



**UNION
GAS**
HOLDINGS
LIMITED

2021 ANNUAL REPORT
**POSITIONED FOR
GREATER
OPPORTUNITIES**

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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 give it ownership and control of the whole 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” brand. 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 CNG at its “Energy” fuel station in 50 Old Toh Tuck Road. The Group also supplies liquefied NG and piped NG to commercial customers.

Union Gas sells and distributes diesel to retail customers at its “Energy” fuel station as well as 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 is its main revenue generator contributing over 80% of total sales annually. Its operations spans across the entire LPG 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 supply of LPG 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, to mainly domestic households in matured and / or older estates and landed housing in Singapore. Its small cylinders are also sold to dormitories and certain industrial customers, as well as and supplied to corporate and private events.

Union Gas owns one of the largest delivery fleets in Singapore with nearly 300 vehicles to support island-wide distribution. Its call-centre has more than 50 customer service officers and operates all year-round to take customer orders. For the convenience of customers, the Group has embraced digital transformation and accepts orders and e-payments across various platforms including its SUNGAS and UnionSG mobile apps; SUNGAS (www.sungas.com.sg) and Union Gas (www.uniongas.com.sg) websites and QR codes.

Natural Gas 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 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 sector.

Diesel Business

Since August 2015, the Group sells and distributes diesel to retail customers at its "Cnergy" station at 50 Old Toh Tuck Road. The station, which is open to the public, has 5 diesel dispensers with 4 nozzles each and two 20,000-litre underground diesel storage tanks which houses its diesel supply.

Union Gas also transports, distributes and bulk sells diesel to commercial customers.



Message to **Shareholders**



Dear Shareholders

The 12 months ended 31 December 2021 (“FY2021”) was a year of many exciting milestones and events for Union Gas.

We celebrated our successful transfer from the Catalist Board to the Mainboard of the Singapore Exchange Securities Trading Limited in July 2021. We believe being on the Mainboard enhances the image and profile of Union Gas both locally and internationally and accords us with greater visibility and recognition in the market and amongst investors.

We completed the acquisition of our new headquarters at 89 Defu Lane 10, which consolidated several of our previously scattered departments in one location and enabled us to better streamline our resources and paved the way for higher efficiency.

We made first forays into two new areas of interests. The first was a collaboration with Surbana Jurong Group to study and evaluate the potential redevelopment of our existing fuel station at 50 Old Toh Tuck Road into a multi-fuels and renewable energy facility. The second was our first potential overseas venture with the signing of a non-binding letter of intent with Phnom Penh based Worldbridge Industrial Developments for a proposed joint venture to supply and distribute LPG in the Kingdom of Cambodia.

But the landmark event in FY2021 that would propel Union Gas to the next level of growth was the completion of our acquisition of Sembas (Asia) Trading Pte. Ltd., Sengas Supply Pte. Ltd., and Summit Gas Systems Pte. Ltd. (the “**Acquisition**”) from Union Energy Corporation Pte. Ltd., which expanded our LPG operations.

The Acquisition comprised two bottling plants and a sizeable amount of support infrastructure including six LPG storage depots, a fleet of delivery vehicles and an entire commercial and industrial LPG sales team. It gave Union Gas full and strategic control of the entire LPG supply chain from procurement of LPG to bottling, to storage and retail and gave the Group ownership of two out of the four bottling licenses and bottling plants in Singapore.

The Acquisition made Union Gas one of the largest LPG players with the largest bottling operations in the city-state and positioned our Group to capture future opportunities across the supply chain.

Message to *Shareholders*



FY2021 performance review

The Acquisition boosted our LPG sales performance in FY2021 and all our three business segments registered higher sales revenue mainly due to higher selling prices. As a result, we topped our previous financial year's record sales performance with a new high of \$123.04 million in revenue, while net profit came in at \$14.91 million. This was respectively 3.4% higher and 48.4% lower than the restated FY2020 figures¹.

However if compared against actual² figures reported in FY2020, where revenue was \$86.19 million and net profit was \$13.86 million, FY2021 would have been another record year for Union Gas with significant y-o-y revenue and profit growth of 42.8% and 7.6% respectively.

During the period under review, Union Gas' gross profit margin declined to 35.8% mainly because of higher cost of sales due to an increase in fuel prices, which we did not pass on fully to customers.

We had absorbed the bulk of fuel cost price hikes and this decision eroded our gross profit margin and our profits. We wanted to support our longstanding customers through the difficult times brought on by the Covid-19 pandemic. We believe this helps to increase the overall resilience and robustness of our industry and also strengthens our valuable partnerships. It goes a long way to build trust with our customers and the

customers of our customers, who are end consumers and it is the hallmark of our brand which is trusted by generations.

In line with the healthy performance, the Board of Directors has proposed a final ordinary dividend of 0.80 Singapore cents per share, which together with the interim dividend of 1.00 Singapore cents per share, brings the total dividend for FY2021 to 1.80 Singapore cents per share.

¹ 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.

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

Message to Shareholders

Outlook

Union Gas is of the view that the next 12 months will be challenging. The ongoing Covid-19 situation continues to disrupt supply chains and this is expected to worsen because of recent geo-political tensions in Eastern Europe. We expect it to escalate energy prices and lead to rising cost of operations for our Group.

We will continue to monitor the situation closely and implement measures that are necessary to cushion the Group against the impact of higher fuel prices. These measures may include raising the prices of our energy products.

Nevertheless, we remain positive about the outlook for our industry and our optimism is supported by the essential nature of our business, our fully integrated operations and also the expansion of our LPG services and offerings. These elements enhance our resilience against unforeseen headwinds and increase our ability to deliver sustainable growth for the Group.

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

Sustainability

Sustainable business practices are an intrinsic part of our daily operations and have become a part of our corporate DNA. We are pleased to share our fifth Sustainability Report which is published together with this Annual Report, covering our environmental, social and governance performance in FY2021.

We have achieved year-on-year improvements in areas such as health and safety performance. In light of our expanded operations, we will be reviewing our material topics in FY2022 to reflect our enlarged business and to refine the data in our subsequent sustainability reports. We will keep shareholders updated on our progress.

Appreciation

As Union Gas embarks on an exciting new chapter with its fully integrated business operations, we look forward to the continued support of all our stakeholders.

We would like to recognise the management team and our staff for your hard work and dedication, which had enabled Union Gas to achieve yet another year of record sales despite external challenges. We also want to express our appreciation to our fellow Directors on the Board for contributing your time and experience to steward the Group.

Lastly, we want to thank our shareholders, customers and business partners who continue to believe in us as a brand that has been trusted by generations.

As we take our Group to the next level of growth, we hope that you will all grow alongside us.

Teo Kiang Ang, Non-Executive Chairman
Teo Hark Piang, Executive Director and CEO



Board of Directors



TEO KIANG ANG

Founder and Non-Executive Chairman

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 more than 40 years of experience in the LPG market in Singapore and has deep knowledge and understanding of the business. He is responsible for formulating our Group's strategic focus and direction. Mr Teo is also the Chairman and CEO of Trans-cab which is principally engaged in the operation of taxi services in Singapore. Mr Teo serves as a president of Chui Huay Lim (a Teochew clan association). 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 | 25 April 2019

Current and Past Directorships in Listed Companies | Nil

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

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

Board of Directors



LOO HOCK LEONG

Lead Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 29 April 2021

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 merger and acquisition. He has extensive experience in financial structuring of interest rate and foreign exchange risk management solutions for these clients. Mr Loo graduated from the National University of Singapore with a Bachelor of Electrical Engineering (Hons) degree in 1995. In 2000, he obtained a Masters of Applied Finance from the Macquarie University with three distinguished awards: Best Overall Performance, Best in Derivatives Valuation and Best in Legal & Tax Risk in Finance. He also has a professional qualification in accounting from the Institute of Singapore Chartered Accountants (ISCA) and is a Chartered Accountant with ISCA.

LIM CHWEE KIM

Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 26 June 2020

Chairman | Remuneration Committee

Member | Audit Committee & Nominating Committee

Current Directorships in Listed Companies | 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 the future growth of the group. Mr Lim started the business of providing cargo transportation services, container haulage and project cargo movement in 1992 under a sole proprietorship known as RichLand Cargo Trucking & Labour Service Agency. 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. He is currently the Chairman of the Citizen Consultative Committee of Hougang Single Member Constituency (SMC).

Board of Directors



HENG CHYE KIOU

Independent Director

Date of First Appointment | 20 June 2017

Last Re-Elected | 26 June 2020

Chairman | Nominating Committee

Member | Remuneration Committee & Audit Committee

Current and Past Directorships in Listed Companies | Nil

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

Key Executives

ALEXIS TEO SOAK THENG

General Manager

Ms Teo was appointed as 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 more than 18 years of experience in the LPG industry in Singapore. Prior to joining our Group in 2016, Ms Teo was a deputy manager for 13 years with Summit Gas Systems Pte. Ltd., a wholly-owned subsidiary of UEC Group which is engaged in the manufacturing, processing and the sale of LPG where she was responsible for the plant operations and facilities management. Ms Teo has a Bachelor in Commerce degree from Murdoch University, Perth, Western Australia. Ms Teo is the sister of our Executive Director and CEO, Mr Teo Hark Piang.

HONG PAY LENG

Chief Financial Officer

Ms Hong was appointed as Chief Financial Officer of our Group in January 2020. She is responsible for the functions of financial reporting and its related regulatory compliance matters, 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, a Fellow Member of The Association of Chartered Certified Accountant and she holds a Master in Business Administration from the University of South Australia.

SYLVIA LIO

Chief Accounting Officer

Ms Lio was appointed as Chief Accounting Officer in September 2017. She reports to the Chief Financial Officer. With more than 10 years of experience in the accounting and finance fields, she is responsible for all finance and accounting functions of the Group. Before joining the Group in October 2016, she was a Senior Manager for Accounting in UEC Group where she was responsible for the financial management, accounting and management reporting as well as financial operations of the entities within the UEC Group. She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with ISCA.

Key Executives

TEO WOO YANG

Business Development Director

Mr Teo was appointed as Business Development Director of the Group since October 2019. He is responsible for the business operation with CNG, Diesel and LPG (domestic households) as well as 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, responsible for sales and setting up production lines for items such as salted-egg flavoured snacks, durian mooncakes and pastries. Mr Teo is the brother of our Executive Director and CEO, Mr Teo Hark Piang.

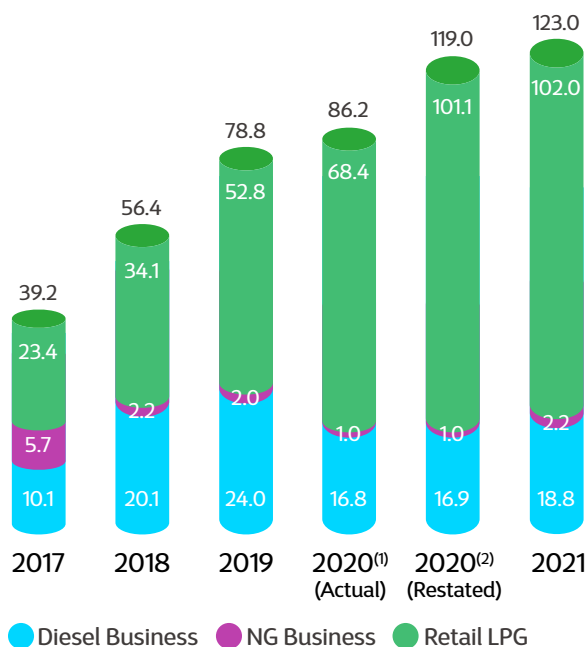
SIM LAI KIT

Head of LPG Commercial

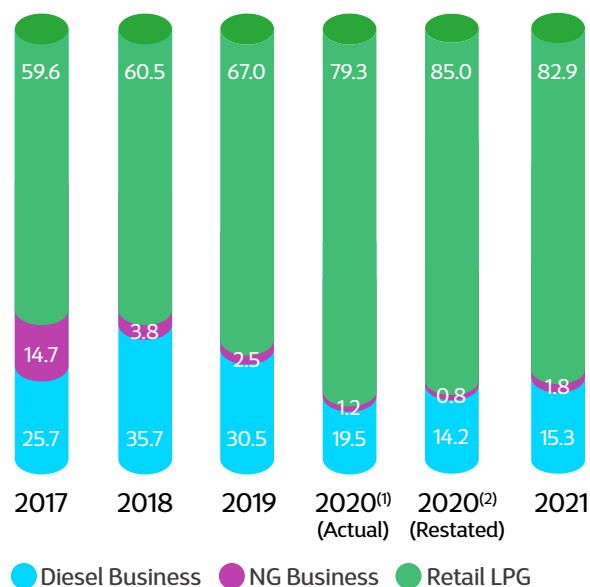
Mr Sim was appointed as Head of LPG Commercial in 2019. He manages the sales, operations, services and maintenance of the LPG Commercial and Industrial business and is in charge of customer satisfaction and retention. He first joined UEC Group in 1999 as a Technician and rose through the ranks over the years to become a project supervisor of a team that did piping and servicing. In 2004, he was involved in helping the Group to penetrate the hawker centre segment. In 2005, he was promoted to Project Manager and subsequently to Business Development Manager in 2010.

Financial Highlights

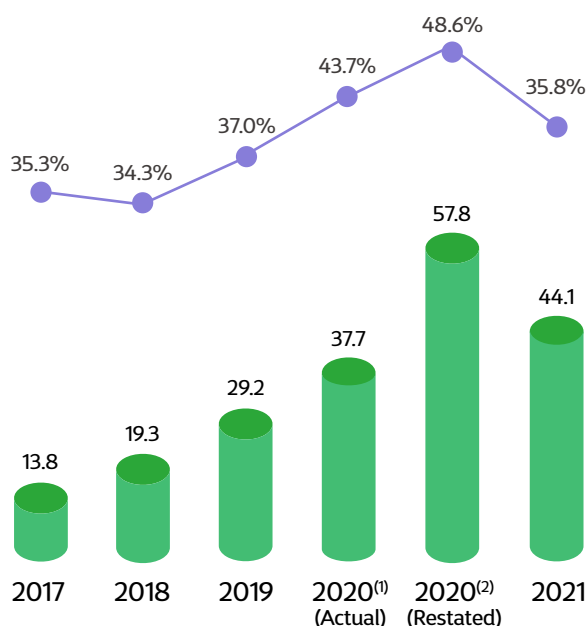
TOTAL REVENUE (S\$m)



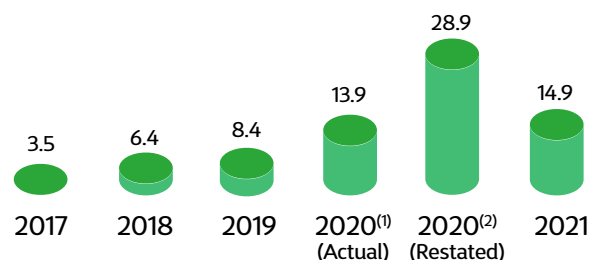
PERCENTAGE REVENUE CONTRIBUTION BY BUSINESS (%)



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



NET PROFIT (S\$m)



⁽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 FY2021 FINANCIAL PERFORMANCE

Revenue

Revenue increased by approximately \$4.07 million or 3.4% from \$118.97 million for the year ended 31 December 2020 ("FY2020") to \$123.04 million for the year ended 31 December 2021 ("FY2021"), mainly due to an increase in revenue from the Group's LPG, Diesel and NG businesses.

LPG Business

The revenue generated from the LPG business had increased by \$0.86 million or 0.9% from \$101.09 million in FY2020 to \$101.95 in FY2021. This was mainly due to an increase in selling price.

NG Business

The revenue generated from the NG business had increased by \$1.27 million or 129.6% from \$0.98 million in FY2020 to \$2.25 million in FY2021 due to higher selling price in compressed NG revenue and revenue from new piped NG business.

Diesel Business

Revenue from the Diesel business increased by \$1.94 million or 11.5% from \$16.90 million in FY2020 to \$18.84 million in FY2021 due to a selling price hike arising from escalating fuel prices.

Cost of Sales

The cost of sales has increased by \$17.79 million or 29.1% from \$61.17 million in FY2020 to \$78.96 million in FY2021 attributed to higher revenue and direct material costs.

Gross Profit

Gross profit decreased by \$13.72 million or 23.7% from \$57.80 million in FY2020 to \$44.08 million in FY2021 due to higher direct material costs arising from LPG, Diesel and NG businesses.



Operations and *Financial Review*



Other income and gains

Other income and gains have decreased by \$2.05 million or 14.8% from \$13.87 million in FY2020 to \$11.82 million in FY2021 due to a reversal of impairment on receivables as a result of recoverable in FY2020 and lower Job Support Scheme pay-outs received. This was partially offset by a one-off insurance claim received in FY2021 and a gain on disposal of a subsidiary under one of the Acquisition companies.

Administrative expense

Administrative expense had declined by \$0.55 million or 3.2% from \$17.26 million in FY2020 to \$16.71 million in FY2021 due to lower personnel costs.

Income tax expense

Income tax expense decreased by \$1.26 million or 33.6% from \$3.75 million in FY2020 to \$2.49 million in FY2021 due to lower profit before tax.

Profit after tax

As a result of the above, our profit after tax decreased by \$13.97 million or 48.4% from \$28.88 million in FY2020 to \$14.91 million in FY2021.

Operations and *Financial Review*

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-Current Assets

Non-current assets had increased by \$37.51 million or 87.4% from \$42.91 million as at 31 December 2020 to \$80.42 million as at 31 December 2021. The increase was due to an increase in: (i) property, plant and equipment, which is driven by the land rental arising from the completion of acquisition of a leasehold property at 89 Defu Lane 10 and completion of LPG bottling plant construction at Jalan Buroh; (ii) investment in financial asset; and (iii) non-financial assets. This was partially offset by depreciation and amortisation expenses of non-current assets for FY2021.

Current Assets

Current assets had decreased by \$19.57 million or 29.5% from \$66.24 million as at 31 December 2020 to \$46.67 million as at 31 December 2021. This was due to a decrease in cash and cash equivalents in relation to acquisitions of property, plant and equipment, subsidiaries, and various assets from Union Energy Corporation Limited. This was partially offset by an increase in inventories, trade and other receivables as well as other non-financial assets.

Non-Current Liabilities

Non-current liabilities increased by \$27.20 million or 337.5% from \$8.06 million as at 31 December 2020 to \$35.26 million as at 31 December 2021. The increase was a result of higher bank borrowings and lease liabilities of the land rental in relation to the acquisition of the leasehold property at 89 Defu Lane 10.

Current Liabilities

Current liabilities decreased by \$1.10 million or 3.0% from \$36.91 million as at 31 December 2020 to \$35.81 million as at 31 December 2021 due to an increase in trade and other payables and bank borrowings. This was partially offset by a decrease in income tax payable as a result of tax paid and decrease in tax provision.



