

UNION GAS HOLDINGS LIMITED

(Registration No: 201626970Z)

Condensed Financial Statements

For the Six-Months and Reporting Year Ended 31 December 2023

UNION GAS HOLDINGS LIMITED

**Condensed Financial Statements
For the Six-Months and Reporting Year Ended 31 December 2023**

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UNION GAS HOLDINGS LIMITED

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months and Reporting Year Ended 31 December 2023**

	Notes	<u>6 months ended</u>		Increase/ (decrease) %	<u>12 months ended</u>		Increase/ (decrease) %
		31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000		31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000	
Revenue	4	64,605	66,436	(2.8)	128,851	134,794	(4.4)
Cost of sales		(37,542)	(48,081)	(21.9)	(80,027)	(99,586)	(19.6)
Gross profit		27,063	18,355	47.4	48,824	35,208	38.7
Other income and gains		495	1,708	(71.0)	1,548	3,454	(55.2)
Marketing and distribution costs		(11,179)	(11,724)	(4.6)	(21,275)	(22,671)	(6.2)
Administrative expenses		(7,280)	(5,388)	35.1	(12,323)	(9,597)	28.4
Finance costs		(684)	(360)	90.0	(1,370)	(686)	99.7
Other expenses		(309)	(31)	N.M.	(355)	(179)	98.3
Profit before income tax	6	8,106	2,560	N.M.	15,049	5,529	N.M.
Income tax (expense) / credit	7	(1,692)	208	N.M.	(2,826)	(316)	N.M.
Profit, net of tax		6,414	2,768	N.M.	12,223	5,213	N.M.
<u>Other comprehensive income:</u>							
Items that may be reclassified subsequently to profit or loss:							
Fair value adjustment on derivatives		1,058	–	N.M.	1,058	–	N.M.
Total other comprehensive income, net of tax		1,058	–	N.M.	1,058	–	N.M.
Total comprehensive income		7,472	2,768	N.M.	13,281	5,213	N.M.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)
For the Six-Months and Reporting Year Ended 31 December 2023**

	<u>12 months ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
	<u>Cents</u>	<u>Cents</u>
Basic and diluted earnings per share		
– Based on weighted average number		
of ordinary shares in issue	<u>3.85</u>	<u>1.64</u>

N.M.- Not meaningful

Note: Certain comparative figures have been reclassified. Refer to Note 16 for further details.

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

UNION GAS HOLDINGS LIMITED

Condensed Statements of Financial Position As at 31 December 2023

	Notes	Group	
		31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	67,549	73,161
Investment property		180	180
Goodwill		1,906	1,873
Intangible assets		781	992
Contract costs, non-current		1,702	2,143
Other receivables, non-current		3	–
Deferred tax assets		27	–
Other non-financial assets, non-current		17,447	14,419
Total non-current assets		<u>89,595</u>	<u>92,768</u>
<u>Current assets</u>			
Inventories		2,654	2,419
Contract costs, current		939	766
Trade and other receivables, current		25,859	23,634
Other financial asset		–	1,000
Other non-financial assets, current		11,273	8,423
Derivative financial assets	11	1,418	–
Cash and cash equivalents		13,244	12,174
Total current assets		<u>55,387</u>	<u>48,416</u>
Total assets		<u>144,982</u>	<u>141,184</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	12	99,122	99,122
Retained earnings		46,563	37,200
Other reserves		(77,106)	(78,164)
Total equity		<u>68,579</u>	<u>58,158</u>
<u>Non-current liabilities</u>			
Provisions		1,884	1,284
Deferred tax liabilities		2,924	2,793
Bank borrowings, non-current	13	13,154	16,670
Lease liabilities, non-current	13	18,843	20,924
Total non-current liabilities		<u>36,805</u>	<u>41,671</u>
<u>Current liabilities</u>			
Income tax payable		2,934	1,016
Trade and other payables		29,389	29,629
Bank borrowings, current	13	3,686	7,371
Derivative financial liabilities	11	240	19
Lease liabilities, current	13	2,893	2,846
Contract liabilities		456	474
Total current liabilities		<u>39,598</u>	<u>41,355</u>
Total liabilities		<u>76,403</u>	<u>83,026</u>
Total equity and liabilities		<u>144,982</u>	<u>141,184</u>

