



# **VISION**

An international lubricant company with a reputation for Performance, Value & Reliability.

# MISSION

Provide high performance, value-formoney and reliable products.

Increase sales from satisfied customers.

Provide customised services to meet customers' needs.

Lead the organisation with a competent & responsive management team.

### **Contents**

- **01** Corporate Profile
- **02** Our Products
- **03** Awards & Cetifications
- **04** Distribution Network
- **05** Group Structure
- **06** Financial Highlights
- **08** Chairman and CEO's Message
- 10 Board of Directors
- **13** Executive Officers
- **15** Operations Review
- **18** Financial Review
- **21** Investor Relations
- **22** Our People
- **23** CSR
- **24** Corporate Information

#### **Financial Contents**

- 25 Corporate Governance Report
- **43** Directors' Statement
- 46 Independent Auditor's Report
- 50 Statements of Financial Position
- 51 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 52 Statements of Changes in Equity
- 54 Consolidated Statement of Cash Flows
- 55 Notes to the Financial Statements
- 87 Statistics of Shareholdings
- Notice of Annual General MeetingProxy Form

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), SAC Advisors Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange").

The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The details of the contact person for the Sponsor is Ms Lee Khai Yinn at 1 Robinson Road, #21-02, AIA Tower Singapore 048542, Tel: (65) 6532 3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

### CORPORATE PROFIL



Listed on Singapore Exchange's Catalist on 8 July 2016, United Global Limited is an established independent lubricant manufacturer and trader providing a wide range of high quality, well-engineered lubricants under its in-house brands such as "United Oil", "U Star Lube", "Bell1" and "HydroPure" as well as manufacturing lubricants for third-party principals' brands. The Group's other core business is in the trading of base oils, additives and lubricants. The Group supplies lubricant products globally to over 30 countries and territories, serving mainly the automotive, industrial and marine sectors.

Since its inception in 1999, the Group has established itself as a reliable and responsive service provider as well as a specialist in automatic transmission fluids. Its competitive advantage is its ability to customise products and production volume at a reasonable price.

The Group owns a 44,000 MT lubricant blending facility and an in-house laboratory in Singapore, and was awarded the ISO 9001 certification for its quality management system.

#### **Our Philosophy**

#### Innovation

Always on the lookout for emerging technologies and new materials to stay ahead.

#### Continuous Improvement

Dedicated to R & D.

### Flexibility

Prompt & responsive in meeting customer needs.

#### Form Alliance with Customers

Understand and work with customers to provide customised services.

#### High Quality Standards of Products & Services

Decrease downtime, extend life of major capital assets and reduce cost associated with heavy fleet and equipment maintenance.

### **Total Customer Support**

Experienced team of professionals offering product selection, product knowledge, training and logistics support.

#### Strategic Partnerships

United Global's cooperation with PT Pacific Lubritama Indonesia ("PLI") provides the Group with access to their manufacturing facility to process base oils, additives, and other raw materials for PLI's sale of "United Oil" brand of products in Indonesia, excluding Batam, Bintan and certain demarcated islands.

#### Malaysia

United Global also collaborates with UNT Oil Company Sdn. Bhd. to process and package its products for export and distribution directly from Port Klang in Malaysia.

#### People's Republic of China ("PRC")

United Global entered into a strategic cooperation framework agreement with CNOOC Oil & Gas (Taizhou) Petrochemical Co., Ltd ("CNOOC") in 2015 to collaborate and market lubricant products in the PRC and other markets. Under the agreement, United Global will supply to CNOOC lubricant products, assist in the stocking and transportation of lubricant products as well as cooperate with CNOOC to develop new lubricants. CNOOC, in turn, will promote the Group's products in the PRC and assist the Group in setting up distribution networks outside the PRC.

Together, we have launched the "HydroPure" brand in 2015, with CNOOC distributing products within the PRC and United Global covering the markets outside the PRC.

# **OUR PRODUCTS**

### WE ARE SPECIALISTS WITH WIDE RANGE OF PRODUCTS

To satisfy the demands of a wide range of transportation & industry, we offer a comprehensive range of lubricant products that performed consistently at the highest level.



Automotive	Automatic transmission fluids, gasoline engine oils, passenger car motor oils, diesel engine oils, etc
Industrial	Hydraulic oils, turbine oils, compressor oils, refrigeration oils, vacuum pump oils, etc
Marine	System oils, cylinder oils, trunk piston engine oils, outboard motor oils, wire rope oils, etc
Specialty Fluids	Brake fluids, coolants, anti-freeze, after market additives, lithium complex grease, etc
Metal Working Fluids	Soluble cutting oils, neat cutting oils, forming oils, quenching oils, rust prevention oils

### **OUR BRANDS**









# **AWARDS & CERTIFICATIONS**

### As an established, independent lubricant manufacturer and trader, our Group has achieved the following:



#### ISO 9001:2008# Lloyd's Register Quality Assurance Limited

Quality management system in respect of the manufacture of lubricants



**Engine Oil Licensing and Certification** System (EOLCS) License American Petroleum Institute (API)\* Lubricants products performance



**European Automobile Manufacturers'** Association (ACEA)\*

Lubricant products performance specifications



Japanese Engine Oil Standards Implementation Panel (JASO)\*

Lubricant products performance specifications



#### BizSAFE level 3\*, CultureSAFE\* Workplace Safety and Health Council

Workplace safety of our lubricant blending facility and in-house laboratory



Society of Automotive Engineers (SAE)\*

Viscosity specifications



International Lubricants Standardisation and Approval Committee (ILSAC)\*

Gear oils and crankcases performance specifications



American Society for Testing Materials (ASTM)\* Testing method



China GB Standards\*

Testing method

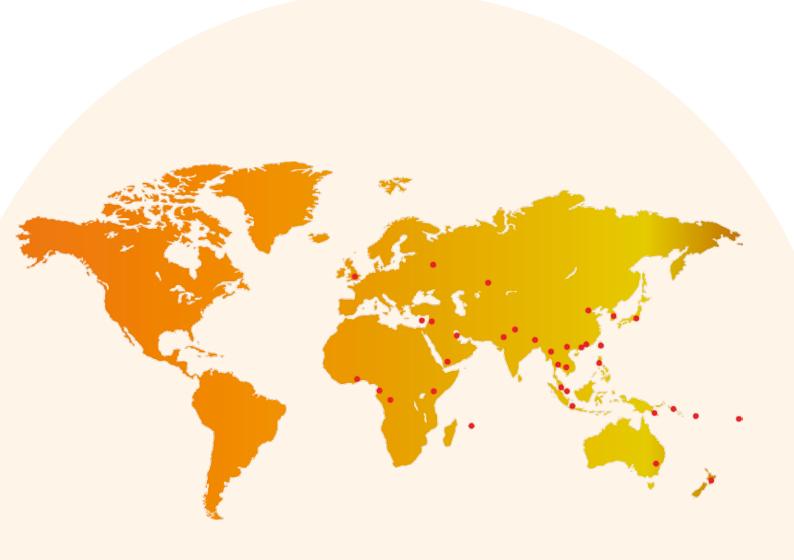
Our products are also certified by several automotive and/or engine manufacturers such as Daimler AG, Volkswagen, Volvo, Porsche, MAN Diesel & Turbo, MTU and Scania for use in their engines.