Operations and *Financial Review*



Equity attributable to owners of the Company

The decrease in equity by \$8.16 million or 12.7% from \$64.18 million as at 31 December 2020 to \$56.02 million as at 31 December 2021 due to an increase in merger reserve in relation to the Acquisition and dividends paid to shareholders. This was partially offset by the issuance of new shares for the Acquisition.

Review of the Group's Cash Flows

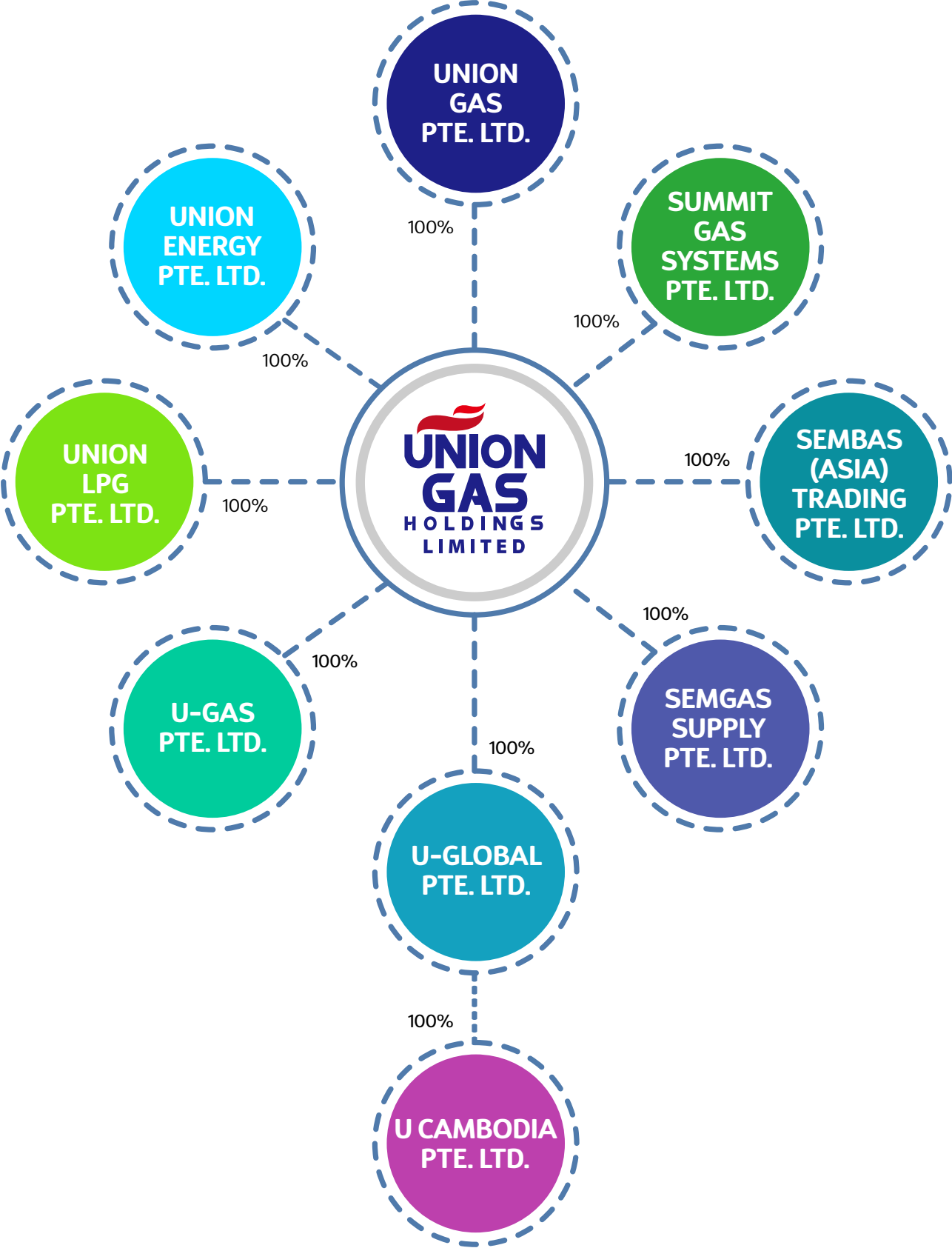
In FY2021, our net cash flow generated from operating activities amounted to \$10.59 million. We generated operating cash flows before changes in working capital of \$25.04 million which was reduced by net working capital outflows of \$10.53 million and taxes paid of \$3.92 million.

Net cash flows used in investing activities amounted to \$24.33 million were mostly due to: (i) acquisition of a leasehold property at 89 Defu Lane and completion of construction of LPG storage at Jalan Buroh; and (ii) investment in financial asset \$1.00 million. This was partially offset by proceeds from the disposal of property, plant and equipment of \$0.55 million, disposal of a subsidiary of \$1.59 million and placement of treasury shares of \$4.35 million.

Net cash flows used in financing activities amounted to \$10.68 million in FY2021, mainly due to: (i) payment of dividends to shareholders of \$17.91 million; (ii) repayment of bank borrowings and lease liabilities of \$9.26 million; and (iii) interest payment of \$0.50 million. This was partially offset by bank borrowings of \$17.00 million.

Corporate Structure

AS AT 31 DECEMBER 2021



Sustainability Report

BOARD STATEMENT

The Board of Directors (the “Board”) of Union Gas is pleased to present the Group’s fifth sustainability report (“Report”) the financial year ended 31 December 2021. This Report covers the Environment, Social, Governance (“ESG”) performance across the Group’s 3 business segments – Retail LPG, NG and Diesel¹. 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 deemed material to Union Gas Holdings Limited.

The Board and management of Union Gas oversee the management and monitoring of the ESG factors that have been identified by the Group 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 Board and management of Union Gas were involved in the preparation and review of this Report before it was approved and published. The Report is currently not externally assured but we may consider external assurance as our Report matures over time.

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 welcome feedback 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, our 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 creates positive benefits for our stakeholders, drives long-term success for our Company and enables each employee at every level of our company to participate in value-creation for the customer.



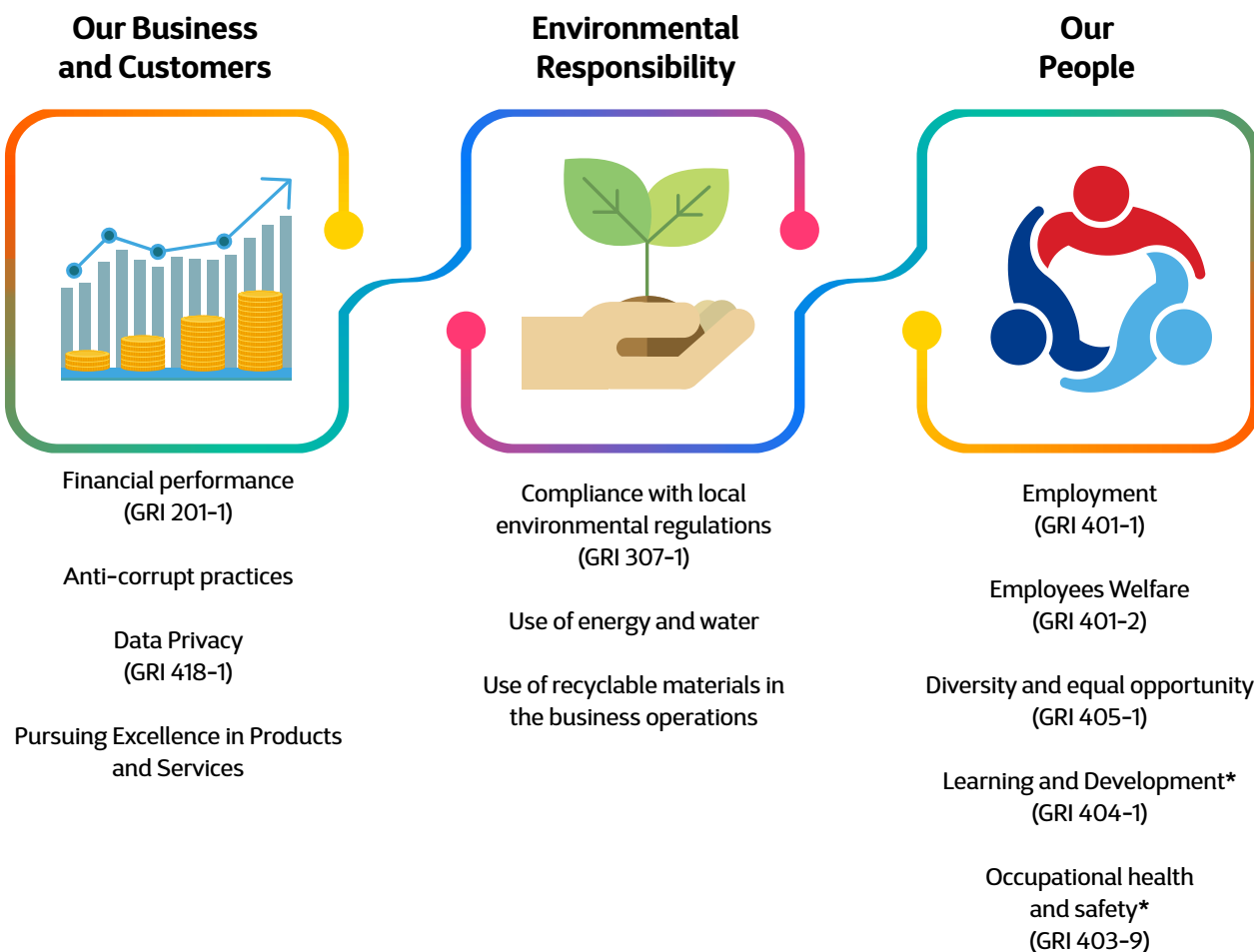
¹ This Report excludes ESG data from the acquisition of subsidiaries companies from Union Energy Corporation Pte. Ltd. (“UEC”), which was completed on 30 Dec 2021. ESG data from newly acquired subsidiaries will be covered in our next Sustainability Report.

Sustainability Report

STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

The Company engages various stakeholders including employees, customers, business partners, industry associations and the authorities. An internal stakeholder engagement exercise was conducted in 2017, where several

factors relating to economic, environmental, and workplace practices were identified, prioritised, and covered in this report. The materiality of ESG factors have been ranked in order of importance as illustrated in the table below. The relevant GRI Standards referenced for the purpose of reporting our performance on the varying factors are also indicated below.



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

Sustainability Report

DIFFERENT STAKEHOLDER GROUPS AND HOW WE ENGAGE THEM



OUR RESPONSE DURING COVID-19

Employment

In 2020 and 2021, people’s lives were dramatically impacted everywhere by the COVID-19 pandemic, resulting in social and economic challenges faced by businesses all the more apparent. Despite the uncertainty and disruption, we successfully mobilised our workforce to work from home, enabling us to maintain operational efficiency while also ensuring the health and safety of our employees.

As part of the business continuity plan, Union Gas split its frontline team into two groups – Group A and B, to work from different on-site locations, while arrangements were made for those who could, to work from home. For staff who had to work in the office, lunch was provided for them. All staff were also required to conduct antigen rapid test (“ART”) on a weekly basis.

To help minimise any impact on the livelihoods of our drivers, those who caught the COVID-19 virus and were unable to work during the infectious period as well as those who were issued

a Health Risk Warning, continued to be paid their cylinder commission based on the previous month’s daily average sales volume.

Despite the challenging period, Union Gas endeavored to retain its entire workforce. We are pleased to share that no staff were made redundant in FY2021 due to COVID-19.

In response to new working arrangements and to facilitate engagement and continued training, the Group adopted virtual training options and had set up new E-learning in place of on-site training. The Group had also turned to utilising the Microsoft Teams platform for virtual communication and meetings.

Suppliers

Notwithstanding the turbulent market, Union Gas’ resilience had enabled the Group to fulfill its contractual obligations to its suppliers including minimum-take payments for CNG. Fortunately, the Group did not encounter any delays or challenges in relation to its suppliers.

Sustainability Report

BUSINESS AND CUSTOMERS

Financial Performance

GRI 201-1

In FY2021, the Group has generated direct economic value of \$123.0 million². The economic value distributed was approximately 23.0% to key stakeholders, including 16.6% to employees and 6.4% to the government and capital providers³, while 68.8% was spent on operating expenditure. To sustain the operations of the Group, 8.2%⁴ of the total economic value generated was retained and reinvested after the distribution of interim and proposed final dividend which subjected to shareholders' approval during the upcoming Annual General Meeting.

Anti-Corrupt 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. We are pleased to share that in 2021, Union Gas Holdings Limited was ranked amongst the top 100 companies under the Singapore Governance and Transparency Index ("SGTI") 2021⁵.

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.

Union Gas was shortlisted as one of the companies on Forbes Asia Best Under a Billion list 2021. The annual Best Under a Billion list spotlights 200 publicly-listed small and mid-sized companies in the Asia-Pacific region with sales under US\$1 billion and track records of long-term sustainable corporate performance, selected from 20,000 companies in the region. Companies listed in the "Best Under a Billion" have scored above their peers in a composite ranking comprising of quantitative and qualitative metrics, including sales and profit growth, and a solid corporate governance framework. Union Gas is proud to be named in this esteemed list.

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. 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 restricts 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 are treated based on privacy principles such as transparency, purpose limitation, retention, and security.

In FY2021, the Group did not receive any substantiated complaints relating to breach of customer privacy.

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 and our own Union Gas App that allows customers to place their orders and interact with us.

² Include the financial figures from the acquisition of subsidiaries companies from UEC, which was completed on 30 Dec 2021.

³ This includes the proposed final dividend which is subject to shareholders' approval at the Annual General Meeting.

⁴ This is calculated based on (Profit, net of tax and total comprehensive income of the year less interim and proposed final dividend which is subject to shareholder approval at the Annual General Meeting) / Revenue.

⁵ The SGTI Index is the leading index for assessing corporate governance practices of Singapore-listed companies.

Sustainability Report

In pursuit of excellence and consistency in our product and services, the headquarters of Union Gas Holdings Limited and our subsidiaries – Union Energy Pte Ltd, Union Gas Pte Ltd, U-Gas Pte Ltd and Union LPG Pte Ltd have attained ISO 9001:2015 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management System Certifications.

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 Jan-Dec 2021, approximately 98% 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.

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.

A large share of our total business greenhouse gas emissions is related to fuel consumption in our operations. We have been gradually replacing our delivery trucks with low-emission vehicles and to further reduce emissions from our delivery services, we assign one truck to serve several closely located zones instead of one truck per zone.

Within our offices, we encourage environmentally friendly practices such as reducing plastic use in our offices 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 to avoid 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.

Compliance with local environmental regulations GRI 307-1

We follow local environmental legislation 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. Our fleet of vehicles increased in 2021 and approximately 21% of them are Euro 6 models. We are also exploring the use of electric lorries for our delivery operations

with the intention of rolling it out on a larger scale should it be found to be a viable option.

We have no cases of significant fines⁶ related to non-compliances with environmental laws and regulations in FY2021. We will strive to maintain full compliance with all applicable environmental laws and regulations in FY2022.

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 has been trusted by generations. We recognise that how we manage and develop 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.

In FY2021 we recorded a turnover rate of 26.8%. To ensure we have sufficient resources to support our increased customer base, the Company also increased the hiring of personnel for roles in the call centre and for drivers. For FY2021, we had an overall hiring rate of 27.2%. 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
- (iii) Conversion of our drivers on contract scheme to permanent scheme

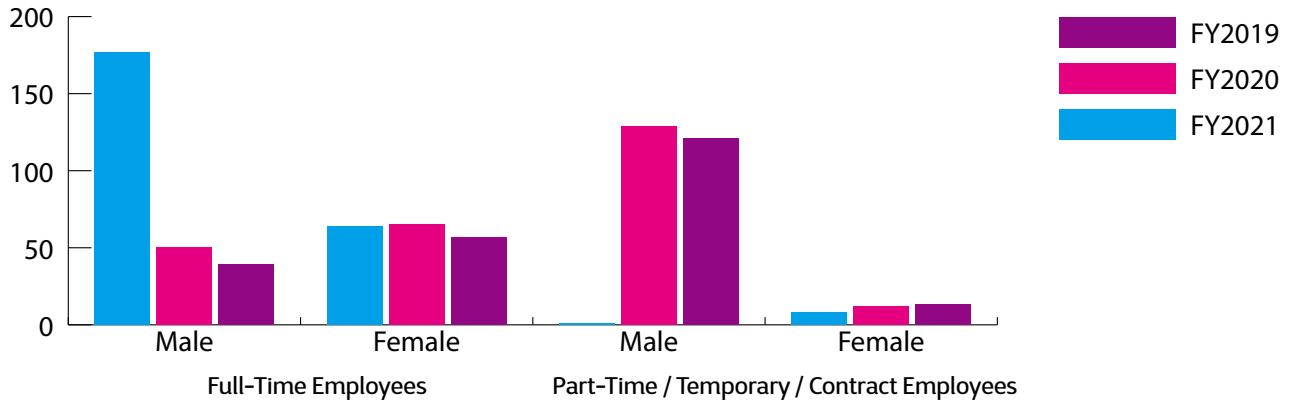
We want to continue to improve our work with development and engagement of our employees, with the aim of achieving lower staff turnover in FY2022.

⁶ Significant fines refer to fines of \$2,000 and above.