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

UNION GAS HOLDINGS LIMITED

Condensed Statements of Financial Position (Cont'd) As at 31 December 2023

	Notes	Company	
		31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	17,687	18,410
Investments in subsidiaries		110,597	110,564
Other non-financial assets, non-current		352	352
Total non-current assets		<u>128,636</u>	<u>129,326</u>
<u>Current assets</u>			
Trade and other receivables		2,858	5,896
Other non-financial assets, current		71	15
Cash and cash equivalents		1,327	1,429
Total current assets		<u>4,256</u>	<u>7,340</u>
Total assets		<u>132,892</u>	<u>136,666</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	12	99,122	99,122
Retained earnings		13,712	9,088
Total equity		<u>112,834</u>	<u>108,210</u>
<u>Non-current liabilities</u>			
Provision		105	105
Deferred tax liabilities		80	93
Trade and other payables, non-current		2,268	4,836
Bank borrowings, non-current	13	7,380	7,891
Lease liabilities, non-current	13	5,994	6,185
Total non-current liabilities		<u>15,827</u>	<u>19,110</u>
<u>Current liabilities</u>			
Income tax payable		33	–
Trade and other payables, current		3,328	8,233
Bank borrowings, current	13	679	924
Lease liabilities, current	13	191	189
Total current liabilities		<u>4,231</u>	<u>9,346</u>
Total liabilities		<u>20,058</u>	<u>28,456</u>
Total equity and liabilities		<u>132,892</u>	<u>136,666</u>

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

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**Condensed Statements of Changes in Equity
For the Reporting Year Ended 31 December 2023**

	Share capital \$'000	Retained earnings \$'000	----- Other reserves -----			Total other reserves \$'000	Total equity \$'000
			Merger reserve \$'000	Capital reserve \$'000	Fair value reserve \$'000		
Group							
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 8A)	–	(2,860)	–	–	–	–	(2,860)
Closing balance at 31 December 2023	<u>99,122</u>	<u>46,563</u>	<u>(81,482)</u>	<u>3,318</u>	<u>1,058</u>	<u>(77,106)</u>	<u>68,579</u>
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 8A)	–	(3,175)	–	–	–	–	(3,175)
Shares issued under the scrip dividend scheme (Note 12)	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>

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

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**Condensed Statements of Changes in Equity (Cont'd)
For the Reporting Year Ended 31 December 2023**

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total equity</u> \$'000
<u>Company</u>			
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 8A)	–	(2,860)	(2,860)
Closing balance at 31 December 2023	<u>99,122</u>	<u>13,712</u>	<u>112,834</u>
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 8A)	–	(3,175)	(3,175)
Shares issued under the scrip dividend scheme (Note 12)	99	–	99
Closing balance at 31 December 2022	<u>99,122</u>	<u>9,088</u>	<u>108,210</u>

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

UNION GAS HOLDINGS LIMITED

Condensed Consolidated Statement of Cash Flows For the Reporting Year Ended 31 December 2023

	<u>2023</u> \$'000	<u>2022</u> \$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	15,049	5,529
Amortisation expenses	621	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	(9)	(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	<u>27,558</u>	<u>13,708</u>
Inventories	(235)	283
Contract costs	268	443
Trade and other receivables	(2,444)	(2,408)
Other non-financial assets	(5,878)	(2,480)
Trade and other payables, and contract liabilities	<u>(258)</u>	<u>1,709</u>
Net cash flows from operations	19,011	11,255
Income taxes paid	(805)	(655)
Net cash flows from operating activities	<u>18,206</u>	<u>10,600</u>
<u>Cash flows from investing activities</u>		
Acquisition of intangible assets	(410)	(53)
Acquisition of a subsidiary, net of cash acquired (Note 15)	(33)	–
Asset acquisition from a third party	–	(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	<u>(2,771)</u>	<u>(6,720)</u>
<u>Cash flows from financing activities</u>		
Dividends paid	(2,860)	(3,076)
Proceeds from bank borrowings	15,251	5,000
Repayment of bank borrowings	(22,453)	(5,300)
Lease liabilities – principal portions paid	(2,933)	(1,888)
Interest expenses paid	<u>(1,370)</u>	<u>(686)</u>
Net cash flows used in financing activities	<u>(14,365)</u>	<u>(5,950)</u>
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	<u>13,244</u>	<u>12,174</u>

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

UNION GAS HOLDINGS LIMITED

Notes to the Condensed Financial Statements 31 December 2023

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

The principal activities of the Company are those of investment holding.

The principal activities of the 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 2022 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 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 Committee under the Accounting and Corporate Regulatory Authority. 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 financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Group’s annual financial statements for the reporting year ended 31 December 2022. The Company’s separate financial statements have been prepared on the same basis.

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 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 year.