- We meet the standards/specifications, or we are able to carry out tests with the standards set
- We were awarded/obtained these certifications

specifications



# DISTRIBUTION NETWORK

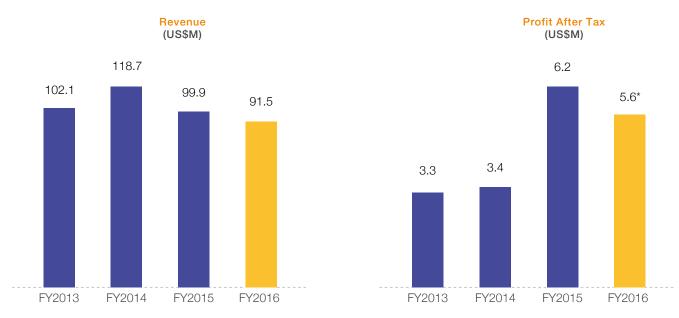


United Global has an extensive network of distributors covering more than 30 countries and territories. More than 84.6% of our total revenue for FY2016 were derived from sales outside Singapore. A portion of our sales in Singapore may be re-exported by our customers.

# GROUP STRUCTURE

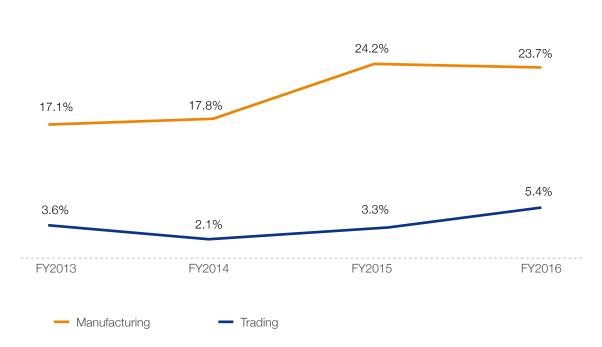


# FINANCIAL HIGHLIGHTS



\*Inclusion of IPO expenses charged to P&L of US\$0.6 million

### **Gross Profit Margin**



# FINANCIAL HIGHLIGHTS

Financial Year US\$'000	2013	2014	2015	2016	
Operating Results Revenue Gross profit Profit before tax Tax expense Profit for the year	102,146 10,832 3,882 (608) 3,274	118,690 11,587 4,182 (816) 3,366	99,860 13,936 7,549 (1,308) 6,241	91,542 14,229 6,907 (1,261) 5,646	
Financial Position Total assets Total liabilities Equity	37,701 21,668 16,033	38,765 19,366 19,399	26,968 21,328 5,640	34,189 16,352 17,837	
Key Ratios Net profit on turnover Net assets value per share (US\$ cents) (1) Basic and diluted earnings per share (US\$ cents) (1)	3.2% 6.7 1.4	2.8% 8.1 1.4	6.2% 2.3 2.6	6.2% 6.3 2.2	

#### Note:

<sup>(1)</sup> The net assets value per share and basic and diluted earnings per share of FY2013, FY2014 and FY2015 was calculated based on the iPO pre-placement share capital of 240,012,360 shares.





# CHAIRMAN AND CEO'S MESSAGE

Dear Shareholders,

This is United Global's first Annual Report to shareholders, and we are very grateful for having successfully listed on Singapore Exchange's Catalist on 8 July 2016. This historic day will always be etched in our memory as it marked the beginning of a significant chapter in United Global's history.

Over the past 17 years, our Group has grown from strength to strength, building a strong reputation for its products which are well-known for its performance, value and reliability. With our new listing status, we have a larger platform to grow organically, and more importantly, better access to acquisitions and joint ventures. Our IPO, which was launched as a placement of 42.8 million new shares, had raised S\$9.4 million (net of IPO expenses).

As a listed company, we are cognizant of the expectations of our shareholders and investors, and we remain committed to our objective to propel United Global to new levels of growth.

## Strategy for Growth

Shortly after our listing, we announced on 15 August 2016 a memorandum of understanding signed with our strategic collaboration partner, PT Pacific Lubritama Indonesia ("PLI") to explore future collaboration opportunities as well as the possibility of acquiring an equity interest in PLI. A manufacturer and trader of lubricants in Indonesia with almost twice the blending capacity of our Singapore plant, PLI also has storage tanks of up to 17,000 MT and jetty access to bulk shipments by vessels with cargo capacity of up to 12,000 MT. Since 2003, the Group has been purchasing in bulk base oil and additives and in turn selling these products to PLI to support PLI's manufacturing activities as the Group derives greater cost savings from the economies of scale of bulk purchasing.

Moving ahead, we see strategic partnerships as a vital part of our road map to higher levels of growth in Asia Pacific. On 5 December 2016, we entered into a shareholders agreement with our Taiwan distributor, Jin Wei Chuang Co. Ltd, to set up a 35%:65% joint venture in Taiwan to distribute our brands of lubricants as well as to trade third-party lubricant products.

Recently, on 16 January 2017, we also announced a threeyear joint operation agreement with our long-time customer in Myanmar, Lighthouse Enterprise Ltd, to promote, market, distribute and sell specialized lubricants in the emerging market. We trust that this collaboration will help to increase our presence, and enable us to have greater access in Myanmar.

Meanwhile, our collaboration with CNOOC Oil & Gas (Taizhou) Petrochemical Co., Ltd. ("CNOOC"), which we initiated in 2015, will see our market share in the PRC grow, due largely to the internal marketing of the "HydroPure" brand which we jointly developed with CNOOC. Under our strategic collaboration agreement, CNOOC owns and manages the brand in the PRC while United Global owns and manages the brand outside the PRC.