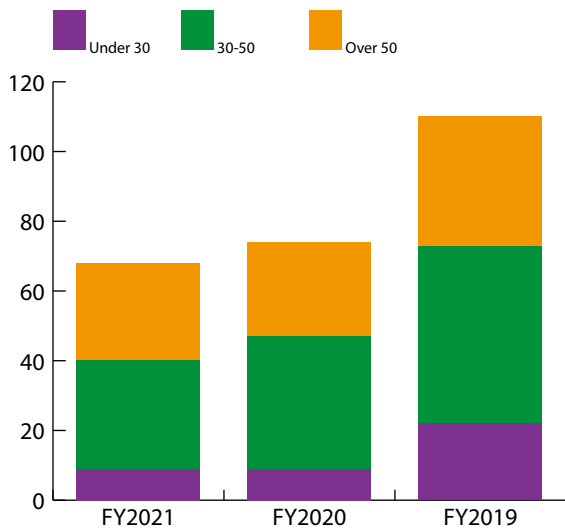
Sustainability Report

NEW EMPLOYEES HIRED AND EMPLOYEE TURNOVER

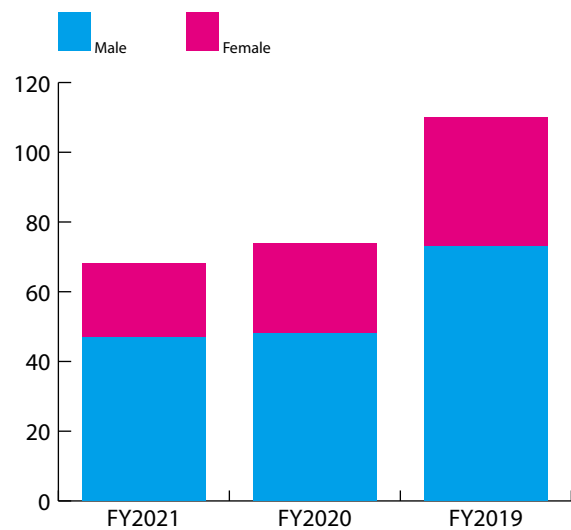
Total No. of Employees by Employment Type and Gender



No. of New Hire by Age Group

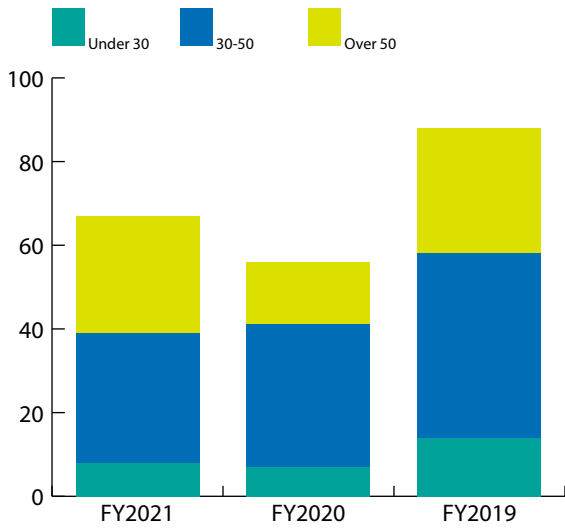


No. of New Hire by Gender

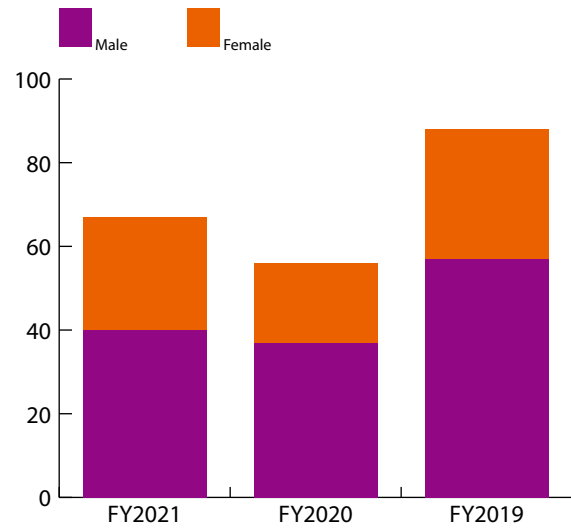


Sustainability Report

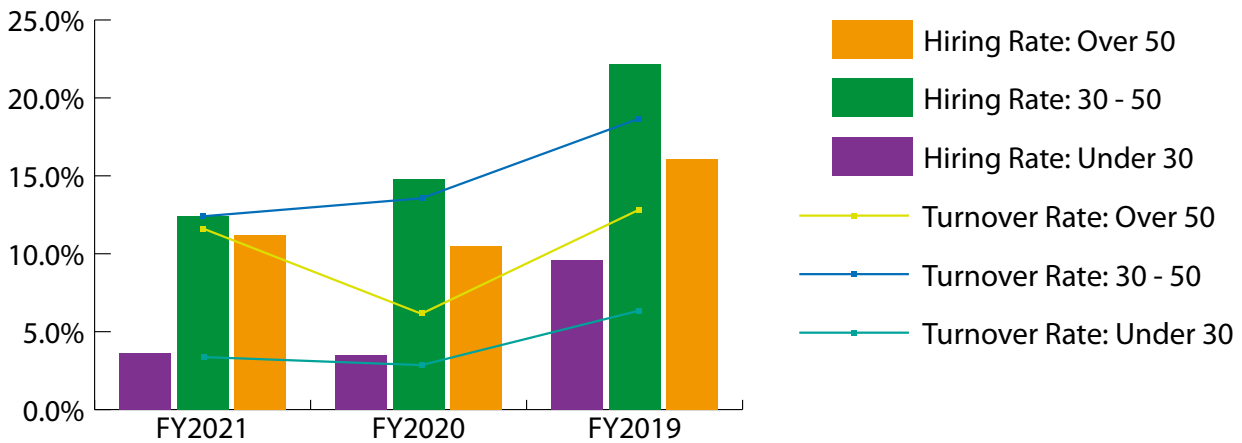
Employee Turnover by Age Group



Employee Turnover by Gender

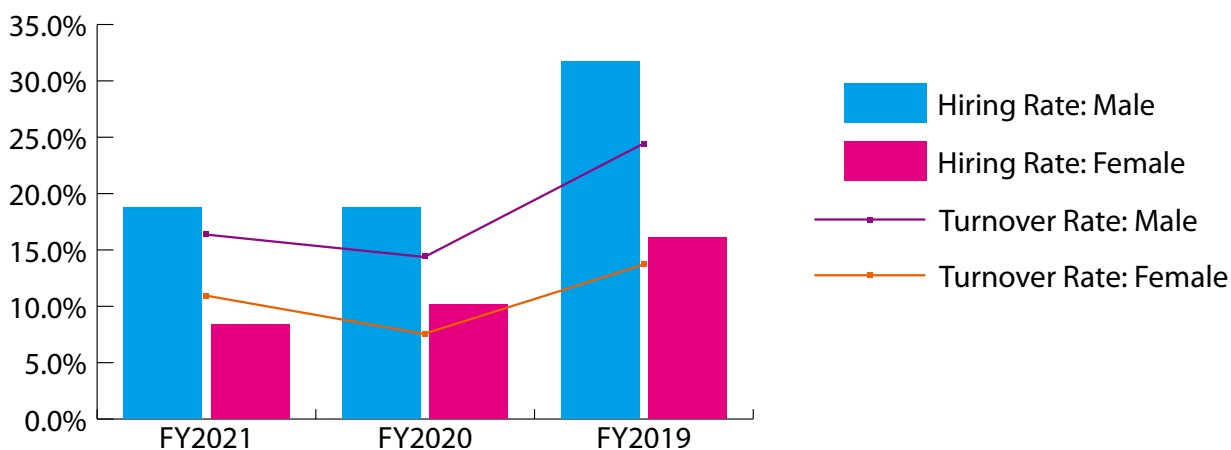


Hiring vs Turnover Rate by Age Group



Sustainability Report

Hiring vs Turnover Rate by Gender



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 which he has and has not met the agreed KPI. With an employee whose performance is below average, the probation period may be extended for another two months to allow the employee a chance to improve. In cases where it was clear that the employee was unable to deliver the KPI, his contract will not be extended after the probation ended.

Employees Welfare

GRI 401-2

The Company’s compensation and benefits strategy follows a very precise method for determining how we reward employees 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.

We have enhanced the benefits offered to our staff in FY2021 which include 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) Outpatient medical coverage has been extended for staff family members
- (iv) Traditional Chinese medicine (TCM) treatment for our employees at Cheng Hong Siang Tng TCM Clinic

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 was supplemented by additional special events such as Fruity Day, Herbal Tea Day and Year End Buffet (Individual sets). In 2021, we did not organise any Year End Buffet due to the COVID-19 pandemic. In its place, we distributed a biodegradable lunch box as part of our commitment to reduce plastic waste.

Sustainability Report

Company welfare benefits provided to our full-time staff

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



Staff who received Long Service Awards in 2021

Learning and Development

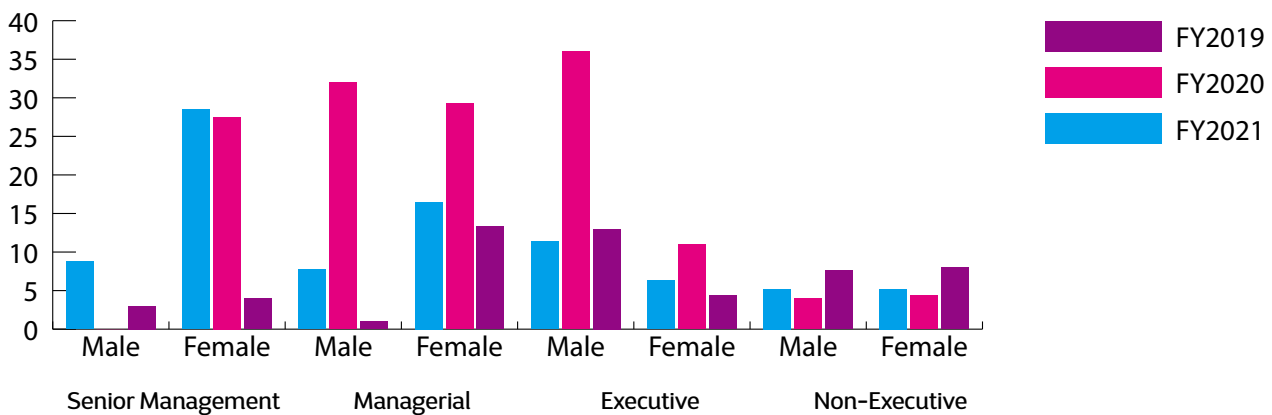
GRI 404-1

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 him training opportunities for valuable life skills and knowledge. The Company encourages lifelong learning and we have placed a focus particularly on training for our employees on customer service training, risk management for health and safety and first aid training. To better equip our employees with fundamentals of

the Personal Data Protection Act ("PDPA"), those who handle personal information of employees have also attended PDPA training.

In FY2021, our employees attended a total of approximately 1,503 hours of training, which worked out to be about 6.1 hours of training per employee, compared to 4.9 hours per employee in FY2020. Despite COVID-19 measures and restrictions for onsite training, Union Gas created E-Learning modules to replace onsite training and so that our staff managed to continue with their planned learning. We aim to maintain an average of 5 to 6 hours of training per employee in FY2022.

Average Training Hours by Employee Category and Gender



Sustainability Report

Diversity and Equal Opportunity

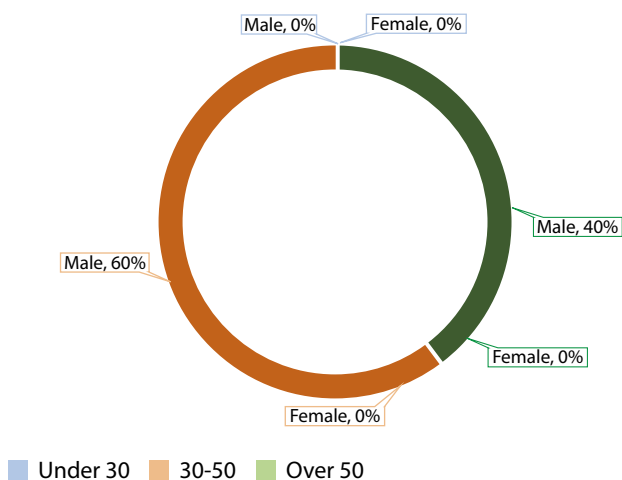
GRI 405-1

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. In FY2021, females represented 28.8% 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.

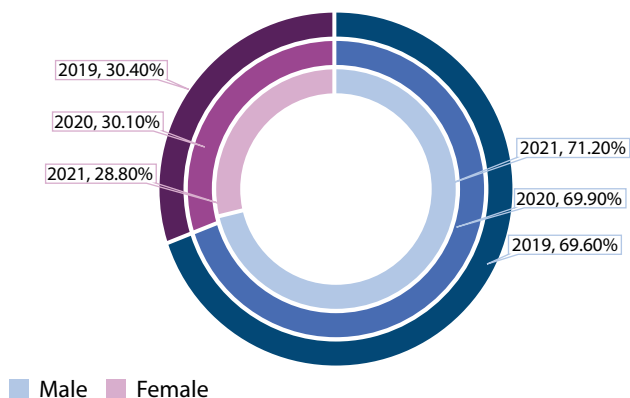
To provide an environment that promotes diversity and inclusion, equal opportunity and prevents discrimination, we have in place a policy and processes to ensure that reported incidents of discrimination are heard and handled confidentially in a fair and appropriate manner. We deal with these reports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

Composition of our Board of Directors and Employees⁷

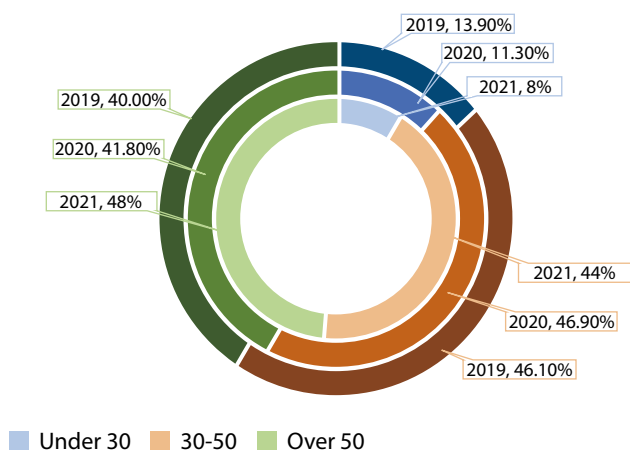
Composition of Board of Directors



Composition of Employees by Gender



Composition of Employees by Age Group



⁷ Includes temporary / part-time / contract workers

Sustainability Report

Occupational Health and Safety

Occupational health and safety management system

GRI 403-1

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

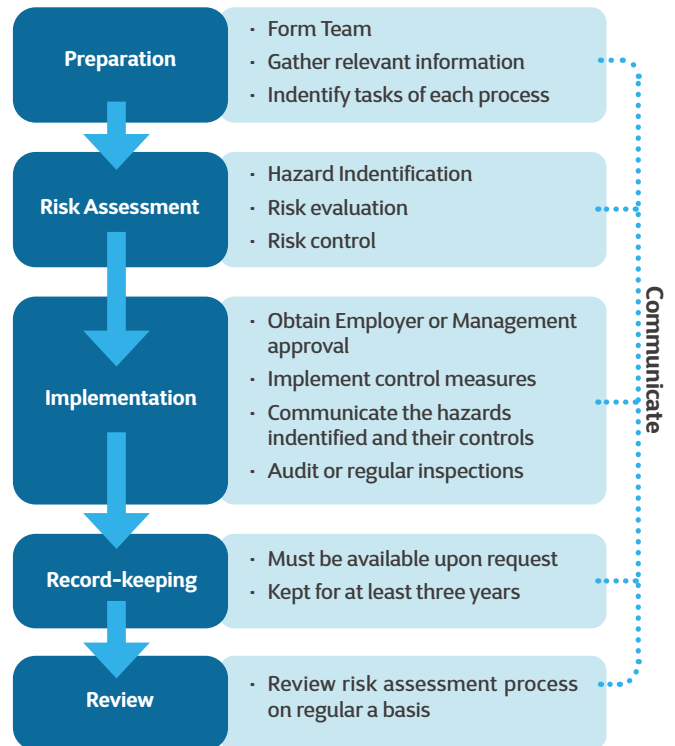
Hazard identification, risk assessment, and incident investigation

GRI 403-2

We have established and implemented a process for hazard identification that is ongoing and proactive. Whenever an incident or a nonconformity occurs, including any arising from complaints, we handle the incident or nonconformity in a timely manner and take appropriate steps to control, correct and resolve the issues of the said incident or nonconformity, according to the process. All information related to these incidents or 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.

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 would cover daily responsibilities, use of personal protective equipment, work coordination, as well as highlighting the hazards, risks related to work functions, and their respective safety precaution and procedure 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_R5_M1”, 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. Fruits Day and Herbal Tea Day are organised for staff to promote and encourage good dietary habits such as increasing amount of daily dietary fiber, eating foods which are rich in antioxidants and vitamins to boost our immune system, as well as highlighting the importance of sufficient water intake.

Prevention and mitigation of occupational health and safety 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. Respective departments hold responsibilities to take reasonably practicable steps in eliminating foreseeable risks to all staff and visitors. General health and safety requirements are communicated to customers, contractors, suppliers and business partners through procurement specifications.

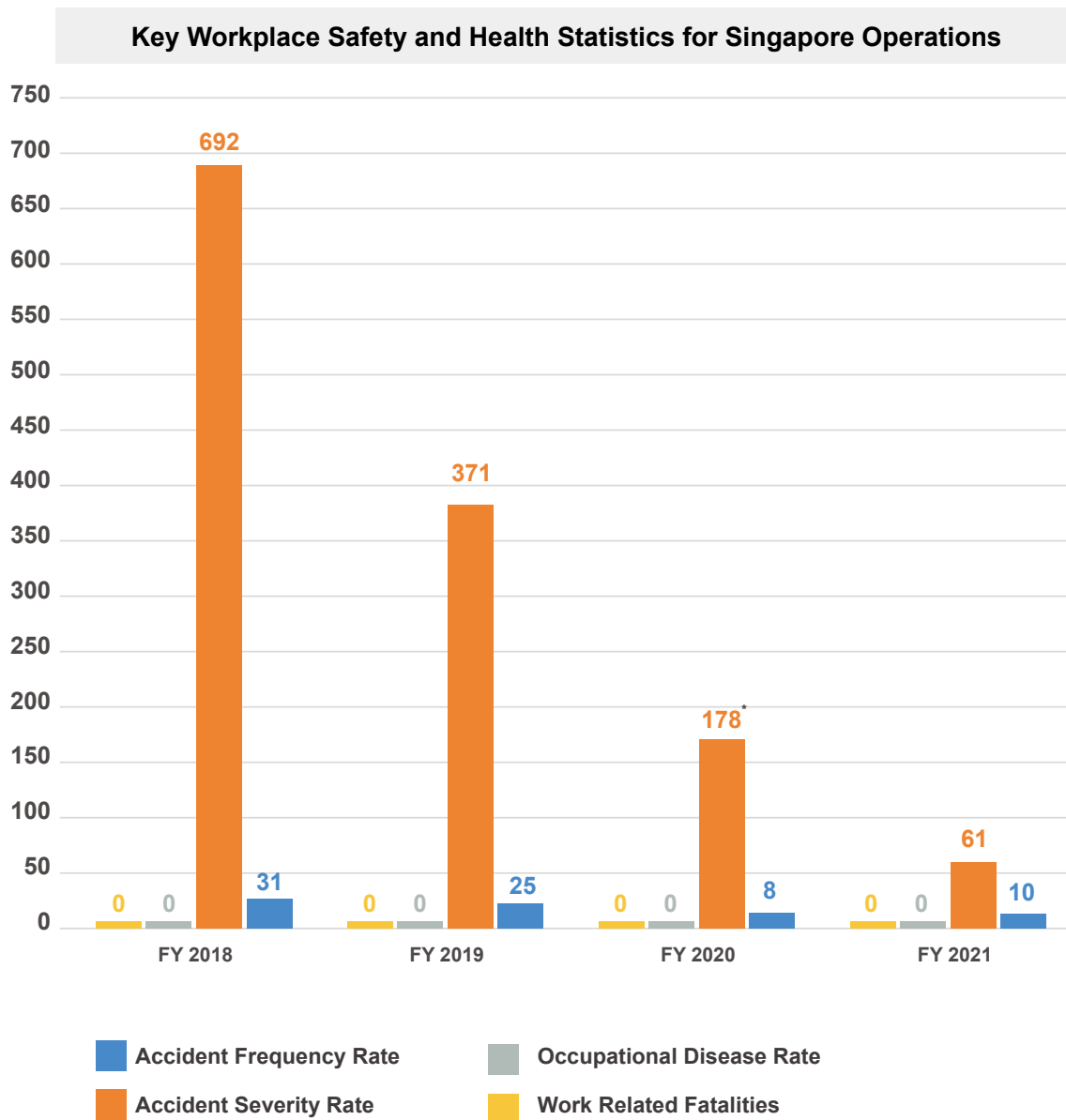
Work-Related Injuries

GRI 403-9

Our employees who are involved in the delivery of LPG cylinders to our commercial and residential customers are all provided with 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 in order to transport and handle LPG cylinders. We have seen positive outcomes from our weekly toolbox meetings on safe handling of LPG cylinders – a total of 36 lost days was recorded in FY2021 compared to 110 lost days in FY2020 and 208 lost days in FY2019. Our lost days in FY2021 were largely due to slips and falls. Our Accident Severity Rate has also decreased from 371 in FY2019 to 178 in FY2020 and further to 61 in FY2021. 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 FY2022.