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 <u>31 December 2023</u>					
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 expense	(621)	–	–	–	(621)
Depreciation of property, plant and equipment	(10,081)	(134)	(570)	–	(10,785)
Finance costs	(1,299)	(18)	(53)	–	(1,370)
Reversal for impairment of intangible assets	45	–	–	–	45
(Allowance) / reversal for impairment on trade and other receivables	(153)	1	4	–	(148)
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)

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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 <u>31 December 2022</u>					
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 expense	(982)	–	–	–	(982)
Depreciation of property, plant and equipment	(7,327)	(63)	(623)	–	(8,013)
Finance costs	(596)	(11)	(79)	–	(686)
Reversal for impairment of intangible assets	93	–	–	–	93
Reversal for impairment on trade and other receivables	64	1	4	–	69
Reversal of provision for 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.

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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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Sale of LPG, LPG-related accessories and services	53,093	52,269	106,364	105,634
Sale of NG	3,415	2,061	6,190	3,888
Sale of diesel	8,097	12,106	16,297	25,272
	<u>64,605</u>	<u>66,436</u>	<u>128,851</u>	<u>134,794</u>

4E. Breakdown of sales

	<u>Group</u>		Increase/ (decrease) %
	31 December	31 December	
	<u>2023</u>	<u>2022</u>	
	\$'000	\$'000	
Sales reported for first half year	64,246	68,358	(6.0)
Operating profit after tax before deducting non-controlling interests reported for the first half year	5,809	2,445	N.M.
Sales reported for second half year	64,605	66,436	(2.8)
Operating profit after tax before deducting non-controlling interests reported for the second half year	6,414	2,768	N.M.

N.M.- Not meaningful

5. Significant related party transactions

	<u>Group</u>	
	31 December	31 December
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Purchase of diesel pump and facilities	467	—
Purchase of electricity	179	384
Rental expense of premises	—	64
Sub-contract fee	68	546

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6. Profit before income tax

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

	<u>Group</u>	
	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
Amortisation expenses	(621)	(982)
Bad debts written-off	(70)	–
Depreciation of property, plant and equipment	(10,785)	(8,013)
Employee benefit expenses	(21,722)	(20,813)
Fair value changes on derivative financial instruments, net	139	(19)
Foreign exchange losses, net	(90)	(100)
Gain on disposal of property, plant and equipment	270	454
Gain on remeasurement of right-of-use assets	9	2
Government grant income	331	770
Intangible assets written-off	(46)	–
Interest expense	(1,370)	(686)
Interest income	68	142
Loss on fair value changes in investment property	–	(60)
Other income	579	599
Rental income from property	227	504
Reversal for impairment on intangible assets	45	93
Impairment on trade and other receivables – (allowance) / reversal	(148)	69
Reversal of provision of restoration costs	–	821
	<u>–</u>	<u>821</u>

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 consolidated statement of profit or loss are:

	<u>Group</u>	
	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
Current tax expense	2,722	294
Deferred tax expense	104	22
Total income tax expense	<u>2,826</u>	<u>316</u>

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8. Dividends

8A. Dividends declared and paid

	<u>Rate per share</u>		31 December <u>2023</u> Cents	31 December <u>2022</u> Cents	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'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			<u>1,907</u>	<u>634</u>
					<u>2,860</u>	<u>3,175</u>

Declared or paid interim dividend:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Name of dividend	Interim tax exempt (1-tier) dividend	Interim tax exempt (one-tier) dividend
Type	Cash	Cash
Dividend rate	0.60 Singapore cent	0.20 Singapore cent
Book closure date	11 October 2023	11 October 2022
Date payable or paid	<u>20 October 2023</u>	<u>21 October 2022</u>

8B. Dividends declared and paid

The Directors are pleased to propose the payment of a final dividend of 0.88 Singapore cent per ordinary share, in respect of the reporting year ended 31 December 2023, 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
Dividend rate	0.88 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.

9. Net assets value

	<u>Group</u>		<u>Company</u>	
	31 December <u>2023</u>	31 December <u>2022</u>	31 December <u>2023</u>	31 December <u>2022</u>
Net assets value per ordinary share (cents)	21.58	18.30	35.51	34.05
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>317,767</u>	<u>317,767</u>	<u>317,767</u>	<u>317,767</u>

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10. Property, plant and equipment

During the reporting year ended 31 December 2023, the Group acquired assets amounting to \$6,451,000 (31 December 2022: \$21,920,000) and disposed of assets with carrying value amounting to \$1,369,000 (31 December 2022: \$847,000).

11. Derivatives financial assets / (liabilities)

	<u>Group</u>	
	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
Foreign currency forward contracts	(240)	(19)
Commodities future contracts	1,418	–
	<u>1,178</u>	<u>(19)</u>

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss or other comprehensive income.