Our collaboration with UNT Oil Company Sdn. Bhd. in Malaysia since 2013 has also helped us to process and package blended products in Malaysia for export and distribution in other markets.

# CHAIRMAN AND CEO'S MESSAGE

### Financial Highlights

We are pleased to inform you that in FY2016, the Group achieved net profit attributable to shareholders of US\$5.6 million, which was 9.5% lower than the year-ago period due mainly to a one-off charge for IPO expenses of approximately US\$616,000. Without this expense, our net profit for the year would have been marginally higher, at US\$6.3 million.

Group revenue stood at US\$91.5 million in FY2016, from a decline in our trading revenue, mainly due to a 7.7% decrease in average selling price caused by the volatility in base oil prices, and lower trading volume.

Thankfully, our initiatives in cost management helped lift gross profit by 2.1% to US\$14.2 million in FY2016, with gross profit margins improving by 1.5 percentages points to 15.5% year-on-year.

In the latest full-year results, the Group's earnings per ordinary share was US 2.2 cents in FY2016 as compared to US 2.6 cents in FY2015, while net asset value per ordinary share of US 6.3 cents, as at 31 December 2016, up from US 2.3 cents a year ago. Cash and cash equivalents increased from US\$9.2 million as at 31 December 2015 to US\$14.3 million as at 31 December 2016.

# Looking Ahead

United Global has continued on our growth path, and has managed to carve out a unique market positioning for our brands and products. We believe that our competitive edge is in our ability to customise product specifications and production volumes for different markets, manufacture high performance and quality products that are reputed for their performance, value and reliability. Moving ahead, United Global is poised to achieve new levels of growth, particularly in our expansion into new markets despite the current market volatility and global economic uncertainties.

### Dividend

To reward our shareholders for supporting the Group's transformation, and as a gesture of our confidence in

the Group's future, despite the current global economic slowdown, the Directors have recommended a final dividend of 0.5 Singapore cent per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting. This is on top of the interim dividend of 0.5 Singapore cent per ordinary share disbursed earlier on 5 September 2016. Together, the total dividend declared in respect of FY2016's profits would amount to a dividend payout of 36%.

### Appreciation

United Global is certainly off to a very good start, and we are grateful to all of our fellow directors on the Board and professional advisors for their counsel and support. We are also thankful for the dedication and competence of our staff, the foresight and fortitude of the management team, and the continuing support from our business partners and customers.

United as a team, we know that we can propel the Group to higher levels of achievement and deliver greater value to our shareholders who are supportive of our dream and vision.

Thank you all for your unwavering support and encouragement. We look forward to meeting you again at our first Annual General Meeting.

Wiranto

Jacky Tan

Non-Executive Chairman Executive Director and CEO

Moving ahead,
we see strategic
partnerships as a
vital part of our road
map to higher levels
of growth in Asia
Pacific.

# **BOARD OF DIRECTORS**



Mr Wiranto
Non-Executive Chairman

Mr Wiranto is our Non-Executive Chairman and is responsible for the overall strategic direction of our Group. Mr Wiranto is also a director of our subsidiary, United Oil Company Pte Ltd ("United Oil").

Mr Wiranto is one of the founders of our Group and has contributed instrumentally to the success of our Group with his keen business acumen and significant experience in the overall management of companies. In particular, he has founded and grown several quarry and mining companies in Indonesia, and has more than 30 years of experience in the quarry and mining industry, providing business direction and management to develop the operations and scale of these companies.



Mr Tan Thuan Hor, Jacky
Executive Director and CEO

Mr Tan Thuan Hor, Jacky is our Executive Director and CEO, and is responsible for the overall strategic, management and business development of our Group.

Mr Jacky Tan is one of the founders of our Group and has more than 18 years of experience in the lubricant industry. Under Mr Jacky Tan's management and leadership, our Group has built up our business and reputation over the years to become a prominent lubricant manufacturer in the lubricant industry.

Prior to founding our Group, Mr Jacky Tan had 8 years of working experience, having served as the general manager and operations director of 2 quarry and mining companies in Indonesia which operated several quarries and mining operations. As general manager, he was responsible for managing the administrative and overall operations of the company, as well as the planning, design, construction, production and maintenance of quarry plants. He led the company to adopt a different quarry extraction method, moving from gravel mining method to mountaintop removal mining method, thereby improving the scale of operations of the company substantially. As operations director, he developed policies to optimise the maintenance of heavy equipment to minimise wear and tear, as well as improved the production cycle of the quarries by upgrading and improving the extraction tools and methods to yield better output. Besides these, while he was employed in these 2 companies, Mr Jacky Tan implemented formal corporate processes to streamline the operations of the companies. He also put in place a new IT system in the companies that allowed all the business divisions (including inventory control, spare parts management and repairs) to be accessed from a centralised database, resulting in more cost-efficient operations.

Mr Jacky Tan graduated from the University of Canberra with a Bachelor of Applied Science in Building in 1991.

# **BOARD OF DIRECTORS**



**Ms Ety Wiranto** Executive Director

Ms Ety Wiranto is our Executive Director and is responsible for the overall business operations of our Group.

Ms Ety joined our Group soon after its incorporation in 1999 and has played an instrumental role in the development and growth of our Group and our business segments. Prior to joining our Group, Ms Ety was the finance manager of an Indonesia company from 1991 to 1998 where she had implemented and maintained the accounting and procedures system and was responsible for all finance related matters.

Ms Ety obtained a Bachelor degree in Commerce, specialising in Management Sciences from the University of Canberra in 1991.



Mr Mah Kah On, Gerald Lead Independent Director and Chairman of our Audit Committee

Mr Mah Kah On, Gerald is our Lead Independent Director and Chairman of our Audit Committee. He was appointed to the Board of our Company on 1 June 2016.

In 1981, Mr Gerald Mah joined UMF (Singapore) Limited (now known as Mercedes-Benz Financial Services Singapore Limited) as the administrative and finance manager, subsequently becoming the assistant general manager from 1985 to 1989. He then held the position of general manager and director between 1990 and 1999. In April 1999, he became the chief executive officer of UMF (Singapore) Limited, a position he held until June 2005, where he was responsible for overall management of the company, with an overview of the portfolio acquisition and management, funding and shareholders' relationship. Subsequently, he was engaged as a consultant by UMF (Singapore) Limited from 2005 to 2006.