Sustainability Report

Workplace Safety and Health Statistics for Singapore operations (full time and part-time/contract staff)



No. of man-hours worked (for full-time staff) is assumed to be 106 employees working 8 hours a day, 20 days a month, for 12 months; and 135 employees working 9 hours a day, 26 days a month, for 12 months. i.e. total man hours worked (full-time staff) is 582,600.

No. of man-hours worked (for part-time staff) varies among staff, assumptions for hours worked for part time staff in FY2021 could vary between 15 to 30 hours per week based on their contracts (9 employees) i.e. total man hours worked (part-time staff) is 8,040.

Accident Frequency Rate and Accident Severity Rate is calculated based on per 1,000,000 man-hours worked. Occupational Disease Rate is calculated based on per 100,000 workers.

* The Accident Severity Rate for FY2020 has been restated from 173 to 178.

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 an event 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 FY2021, the Company made donations to various community, cultural and educational initiatives, totalling approximately \$383,000. Below are some examples of our contributions:

Cheng Hong Welfare Service Society

Donated \$185,000 to Cheng Hong Welfare Service Society operates Traditional Chinese Medicine (“TCM”) Clinic which provides pro bono traditional Chinese treatment and medication to the needy.

Tzu Chi Foundation (Singapore)

Donated \$50,000 for various programmes and activities to benefit the community.

Sian Chay Medical Institution

Donated \$25,000 to provide free TCM consultation and subsidized medication for the community regardless of race or religion.

Nam Hwa Opera Ltd

Donated \$50,000 to preserve, promote and develop Teochew Opera in Singapore.

Education Fund

Donated \$10,000 to the Cheng San – Seletar Citizen’s Consultative Committee Community Development and Welfare Fund to provide bursaries and support educational needs of the students in the constituency.

Upcycling workshop

Terra SG conducts our annual upcycling workshop and a portion of the course fees paid to Terra SG was used to provide employment opportunities for students and beneficiaries from Movement for the Intellectually Disabled of Singapore.



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Report on Corporate Governance

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of Union Gas Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2021 (“**FY2021**”), 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 FY2021, 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.

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 or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities. It is a requirement under Rule 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 FY2021, 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 and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

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

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

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

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

Report on Corporate Governance

The attendance record of each Director at meetings of the Board and Board Committees during FY2021 is disclosed below:

	Board	AC	NC	RC
Number of meetings held in FY2021	6	5	1	1
Name of Director	Number of meetings attended in FY2021			
Teo Kiang Ang	4	3 [#]	–	–
Teo Hark Piang	6	5 [#]	1 [#]	1 [#]
Loo Hock Leong	6	5	1	1
Lim Chwee Kim	6	5	1	1
Heng Chye Kiou	6	5	1	1

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.

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

The Board has separate and independent access to the Management, the company secretary and external professionals in FY2021, including legal counsels and auditors. The appointment and removal of the company secretaries are subject to the approval of the Board as a whole.

Principle 2 – Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Currently, the Board comprises five (5) directors, as set out below. There is one Executive Director namely Mr Teo Hark Piang, who is also the Chief Executive Officer (“CEO”), and one Non-Executive Director namely Teo Kiang Ang, who is the Chairman of the Group. The Non-Executive and Independent Directors comprise Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou.

Director	Designation	Date of Initial Appointment as Director	Date of Last Re-Election	AC	NC	RC
Teo Kiang Ang	Non-Executive Chairman	3 October 2016	29 April 2021	–	–	–
Loo Hock Leong	Lead Independent Director	20 June 2017	29 April 2021	Chairman	Member	Member
Lim Chwee Kim ⁽¹⁾	Independent Director	20 June 2017	26 June 2020	Member	Member	Chairman
Heng Chye Kiou	Independent Director	20 June 2017	26 June 2020	Member	Chairman	Member
Teo Hark Piang ⁽²⁾	Executive Director and Chief Executive Officer	1 November 2018	25 April 2019	–	–	–

Notes:

- (1) Mr Lim Chwee Kim will retire pursuant to Regulation 117 of the Constitution and is subject to re-election as a director at the forthcoming AGM of the Company.
- (2) Mr Teo Hark Piang will retire pursuant to Regulation 117 of the Constitution and is subject to re-election as a director at the forthcoming AGM of the Company.

Report on Corporate Governance

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

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his or her independence. The checklist is drawn up based on the guidelines provided in the Code and the 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 or her independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and Rules 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 or after 1 January 2022, a director who has served on the board for a cumulative period of nine (9) years will no longer be eligible to be designated as an independent director unless a resolution from shareholders present and voting at the general meeting is sought and approved via separate resolutions pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST by: (A) all shareholders; and (B) shareholders excluding directors, chief executive officer, and their associates. Such approvals will remain valid until the conclusion of 3rd AGM from such approvals.

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

For FY2021, the NC has reviewed and confirmed the independence of the Independent Directors, Mr Loo Hock Leong, Mr Lim Chwee Kim and Mr Heng Chye Kiou in accordance with the Code.

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

As 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 FY2021, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of accounting and finance, and relevant industry experience. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Balance and Diversity of the Board	Number of Directors	Proportion of the Board
Core Competencies		
Accounting or finance related	2	40%
Business and management experience	2	40%
Legal and Regulatory	1	20%
Relevant industry knowledge	3	60%
Strategic planning experience	3	60%
Human Resource Management	1	20%

Report on Corporate Governance

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

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management. For FY2021, the Independent Directors had met the auditors from Yang Lee & Associates (“**internal auditors**”) and RSM Chio Lim LLP (“**external auditors**”) without the presence of Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Executive Chairman, as appropriate.

Principle 3 – Chairman and Chief Executive Officer

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

Mr Teo Kiang Ang is our Non-Executive Chairman 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.

Principle 4 – Board Membership

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

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

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

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

Report on Corporate Governance

The key terms of reference of the NC include:

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

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

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

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where the need for a new Director arises, candidates would first be sourced through our network of contacts and referrals. The NC may engage a talent acquisition firm to identify a broader range of candidates. No talent acquisition firm was engaged in FY2021. Suitable candidates would be interviewed by the NC and/or the Board and then assessed and nominated by the NC to the Board which retains the final discretion in appointing such new Directors.

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

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

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

Name of Director	Designation	Retiring Pursuant to Regulation Number
Teo Hark Piang	Executive Director	117
Lim Chwee Kim	Independent Director	117

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 the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

Name	Teo Hark Piang	Lim Chwee Kim
Date of appointment	1 November 2018	20 June 2017
Date of last re-appointment	25 April 2019	26 June 2020
Age	44	63
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 Hark Piang will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Teo's overall contributions and performance as well as his extensive knowledge of the industry which will continue to enhance board deliberation, has recommended him for re-election at the forthcoming AGM and the Board has approved the recommendation.	Pursuant to Regulation 117 of the Constitution, Mr Lim Chwee Kim will retire from office by rotation, being one third of the board. The Nominating Committee has reviewed, taking into consideration Mr Lim's overall contribution and performance as well as his extensive knowledge of industry and accounting which will continue to enhance board deliberation, has recommended him for re-election at the forthcoming AGM and the Board has approved the recommendation.
Whether appointment is executive, and if so, the area of responsibility	Executive. The Group's overall management, including but not limited to overseeing the day-to-day operations and setting direction and growth path of the Group's business.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Independent Director, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee
Professional qualifications	Nil	Nil
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	Son of Mr Teo Kiang Ang, Non-Executive Chairman and Substantial Shareholder of the Company	None

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Name	Teo Hark Piang	Lim Chwee Kim
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	<p>Director: <u>Union Gas Holdings Limited Group:</u></p> <ul style="list-style-type: none"> • Sembas (Asia) Trading Pte. Ltd. • Semgas Supply Pte. Ltd. • Summit Gas Systems Pte. Ltd. • U Cambodia Pte. Ltd. • U-Gas Pte. Ltd. • U-Global Pte. Ltd. • Union Energy Pte. Ltd. • Union Gas Holdings Limited • Union Gas Pte. Ltd. • Union LPG Pte. Ltd. <p><u>Union Energy Corporation Pte. Ltd. Group:</u></p> <ul style="list-style-type: none"> • Choon Hin Gas Supply Pte. Ltd. • Jurong Ind. LPG Pte. Ltd. • Union Assurance Agency Pte. Ltd. • Union Energy Corporation Pte. Ltd. • Union Power Pte. Ltd. • Union Solar Pte. Ltd. <p><u>Other Companies:</u></p> <ul style="list-style-type: none"> • Azilla Assets Pte. Ltd. • Bukit Timah Seu Teck Sean Tong Institution Limited • Choon Hin Investments Pte. Ltd. • LK Tang Pte. Ltd. • Nam Hwa Opera Limited • Oasis Holdings Private Limited • Oasis Investments Pte. Ltd. • Oasis Paradise Pte. Ltd. • T K A Construction Pte. Ltd. • Traditional Arts Centre (Singapore) Ltd. • U Property Holdings Pte. Ltd. • Semgas (S) Pte. Ltd. • Gasmart Pte. Ltd. 	<p>Director:</p> <ul style="list-style-type: none"> • Union Gas Holdings Limited • 3Cents Logistics Services Pte. Ltd. • KKD Logistics Pte. Ltd. • PGK Digital Networks Pte. Ltd. • Revez Corporation Ltd. • Sai Ho Realty Pte. Ltd. • Fuyuan Resources Pte. Ltd. • BroyLand Holdings Pte. Ltd. • Crownshine Season Fruits Pte. Ltd. • Broyland Trading Pte. Ltd. • Broyland China Investment Pte. Ltd. <p>Chairman of the Citizen Consultative Committee of Hougang Single Member Constituency</p>

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Name	Teo Hark Piang	Lim Chwee Kim
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes
Shareholding details	Mr Teo is directly interested in the 25,479,500 ordinary shares of the Company	Mr Lim is directly interested in the 200,000 ordinary shares of the Company
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	<ul style="list-style-type: none"> • Oasis Holdings Private Limited • Oasis Investments Pte. Ltd. • Oasis Paradise Pte. Ltd. • Semgas (S) Pte. Ltd. • Gasmart Pte. Ltd. 	<ul style="list-style-type: none"> • PGK Digital Networks Pte. Ltd. • Revez Corporation Ltd.
Present	<p><u>Union Gas Holdings Limited Group:</u></p> <ul style="list-style-type: none"> • Sembas (Asia) Trading Pte. Ltd. • Semgas Supply Pte. Ltd. • Summit Gas Systems Pte. Ltd. • U Cambodia Pte. Ltd. • U-Gas Pte. Ltd. • U-Global Pte. Ltd. • Union Energy Pte. Ltd. • Union Gas Holdings Limited • Union Gas Pte. Ltd. • Union LPG Pte. Ltd. <p><u>Union Energy Corporation Pte. Ltd. Group:</u></p> <ul style="list-style-type: none"> • Choon Hin Gas Supply Pte. Ltd. • Jurong Ind. LPG Pte. Ltd. • Union Assurance Agency Pte. Ltd. • Union Energy Corporation Pte. Ltd. • Union Power Pte. Ltd. • Union Solar Pte. Ltd. <p><u>Other Companies:</u></p> <ul style="list-style-type: none"> • Azilla Assets Pte. Ltd. • Bukit Timah Seu Teck Sean Tong Institution Limited • Choon Hin Investments Pte. Ltd. • LK Tang Pte. Ltd. • Nam Hwa Opera Limited • T K A Construction Pte. Ltd. • Traditional Arts Centre (Singapore) Ltd. 	<ul style="list-style-type: none"> • Union Gas Holdings Limited • 3Cents Logistics Services Pte. Ltd. • KKD Logistics Pte. Ltd.

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Name	Teo Hark Piang	Lim Chwee Kim
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	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

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Name	Teo Hark Piang	Lim Chwee Kim
(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. Semgas (S) Pte. Ltd. and Gasmart Pte. Ltd., both which paid composition sums to the Inland Revenue Authority of Singapore in 2012 for their inadvertent omission of certain income items in the IR8A forms. Mr Teo was a director of Semgas (S) Pte. Ltd. and Gasmart Pte. Ltd.	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	No	No

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Name	Teo Hark Piang	Lim Chwee Kim
(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?	<p>Yes.</p> <p>(a) In or around 2009, Mr Teo was interviewed by The Corrupt Practices Investigation Bureau in relation to the alleged corrupt practices involving an officer of The National Environment Agency of Singapore, who was granted a discharge amounting to an acquittal in October 2010. Mr Teo was not the subject of the investigation, and there had been no further contact or request for assistance from the Corrupt Practices Investigation Bureau, and Mr Teo had not been charged with any offence in relation to the incident;</p> <p>(b) Mr Teo previously had not declared car benefits for the reporting to the Inland Revenue Authority of Singapore for the year of assessment between 2004 and 2009. A penalty of the full amount was imposed by the Inland Revenue Authority of Singapore in 2012 and was settled in the same year.</p>	No

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The NC had reviewed, taking into consideration Mr Teo Hark Piang, being the Executive Director and Chief Executive Officer of the Company and his working experience, time commitment and level of participation at Board and committee meetings that Mr Teo Hark Piang 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 Hark Piang will remain as the Executive Director and Chief Executive Officer of the Company. Key information details on Mr Teo Hark Piang are set out on page 6 of this Annual Report.

The NC had also reviewed, taking into consideration Mr Lim Chwee Kim, being the Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee, and his continued ability to contribute through his extensive industry knowledge and expertise to the Company, recommends that Mr Lim Chwee Kim 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 Lim Chwee Kim will remain as the Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Key information details on Mr Lim Chwee Kim are set out on page 7 of this Annual Report.

Upon re-election as Director, Mr Teo Hark Piang will remain as Executive Director and Chief Executive Officer of the Company.

Upon re-election as Director, Mr Lim Chwee Kim will remain as the Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee will be considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), as an Independent Director.

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

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

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

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2021 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.

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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 FY2021, 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 FY2021.

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 61 – 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 FY2021, 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 FY2021.

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Following the review of the assessments of the Board as a whole, the Board Committees and Individual Director for FY2021, both the NC and the Board are of the view that the Board has met its performance objectives for FY2021. No external facilitator was used in the process.

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

(B) REMUNERATION MATTERS

Principle 6 – Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises entirely of Non-Executive Directors, all of whom are independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2021, one RC meeting was held.

The RC members are:

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

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

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company (“**Key Management Personnel**”);
- (b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;
- (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.

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

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

Principle 7 – Level and Mix of Remuneration

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

The RC recommends to the Board the quantum of Directors' Fees and the Board in turn endorses the recommendations for shareholders' approvals at each AGM. To facilitate timely payment of Directors' Fees, the Company has recommended for the Directors' Fees amounting to S\$231,121 to be paid on a half yearly basis in arrears for the financial year ending 31 December 2022 once approvals are obtained from shareholders at the forthcoming AGM.

For FY2021, the payment of S\$231,121 as Directors' Fees to Non-Executive and Independent Directors had been approved at the AGM held on 29 April 2021.

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.

The Company has entered into service agreement (the "**Service Agreement**") with the Executive Director and CEO, namely, Teo Hark Piang.

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

During FY2021, 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 FY2021, the Company did not engage any external remuneration consultants to assist in the review of compensation and remuneration packages.

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

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

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Principle 8 – Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2021 is set out below:

Directors	Salary ¹ (%)	Bonus and Others ¹ (%)	Director's Fees (%)	Total ¹ (%)
<u>Above S\$1,000,000</u>				
Teo Hark Piang ²	71	26	3	100
Teo Kiang Ang ³	67	6	27	100
<u>Below S\$250,000</u>				
Loo Hock Leong	–	–	100	100
Lim Chwee Kim	–	–	100	100
Heng Chye Kiou	–	–	100	100

There are only five (5) Key Management Personnel in the Company for FY2021. The breakdown (in percentage terms) of the remuneration of Key Management Personnel (who are not also Directors) of the Group for FY2021 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary ¹ (%)	Bonus and Others ¹ (%)	Total (%)
<u>Between S\$250,001 to S\$500,000</u>				
Alexis Teo Soak Theng ⁴	General Manager	56	44	100
Teo Woo Yang	Business Development Director	70	30	100
Hong Pay Leng	Chief Financial Officer	72	28	100
<u>Below S\$250,000</u>				
Ng Yong Hwee ⁵	Deputy CEO	89	11	100
Sim Lai Kitt	Head of Commercial	89	11	100
Sylvia Lio	Chief Accounting Officer	66	34	100

Notes:

- The salary and bonus amounts shown are inclusive of Singapore's Central Provident Funds contributions.
- Remuneration of Mr Teo Hark Piang is calculated based on the Service Agreements and also include payment from subsidiaries before the acquisition from Union Energy Corporation Pte Ltd.
- Included remuneration of Mr Teo Kiang Ang with payment from subsidiaries before the acquisition from Union Energy Corporation Pte Ltd.
- Included remuneration of Ms Alexis Teo Soak Theng with payment from subsidiaries before the acquisition from Union Energy Corporation Pte Ltd.
- Resigned on 31 August 2021.

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 S\$1,706,020 in FY2021. 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 FY2021.