12. Share capital

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

⁽¹⁾ On 18 July 2022, the Company allotted and issued 149,245 new ordinary shares at an issue price of S\$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 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 2023 and 31 December 2022.

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13. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
<u>Repayable within one year</u>				
Secured	349	1,177	274	526
Unsecured	3,412	6,845	405	398
Sub-total	<u>3,761</u>	<u>8,022</u>	<u>679</u>	<u>924</u>
<u>Repayable after one year</u>				
Secured	6,905	7,009	6,863	6,969
Unsecured	6,292	9,701	517	922
Sub-total	<u>13,197</u>	<u>16,710</u>	<u>7,380</u>	<u>7,891</u>
Total borrowings	<u>16,958</u>	<u>24,732</u>	<u>8,059</u>	<u>8,815</u>

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 (31 December 2022: \$23,079,000) and \$6,185,000 (31 December 2022: \$6,374,000) respectively.

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

14. Capital commitments

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

	<u>Group</u>	
	31 December <u>2023</u> \$'000	31 December <u>2022</u> \$'000
Commitments for purchase of property, plant and equipment	<u>7,406</u>	<u>830</u>

15. Acquisition of a subsidiary

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. YouCai is principally engaged in general contractors and building construction works. 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.

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16. 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
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six-Months ended 31 <u>December 2022</u>			
Revenue	66,482	(46)	66,436
Cost of sales	(49,029)	948	(48,081)
Other income and gains	1,653	55	1,708
Marketing and distribution costs	(12,476)	752	(11,724)
Administrative expenses	(3,679)	(1,709)	(5,388)

There is no reclassification on comparative figures of the Group for the reporting year ended 31 December 2022.

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 period.

The third statement of financial position at the beginning of the previous reporting period 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 period.

17. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue decreased by \$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 diesel ("Diesel") business, offset by an increase in revenue from natural gas ("NG") business.

LPG Business

Revenue from the LPG business has remained consistent in FY2023 at \$106.36 million from \$105.63 million in FY2022.

NG Business

Revenue from the NG business increased by \$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 decreased by \$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.

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

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

Cost of sales

Cost of sales decreased by \$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 and efficiency and the decrease in direct material costs arising from lower international fuel prices in FY2023.

Gross profit

Gross profit increased by \$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 LPG and diesel businesses.

Other income and gains

Other income and gains decreased by \$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 by \$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 increased by \$0.68 million or 99.7% to \$1.37 million in FY2023 from \$0.69 million in FY2022 mainly due to an increase of interest expense for lease liabilities.

Income tax expense

Income tax expense increased by \$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 above, profit after tax increased by \$7.01 million or 134.5% to \$12.22 million in FY2023 from \$5.21 million in FY2022.

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

Review of the Group's Financial Position

Non-current assets

Non-current assets decreased by \$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 decrease 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 by \$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 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 by \$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 by \$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. This is offset by an increase in income tax payable.

Equity attributable to owners of the Company

The increase in equity by \$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.

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18. Forecast, or a prospect statement

Not applicable.

19. 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

Barring unforeseen circumstances, Union Gas remains optimistic about its business prospect because of the essential nature of the fuel products it provides.

The Group's full control of the LPG supply chain enables it to tap on opportunities along the supply chain at the opportune time.

The Group is mindful that direct material costs may be volatile due to the ongoing conflicts in Eastern Europe, the Middle East and the Red Sea. It will continue to review and enhance operational efficiency to drive further productivity while streamlining its organisation structure and enhancing management control and efficiency.

Union Gas remains keen to expand the energy products that it provides. In December 2023, the Group inked a strategic memorandum of understanding with Hong Kong-based Deltrix Limited to accelerate and strengthen the development of electric vehicle ("EV") charging infrastructure across Singapore, Japan and the Southeast Asia region.

20. Interested person transactions

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 Mainboard Rules) 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 Mainboard Rules \$'000
Purchase of electricity by the Group from Union Power Pte. Ltd. and Union Solar Pte. Ltd.	179	–
Purchase of diesel pump by the Group from Trans-Cab Services Pte. Ltd.	467	–

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21. 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).

22. 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	Gross Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") \$'000	Proceeds utilised as at 14 August 2023 \$'000	Proceeds utilised from 14 August 2023 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	(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)	–	–
	<u>7,500</u>	<u>(6,653)</u>	<u>–</u>	<u>847</u>

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.

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23. **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")	34	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 Group	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")	41	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 Group	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")	44	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

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On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Singapore
28 February 2024

Loo Hock Leong
Lead Independent Director