Mr Gerald Mah is qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales.

# **BOARD OF DIRECTORS**



### **Mr Tan Teng Muan**

Independent Director and Chairman of our Nominating Committee

Mr Tan Teng Muan is our Independent Director and Chairman of our Nominating Committee. He was appointed to the Board of our Company on 1 June 2016.

Mr Tan is currently a Commissioner for Oaths and a partner in the civil and commercial litigation practice of Mallal & Namazie. Mr Tan has over 29 years of experience in legal practice. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1988, and has been a partner of Mallal & Namazie since 1991.

Mr Tan is an independent director of Overseas Education Limited, a company listed on the SGX-ST since 2013.

Mr Tan graduated from the National University of Singapore with a Bachelor of Laws (Hons) in 1987. He is a member of the Law Society of Singapore and the Singapore Academy of Law.



### Mr Leong Koon Weng

Independent Director and Chairman of our Remuneration Committee

Mr Leong Koon Weng is our Independent Director and Chairman of our Remuneration Committee. He was appointed to the Board of our Company on 1 June 2016.

Mr Leong is a currently a director of business development at ValueMax Group Limited and an executive director of VM Credit Pte Ltd.

Mr Leong has 20 years of experience in banking where he held various positions with local and international banks in corporate banking, enterprise banking and credit risk review. He has about 8 years of experience in SGX listed companies, namely Gates Electronics Limited and Oceanus Group Limited during where he served as the Executive Director and Chief Financial Officer respectively. Prior to joining ValueMax Group Limited in August 2014, Mr Leong was a director in Windsor Management Pte Ltd, a company engaged in property and asset management, consultancy and advisory services.

Mr Leong graduated with a Bachelor of Social Sciences (Honours in Economics) from the National University of Singapore. He is a member of the Singapore Institute of Directors.

# **EXECUTIVE OFFICERS**

### Mr Lim Hock Choon, Alex

General Manager

Mr Lim Hock Choon, Alex is our General Manager and has been with United Oil since the year of its incorporation in 1999. He is responsible for assisting our Executive Directors in overseeing all operational aspects of the business, including but not limited to addressing technical queries in relation to our Group's products, as part of the business' customer service support. He has also, since United Oil's receipt of the ISO 9001 certification, been the management representative and is tasked with ensuring compliance with the prescribed standards.

Mr Alex Lim has more than 27 years of experience in the lubricant industry. He first ventured into the lubricant business working as a chemist and subsequently, the production manager for Imexco Petroleum Pte. Ltd., a company which was subsequently acquired by Cosmo Lubricants Pte. Ltd.. In 1989. Mr Alex Lim joined Unocal Pacific Blending Pte. Ltd. as the production manager in 1993 where he was responsible for production planning, co-ordination and control of all materials, labour and facilities of the manufacturing plant. He was with a local lubricant company from 1995 to 1999 where he joined as the production manager and was subsequently promoted to the factory manager and deputy general manager roles.

Mr Alex Lim graduated from Campbell University with a Bachelor of Science (Magna Cum Laude), majoring in Chemistry and Statistics in 1985, and was awarded a Master of Business Administration from the University of Leicester in 1998. Mr Alex Lim also obtained a Diploma in Business Efficiency and Productivity (Production Management) from the National Productivity Board of Singapore in 1992.

### Mr Tan Thuan Seng, Shawn

Deputy General Manager

Mr Tan Thuan Seng, Shawn is our Deputy General Manager and is responsible for assisting our Executive Directors and General Manager in overseeing all operational aspects of the business.

Mr Shawn Tan has more than 18 years of experience in the lubricant industry. He worked as the assistant finance manager of a local lubricant company for one year prior to joining United Oil, where he was subsequently promoted from the role of assistant finance manager to account manager, senior manager and thereafter deputy general manager. Mr Shawn Tan initiated the development and implementation of United Oil computer networking, accounting, internal control and human resource management system. His promotion to account manager prompted the expansion of his portfolio to business development and marketing.

Mr Shawn Tan graduated from the University of Canberra, and was conferred a Bachelor of Commerce degree (majoring in Accounting) in 1998.

# **EXECUTIVE OFFICERS**

### Mr Cham Hock Khong, Steven

Financial Controller

Mr Cham Hock Khong, Steven is our Financial Controller. He is responsible for the finance and management reporting, internal controls and investor relations matters of our Group.

Prior to joining our Group in July 2015, Mr Steven Cham was the financial controller of Juken Technology Limited, a manufacturer of precision mould plastic components, from 2011, where he was responsible for all the financial matters of the group. From 2004 to 2005 and 2006 to 2010, he was an audit assistant and audit supervisor at Paul Wan & Co and Baker Tilly TFW, respectively, where he was involved in the statutory audit of companies.

Mr Steven Cham is a chartered accountant of the Institute of Singapore Chartered Accountants. He is also a fellow member of the Association of Chartered Certified Accountants.

#### Mr Chew Pin Soon

Senior Operations Manager

Mr Chew Pin Soon is our Senior Operations Manager. He is responsible for assisting our General Manager in the day-to-day operations of the business.

Mr Chew has more than 18 years of experience in the lubricant industry. He started off as the production coordinator at a local lubricant company for one year, before joining our Group as our operations manager in 1999. In addition to assisting our General Manager in the day-to-day operations of the business, Mr Chew is also responsible for all production and operational activities, which include but are not limited to liaising with customers on the orders and scheduling the blending and filling of lubricants.

Mr Chew was awarded a Bachelor of Commerce, majoring in Economics and Finance from the Curtin University of Technology in 1998.

### Mr Tan Kek Hoo, Ken

Regional Business Development Manager

Mr Tan Kek Hoo, Ken is our Regional Business Development Manager. He is responsible for identifying market opportunities for the introduction of new products and services, as well as building and managing relationships with major customers and suppliers. He is also responsible for heading the business development department of our Group, as well as the branding and marketing activities of our Group.

Mr Ken Tan has significant experience in the sales and marketing of lubricants, which he had gained from his 31 years of work experience at Shell Eastern Petroleum (Pte) Ltd from 1973 to 2004, where he had risen to the position of regional sales manager, with particular emphasis on retail sales in service stations and liquid petroleum gas ("LPG") sales. As regional sales manager, Mr Ken Tan was responsible for overseeing the operations of 20 service stations operated by franchisees, as well as for managing approximately 100 LPG distributors in Singapore.