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

Remuneration Band	Relationship to Director or CEO
<u>Between S\$400,001 to S\$500,000</u>	
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
<u>Between S\$200,000 to S\$300,000</u>	
Alice Teo Soak Imn	Daughter of Mr Teo Kiang Ang and sister of Mr Teo Hark Piang

The remuneration received by the Executive Director and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2021. 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.

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No Option or Share has been awarded to any Participant under the Share Option Scheme since adoption including in FY2021. The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Committee:

- (a) set at a discount to a price equal to the average of the last dealt prices for the Shares on the SGX-ST for the five (5) consecutive market days, on which transactions in the Shares were recorded, immediately preceding the relevant Offer Date of the relevant option (the “**Market Price**”) subject to a maximum discount of 20% (the “**Incentive Options**”); or
- (b) fixed at the Market Price (the “**Market Price Options**”).

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

- (a) in the case of a Market Price Option, during the period commencing after the first anniversary of the offer date to grant an Option (“**Offer Date**”) and expiring on the tenth anniversary of the Offer Date (or such shorter period if so determined by the Committee); and
- (b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date, provided always that the Options granted to employees and executive directors of the Group and its associated companies shall be exercised before the tenth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee), and Options granted to non-executive directors of the Group and its associated companies shall be exercised before the fifth anniversary of the relevant Offer Date (or such shorter period if so determined by the Committee).

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

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.

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

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

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

During the financial year, no awards has been granted. The Company has allotted and issued 38,612 new ordinary shares to its employees in FY2021 pursuant to the vesting of share awards granted on 6 June 2019. No Share was issued or allotted to a Director or controlling shareholder and each of their associates.

Name of participant	Aggregate number of Shares comprised in Awards under the PSP during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such participant since commencement of the PSP to end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the PSP to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review
Sylvia Lio	–	43,680	43,680	–
Sie Kok Khiam	–	33,000	33,000	–
Neo Candy Shelgrad	–	19,848	19,848	–

(C) ACCOUNTABILITY AND AUDIT

Principle 9 – Risk Management and Internal Controls

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

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

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

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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 the internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes. No material internal control weakness had been raised by the internal and external auditors in the course of their work for FY2021.

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 FY2021, 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 and CFO, 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, except for the newly acquired subsidiaries including financial, operational, compliance and information technology controls are adequate and effective. The newly acquired subsidiaries, Sembas (Asia) Trading Pte. Ltd, Summit Gas Systems Pte. Ltd. and Semgas Supply Pte. Ltd. were acquired on 30 December 2021. The newly acquired subsidiaries are excluded from the opinion given the short period between the date of acquisition and opinion.

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

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, review performed by the internal and external auditors, and assurance from the CEO, 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 2021 in addressing financial, operational, compliance and information technology risks.

Principle 10 – Audit Committee ("AC")

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three members, all of whom are Non-Executive and Independent Directors. The members of the AC are:

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

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

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- (r) where the AC deems necessary, to commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);
- (s) report to the Board its findings from time to time on matters arising and requiring the attention of the Committee or to undertake such other reviews and projects as may be requested by the Board; and
- (t) undertake such other functions and duties as may be required by statute or the 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 FY2021, the fees paid by the Company to the external auditors for audit and non-audit services amounted to S\$178,000 and S\$34,000 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.

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

The Group has outsourced its internal audit function to Yang Lee & Associates which reports directly to the AC. The IA has an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is independent, effective, adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately resourced and has the appropriate standing in the Company to discharge its duties effectively.

The Group has not appointed different auditors for its subsidiaries and significant associated companies and is in compliance with Rules 712 and 715 of the 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 in February 2022. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2021 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal accounting controls that are relevant to the statutory audit.

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During FY2021, 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 2022, the AC received a report on FY2021 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).

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 FY2021, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. The AC chairman is a Chartered Accountant with the Institute of Singapore Chartered Accountants, and possesses a Masters of Applied Finance from the Macquarie University with three distinguished awards. The AC chairman has also been the Chief Financial Officer of Parkway Trust Management Limited, Manager of Parkway Life REIT since January 2009. For FY2021, 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.

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

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

The Board, Management and the external 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 abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Constitution does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A shareholder of a company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), the Company allows a shareholder who is a relevant intermediary to appoint more than 2 proxies to attend and vote in his stead at the forthcoming AGM.

Alternative Meeting Arrangement for 2021

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 29 April 2021 ("**2021 AGM**") was held by way of electronic means via live webcast. To enable the members to participate at the 2021 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 2021 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 2021 AGM. At the 2021 AGM, the Chairman of the Meeting was appointed as the proxy to vote in accordance with shareholders' instructions. All resolutions tabled at the 2021 AGM were conducted by poll pursuant to Rule 730A(2) of the Listing Manual of SGX-ST, counted by the Polling Agent and verified by the Scrutineer before the 2021 AGM. The poll results were announced by the Company via SGXNet on the same day after the 2021 AGM. The minutes of the 2021 AGM was published via SGXNet and the Company's website within one month from the date of 2021 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.

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The Board has proposed a final dividend of 0.80 Singapore cents per ordinary share for FY2021 (“**Final Dividend**”) which will be subject to shareholders’ approvals at the forthcoming AGM.

The Company has adopted the Union Gas Scrip Dividend Scheme on 25 February 2022.

Subject to shareholders’ approvals at the forthcoming AGM pursuant to Rule 862(1) of the Listing Manual of SGX-ST and SGX-ST’s approval for the listing and quotation of new shares, the Union Gas Scrip Dividend Scheme will be applicable to the Final Dividend.

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.

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 2021 AGM, shareholders had submitted their questions before the meeting and the Company had announced its response via SGXNet before the 2021 AGM. The notice of general meeting in the annual report was released on SGXNet and on the Company’s website as well as published in the newspapers to inform shareholders of the upcoming meeting.

Principle 13 – Engagement with Stakeholders

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

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

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.

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(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.

Our Group has a general mandate for IPTs ("**Shareholders' Mandate**") set out in the following table, which has been renewed and approved at the Annual General Meeting held on 29 April 2021.

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than S\$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST) during FY2021 (S\$'000)	Aggregate value of all interested person transactions (including transaction of less than S\$100,000 each) during FY2021 under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (S\$'000)
Purchase of bottled LPG by the Group from Summit Gas Systems Pte. Ltd.	-	33,276
Purchase of bottled LPG by the Group from Semgas Supply Pte. Ltd.	-	5,288
Purchase of LPG manifold systems, pipings and storage licences from the Mandated Interested Persons	-	2,308
Provision of maintenance services by Mandated Interested Persons to the Group in relation to the repair and maintenance of lorries and the provision and installation of all spare parts on the lorries (including but not limited to tyres, bolts and nuts for lorries)	-	40

Report on Corporate Governance

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than S\$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST) during FY2021 (S\$'000)	Aggregate value of all interested person transactions (including transaction of less than S\$100,000 each) during FY2021 under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (S\$'000)
Sale of diesel at the Group's fuel station by the Group to the Mandated Interested Persons	–	37
Sale of diesel in bulk by the Group to Mandated Interested Persons	–	942
Purchase of electricity by the Group from Mandated Interested Persons	–	233
The provision of maintenance and support services by Mandated Interested Persons to any member of the Group	–	1,417
The provision of delivery services by Mandated Interested Persons to the Group	–	1,909
Provision of IT Infrastructure services to Sembas	–	276

Nature of relationships in relation to the IPTs set out in the table above:–

- (i) the Non-Executive Chairman of the Company, Mr. Teo Kiang Ang, is a director of Union Energy Corporation Pte Ltd (“UEC”) and has an equity interest of approximately 61.89% in UEC; and
- (ii) the Executive Director and CEO, Mr. Teo Hark Piang, has an equity interest of approximately 12.55% in UEC.

Before the Acquisition, UEC, a Substantial Shareholder of the Company, was the shareholder of the Mandated Interested Persons, which include Choon Hin Gas Supply Pte Ltd, Gasmart Pte Ltd, Health Domain Pte Ltd, Sembas (Asia) Trading Pte Ltd, Semgas (S) Pte Ltd, Semgas Supply Pte Ltd, Summit Gas Systems Pte Ltd, United Gas Pte Ltd, and Union Power Pte Ltd.

After the Acquisition, UEC, is no longer the shareholder of Sembas (Asia) Trading Pte Ltd, Semgas Supply Pte Ltd and Summit Gas Systems Pte Ltd. The Group is no longer required and will not be seeking a renewal of the general mandate from shareholders for recurrent interested person transactions at the forthcoming AGM.

Report on Corporate Governance

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

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

Use of Proceeds	Allocation of Proceeds as re-allocated on 3 August 2018 (“Re-Allocation”) (S\$’000)	Proceeds utilised as at 25 February 2022 (S\$’000)	Proceeds utilised from 25 February 2022 to the date of this annual report (S\$’000)	Balance of Proceeds as at the date of this annual report (S\$’000)
Acquisition of dealers for the Retail LPG Business	4,143	(3,560)	(38)	545
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	–	–	1,000
General working capital	724	(674) ¹	–	50
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(5,867)</u>	<u>(38)</u>	<u>1,595</u>

Note:

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

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

The Company will continue to make periodic announcement via SGXNet on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

(H) MATERIAL CONTRACTS

Other than the Acquisition disclosed, 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 FY2021 or if not then subsisting, entered into since the end of the previous financial year.

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 2021.

1. Opinion of the directors

In the opinion of the directors:

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 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:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
The Company		Number of shares of no par value		
Teo Kiang Ang	67,813,500	67,813,500	34,989,964	119,106,435
Teo Hark Piang	25,479,500	25,479,500	–	–
Lim Chwee Kim	400,000	200,000	–	–
Loo Hock Leong	–	800,000	–	–

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 2022 were the same as those at the end of the reporting year.

Statement by Directors

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

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

5. Union Gas Performance Share Plan

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

The Union Gas PSP is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies.

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

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

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

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

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

At the end of the reporting year, details of the awards granted under the Union Gas PSP on the unissued ordinary shares of the Company are as follows:

Date of grant	Share awards not released as at 1 January 2021	Share awards granted	Share awards vested	Share awards forfeited	Share awards not released as at 31 December 2021
6 June 2019	38,612	–	(38,612)	–	–

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

Except for shares awarded under the Union Gas PSP, there were no unissued shares of the Company or its related body corporates under shares awards granted by the Company or its related body corporates as at the end of the reporting year.

Statement by Directors

6. Options

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

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

7. Audit committee

The members of the Audit Committee (“AC”) at the date of this statement are:

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

All members of the AC are non-executive directors and are independent.

The AC performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

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

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

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

Statement by Directors

8. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

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 25 February 2022, 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

4 April 2022

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 2021, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

Revenue recognition

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

The Group derives its revenue from the sale of liquefied petroleum gas ("LPG") and LPG-related accessories, and the sale of natural gas and diesel. We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group. In addition, under SSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, revenue recognition is a presumed fraud risk.

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

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

We assessed the judgement and estimates used by the management in determining and allocating the transaction price to performance obligations.

Independent Auditor's Report

To the members of Union Gas Holdings Limited

Key audit matters (cont'd)

Revenue recognition (cont'd)

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.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

To the members of Union Gas Holdings Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Weng Keen.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

4 April 2022

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 2021

	Notes	2021 \$'000	2020 \$'000 (Restated)
Revenue	5	123,040	118,965
Cost of sales		(78,958)	(61,167)
Gross profit		44,082	57,798
Other income and gains	6	11,824	13,872
Marketing and distribution costs	7	(21,283)	(21,218)
Administrative expenses	8	(16,711)	(17,264)
Finance costs	9	(500)	(314)
Other expenses	6	(8)	(247)
Profit before income tax		17,404	32,627
Income tax expense	11	(2,490)	(3,749)
Profit, net of tax and total comprehensive income		14,914	28,878
		2021	2020
		Cents	Cents
Basic and diluted earnings per share	12	4.74	9.23

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

Statements of Financial Position

As at 31 December 2021

	Notes	31.12.2021 \$'000	Group 31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	59,897	31,625	28,750
Investment property	15	240	240	270
Goodwill	16	1,873	1,873	1,873
Intangible assets	17	1,828	1,939	3,047
Other financial asset	19	1,000	–	–
Contract costs, non-current	20	2,586	2,498	2,490
Other non-financial assets, non-current	21	12,998	4,732	4,252
Deferred tax assets	11	–	–	172
Total non-current assets		80,422	42,907	40,854
Current assets				
Inventories	22	2,702	1,691	1,480
Contract costs, current	20	766	697	858
Trade and other receivables	23	21,324	19,906	16,279
Other non-financial assets, current	21	7,364	5,286	6,160
Income tax recoverable		268	–	–
Cash and cash equivalents	24	14,244	38,662	26,459
Total current assets		46,668	66,242	51,236
Total assets		127,090	109,149	92,090
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	25	99,023	23,525	23,518
Retained earnings		35,162	38,161	16,944
Other reserves	26	(78,164)	2,493	2,492
Total equity		56,021	64,179	42,954
Non-current liabilities				
Provisions	28	1,785	710	710
Deferred tax liabilities	11	2,771	1,199	1,092
Bank borrowings, non-current	29	20,541	1,551	4,494
Lease liabilities, non-current	30	10,164	4,603	5,950
Total non-current liabilities		35,261	8,063	12,246
Current liabilities				
Income tax payable		1,645	4,382	2,210
Trade and other payables	31	27,981	26,582	28,803
Bank borrowings, current	29	3,800	2,680	2,495
Lease liabilities, current	30	1,969	2,913	3,052
Contract liabilities	32	413	350	330
Total current liabilities		35,808	36,907	36,890
Total liabilities		71,069	44,970	49,136
Total equity and liabilities		127,090	109,149	92,090

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

Statements of Financial Position

As at 31 December 2021

	Notes	Company	
		31.12.2021 \$'000	31.12.2020 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	14	18,914	74
Investments in subsidiaries	18	108,305	24,501
Other non-financial assets, non-current	21	272	1,789
Total non-current assets		127,491	26,364
<u>Current assets</u>			
Trade and other receivables	23	2,338	11,545
Other non-financial assets, current	21	3	161
Cash and cash equivalents	24	2,219	5,563
Total current assets		4,560	17,269
Total assets		132,051	43,633
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	25	99,023	24,725
Retained earnings		10,259	11,774
Other reserves	26	-	5
Total equity		109,282	36,504
<u>Non-current liabilities</u>			
Provision	28	105	-
Bank borrowings, non-current	29	8,815	-
Lease liabilities, non-current	30	6,186	23
Total non-current liabilities		15,106	23
<u>Current liabilities</u>			
Trade and other payables	31	6,571	7,056
Bank borrowings, current	29	911	-
Lease liabilities, current	30	181	50
Total current liabilities		7,663	7,106
Total liabilities		22,769	7,129
Total equity and liabilities		132,051	43,633

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

Statements of Changes in Equity

Reporting year ended 31 December 2021

	← Other reserves →						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Total other reserves \$'000	
Group							
Current year							
Opening balance at 1 January 2021 (as previously reported)	24,725	23,139	(11,000)	3,318	5	(7,677)	40,187
Restatement (Note 39)	(1,200)	15,022	10,170	–	–	10,170	23,992
Opening balance at 1 January 2021 (restated)	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 25)	1,200	–	3,152	–	–	3,152	4,352
Dividends paid (Note 13A)	–	(7,968)	–	–	–	–	(7,968)
Dividends paid to former shareholders of subsidiaries (Note 13B)	–	(9,945)	–	–	–	–	(9,945)
Share-based payment (Note 26C)	9	–	–	–	(5)	(5)	4
Acquisition of subsidiaries from a related party (Note 18B)	74,289	–	(83,804)	–	–	(83,804)	(9,515)
Closing balance at 31 December 2021	99,023	35,162	(81,482)	3,318	–	(78,164)	56,021
Previous year (restated)							
Opening balance at 1 January 2020 (as previously reported)	24,718	13,968	(11,000)	3,318	4	(7,678)	31,008
Restatement (Note 39)	(1,200)	2,976	10,170	–	–	10,170	11,946
Opening balance at 1 January 2020 (restated)	23,518	16,944	(830)	3,318	4	2,492	42,954
Total comprehensive income for the year	–	28,878	–	–	–	–	28,878
Dividends paid (Note 13A)	–	(4,600)	–	–	–	–	(4,600)
Dividends paid to former shareholders of subsidiaries (Note 13B)	–	(3,061)	–	–	–	–	(3,061)
Share-based payment (Note 26C)	7	–	–	–	1	1	8
Closing balance at 31 December 2020	23,525	38,161	(830)	3,318	5	2,493	64,179

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

Statements of Changes in Equity (cont'd)

Reporting year ended 31 December 2021

	Share capital \$'000	Retained earnings \$'000	← Other reserve → Share-based payment reserve \$'000	Total equity \$'000
Company				
Current 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 13A)	–	(8,083)	–	(8,083)
Share-based payment (Note 26C)	9	–	(5)	4
Acquisition of subsidiaries from a related party (Note 18B)	74,289	–	–	74,289
Closing balance at 31 December 2021	99,023	10,259	–	109,282
Previous year				
Opening balance at 1 January 2020	24,718	5,155	4	29,877
Total comprehensive income for the year	–	11,312	–	11,312
Dividends paid (Note 13A)	–	(4,693)	–	(4,693)
Share-based payment (Note 26C)	7	–	1	8
Closing balance at 31 December 2020	24,725	11,774	5	36,504

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

Consolidated Statement of Cash Flows

Reporting year ended 31 December 2021

	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)
Cash flows from operating activities		
Profit before income tax	17,404	32,627
Amortisation expenses	842	1,025
Bad debts written-off	8	2
Depreciation of property, plant and equipment	8,865	8,228
Gain on disposal of a subsidiary	(1,590)	-
Gain on disposal of property, plant and equipment	(349)	(266)
Gain on remeasurement of right-of-use assets	(24)	-
Reversal for impairment on trade and other receivables	(483)	(7,341)
Allowance for impairment on intangible assets	-	164
Impairment loss on investment property	-	30
Interest income	(136)	(144)
Interest expense	500	314
Share-based payments	4	8
Operating cash flows before changes in working capital	25,041	34,647
Inventories	(1,011)	(211)
Contract costs	(157)	153
Trade and other receivables	(943)	3,712
Other non-financial assets	(10,043)	1,063
Trade and other payables, and contract liabilities	1,621	(3,916)
Net cash flows from operations	14,508	35,448
Income taxes paid	(3,923)	(1,298)
Net cash flows from operating activities	10,585	34,150
Cash flows from investing activities		
Acquisition of subsidiaries (Note 18B)	(10,000)	-
Proceeds from disposal of a subsidiary	1,590	-
Proceeds from disposal of property, plant and equipment	545	617
Proceeds from placement of treasury shares	4,352	-
Purchase of property, plant and equipment	(19,218)	(8,049)
Acquisitions of intangible assets	(731)	(28)
Acquisition of a financial asset	(1,000)	-
Interest income received	136	144
Net cash flows used in investing activities	(24,326)	(7,316)
Cash flows from financing activities		
Dividends paid	(17,913)	(7,661)
Proceeds from new bank borrowings	17,000	-
Repayment of bank borrowings	(5,290)	(2,758)
Lease liabilities – principal portions paid	(3,974)	(3,898)
Interest expenses paid	(500)	(314)
Net cash flows used in financing activities	(10,677)	(14,631)
Net (decrease)/increase in cash and cash equivalents	(24,418)	12,203
Cash and cash equivalents, beginning balance	38,662	26,459
Cash and cash equivalents, ending balance (Note 24)	14,244	38,662

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

1. General

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

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

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 18 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 Covid-19 pandemic

Management has not identified any material uncertainties resulting from the Covid-19 pandemic and the aftermath of the pandemic surrounding the reporting entity’s business, and accordingly none is disclosed in these financial statements.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the “Act”) and also with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Accounting convention

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

Basis of preparation of financial statements

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

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

Other income

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

Interest income is recognised using the effective interest method.

