(2) Excluded 4,533,434 shares in the capital of the Company held by Semgas Supply Pte. Ltd., which was acquired by the Company on 30 December 2021. These shares have been reclassified as treasury shares in the consolidated financial statements and their carrying values as at 31 December 2020 are \$1,200,000. The treasury shares were placed out in the open market in financial year 2021 prior to the completion of the Acquisition and a gain on disposal of \$3,152,000 is included in merger reserve (Note 14).

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11. Share capital (cont'd)

⁽³⁾ On 18 July 2022, the Company allotted and issued 149,245 new ordinary shares at an issue price of S\$0.6614 per new shares to shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the final one-tier tax-exempt dividend for the financial year ended 31 December 2021 of S\$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.

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2022 and 31 December 2021, except as disclosed above.

12. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
<u>Repayable within one year</u>				
Secured	1,177	1,254	526	520
Unsecured	6,845	3,280	398	391
Sub-total	<u>8,022</u>	<u>4,534</u>	<u>924</u>	<u>911</u>
<u>Repayable after one year</u>				
Secured	7,009	8,186	6,969	7,495
Unsecured	9,701	13,046	922	1,320
Sub-total	<u>16,710</u>	<u>21,232</u>	<u>7,891</u>	<u>8,815</u>
Total borrowings	<u>24,732</u>	<u>25,766</u>	<u>8,815</u>	<u>9,726</u>

The Group's and the Company's total borrowings and debts securities exclude the carrying amounts of lease liabilities related to right-of-use assets of \$23,079,000 (31 December 2021: \$10,708,000) and \$6,374,000 (31 December 2021: \$6,367,000) respectively.

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

13. Capital commitments

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

	<u>Group</u>	
	31 December <u>2022</u> \$'000	31 December <u>2021</u> \$'000
Commitments for purchase of property, plant and equipment	<u>830</u>	<u>1,073</u>

UNION GAS HOLDINGS LIMITED

14. Acquisition of subsidiaries from a related party

On 24 August 2021, the Company entered into a sale and purchase agreement with Union Energy Corporation Pte. Ltd. (the "UEC") to acquire the entire issued and paid-up share capital of Sembas Asia (Trading) Pte. Ltd., Summit Gas Systems Pte. Ltd., and Semgas Supply Pte. Ltd. (the "Target Group") for a consideration of \$73,400,000, comprising 88,649,905 new ordinary shares in the capital of the Company and cash of \$12,400,000 (the "Acquisition"). The fair value of these new shares measured and recorded on acquisition date in accordance with relevant financial reporting standard was \$74,289,000. The Acquisition was completed on 30 December 2021, following which the Target Group became wholly-owned subsidiaries 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 under common control. The Group accounted for the Acquisition using the pooling of interests method in accordance with its accounting policies as follows:

- Assets, liabilities, reserves, revenue and expenses of the combined business or entities are reflected at their existing amounts;
- The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the merger reserve;
- The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination;
- No additional goodwill is recognised as a result of the combination; and
- The statement of comprehensive income reflects the results of the combining entities or businesses for the full reporting year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

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.

Total consideration was as follows:

	<u>2021</u> \$'000
Cash consideration	12,400
88,649,905 new shares measured at the fair value on acquisition date at \$0.8380 per share	74,289
Less: Adjustment for shortfall in net working capital and net debt in Target Group	<u>(2,885)</u>
	<u>83,804</u>

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

Total consideration	83,804
Share capital acquired	(10,170)
Gain on disposal of treasury shares	<u>(3,152)</u>
	<u>70,482</u>

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15. 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. (“Nguan Huat”), a company incorporated in Singapore, for a consideration of \$2,259,700. Nguan Huat is principally engaged in those of retail sale of LPG and related wholesale markets and storage of LPG products. The rationale for the acquisition is for the expansion of the group’s LPG distribution business and to enhance the Group’s competitiveness.

16. Disposal of a subsidiary

Before the Acquisition disclosed in Note 14 above, Sembas Asia (Trading) Pte. Ltd. held the entire issued and paid-up share capital of UE Land Pte. Ltd., a company incorporated in Singapore. On 31 March 2021, the investment was sold to UEC for a cash consideration of \$1,590,000 and gain on disposal of investment in subsidiary is recognised in other income and gains.