### Ms Loh Sook Wah

Senior Supply Chain Manager

Ms Loh Sook Wah is our Senior Supply Chain Manager. She is responsible for planning the master production schedule, procurement of raw materials and product formulation support.

Ms Loh began her career with our Group in 2000 as a chemist where she was in charge of testing the quality of our products, before being promoted to the position of assistant production manager, supply chain manager and subsequently the Senior Supply Chain Manager.

Ms Loh graduated with a Bachelor of Science (Honours) from Universiti Putra Malaysia in 1999 and was awarded a Bachelor of Science (Honours) in Logistics from the University College Dublin, National University of Ireland in 2015. She has also obtained a Diploma in Supply Chain Management from the Singapore Institute of Materials Management, where she had achieved the top student award in 2013.

# **OPERATIONS REVIEW**



Operations Review

2016 started off with external headwinds coming from volatile global crude and base oil prices, before staging a recovery in February. The weak global economic environment also saw sales volume weakening.

Nevertheless, the Group delivered a credible performance, with revenue and profit of the year of US\$91.5 million and US\$5.6 million respectively, down 8.3% and 9.5% respectively. Gross margins improved from 14.0% to 15.5% mainly due to improvement in gross profit margin of our trading segment on lower cost of purchase of base oils in FY2016.

As a lubricant manufacturer and trader, United Global is less sensitive to the fluctuations in crude oil prices as lubricants are not short life cycle products and not purchased on a day-today basis. As such, the price of lubricants is driven more by the supply and demand of the base oils and lubricant markets, the branding of the lubricants and the availability of lubricants with the respective specifications.

manufacturer and to the fluctuations



# **OPERATIONS REVIEW**

United Global is well-positioned to ride on sustainable demand for lubricants, with a reputation for reliable and responsive service and its offering of a wide range of high quality, well-engineered lubricants under its in-house brands, such as "United Oil", "U Star Lube", "Bell1" and "HydroPure" as well as other third-party principals' brands ("OEM").

Over the years, we have continually upgraded our blending facility in Singapore and expanded our product range, including customised formulations supported by our in-house laboratory.

The Group sees strategic partnerships as a vital part of its road map to higher levels of growth in the Asia Pacific markets.

On 15 August 2016, the Group announced the signing of a memorandum of understanding to explore future collaboration opportunities and/or the possibility of acquiring an equity interest in PLI with whom the Group has established a strategic collaboration since 2003. The Group is currently engaged in discussions with PLI, and the Group will keep shareholders updated of any material developments.

A manufacturer and trader of lubricants in Indonesia with twice the blending capacity of our Singapore plant, PLI also has storage tanks of up to 17,000 MT and jetty access for bulk shipments by vessels with cargo capacity of up to 12,000 MT. Since 2003, the Group has been purchasing in bulk base oil and additives and in turn selling these products to PLI, to support PLI's manufacturing activities, as the Group derives greater cost savings from the economies of scale of bulk purchasing.

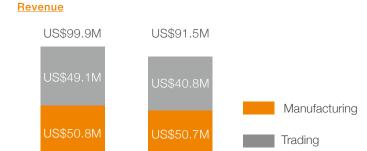
On 5 December 2016, United Oil entered into a shareholders agreement with its Taiwan distributor Jin Wei Chuang Co. Ltd, to incorporate a 35%/65% joint venture company in Taiwan to distribute lubricants of United Oil's in-house brands in Taiwan and to trade of third party lubricants.

Recently, on 16 January 2017, we also announced a three-year joint operation agreement with long-time customer, Lighthouse Enterprise Ltd, to promote, market, distribute and sell specialised lubricants products in Myanmar. This joint operation, the Group believes, will increase its presence in Myanmar and enable it to have greater access of the market there.

Meanwhile, our partnership with CNOOC is progressing well. The Group is well positioned for growth as we head into 2017.

### Business Review

FY2015



In FY2016, the manufacturing and trading segments contributed 55.4% and 44.6% to revenue respectively.

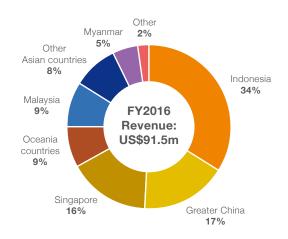
FY2016

Revenue from the manufacturing segment was largely unchanged at US\$50.7 million as the drop in average selling price offset the rise in sales volume. Average selling price dropped 7.8% mainly due to lower base oil prices while sales volume rose 8.4% as a result of our close collaboration with our distributors to promote our products, to further increase brand awareness and market penetration for our existing range of products, and our continuous effort to provide value-added service for our OEM customers. Gross profit margin decreased to 23.7% in FY2016 from 24.2% in FY2015.



# **OPERATIONS REVIEW**

Revenue from the trading segment dropped 16.9% to US\$40.8 million in FY2016 on lower average selling price and sales volume. Average selling price decreased 11.9% due to lower base oil prices in FY2016. Trading volume decreased 5.7% mainly due to lower trading volume of lubricants. Gross profit margin improved to 5.4% in FY2016 from 3.3% in FY2015 due to lower cost of purchase of base oils in FY2016.



Geographically, the decrease in revenue was mainly attributable to the drop in revenue contribution from Greater China, Indonesia, Myanmar and other Asian countries of US\$3.4 million, US\$2.5 million, US\$2.0 million and US\$1.9 million respectively in FY2016. This was partially offset by an increase in revenue contribution by US\$2.2 million from Singapore in FY2016.

Revenue from Greater China decreased by US\$3.4 million or 18.4% in FY2016, mainly due to lower revenue from our trading business segment as a result of lower trading volume. Revenue from Indonesia decreased by US\$2.5 million or 7.4% in FY2016, mainly due to decrease in trading revenue arising from decrease in overall selling price in base oil price.

Revenue from Singapore increased by US\$2.2 million or 18.1% in FY2016, mainly due to an increase in revenue from both our manufacturing and trading business segments. Lower revenue from both Myanmar and other Asian countries was mainly due to lower revenue from our manufacturing business segment.

In 2016, the Group expanded its distribution network to include East Timor, Iraq, Kazakhstan and Mauritius.