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (cont'd)

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.

Employee benefits

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

Share-based compensation

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

Borrowing costs

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

Foreign currency transactions

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (cont'd)

Income tax

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

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 less their residual values 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 15 years
Motor vehicles	–	3 to 10 years
Construction in process	–	Not depreciated until the asset is ready for intended use

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (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 residual value and the useful life of an asset is reviewed at least at the end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

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 (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. 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. The fair values are measured periodically on a systematic basis at least once yearly by external independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

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 the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (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 and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are 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 the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (cont'd)

Business combinations

Business combinations involving businesses or entities under common control

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of the combined business or entities are reflected at their existing amounts;
- The 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 adjusted to the merger reserve in equity;
- 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.

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.

Contract cost

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (cont'd)

Inventories

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

Financial instruments

Recognition and derecognition of financial instruments

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

Classification and measurement of financial assets

- (i) Financial asset classified as measured at amortised cost – A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (“FVTPL”), that is: (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically, other financial asset, trade and other receivables and cash and cash equivalents are classified in this category.
- (ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (“FVTOCI”) – There were no financial assets classified in this category at reporting year end date.
- (iii) Financial asset that is an equity investment classified as measured at FVTOCI – There were no financial assets classified in this category at reporting year end date.
- (iv) Financial asset classified as measured at FVTPL – There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances: (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.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

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

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2C. Critical judgements, assumptions and estimation uncertainties

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

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

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

Allowance for expected credit loss

The trade receivables are subject to the expected credit loss ("ECL") model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade receivables is disclosed in Note 23.

Useful lives of property, plant and equipment

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

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 17.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Deposits for LPG cylinders

Included in trade and other payables are deposits for LPG cylinders received from the customers which are made up of large volume of individually small amounts. Management has measured these amounts based on the estimated number of cylinders in circulation and held by customers, and taking into account the probable rates of refund that will be made to these customers when they return the LPG cylinders to the Group. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. Actual outcomes could vary from these estimates. The carrying amount of deposits for LPG cylinders is disclosed in Note 31.

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	
	2021 \$'000	2020 \$'000
		(Restated)
Sale of LPG	11,627	13,341
Service income	628	792
Sale of LPG piping	486	389
Dividend income	–	1,389
Delivery charges	1,909	1,635
Purchase of storage license	2,308	1,996
Rental expense of premises	398	596
Rental expense for motor vehicles	442	458
Purchase of electricity	354	302
Marketing expenses	204	184
Sub-contractor fee	477	240

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

3C. Key management compensation

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Salaries and other short-term employee benefits	5,040	6,037
Share-based payments	2	4
	5,042	6,041

Included in the above amounts are the following items:

Remuneration of directors	1,977	2,524
Fees to directors	471	446

The above amounts are included in employee benefits expense.

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

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

3D. Balances with related parties

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
<u>Other payables to related parties</u>		
At beginning of the year	(3,030)	(8,479)
Purchase of plant and equipment, storage license and reimbursement of other assets	(4,657)	(2,160)
Amounts paid out	5,558	7,609
At end of the year	(2,129)	(3,030)

Presented in the statements of financial position as follows:

Other receivables (Note 23)	4,060	5,051
Other payables (Note 31)	(6,189)	(8,081)
	(2,129)	(3,030)

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

3D. Balances with related parties (cont'd)

	Group and Company	
	2021 \$'000	2020 \$'000
<u>Other payables to directors</u>		
At beginning of the year	-	(8)
Fees to directors	471	(446)
Amounts paid out	(471)	454
At end of the year (Note 31)	-	-

3E. Balances with related companies

	Company	
	2021 \$'000	2020 \$'000
<u>Subsidiaries</u>		
At beginning of the year	(5,421)	1,308
Amounts paid out and settlements of liabilities on behalf of subsidiaries	19,678	5,808
Amount paid in and settlements of liabilities on behalf of the Company	(19,141)	(12,537)
At end of the year	(4,884)	(5,421)
Presented in the statements of financial position as follows:		
Other receivables (Note 23)	822	503
Other payables (Note 31)	(5,706)	(5,924)
	(4,884)	(5,421)

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 \$13,019,000 (31.12.2020: \$1,851,000; 1.1.2020: \$1,899,000) and no supplier has called on the performance guarantees. No charge is made to the subsidiaries.

4. Financial information by operating segments

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

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

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

- 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;

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

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

- 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.

Group	LPG \$'000	NG \$'000	Diesel \$'000	Others \$'000	Total \$'000
<u>31.12.2021</u>					
External 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)
Allowance for impairment of trade and other receivables –reversal/(loss)	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

Notes to the Financial Statements

Reporting year ended 31 December 2021

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
<u>31.12.2020 (restated)</u>					
External revenue	101,086	983	16,896	–	118,965
Segment results:					
Profit before income tax	32,320	215	4,081	(3,989)	32,627
Income tax expense	(3,302)	(25)	(422)	–	(3,749)
Profit, net of tax	29,018	190	3,659	(3,989)	28,878
Other segment information:					
Amortisation expense	(1,025)	–	–	–	(1,025)
Depreciation of property, plant and equipment	(7,463)	(27)	(655)	(83)	(8,228)
Impairment on intangible assets	(164)	–	–	–	(164)
Finance costs	(311)	–	(2)	(1)	(314)
Allowance for impairment of trade and other receivables –reversal	7,331	–	10	–	7,341
Segment assets and liabilities:					
Total assets	92,216	786	8,498	7,649	109,149
Total liabilities	(40,468)	(953)	(2,340)	(1,209)	(44,970)
Additions:					
Property, plant and equipment	11,485	–	–	69	11,554
Intangible assets	81	–	–	–	81
Contract costs	1,083	–	–	–	1,083

4B. Geographical information

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

4C. Information on major customers

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

5. Revenue

	Group	
	2021 \$'000	2020 \$'000 (Restated)
Sale of LPG and LPG-related accessories	101,953	101,086
Sale of NG	2,250	983
Sale of diesel	18,837	16,896
	123,040	118,965

Also see Note 4.

6. Other income and gains and (other expenses)

	Group	
	2021 \$'000	2020 \$'000 (Restated)
Allowance for impairment of intangible assets	–	(164)
Bad debts written-off	(8)	(2)
Dividend income	–	1,389
Foreign exchange gains/(losses), net	77	(51)
Gain on disposal of property, plant and equipment	349	266
Gain on disposal of a subsidiary (Note 18C)	1,590	–
Gain on remeasurement of right-of-use assets	24	–
Government grant income	678	583
Government grant from Jobs Support Scheme ^{#1}	1,363	2,567
Insurance compensation ^{#2}	5,555	–
Interest income	136	144
Loss on fair value changes in investment property (Note 15)	–	(30)
Rental income from motor vehicles	11	14
Rental income from properties	646	823
Reversal for impairment of trade and other receivables	483	7,341
Others	912	745
	11,816	13,625
Presented in profit or loss as:		
Other income and gains	11,824	13,872
Other expenses	(8)	(247)
	11,816	13,625

^{#1} The Group received wage support for local employees under the Jobs Support Scheme from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by Covid-19. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty commencing from April 2020 to August 2021.

^{#2} 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.

Notes to the Financial Statements

Reporting year ended 31 December 2021

7. Marketing and distribution costs

Major components include the following:

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Commission expenses	912	999
Delivery charges	1,909	1,635
Depreciation of property, plant and equipment	1,838	1,654
Employee benefit expenses (Note 10)	11,362	11,786
Marketing expenses	1,647	1,562

8. Administrative expenses

Major components include the following:

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Depreciation of property, plant and equipment	2,409	2,983
Fees to directors	471	446
Fees to independent auditor of the Company		
– Audit	178	155
– Non-audit	34	26
Employee benefit expenses (Note 10)	7,801	8,943
Insurance expense	731	559
Legal and professional fee	990	696
Repair and maintenance expense	993	817

9. Finance costs

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Interest expense on bank borrowings	321	123
Interest expense on lease liabilities	179	191
	500	314

Notes to the Financial Statements

Reporting year ended 31 December 2021

10. Employee benefit expenses

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Short term employee benefits expense	18,995	20,137
Contributions to defined contribution plans	1,458	1,562
Share-based payment	4	8
	20,457	21,707

Employee benefit expenses are charged as follows:

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Cost of sales	1,294	978
Marketing and distributions costs	11,362	11,786
Administrative expenses	7,801	8,943
	20,457	21,707

11. Income tax expense

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

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
<u>Current tax</u>		
Current tax expense	1,759	3,940
Over adjustments in respect of prior years	(841)	(470)
Subtotal	918	3,470
<u>Deferred tax</u>		
Deferred tax expense	1,572	235
Under adjustments in respect of prior years	–	44
Subtotal	1,572	279
Total income tax expense	2,490	3,749

Notes to the Financial Statements

Reporting year ended 31 December 2021

11. Income tax expense (cont'd)

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

The income tax expense in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit before income tax for the reporting years due to the following differences:

	Group	
	2021 \$'000	2020 \$'000
		(Restated)
Profit before income tax	17,404	32,627
Income tax expense at the above rate	2,959	5,547
Expenses / (income) not deductible / (taxable) for tax purposes	442	(1,267)
Stepped income exemption and rebates	(70)	(105)
Over adjustments in respect of prior years	(841)	(426)
Total income tax expense	2,490	3,749

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

11B. Deferred tax expense recognised in profit or loss

	Group	
	2021 \$'000	2020 \$'000
		(Restated)
Excess of carrying value over tax value of property, plant and equipment	1,572	279

11C. Deferred tax (liabilities) / assets in statements of financial position

	Group		
	31.12.2021 \$'000	31.12.2020 \$'000	01.01.2020 \$'000
		(Restated)	(Restated)
Excess of carrying value over tax value of property, plant and equipment	(2,771)	(1,199)	(1,092)
Shortfall of carrying value over tax value of property, plant and equipment	-	-	172
	(2,771)	(1,199)	(920)

Presented in statement of financial position as follows:

Deferred tax liabilities	(2,771)	(1,199)	(1,092)
Deferred tax assets	-	-	172
	(2,771)	(1,199)	(920)

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

12. Earnings per share

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

	Group	
	2021	2020 (Restated)
Numerators:		
Profit, net of tax (\$'000)	14,914	28,878
Denominators: weighted average number of equity shares		
Basic and diluted ('000)	314,584	313,034

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. The weighted average number of ordinary shares is derived from the number of ordinary shares issued by the Company, adjusted retrospectively for the effects of new shares issued to acquire companies under common control disclosed in Note 18B.

As at the end of the reporting year, there was no transactions involving ordinary shares or potential ordinary shares of the Company. In the previous reporting year, the dilutive effect from unreleased share awards of approximately 21,000 shares was not material.

13. Dividends

13A. Dividends declared and paid by the Company

	Rate per share		2021 \$'000	2020 \$'000
	2021 Cents	2020 Cents		
<u>Group</u>				(Restated)
Final tax exempt (1-tier) dividend in respect of previous reporting year	2.53	1.55	5,678	3,478
Interim tax exempt (1-tier) dividend in respect of current reporting year	1.00	0.50	2,290	1,122
			7,968	4,600
	Rate per share		2021 \$'000	2020 \$'000
	2021 Cents	2020 Cents		
<u>Company</u>				
Final tax exempt (1-tier) dividend in respect of previous reporting year	2.53	1.55	5,793	3,548
Interim tax exempt (1-tier) dividend in respect of current reporting year	1.00	0.50	2,290	1,145
			8,083	4,693

In respect of the current reporting year, the directors proposed that a final dividend of 0.80 Singapore cent per share. The directors proposed adoption of the Union Gas Scrip Dividend Scheme. Subject to the relevant approvals, the Union Gas Scrip Dividend Scheme will be applicable to the FY2021 Final Dividend. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares (excluding treasury shares) in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders of the Company.

Notes to the Financial Statements

Reporting year ended 31 December 2021

13. Dividends (cont'd)

13B. Dividends paid to former shareholders of subsidiaries

During the reporting year, Summit Gas Systems Pte Ltd and Semgas Supply Pte Ltd declared and paid dividends totalled \$9,945,000 (2020: \$3,061,000) to its former shareholders prior to these companies being acquired by the Company (see Note 18B for details on acquisition).

14. Property, plant and equipment

<u>Group</u>	Leasehold land \$'000	Leasehold properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in-progress \$'000	Total \$'000
<u>Cost</u>						
At 1 January 2020 (restated)	8,846	12,122	26,351	13,356	–	60,675
Additions	–	667	2,080	2,118	6,689	11,554
Disposals	–	(773)	(1,283)	(563)	–	(2,619)
At 31 December 2020 (restated)	8,846	12,016	27,148	14,911	6,689	69,610
Additions	7,105	13,594	14,754	2,975	–	38,428
Disposals	(1,106)	(1,048)	(999)	(244)	–	(3,397)
Transfer	–	–	6,689	–	(6,689)	–
At 31 December 2021	14,845	24,562	47,592	17,642	–	104,641
<u>Accumulated depreciation</u>						
At 1 January 2020 (restated)	3,782	7,263	16,962	3,918	–	31,925
Depreciation for the year	654	2,625	3,333	1,616	–	8,228
Disposals	–	(773)	(1,017)	(378)	–	(2,168)
At 31 December 2020 (restated)	4,436	9,115	19,278	5,156	–	37,985
Depreciation for the year	770	2,467	3,842	1,786	–	8,865
Disposals	(212)	(847)	(848)	(199)	–	(2,106)
At 31 December 2021	4,994	10,735	22,272	6,743	–	44,744
<u>Carrying value</u>						
At 1 January 2020 (restated)	5,064	4,859	9,389	9,438	–	28,750
At 31 December 2020 (restated)	4,410	2,901	7,870	9,755	6,689	31,625
At 31 December 2021	9,851	13,827	25,320	10,899	–	59,897

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

<u>Company</u>	Leasehold land \$'000	Leasehold properties \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost</u>				
At 1 January 2020	–	152	4	156
Additions	–	69	–	69
Disposals	–	(69)	–	(69)
At 31 December 2020	–	152	4	156
Additions	6,443	11,069	1,773	19,285
Disposals	–	(152)	–	(152)
At 31 December 2021	6,443	11,069	1,777	19,289
<u>Accumulated depreciation</u>				
At 1 January 2020	–	66	2	68
Depreciation for the year	–	82	1	83
Disposals	–	(69)	–	(69)
At 31 December 2020	–	79	3	82
Depreciation for the year	89	220	99	408
Disposals	–	(115)	–	(115)
At 31 December 2021	89	184	102	375
<u>Carrying value</u>				
At 1 January 2020	–	86	2	88
At 31 December 2020	–	73	1	74
At 31 December 2021	6,354	10,885	1,675	18,914

The allocation of depreciation expense is as follows:

	Group	
	2021 \$'000	2020 \$'000
Cost of sales	4,618	3,591
Marketing and distributions costs	1,838	1,654
Administrative expenses	2,409	2,983
	8,865	8,228

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

Certain motor vehicles are acquired by means of leases (see Note 30).

The following property, plant and equipment are charged to licensed banks for banking facilities (see Notes 29 and 30) granted to the Group.

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Leasehold land	6,354	–	–	6,354	–
Leasehold properties	10,885	964	1,204	10,885	–
Plant and equipment	–	383	428	–	–
Motor vehicles	2,367	5,259	4,303	–	–
	19,606	6,606	5,935	17,239	–

14A. Right-of-use assets

The Group leases land, warehouses and office for business operations under non-cancellable lease arrangement. These right-of-use assets are recognised and presented together with property, plant and equipment of the same class (Note 14).

Carrying value of such leased assets are as follows:

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Leasehold land	9,851	4,410	5,064	6,354	–
Leasehold properties	1,175	1,014	2,424	–	73
	11,026	5,424	7,488	6,354	73

Depreciation of right-of-use assets in relating to leasehold land and properties were \$770,000 and \$1,194,000 (2020: \$654,000 and \$2,077,000) respectively.

The related lease liabilities are disclosed in Note 30.

The Group has made an upfront payment to secure the right-of-use of a 15-year leasehold land, which is used in the Group's CNG and diesel segment. The Group also makes annual lease payments to Jurong Town Corporation for 3 parcels of leasehold land, which are used as the Group's office and bottling plant.

During the reporting year, the Group renegotiated and modified existing lease contracts for leasehold land and properties for early termination. As a result, it is accounted for as lease modification with a decrease to the right-of-use assets, classified under property, plant and equipment. The corresponding remeasurement to lease liabilities are recorded in Note 30.

Notes to the Financial Statements

Reporting year ended 31 December 2021

15. Investment property

	31.12.2021 \$'000	Group 31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
<u>At valuation</u>			
At beginning of year	240	270	270
Loss on fair value changes (Note 6)	-	(30)	-
At end of year	240	240	270
Rental income from investment property	31	33	-
Direct operating expenses (including repairs and maintenance)	7	6	-

The fair value of investment property was measured by an independent professional valuation firm which has the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. 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 (31.12.2020: Level 3; 1.1.2020: Level 3)
Valuation technique for recurring fair value measurements:	Direct market comparison method
Significant observable inputs and range (weighted average):	Price per square metre: \$2,000 (31.12.2020: \$2,000; 1.1.2020: \$2,000)
Sensitivity on management's estimates – 10% variation from estimate:	Impact lower by \$24,000 (31.12.2020: \$24,000; 1.1.2020: \$27,000); higher by \$24,000 (31.12.2020: \$24,000; 1.1.2020: \$27,000)

Notes to the Financial Statements

Reporting year ended 31 December 2021

16. Goodwill

	31.12.2021 \$'000	Group 31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
Goodwill	1,873	1,873	1,873

The goodwill 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 (see Note 18B).