17. Reclassification and comparative figures

The comparative figures of the Group in these financial statements have been reclassified to enhance the presentation of financial statements.

The effect of the reclassification is as follows:

	As previously <u>reported</u> \$'000	<u>Group</u> <u>Reclassification</u> \$'000	<u>Reclassified</u> <u>amount</u> \$'000
2021 Condensed Interim Consolidated Statement of Profit or Loss and Other <u>Comprehensive Income</u>			
Cost of sales	(78,958)	(2,465)	(81,423)
Other income and gains	11,824	(255)	11,569
Marketing and distribution costs	(21,283)	(1,167)	(22,450)
Administrative expenses	(16,711)	3,887	(12,824)

The reclassification has no effect on the total assets, total liabilities, net assets and total equity of the Group as at the end of the previous reporting year.

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

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18. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue increased by \$11.75 million or 9.6% from \$123.04 million for the year ended 31 December 2021 ("FY2021") to \$134.79 million for the year ended 31 December 2022 ("FY2022"), due to an increase revenue from liquefied petroleum gas ("LPG") business, natural gas ("NG") business and diesel ("Diesel") business.

LPG Business

Revenue from the LPG business increased by \$3.68 million or 3.6% from \$101.95 million in FY2021 to \$105.63 million in FY2022, mainly due to higher sales to industrial and commercial customers.

NG Business

Revenue from the NG business increased by \$1.64 million or 72.9% from \$2.25 million in FY2021 to \$3.89 million in FY2022, mainly due to an increase in volume of new NG business.

Diesel Business

Revenue from the Diesel business increased by \$6.43 million or 34.1% from \$18.84 million in FY2021 to \$25.27 million in FY2022, mainly due to increase in selling price arising from an increase in fuel prices.

Cost of sales

Cost of sales increased by \$18.17 million or 22.3% from \$81.42 million in FY2021 to \$99.59 million in FY2022, mainly due to the increase in direct material cost arising from higher international fuel price in FY2022.

Gross profit

Gross profit decreased by \$6.41 million or 15.4% from \$41.62 million in FY2021 to \$35.21 million in FY2022 as a result of higher direct material cost arising from LPG, NG and Diesel businesses.

Other income and gains

Other income and gains decreased by \$8.12 million or 70.1% from \$11.57 million in FY2021 to \$3.45 million in FY2022, mainly due to the absence of one-off gain on disposal of subsidiary, one-off insurance claim received and Jobs Support Scheme pay-outs.

Administrative expenses

Administrative expenses decreased by \$3.22 million or 25.2% from \$12.82 million in FY2021 to \$9.60 million in FY2022 mainly due to reduce in personnel costs, rental of premises and repair and maintenance.

Finance costs

Finance costs increased by \$0.19 million or 37.2% from \$0.50 million in FY2021 to \$0.69 million in FY2022 mainly due to an increase of interest expense.

UNION GAS HOLDINGS LIMITED

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

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

Income tax expense

Income tax expense decreased by \$2.17 million or 87.3% from \$2.49 million in FY2021 to \$0.32 million in FY2022 mainly due to lower profit before income tax and overprovision of prior year income tax expense.

Profit after tax

As a result of the above, profit after tax decreased by \$9.70 million or 65.0% from \$14.91 million in FY2021 to \$5.21 million in FY2022.

Review of the Group's Financial Position

Non-current assets

Non-current assets increased by \$13.35 million or 16.6% from \$80.42 million as at 31 December 2021 to \$93.77 million as at 31 December 2022. The increase was mainly due to addition of property, plant and equipment and increase in other non-financial assets.

Current assets

Current assets increased by \$0.75 million or 1.6% from \$46.67 million as at 31 December 2021 to \$47.42 million as at 31 December 2022. The increase was mainly due to increase in trade and other receivables and other non-financial assets, partially offset by reduce in cash and cash equivalent and inventories.

Non-current liabilities

Non-current liabilities increased by \$6.41 million or 18.2% from \$35.26 million as at 31 December 2021 to \$41.67 million as at 31 December 2022. The increase was mainly due to increase in lease liabilities related to right of use assets, partially offset by repayment of bank borrowings.