# FINANCIAL REVIEW



**Income Statement** 

			70 Change
			Increase/
US\$'000	FY2016	FY2015	(Decrease)
Revenue	91,542	99,860	(8.3%)
Cost of sales	(77,313)	(85,924)	(10.0%)
Gross profit	14,229	13,936	2.1%
Other income	87	202	(56.9%)
Distribution cost	(1,647)	(1,939)	(15.1%)
Administrative expenses	(5,039)	(4,490)	12.2%
Other expenses	(616)	(6)	NM
Finance costs	(107)	(154)	(30.5%)
Profit before tax	6,907	7,549	(8.5%)
Tax expense	(1,261)	(1,308)	(3.6%)
Profit for the year	5,646	6,241	(9.5%)
NM: Not meaningful.			

% change

For FY2016, revenue decreased by US\$8.3 million or 8.3%, from US\$99.9 million in FY2015 to US\$91.5 million in FY2016. This was due to a decrease in revenue from the trading business segment of US\$8.3 million or 16.9%.

Cost of sales decreased by US\$8.6 million or 10.0%, from US\$85.9 million in FY2015 to US\$77.3 million in FY2016. This was mainly due to a decrease in the cost of raw materials which is in line with the decrease in revenue.

Our overall gross profit increased by US\$0.3 million or 2.1%, from US\$13.9 million in FY2015 to US\$14.2 million in FY2016. Our overall gross profit margins improved by 1.5 percentage point, from 14.0% in FY2015 to 15.5% in FY2016 due to improvement in gross profit margin of our trading business segment.

Other income decreased by US\$0.1 million or 56.9%, from US\$0.2 million in FY2015 to approximately US\$87,000 in FY2016, mainly due to an absence of non-recurring commission income for sale of vessels.

Our distribution cost decreased by US\$0.3 million or 15.1%, from US\$1.9 million in FY2015 to US\$1.6 million in FY2016, mainly due to a decrease in freight and transportation costs.

Our administrative expenses increased by US\$0.5 million or 12.2%, from US\$4.5 million in FY2015 to US\$5.0 million in FY2016, mainly due to foreign exchanges loss arising from translation difference on the Singapore dollar denominated assets being mainly bank balance, higher professional and directors' fee incurred in conjunction with the IPO.

Other expenses refer to one-off IPO expenses charged to the profit or loss account.

Our profit before tax decreased by US\$0.6 million or 8.5%, from US\$7.5 million in FY2015 to US\$6.9 million in FY2016, mainly due to higher administrative expenses, one-off IPO expenses which were partially offset by lower distribution cost and higher gross profit.

#### **Review of Statements of Financial Position**

	As at 31	As at 31
US\$'000	December 2016	December 2015
Non-current assets	2,382	2,131
Current assets	31,807	24,837
Non-current liabilities	130	78
Current liabilities	16,222	21,250
Shareholders' Equity	17,837	5,640

# FINANCIAL REVIEW

#### Current Assets

As at 31 December 2016, current assets amounted to US\$31.8 million or 93.0% of our total assets. Cash and cash equivalent was the largest component of our current assets, accounting for US\$14.3 million or 44.9% of our current assets. Trade receivables accounted for US\$12.8 million or 40.1% of our current assets. Inventories accounted for US\$4.5 million or 14.0% of our current assets, and comprised raw materials, finished products and work-in-progress. The remaining balance of current assets comprised other receivables of US\$0.3 million.

Current assets increased by US\$7.0 million from US\$24.8 million as at 31 December 2015 to US\$31.8 million as at 31 December 2016. The increase was mainly due to an increase in (i) cash and cash equivalents of US\$5.0 million, (ii) inventories of US\$1.1 million due to higher raw materials purchased toward the end of 31 December 2016 and (iii) trade receivables of US\$0.7 million.

#### Non-Current Assets

As at 31 December 2016, non-current assets amounted to US\$2.4 million or 7.0% of our total assets.

Property, plant and equipment amounted to US\$2.2 million or 94.2% of our non-current assets, comprising mainly leasehold property, machinery and equipment, motor vehicles, renovation, and construction-in-progress. Investment in joint venture amounted to US\$0.1 million or 3.3% of our noncurrent assets. The remaining balance of non-current assets comprised club membership of US\$0.1 million.

### Current Liabilities

As at 31 December 2016, current liabilities amounted to US\$16.2 million or 99.2% of our total liabilities.

Current liabilities decreased by US\$5.0 million from US\$21.2 million as at 31 December 2015 to US\$16.2 million as at 31 December 2016. The decrease was mainly due to the (i) payment of dividend of US\$7.0 million which was declared for FY2015 and (ii) decrease in amount due to director of US\$0.7 million. The decrease was partially offset by an increase in trade payables of US\$2.7 million which was mainly due to purchase of raw materials towards end of FY2016.

#### Non-Current Liability

Non-current liability comprises deferred tax liability. As at 31 December 2016, deferred tax liability amounted to US\$0.1 million, which remains largely unchanged from the balance as at 31 December 2015.





# FINANCIAL REVIEW

#### Equity

As at 31 December 2016, equity amounted to US\$17.8 million which comprises share capital, merger reserve and retained earnings. The increase of US\$12.2 million in equity was due to (i) net increase in share capital and merger reserve in conjunction to the IPO of US\$7.6 million, and (ii) recognition of profit for the year of US\$5.6 million, off-set with the interim dividend declared during the year of US\$1.0 million.

**Review of Statement of Cash Flows** 

(US\$'000) Cash from operating	FY2016	FY2015
activities	6,557	16,607
Cash (used in) generated from investing activities	(487)	1,167
Cash used in financing activities	(1,224)	(14,888)
Net increase in cash and equivalents	4,846	2,886
Cash and cash equivalent		
at end of year	12,228	7,382

In FY2016, we generated net cash from operating activities before changes in working capital of US\$7.2 million. Net cash generated from working capital amounted to US\$0.7 million. This was mainly due to increase in trade payables of US\$2.7 million, and partially offset by an increase in inventories of US\$1.2 million and an increase in trade and other receivables of US\$1.1 million.

The increase in trade payables and inventories mainly due to the higher purchases of raw materials towards the end of FY2016. The Group paid income tax of US\$1.2 million in FY2016. The net cash generated from operating activities amounted to US\$6.6 million in FY2016.

Net cash used in investing activities of US\$0.5 million in FY2016 was mainly due to purchase of property, plant and equipment.