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.

The value in use was measured by management. The key assumptions for the value in use calculations 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:

	2021	2020
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%	7.7%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	3 years	7 years

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

17. Intangible assets

<u>Group</u>	Non-contractual customer relationships
	\$'000
<u>Cost</u>	
At 1 January 2020 (restated)	4,069
Additions	81
At 31 December 2020 (restated)	4,150
Additions	731
At 31 December 2021	4,881
<u>Accumulated amortisation and impairment</u>	
At 1 January 2020 (restated)	1,022
Amortisation for the year	1,025
Impairment for the year	164
At 31 December 2020 (restated)	2,211
Amortisation for the year	842
At 31 December 2021	3,053
<u>Carrying value</u>	
At 1 January 2020 (restated)	3,047
At 31 December 2020 (restated)	1,939
At 31 December 2021	1,828

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

Amortisation of intangible assets are charged to cost of sales.

In 2020, non-contractual customer relationships at a carrying amount of \$279,000 was impaired by \$164,000 due to weak performance. This arose from the management regular review on the sales performance of LPG business.

18. Investments in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	108,305	24,501
Movement in cost during the year:		
At beginning of the year	24,501	20,000
Additions	-	4,501
Acquisition of subsidiaries from a related party (Note 18B)	83,804	-
At end of the year	108,305	24,501

Notes to the Financial Statements

Reporting year ended 31 December 2021

18. Investments in subsidiaries (cont'd)

18A. Details of the subsidiaries held by the Company

Name of subsidiary and principal activities	Cost		Effective equity held	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<i>Held by the Company</i>				
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. Sale of LPG in retail and wholesale markets	9,700	9,700	100	100
Union LPG Pte. Ltd. Sale of LPG in retail and wholesale markets	2,000	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	–	100	–
Summit Gas Systems Pte. Ltd. # LPG bottler and sale of LPG in retail and wholesale markets	27,288	–	100	–
Semgas Supply Pte. Ltd. # LPG bottler and sale of LPG in retail and wholesale markets	25,233	–	100	–
	<u>108,305</u>	<u>24,501</u>		

Held through U-Global Pte. Ltd.

U Cambodia Pte. Ltd. Investment holding			100	–
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See Note 18B.

All subsidiaries are incorporated in Singapore.

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

18. Investments in subsidiaries (cont'd)

18B. 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. ("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") from UEC for a total 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 in the financial statements 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. As disclosed in Note 2A, 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> <u>\$'000</u>
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 (Note 25)	<u>(3,152)</u>
	<u>70,482</u>

18C. Disposal of a subsidiary

Before the Acquisition disclosed in Note 18B above, Sembas Asia (Trading) Pte. Ltd. held the entire issued and paid-up share capital of UE Land Pte. Ltd., 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 profit or loss (Note 6).

Notes to the Financial Statements

Reporting year ended 31 December 2021

19. Other financial asset

	31.12.2021 \$'000	Group 31.12.2020 \$'000	01.01.2020 \$'000
Unquoted convertible bond	1,000	–	–

The convertible bond is redeemable at any time after one year from the maturity date. It bears interest at 10% per annum.

See Note 36(b) for event after the end of the reporting year.

20. Contract costs

	31.12.2021 \$'000	Group 31.12.2020 \$'000	01.01.2020 \$'000
Current	766	697	858
Non-current	2,586	2,498	2,490
	3,352	3,195	3,348

Movements in contract costs are as follows:

At beginning of the year	3,195	3,348	3,348
Additions	1,082	1,083	–
Amortisation for the year	(925)	(1,036)	–
Disposal	–	(200)	–
At end of the year	3,352	3,195	3,348

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 2021 \$'000	2020 \$'000
Reduction of revenue	644	779
Marketing and distributions costs	281	257
	925	1,036

Notes to the Financial Statements

Reporting year ended 31 December 2021

21. Other non-financial assets

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
<u>Non-current</u>					
Prepaid advance rebates	10,671	1,466	3,344	-	-
Deferred customer retention costs	2,055	1,477	908	-	-
Deposits for purchase of property, plant and equipment	272	1,789	-	272	1,789
Subtotal	12,998	4,732	4,252	272	1,789
<u>Current</u>					
Prepaid advance rebates	4,184	2,556	3,194	-	-
Other prepayments	1,246	1,146	1,436	3	161
Deferred customer retention costs	1,538	1,103	1,038	-	-
Deposits for purchase of LPG	336	328	441	-	-
Deposits to secure services	60	153	51	-	-
Subtotal	7,364	5,286	6,160	3	161
Total other non-financial assets	20,362	10,018	10,412	275	1,950

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 and set out in Note 23.

As at 31 December 2020, deposits for purchase of property, plant and equipment include deposit and stamp duty paid totalled \$1,360,000 for the purchase of a leasehold property located at 89 Defu Lane 10, Singapore 539220. The purchase was completed during the current reporting year.

Notes to the Financial Statements

Reporting year ended 31 December 2021

22. Inventories

	31.12.2021 \$'000	Group 31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
LPG	1,790	671	714
LPG-related accessories	830	954	691
Diesel	82	66	75
	<u>2,702</u>	<u>1,691</u>	<u>1,480</u>
(Increase) / decrease in inventories of goods for resale	(1,011)	(211)	402
Amount of inventories included in cost of goods sold	<u>66,697</u>	<u>51,115</u>	<u>-</u>

There are no inventories pledged as security for liabilities.

23. Trade and other receivables

	31.12.2021 \$'000	Group 31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	Company 31.12.2021 \$'000	31.12.2020 \$'000
<u>Trade receivables</u>					
Outside parties	8,568	6,785	7,713	15	-
Less: Allowance for ECL	(340)	(387)	(267)	-	-
	<u>8,228</u>	<u>6,398</u>	<u>7,446</u>	<u>15</u>	<u>-</u>
Related parties	5,940	7,083	11,610	-	-
Less: Allowance for ECL	(4)	(4)	(8,053)	-	-
	<u>5,936</u>	<u>7,079</u>	<u>3,557</u>	<u>-</u>	<u>-</u>
Subtotal	<u>14,164</u>	<u>13,477</u>	<u>11,003</u>	<u>15</u>	<u>-</u>
<u>Other receivables</u>					
Outside parties	1,190	1,167	108	-	-
Less: Allowance for ECL	(79)	(571)	(61)	-	-
	<u>1,111</u>	<u>596</u>	<u>47</u>	<u>-</u>	<u>-</u>
Subsidiaries (Note 3)	-	-	-	822	503
Related parties (Note 3)	4,060	5,051	4,604	-	-
Dividends receivable from subsidiaries	-	-	-	-	11,000
Refundable deposits	1,989	441	625	1,501	37
Government grant receivables	-	341	-	-	5
Subtotal	<u>7,160</u>	<u>6,429</u>	<u>5,276</u>	<u>2,323</u>	<u>11,545</u>
Total trade and other receivables	<u>21,324</u>	<u>19,906</u>	<u>16,279</u>	<u>2,338</u>	<u>11,545</u>

Notes to the Financial Statements

Reporting year ended 31 December 2021

23. Trade and other receivables (cont'd)

	Group	
	2021 \$'000	2020 \$'000
	(Restated)	
Movements in allowance for trade receivables from outside parties:		
At beginning of the year	387	267
(Reversal) / charged to profit or loss included in (other income and gains) and other expenses	(18)	140
Bad debts written-off	(29)	(20)
At end of the year	340	387
Movements in allowance for trade receivables from related parties:		
At beginning of the year	4	8,053
Reversal to profit or loss included in other income and gains	-	(8,049)
At end of the year	4	4
Movements in allowance for other receivables from outside parties:		
At beginning of the year	571	61
(Reversal) / charged to profit or loss included in (other income and gains) and other expenses	(465)	568
Bad debts written-off	(27)	(58)
At end of the year	79	571

Trade receivables

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

23. Trade and other receivables (cont'd)

Trade receivables (cont'd)

The ageing of the assets is as follows:

Group	Gross amount		ECL rate		Loss allowance	
	2021 \$'000	2020 \$'000	2021 %	2020 %	2021 \$'000	2020 \$'000
	(Restated)				(Restated)	
Current	4,295	3,997	0.01	0.03	1	1
1 to 30 days past due	3,618	2,948	0.04	0.07	1	2
31 to 60 days past due	1,916	1,631	0.16	0.18	3	3
Over 60 days past due	4,350	4,920	0.23	0.26	10	13
	14,179	13,496			15	19

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

As at 31 December 2021, 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	
	2021 \$'000	2020 \$'000
	(Restated)	
Gross carrying amount	329	372
Less: Allowance for ECL	(329)	(372)
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 the Covid-19 pandemic. During the reporting year, the Group received repayment from previously impaired receivables. As at year end of the reporting year, a loss allowance of \$79,000 (31.12.2020: \$571,000; 01.01.2020: \$61,000) is recognised.

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

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

24. Cash and cash equivalents

	Group		Company		
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Not restricted in use	14,244	38,662	26,459	2,219	5,563

The rates of interest per annum for the cash on interest-earning balances are as follows:

	Group		Company		
	31.12.2021	31.12.2020	01.01.2020	31.12.2021	31.12.2020
Interest-earning balances	0.38%	0.25% to 0.45%	1.05% to 1.78%	–	0.25%

24A. Significant non-cash transactions

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

- The Group acquired a leasehold property with total cost of \$10,500,000, of which an amount of \$8,400,000 is financed by bank borrowing;
- The Group acquired property, plant and equipment and right-of-use assets with total cost of \$1,049,000 and \$8,661,000 (31.12.2020: \$1,745,000 and \$667,000) respectively, by means of leases;
- Included in additions to property, plant and equipment is an amount of \$1,075,000 being provision for restoration costs capitalised (Note 28); and
- The Group acquired plant and equipment, storage license and reimbursement of other assets with total cost of \$1,566,000 (31.12.2020: \$1,324,000), \$742,000 (31.12.2020: \$672,000) and \$2,183,000 (31.12.2020: \$84,000) respectively from related parties. The purchase consideration of \$297,000 (31.12.2020: \$1,681,000) remain unsettled as at the end of the reporting year (Note 31).

24B. Reconciliation of liabilities arising from financing activities

	Borrowings \$'000	Lease liabilities \$'000
<u>Group</u>		
At 1 January 2020 (restated)	6,989	9,002
Cash flows	(2,758)	(3,898)
Non-cash changes (Note 24A)	–	2,412
At 31 December 2020 (restated)	4,231	7,516
Cash flows	11,710	(3,974)
Non-cash changes (Note 24A)	8,400	8,591
At 31 December 2021	24,341	12,133

Notes to the Financial Statements

Reporting year ended 31 December 2021

25. Share capital

	No. of shares issued '000	Share capital \$'000
<u>Group</u>		
Ordinary shares of no par value:		
At 1 January 2020 [#]	224,367	23,518
Shares issued under Union Gas PSP (Note 27)	29	7
At 31 December 2020 [#]	224,396	23,525
Shares issued under Union Gas PSP (Note 27)	39	9
Placement of treasury shares [#]	4,533	1,200
Shares issued for acquisition of subsidiaries (Note 18B)	88,650	74,289
At 31 December 2021	317,618	99,023
<u>Company</u>		
Ordinary shares of no par value:		
At 1 January 2020	228,900	24,718
Shares issued under Union Gas PSP (Note 27)	29	7
At 31 December 2020	228,929	24,725
Shares issued under Union Gas PSP (Note 27)	39	9
Shares issued for acquisition of subsidiaries (Note 18B)	88,650	74,289
At 31 December 2021	317,618	99,023

[#] Excluded 4,533,434 shares in the capital of the Company that were held by Semgas Supply Pte. Ltd., which was acquired by the Company on 30 December 2021 (see Note 18B). These shares have been reclassified as treasury shares in the consolidated financial statements and their carrying value as at 1 January 2020 and 31 December 2020 was \$1,200,000. The treasury shares were placed out in the open market during the current reporting year prior to the completion of the Acquisition disclosed in Note 18B and a gain on disposal of \$3,152,000 is included in merger reserve (Note 26A).

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 2021 and 2020.

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.

Notes to the Financial Statements

Reporting year ended 31 December 2021

25. Share capital (cont'd)

Capital management (cont'd):

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 borrowings less cash and cash equivalents.

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Net debt:					
All borrowings	36,474	11,747	15,991	16,093	73
Less: Cash and cash equivalents	(14,244)	(38,662)	(26,459)	(2,219)	(5,563)
Net debt / (surplus)	22,230	(26,915)	(10,468)	13,874	(5,490)
Adjusted capital:					
Total equity	56,021	64,179	42,954	109,282	36,504
Debt-to-adjusted capital ratio	0.40	N.M	N.M	0.13	N.M

N.M: Not meaningful as the Group has net surplus of cash over debt.

26. Other reserves

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Merger reserve (Note 26A)	(81,482)	(830)	(830)	-	-
Capital reserve (Note 26B)	3,318	3,318	3,318	-	-
Share-based payment reserve (Note 26C)	-	5	4	-	5
	(78,164)	2,493	2,492	-	5

26A. Merger reserve

	Group		
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
Balance at beginning of the year	(830)	(830)	(11,000)
Arising from acquisition of subsidiaries (Note 18B)	(83,804)	-	10,170
Gain on disposal of treasury shares (Note 25)	3,152	-	-
Balance at end of the year	(81,482)	(830)	(830)

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

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26. Other reserves (cont'd)

26B. Capital reserve

	31.12.2021 \$'000	Group 31.12.2020 \$'000	01.01.2020 \$'000
Balance at beginning and end of the year	3,318	3,318	3,318

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

26C. Share-based payment reserve

	Group and Company		
	31.12.2021 \$'000	31.12.2020 \$'000	01.01.2020 \$'000
Balance at beginning of the year	5	4	4
Expense recognised in profit or loss, net	4	8	–
Exercised during the year	(9)	(7)	–
Balance at end of the year	–	5	4

The share-based payment expense is included in administrative expenses.

The share-based payment reserve comprises the cumulative value of employee services received for the issue of share awards. When share awards vested, the cumulative amount in the share-based payment reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital / reserve for own shares.

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 details of the awards granted under the Union Gas PSP are as follows:

Date of grant	Fair value at grant date	← Number of shares →					Granted and not released at end of the year
		Granted and not released at beginning of the year	Granted during the year	Vested during the year	Forfeited during the year		
6 June 2019	\$0.24	38,612	–	(38,612)	–	–	

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

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

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		
	31.12.2021 \$'000	31.12.2020 \$'000	01.01.2020 \$'000	31.12.2021 \$'000	31.12.2020 \$'000
		(Restated)	(Restated)		
Balance at beginning of the year	710	710	710	-	-
Additions	1,075	-	-	105	-
Balance at end of the year	1,785	710	710	105	-

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

29. Bank borrowings

	Group		Company		
	31.12.2021 \$'000	31.12.2020 \$'000	01.01.2020 \$'000	31.12.2021 \$'000	31.12.2020 \$'000
		(Restated)	(Restated)		
<u>Current</u>					
Bank loan A (secured)	520	-	-	520	-
Bank loan B (secured)	-	2,680	2,495	-	-
Bank loans (unsecured)	3,280	-	-	391	-
Subtotal	3,800	2,680	2,495	911	-
<u>Non-current</u>					
Bank loan A (secured)	7,495	-	-	7,495	-
Bank loan B (secured)	-	1,551	4,494	-	-
Bank loans (unsecured)	13,046	-	-	1,320	-
Subtotal	20,541	1,551	4,494	8,815	-
Total	24,341	4,231	6,989	9,726	-

Notes to the Financial Statements

Reporting year ended 31 December 2021

29. Bank borrowings (cont'd)

Bank loan A bears fixed interest rate of 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 14).

Bank loan B borne fixed interest rate of 2.21% per annum for the first two years from the date of disbursement and at floating rate for the subsequent years. The loan was secured by the following:

- (i) First legal mortgage over the leasehold properties (Note 14);
- (ii) Joint and several personal guarantees from directors of the Company and a related party; and
- (iii) Corporate guarantees from a subsidiary and a related party.

The loan had been repaid in full during the current reporting year.

Unsecured bank loans bear fixed interest rate range between 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.

All bank loans are repayable by monthly instalments over 60 to 180 months (31.12.2020: 54 months; 1.1.2020: 54 months) from the date of first drawdown.

30. Lease liabilities

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Current	1,969	2,913	3,052	181	50
Non-current	10,164	4,603	5,950	6,186	23
	12,133	7,516	9,002	6,367	73

Movements of lease liabilities are as follows:

Balance at beginning of the year	7,516	9,002	9,002	73	87
Additions	9,710	2,412	-	6,443	68
Accretion of interest	179	191	-	32	2
Lease payments – principal portion paid	(3,974)	(3,898)	-	(112)	(82)
Remeasurement	(1,119)	-	-	(37)	-
Interest paid	(179)	(191)	-	(32)	(2)
Balance at end of the year	12,133	7,516	9,002	6,367	73

Notes to the Financial Statements

Reporting year ended 31 December 2021

30. Lease liabilities (cont'd)

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

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Group</u>			
<u>31.12.2021</u>			
Due within 1 year	2,143	(174)	1,969
Due within 2 to 5 years	3,626	(428)	3,198
Due more than 5 years	7,882	(916)	6,966
	<u>13,651</u>	<u>(1,518)</u>	<u>12,133</u>
Carrying value of property, plant and equipment under leases			<u>12,973</u>
<u>31.12.2020 (restated)</u>			
Due within 1 year	3,032	(119)	2,913
Due within 2 to 5 years	3,934	(303)	3,631
Due more than 5 years	1,020	(48)	972
	<u>7,986</u>	<u>(470)</u>	<u>7,516</u>
Carrying value of property, plant and equipment under leases			<u>10,435</u>
<u>01.01.2020 (restated)</u>			
Due within 1 year	3,219	(167)	3,052
Due within 2 to 5 years	4,105	(294)	3,811
Due more than 5 years	2,284	(145)	2,139
	<u>9,608</u>	<u>(606)</u>	<u>9,002</u>
Carrying value of property, plant and equipment under leases			<u>11,377</u>
<u>Company</u>			
<u>31.12.2021</u>			
Due within 1 year	255	(74)	181
Due within 2 to 5 years	1,020	(274)	746
Due more than 5 years	6,264	(824)	5,440
	<u>7,539</u>	<u>(1,172)</u>	<u>6,367</u>
Carrying value of property, plant and equipment under leases			<u>6,354</u>
<u>31.12.2020</u>			
Due within 1 year	51	(1)	50
Due within 2 to 5 years	23	*	23
	<u>74</u>	<u>(1)</u>	<u>73</u>
Carrying value of property, plant and equipment under leases			<u>73</u>

* Denotes less than \$1,000

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 \$10,708,000 (31.12.2020: \$4,888,000; 1.1.2020: \$6,420,000) and \$6,367,000 (31.12.2020: \$73,000) respectively. These leased assets are presented under Note 14A.