Current liabilities

Current liabilities increased by \$5.55 million or 15.5% from \$35.81 million as at 31 December 2021 to \$41.36 million as at 31 December 2022. This was mainly due to increase in trade and other payables, bank borrowings and lease liabilities related to right of use assets, partially offset by a decrease in income tax payable.

Equity attributable to owners of the Company

The increase in equity by \$2.14 million or 3.8% from \$56.02 million as at 31 December 2021 to \$58.16 million as at 31 December 2022 was mainly due to net profit in FY2022, partially offset with final dividend paid in respect of reporting year ended 31 December 2021 and interim dividend paid in respect of reporting year ended 31 December 2022.

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

Review of the Group's Cash Flows

In FY2022, net cash flow generated from operating activities amounted to \$10.60 million. Operating cash flows from operations before changes in working capital of \$13.71 million was decreased by net working capital outflows of \$2.45 million and taxes paid of \$0.66 million.

Net cash flows used in investing activities amounted to \$6.72 million were mainly due to: (i) acquisition of a subsidiary of \$2.26 million and (ii) purchase of property, plant and equipment of \$5.43 million. These were partially offset by proceeds from disposal of property, plant and equipment of \$0.88 million and interest income of \$0.14 million.

Net cash flows used in financing activities amounted to \$5.95 million in FY2022, mainly due to proceeds from bank borrowings of \$5.00 million. This was partially offset by: (i) repayment of bank borrowings and lease liabilities of \$7.19 million; (ii) payment of dividend to shareholders of \$3.08 million; and (iii) interest payment of \$0.69 million.

19. Forecast, or a prospect statement

Not applicable.

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

Union Gas believes the outlook for its business remains positive. The Group is confident that the essential nature of its business and its control over the LPG supply chain enhances its resilience against economic cyclicality. It has built up considerable goodwill for its brand and established longstanding relationships with its customers over more than four decades in the business.

At the same time, the Group is mindful that direct material costs may be persistently high as long as the conflict in Eastern Europe is unresolved. To mitigate any impact, the Group continues to exercise financial prudence to curb costs, while increasing operational efficiency to drive further productivity.

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

UNION GAS HOLDINGS LIMITED

21. Interested person transactions

No IPT mandate has been obtained at the Annual General Meeting held on 28 April 2022.

The aggregate value of all interested person transactions for FY2022 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 Mainboard Rules) during FY2022 \$'000	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during FY2022 under Shareholders' Mandate pursuant to Rule 920 of the Mainboard Rules \$'000
Purchase of electricity by the Group from Mandated Interested Persons	272	112
Provision of labour service by Mandated Interest Person to the Group	546	–

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

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

UNION GAS HOLDINGS LIMITED

23. Use of Proceeds

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

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 (“Re-Allocation”) \$’000	Proceeds utilised as at 12 August 2022 \$’000	Proceeds utilised from 12 August 2022 to the date of this announcement \$’000	Balance of Proceeds as at the date of this announcement \$’000
Acquisition of dealers for the Retail LPG Business	4,143	(3,819)	(55)	269
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)	–	–
	<u>7,500</u>	<u>(6,176)</u>	<u>(208)</u>	<u>1,116</u>

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

UNION GAS HOLDINGS LIMITED

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

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Teo Woo Yang ("Mr. TWY")	33	Son of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and brother of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Mr. TWY was appointed as Business Development Director on 1 October 2019. He is responsible for business operation with CNG, Diesel and LPG as well as procurement, management information system and marketing activities of the Group	No change in duties and position held during the year
Teo Soak Theng Alexis ("Ms. TST")	40	Daughter of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and sister of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Ms.TST was appointed as General Manager (Plant Operations) on 1 August 2019. She is responsible to oversee daily operations of the filling plant and storage depots	No change in duties and position held during the year
Teo Soak Inn Alice ("Ms. TSI")	43	Daughter of Mr Teo Kiang Ang, the non-executive chairman and the controlling shareholder of the company, and sister of Mr Teo Hark Piang, the executive director and chief executive officer of the Company	Ms. TSI was appointed as Project Manager on 1 July 2019. She is responsible for planning and organising the completion of projects	No change in duties and position held during the year

UNION GAS HOLDINGS LIMITED

On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Singapore
27 February 2023

Loo Hock Leong
Lead Independent Director