Net cash used in financing activities of US\$1.2 million in FY2016 was mainly due to the dividends payment of US\$8.0 million (including US\$7.0 million which was declared for FY2015 and interim dividend for FY2016 of US\$1.0 million), repayment of bank borrowings of US\$31.7 million, repayment of amount due to director of US\$0.7 million, partially offset by proceeds on issuance of shares of US\$7.9 million and proceeds from bank borrowings of US\$31.5 million.

As a result of the above, there was a net increase of US\$4.8 million in our cash and cash equivalents, from US\$7.4 million as at 1 January 2016 to US\$12.2 million as at 31 December 2016.

### Dividends

The Directors are proposing a final dividend of 0.5 Singapore cent. This, coupled with the interim dividend of 0.5 Singapore cent paid on 5 September 2016, represents a dividend payout of 36%.



# INVESTOR RELATIONS



Since United Global's listing on the SGX Catalist, the Company has organized regular meetings with analysts, fund managers and investors, including visits to its plant in Tuas. Currently the Company reports its financial performance every 6 months and this will be followed by briefings with analysts and investors.

Its investor relations website is updated regularly with comprehensive data comprising announcements to the SGX, financial reports and other useful information. We will post our first Annual Report on our website as well.

In April 2017, we will hold our first Annual General Meeting which will serve as an important platform for us to communicate with our shareholders.

Since United Global's

# **OUR PEOPLE**

Our human capital is the Company's greatest asset and United Global is fully committed to developing our human resources who will take the Group to its next level of growth. People excellence is one of the key objectives of the Group, which also forms the essence of the Group's core values.

As at 31 December 2016, the Group has a total of 70 employees, all of whom are based in Singapore. Out of these, 26% have been with the Group for more than 10 years, while 19% fall between 5 to 10 years.

We believe that the Group's long-term growth depends on the knowledge, experience and development of our employees, and that employees at all levels should be equipped with the requisite knowledge and skill sets to enable them to carry out their work effectively.

This is what our Group's training policy seeks to accomplish, and our Human Resource department facilitates all



matters related to recruitment, training, compensation and performance appraisal. We place strong emphasis on providing our employees with opportunities such as further education, in-house training, on-the-job training and subsidies for external courses initiated by our employees, so as to facilitate the development of our staff to their fullest potential. New employees will undergo an orientation programme to gain familiarity with our business and operations.

Apart from in-house training by the respective department heads, we also send our staff for external courses such as the Workforce Skills Qualifications courses conducted under WDA, specifically, the WSQ Implement Incident Management Processes course for our site management controllers, as well as the Company Emergency Response Team course for our site incident controllers. Other courses include those related to work safety, quality control, supervisory skills, marketing and information technology.

Performance appraisal is conducted annually, and the compensation package for each staff will be adjusted accordingly based on their appraisals. In addition, we provide employees with supplementary compensation benefits including but not limited to transport, medical allowances, and insurance coverage.



The Group is committed to corporate social responsibility (CSR) as we see it as our responsibility and competitive advantage. We recognise that we have an obligation towards our employees, investors, shareholders, customers, suppliers, competitors and the community as a whole. We believe our reputation, together with the trust and confidence of those with who we deal, to be a critical success factor. In order to keep this reputation and trust, we seek to raise standards of engagement with our stakeholders.

Recognising our social responsibility to the communities in Singapore, we have made various donations, both in cash and kind, and some of our beneficiaries include Fei Yue Family Service Centre and Apex Day Rehabilitation Centre for Elderly.

In 2012, we organized a family party cum groundbreaking ceremony for Fei Yue Family Service Centre with activities such as games, face painting, balloon sculpting, family portraits, goodie bags, lucky draw and buffet for the beneficiaries.

Since 2013, we also organised 4 outings events to the Singapore Zoo, the SEA Aquarium, Coney Island and Jurong Bird Park with the beneficiaries of Apex Day Rehabilation Centre for Elderly.



# CORPORATE INFORMATION

#### **BOARD OF DIRECTORS**

Wiranto (Non-Executive Chairman)

Tan Thuan Hor, Jacky (Executive Director and Chief Executive Officer)

Ety Wiranto (Executive Director)

Mah Kah On, Gerald (Lead Independent Director)

Tan Teng Muan (Independent Director)

Leong Koon Weng (Independent Director)

#### **AUDIT COMMITTEE**

Mah Kah Oh, Gerald (Chairman) Tan Teng Muan Leong Koon Weng

#### **NOMINATING COMMITTEE**

Tan Teng Muan (Chairman) Mah Kah Oh, Gerald Leong Koon Weng

#### **REMUNERATION COMMITTEE**

Leong Koon Weng (Chairman) Mah Kah Oh, Gerald Tan Teng Muan

### **COMPANY SECRETARY**

Siau Kuei Lian

#### **REGISTERED OFFICE**

14 Tuas Drive 2 Singapore 638647

#### **SPONSOR**

SAC Advisors Private Limited 1 Robinson Road #21-02 AIA Tower Singapore 048542

#### SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd. 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619

### **AUDITORS**

Deloitte & Touche LLP 6 Shenton Wav #33-00 OUE Downtown 2 Singapore 068809 Partner-in-charge: Yang Chi Chih (Appointed as auditor on 30 November 2015)

#### **PRINCIPAL BANKERS**

DBS Bank Ltd Standard Chartered Bank, Singapore Branch

The Board of Directors (the "Board" or "Directors") of United Global Limited (the "Company" or "United Global") and its subsidiary (collectively, the "Group") firmly believes that good corporate governance is essential for the long term sustainability of the Company's business and performance. The Company is committed to setting in place corporate governance practices to ensure greater transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Company so as to create value for its stakeholders.

This report describes the Group's corporate governance practices with specific reference to the revised Code of Corporate Governance 2012 (the "Code") and other applicable laws, rules and regulations, including the Catalist Rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Board confirms that for the financial year ended 31 December 2016 ("FY2016"), the Company has adhered to the principles and guidelines as outlined in the Code and where there are deviations from the Code, the reasons for the deviations are explained accordingly.

#### THE BOARD'S CONDUCT OF ITS AFFAIRS

#### Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Company is headed by an effective Board which comprises 6 Directors of whom the Chairman is a Non-Independent and Non-Executive Director, 2 are Executive Directors and 3 are Independent Directors. Together, the Directors command a wide range of business, legal and financial experience that collectively contribute to the success of the Group. The Board oversees the business activities, overall management, formulate strategic direction and performance of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders.