Notes to the Financial Statements

Reporting year ended 31 December 2021

31. Trade and other payables

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
<u>Trade payables</u>					
Outside parties and accrued liabilities	12,833	9,461	9,085	-	-
Related parties	1,991	42	231	-	-
Subtotal	14,824	9,503	9,316	-	-
<u>Other payables</u>					
Outside parties	1,675	4,343	1,321	865	1,132
Subsidiaries (Note 3)	-	-	-	5,706	5,924
Related parties (Note 3)	6,189	8,081	13,083	-	-
Directors (Note 3)	-	-	8	-	-
Deposits for LPG cylinders	5,038	4,374	4,125	-	-
Other deposits from customers	255	281	950	-	-
Subtotal	13,157	17,079	19,487	6,571	7,056
Total trade and other payables	27,981	26,582	28,803	6,571	7,056

As at 31 December 2020, the Group's other payables to outside parties included consideration payable for acquisition of intangible assets amounting to \$53,000.

32. Contract liabilities

	Group		
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)
Balance at beginning of the year	350	330	330
Consideration received	15,684	14,330	-
Performance obligation satisfied	(15,621)	(14,310)	-
Balance at end of the year	413	350	330

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 entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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	
	2021 \$'000	2020 \$'000
	(Restated)	
Not later than one year	239	211
Between 1 and 2 years	39	9
	<u>278</u>	<u>220</u>
Rental income for the year	<u>646</u>	<u>823</u>

Included in operating rental income is an amount of \$331,000 (2020: \$640,000) 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 two years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

As the lessor, the Group manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation the lessor when a property has been subjected to excess wear-and-tear during the lease term.

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	
	2021 \$'000	2020 \$'000
	(Restated)	
Commitments for purchase of property, plant and equipment	<u>1,073</u>	<u>18,037</u>

Notes to the Financial Statements

Reporting year ended 31 December 2021

35. Financial instruments: information on financial risks

35A. Categories of financial assets and liabilities

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

	Group			Company	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
Financial assets at amortised cost	36,568	58,568	42,738	4,557	17,108
Financial liabilities at amortised cost	64,455	38,329	44,794	22,664	7,129

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:

- 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.

35C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

35D. Credit risk on financial assets

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

35D. Credit risk on financial assets (cont'd)

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

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

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.

The following table analyses 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
<u>31.12.2021</u>				
Trade and other payables	27,981	–	–	27,981
Borrowings	4,185	16,002	5,654	25,841
Lease liabilities	2,143	3,626	7,882	13,651
	<u>34,309</u>	<u>19,628</u>	<u>13,536</u>	<u>67,473</u>
<u>31.12.2020 (restated)</u>				
Trade and other payables	26,582	–	–	26,582
Borrowings	2,876	1,581	–	4,457
Lease liabilities	3,032	3,934	1,020	7,986
	<u>32,490</u>	<u>5,515</u>	<u>1,020</u>	<u>39,025</u>
<u>01.01.2020 (restated)</u>				
Trade and other payables	28,803	–	–	28,803
Borrowings	2,876	4,744	–	7,620
Lease liabilities	3,219	4,105	2,284	9,608
	<u>34,898</u>	<u>8,849</u>	<u>2,284</u>	<u>46,031</u>

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

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

<u>Company</u>	Less than 1 year \$'000	2 – 5 years \$'000	More than 5 years \$'000	Total \$'000
<u>31.12.2021</u>				
Trade and other payables	6,571	–	–	6,571
Borrowings	1,030	3,804	5,654	10,488
Lease liabilities	255	1,020	6,264	7,539
	<u>7,856</u>	<u>4,824</u>	<u>11,918</u>	<u>24,598</u>
<u>31.12.2020</u>				
Trade and other payables	7,056	–	–	7,056
Lease liabilities	51	23	–	74
	<u>7,107</u>	<u>23</u>	<u>–</u>	<u>7,130</u>

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 (31.12.2020: 30 to 120 days; 1.1.2020: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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.

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

<u>Company</u>	Within 1 year	
	2021 \$'000	2020 \$'000
Financial guarantee contracts – bank guarantee in favour of subsidiaries	<u>13,019</u>	<u>1,851</u>

Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the higher of (a) the amount of the loss allowance determined in accordance the financial reporting standard on financial instruments or (b) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of the financial reporting standard on revenue from contracts with customers.

Notes to the Financial Statements

Reporting year ended 31 December 2021

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

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	
	31.12.2021 \$'000	31.12.2020 \$'000 (Restated)	01.01.2020 \$'000 (Restated)	31.12.2021 \$'000	31.12.2020 \$'000
<u>Financial assets</u>					
Fixed rates	2,000	13,000	2,020	–	3,000
<u>Financial liabilities</u>					
Fixed rates	36,474	7,516	9,002	16,093	73
Floating rates	–	4,231	6,989	–	–
	36,474	11,747	15,991	16,093	73

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

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.

The Group has a foreign currency exposure as it purchases LPG and NG in United States Dollar 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 \$1,471,000 (31.12.2020: \$1,113,000; 1.1.2020: \$1,342,000).

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

36. Events after the end of the reporting year

- (a) On 25 February 2022, the Board of Directors announced the adoption of the Union Gas Scrip Dividend Scheme. Subject to the shareholders' approval on allotment and issuance of shares pursuant to the Union Gas Scrip Dividend Scheme, the Union Gas Scrip Dividend Scheme will be applicable to the proposed final one-tier tax-exempt dividend of 0.80 Singapore cent per share in respect of the reporting year ended 31 December 2021.
- (b) On 23 March 2022, the Company agreed to extend the maturity date of the bond to 30 June 2022 in view of the issuer may undergo a public offering and listing on certain stock exchanges prior to 30 June 2022, and additionally the bonds shall be converted into shares of the issuer at an increased discount of 30% to the offering price in any public offering of the issuer.
- (c) 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. The transaction will be accounted for by the acquisition method of accounting. The detailed disclosures required by the financial accounting standards on business combination could not be made because necessary financial information is not available yet at the time the financial statements were authorised for issue.

37. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below.

SFRS (I) No.	Title
SFRS (I) 3	Definition of Material – Amendments to FRS 1 and FRS 8
SFRS (I) 1-1 and 1-8	FRS Practice Statement 2 Making Materiality Judgements
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting
SFRS (I) 16	Covid-19 Related Rent Concessions – Amendment to (effective from 30 June 2021)

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

Notes to the Financial Statements

Reporting year ended 31 December 2021

38. 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 - Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to	1 January 2023
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to	1 January 2022
SFRS (I) 1-37	Onerous Contracts - Costs of Fulfilling a Contract - Amendments to	1 January 2022
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework - Amendments to	1 January 2022
SFRS (I) 9	Financial Instruments - Fees in the "10 per cent" test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
Various	Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to FRSs 2018-2020	1 January 2022

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.

39. Comparative figures

As disclosed in Note 18B to the financial statements, the comparative figures of the Group in these financial statement have been restated due to the use of the pooling-of-interest method in accounting for acquisition of subsidiaries under common control. The effective date of the pooling-of-interest for accounting purposes is 1 January 2020, the earliest date for which the comparative figures are being presented, as the Group has been under common control prior to 1 January 2020.

Statistics of Shareholdings

As at 16 March 2022

Issued and Fully Paid Capital	:	S\$99,023,424
Class of shares	:	Ordinary Shares
Voting rights	:	1 vote per share
Total no. of issued Ordinary Shares	:	317,618,297
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	1	0.06	34	0.00
100 - 1,000	137	8.12	98,700	0.03
1,001 - 10,000	936	55.45	5,457,300	1.72
10,001 - 1,000,000	595	35.25	38,042,128	11.98
1,000,001 AND ABOVE	19	1.12	274,020,135	86.27
TOTAL	1,688	100.00	317,618,297	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UNION ENERGY CORPORATION PTE LTD	88,649,905	27.91
2	CITIBANK NOMINEES SINGAPORE PTE LTD	65,466,900	20.61
3	TEO HARK PIANG (ZHANG XUEBIN)	25,479,500	8.02
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	24,384,430	7.68
5	TAN AI BIN VINCENT DE PAUL	11,229,100	3.54
6	TEO WOO YANG	11,200,000	3.53
7	ELLEN TEO SOAK HOON	7,863,002	2.48
8	TEO SOAK THENG ALEXIS (ZHANG SHUTING)	7,302,400	2.30
9	LK TANG PTE LTD	6,127,100	1.93
10	RAFFLES NOMINEES (PTE.) LIMITED	4,752,998	1.50
11	ALICE TEO SOAK IMN (ALICE ZHANG SHUYING)	4,215,100	1.33
12	TEO KIANG ANG	3,963,500	1.25
13	DBS NOMINEES (PRIVATE) LIMITED	3,902,400	1.23
14	NG SOO BOON OR NG SOO BOON @ LOW SIEW KOON @ LAU SIEW KOON	1,953,900	0.62
15	PHILLIP SECURITIES PTE LTD	1,899,000	0.60
16	CHAN WENG KONG	1,780,000	0.56
17	LOK KEE FONG	1,520,500	0.48
18	IFAST FINANCIAL PTE. LTD.	1,291,700	0.41
19	OCBC SECURITIES PRIVATE LIMITED	1,038,700	0.33
20	GOH YONG HOCK	1,000,000	0.31
	TOTAL	275,020,135	86.62

Statistics of Shareholdings

As at 16 March 2022

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Teo Kiang Ang ⁽¹⁾	67,813,500	21.35	119,106,435	37.50
2	Union Energy Corporation Pte. Ltd.	112,979,335	35.57	–	–
3	Teo Hark Piang	25,479,500	8.02	–	–

Note:

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

LK Tang Pte. Ltd. ("LKT") is wholly-owned by Teo Kiang Ang. Therefore, Teo Kiang Ang is deemed to have interest in the 6,127,100 Shares held by LKT by virtue of Section 4 of the Securities and Futures Act 2001 ("SFA").

Union Energy Corporation Pte. Ltd. ("UEC") has an ownership of 112,979,335 Shares. Teo Kiang Ang has 61.89% shareholding interest in UEC. Therefore, Teo Kiang Ang is deemed to have interest in the Shares held by UEC by virtue of Section 4 of the SFA.

63,850,000 shares are registered in Citibank Nominees Singapore Pte. Ltd.

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 16 March 2022, approximately 22.22% 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 by electronic means on Thursday, 28 April 2022 at 10.00 a.m. (of which there will be a live webcast), to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Statement By Directors and the Audited Financial Statements for the financial year ended 31 December 2021 together with the Independent Auditor's Report thereon. **(Ordinary Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 0.80 Singapore cents per ordinary share for the financial year ended 31 December 2021. (FY2020: 2.53 Singapore cents) **(Ordinary Resolution 2)**
3. To re-elect Mr. Teo Hark Piang 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 (i)] **(Ordinary Resolution 3)**
4. To re-elect Mr. Lim Chwee Kim 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)] **(Ordinary Resolution 4)**
5. To approve the payment of Directors' Fees of S\$231,121 for the financial year ending 31 December 2022, payable half yearly in arrears. (FY2021: S\$231,121)
[See Explanatory Note (iii)] **(Ordinary Resolution 5)**
6. To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

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

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

That pursuant to Section 161 of the Companies Act 1967 (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 (iv)]

(Ordinary Resolution 7)

9. 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.

(Ordinary Resolution 8)

10. 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 (v)]

(Ordinary Resolution 9)

Notice of Annual General Meeting

11. 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 (vi)]

(Ordinary Resolution 10)

12. 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. **(Ordinary Resolution 11)**

13. The Proposed Adoption of the New Constitution of the Company

That:

- (a) the New Constitution as set out in the Appendix to the Annual Report dated 6 April 2022 to the Shareholders in relation to the Proposed Adoption of the New Constitution of the Company, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and
- (b) the Directors and/or any of them be and are hereby authorised and empowered to complete and do all such acts and things, including approve, modify, ratify and execute such documents, acts and things as they and/or he may consider necessary, desirable and expedient to give effect to this resolution.

[See Explanatory Note (vii)]

(Special Resolution)

By Order of the Board

Wong Yoen Har
Company Secretary

Singapore
6 April 2022

Notice of Annual General Meeting

EXPLANATORY NOTES:

- (i) Mr. Teo Hark Piang, upon re-election as a Director of the Company, will remain as Executive Director and Chief Executive Officer of the Company, and the Board of Directors (save for Mr. Teo Hark Piang) considers him non-independent.
- (ii) Mr. Lim Chwee Kim, upon re-election as a Director of the Company, will remain as Independent Director, the Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees, and the Board of Directors (save for Mr. Lim Chwee Kim) considers him independent for the purposes of Rule 704(8) of the Listing Manual.
- (iii) The Ordinary Resolution 5, if passed, will facilitate the payment of Directors' Fees during the financial year ending 31 December 2022 in which the fees are incurred, which is payable half yearly in arrears.
- (iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 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.

- (v) 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.
- (vi) 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.

- (vii) The Special Resolution, if passed, will approve the adoption of the New Constitution in substitution for, and to the exclusion of, the Company's Existing Constitution. The New Constitution will replace the Existing Constitution and incorporate amendments to take into account, *inter alia*, the changes to the Companies Act introduced pursuant to the Companies Amendment Act 2017 as well as to include regulations to address the personal data protection regime in Singapore. Please refer to the Appendix to the Annual Report dated 6 April 2022 to Shareholders in relation to the Proposed Adoption of New Constitution for further details.

Notice of Annual General Meeting

Notes:

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

The accompanying proxy form for the Annual General Meeting may be accessed at the Company’s website at <https://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2022.pdf> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

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

Supplementary Retirement Scheme (“**SRS**”) investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 18 April 2022.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company’s Share Registrar’s office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to srs.teamc@boardroomlimited.com.

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

A member who wishes to submit an instrument of proxy must first download, 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.

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

- (6) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting as proxy(ies) which was delivered by a member to the Company before 10.00 a.m. on 25 April 2022 as a valid instrument appointing the Chairman of the Meeting as the member’s proxy to attend, speak and vote at the Meeting if:
 - (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and
 - (b) the member has not withdrawn the appointment.
- (7) A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to srs.teamc@boardroomlimited.com to notify the Company of the withdrawal, at least seventy-two (72) hours before the time for holding the Meeting.
- (8) Submission by a member of a valid instrument appointing the Chairman of the Meeting as proxy at least seventy-two (72) hours before the time for holding the Meeting will supersede any previous instrument appointing a proxy(ies) submitted by that member.
- (9) The annual report for the financial year ended 31 December 2021 (“**2021 Annual Report**”) may be accessed at https://forms.uniongas.com.sg/downloads/UnionGasHoldings_AR2021-1.pdf or on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

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

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

Instructions to Shareholders for Annual General Meeting

For the financial year ended 31 December 2021 (the “AGM”)

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

I. To vote at the virtual AGM

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

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

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

- (a) if the Proxy Form is in hard copy and sent personally or by post, to the Share Registrar’s office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if by email, the Proxy Form must be received by the Company at srs.teamc@boardroomlimited.com.

in either case, by 10.00 a.m. on 25 April 2022.

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

The Proxy Form can also be downloaded from the Company’s website at <https://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2022.pdf> or SGX website at <https://www.sgx.com/securities/company-announcements>.

Supplementary Retirement Scheme (“SRS”) investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 18 April 2022.

II. Registration for the live webcast

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

- (a) shareholders who wish to watch the live webcast or listen to the live audio feed must pre-register at <https://forms.uniongas.com.sg/agm/2022/agm-registration.html> by **10.00 a.m. on 25 April 2022** (the “Registration Deadline”).
- (b) shareholders who have registered by the Registration Deadline but do not receive an email by **10.00 a.m. on 27 April 2022** should contact the Company’s Share Registrar at email address srs.teamc@boardroomlimited.com or call the general telephone number at +65 6536 5355 between 10:00 a.m. to 4:00 p.m. for assistance.

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

Instructions to Shareholders for Annual General Meeting

For the financial year ended 31 December 2021 (the “AGM”)

III. Submission of Questions

Shareholders who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the AGM to <https://forms.uniongas.com.sg/agm/2022/agm-registration.html>. All questions must be submitted by **10.00 a.m. on 13 April 2022**.

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

The Company will endeavour to address substantial and relevant questions received from Shareholders via publication on SGXNET and the Company’s website by 22 April 2022. The Company will publish the minutes of the AGM on SGXNET and the Company’s website within one (1) month after the date of AGM.

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

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

By Order of the Board

Teo Hark Piang
Executive Director and Chief Executive Officer

6 April 2022

UNION GAS HOLDINGS LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("the Meeting") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), registration for live webcast, submission of questions in advance of the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Instructions to Shareholders for Annual General Meeting.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
4. Supplementary Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 18 April 2022. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.

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

I/We, _____ (Name)

_____ (NRIC/Passport No./Registration No.)

of _____ (Address)

being a member/members of **Union Gas Holdings Limited** (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company **to be held by electronic means on Thursday, 28 April 2022 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting the resolutions to be proposed at the Meeting in the spaces provided hereunder.

No.	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 2021 together with the Independent Auditor's Report thereon			
2	To approve a final tax exempt (one-tier) dividend of 0.80 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3	To re-elect Mr. Teo Hark Piang as Director of the Company			
4	To re-elect Mr. Lim Chwee Kim as Director of the Company			
5	To approve of Directors' Fees of S\$231,121 for the financial year ending 31 December 2022, payable half yearly in arrears			
6	To re-appoint RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
7	To authorise Directors to allot and issue new shares			
8	To authorise 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			
	Special Resolution relating to:			
	The Proposed Adoption of the New Constitution of the Company			

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

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

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

Dated this _____ day of _____ 2022

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

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



Notes:

1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed at the Company's website at <https://forms.uniongas.com.sg/downloads/UnionGas-Proxy-Form-2022.pdf> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The Chairman of the Meeting, as proxy, need not be a member of the Company.
3. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 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(ies) shall be deemed to relate to all the shares held by you.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend 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. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"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.
5. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by **10.00 a.m. on 18 April 2022**.
6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. The duly completed and signed instrument appointing the Chairman of the Meeting as proxy must either be submitted by:
 - (a) mail to the Share Registrar's office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) email to srs.teamc@boardroomlimited.com.

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

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

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.

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
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

89 Defu Lane 10
Union Gas House
Singapore 539220
Tel: (+65) 6316 6666
Fax: (+65) 6743 0467

SHARE REGISTRAR

Boardroom Corporate & Advisory Services
Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITORS

RSM Chio Lim 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 Rita Ng - ritang@august.com.sg

**UNION
GAS**
HOLDINGS
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