The principal functions of the Board, apart from its statutory responsibility, include:

- Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- Overseeing the management of the Group's business affairs, financial controls, performances and resources allocation;
- Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Group's assets;
- Approving the release of the Group's half-yearly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the SGX-ST;
- Reviewing and approving key operational and business initiatives, major funding and investments proposals, acquisitions and divestments;
- Appointing Directors and key management staff, including the review of their performances and remuneration packages;
- Reviewing and endorsing corporate policies in keeping with good corporate governance and business practice;
- · Identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation; and
- Setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The following matters require Board's approval:

- Approval of half yearly and full year results announcements for release to the SGX-ST;
- Approval of annual reports and audited financial statements;
- Convening of shareholders' meetings;

- Approval of corporate strategies;
- Approval of material acquisitions and disposals of assets exceeding US\$1,000,000;
- Approval of major investment and funding decisions exceeding US\$1,000,000;
- Issuance of shares or declaration of dividends;
- Appointment of new Directors; and
- Approval of announcements or press release concerning the Group for release to the SGX-ST.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

All Directors, collectively and individually, are obliged to act in good faith and consider the best interests of the Group and all its shareholders at all times.

The Board has established a framework on authorisation and approval limits for capital and operating expenditure, and specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

To ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has established 3 Board committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively, "Board Committees"), responsible for making recommendations to the Board. These Board Committees operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference will be reviewed by the Board Committees on a regular basis to enhance the effectiveness of these Board Committees. The minutes of all Board and Board Committees meetings, which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated to the Board and Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this report on Corporate Governance.

The full Board meets at least 2 times a year and additional meetings are convened as and when deemed necessary. The Company's Constitution provide for the Board to convene meetings via telephone or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, and such meeting shall be deemed to take place where the majority of Directors present is assembled.

The frequency of meetings and the attendance of each Director at every Board and Board Committee meeting for FY2016 are disclosed in the table reflected below:

	Board	Audit Cor	mmittee	Nominating Committee	Remuneration Committee
Total number of meetings held	2	2		1	1
Meetings attended:					
Mr Wiranto	2	2*		1*	1*
Mr Tan Thuan Hor, Jacky	2	2*		1*	1*
Ms Ety Wiranto	2	2*		1*	1*
Mr Mah Kah On, Gerald	2	2		1	1
Mr Tan Teng Muan	2	2		1	1
Mr Leong Koon Weng	2	2		1	1

<sup>\*</sup> By invitation

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as a Director. New Directors will also be briefed during the orientation program on the overview of the business operations, the latest results announced, the Company's corporate governance practices, regulatory regime, their duties as Directors and the relevant Board Committee's terms of reference. The Director is also introduced to key management personnel and given the opportunity to visit the Group's operational facilities. The Company will also provide training for any new first time Director who has no prior experience as a director of a listed company in areas such as accounting, legal and industry specific knowledge as appropriate.

Board members are encouraged to attend seminars and receive training to keep abreast of current developments to properly discharge their duties as Directors. Changes to regulations and accounting standards are monitored closely by the Management. In order to keep pace with such regulatory changes, the Company provides opportunities for ongoing training on Board processes and best practices as well as any updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or Directors in discharging their duties effectively. The Company is responsible for arranging and funding the training of Directors.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading (if any) and key changes to the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board or Board Committee members. Our Independent Directors are also engaged full time in their respective profession, keeping them updated in their fields of knowledge.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority, which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. The external auditors would update the AC and the Board on new and revised financial reporting standards annually.

#### **BOARD COMPOSITION AND GUIDANCE**

#### Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As of the date of this report, the Board comprises the following Directors:

Mr Wiranto	Non-Executive Chairman
Mr Tan Thuan Hor, Jacky	Executive Director and Chief Executive Officer
Ms Ety Wiranto	Executive Director
Mr Mah Kah On, Gerald	Lead Independent Director
Mr Tan Teng Muan	Independent Director
Mr Leong Koon Weng	Independent Director

The Company maintains a strong and independent element on the Board with the Independent Directors constituting half of the Board. The Independent directors have confirmed that they do not have any relationship with other Directors, the Company or its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from the Management and its 10% shareholders.

As the Chairman is not an Independent Director, half of the Board is made up of Independent Directors. The Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. The independence of each Director is reviewed annually by the NC.

The Board has determined that the Directors concerned remained independent in character and judgment and there were no relationships or circumstances which were likely to affect, or appear to affect, the Directors' judgment. The Independent Directors' independence of character and judgment were also not in any way affected or impaired by the length of service and they continue to be committed to carry out their roles and responsibilities as Independent Directors, ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, taking into account the long term interests of the Company's stakeholders which include shareholders, employees, customers and suppliers. The Board noted that while Mr Tan Teng Muan is a partner at Mallal & Namazie and Mallal & Namazie provides legal services to, and receives fees from the Group. Nevertheless, the NC has considered Mr Tan Teng Muan to be independent as the billings for the services rendered was not significant and Mr Tan Teng Muan is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities.

Currently, there is no Director who has served on the Board beyond 9 years from the date of appointment.

The NC reviews the size of the Board from time to time with a view to determine the impact of its number upon effectiveness. The NC decides on what it considers an appropriate size, taking into account the nature and current scope of the Company's operations, the requirements of the business of the Company and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The Board and NC are also of the view that the current Board has the appropriate mix of expertise and experience in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customerbased experience and knowledge. Together, the Board members possess a balanced field of core competencies to lead the Company. Details of the Board members' qualifications and experience are presented in this Annual Report under the section entitled "Board of Directors".

Whilst all the Directors share an equal responsibility for the Company's operations, the role of the Independent Non-Executive Directors is crucial in helping to develop proposals on Company strategies and to ensure that the strategies proposed by the Management are constructively challenged. The Independent Non-Executive Directors are also responsible for reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance. The Independent Directors are encouraged to meet, without the presence of Management in order to facilitate a more effective check on Management.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiary, which is based in Singapore.

#### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

#### Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Wiranto is currently the Non-Executive Chairman of the Board while Mr Tan Thuan Hor, Jacky, the son-in-law of Mr Wiranto, is the Chief Executive Officer ("CEO"). The Chairman and the CEO have defined responsibilities which ensure that there are a balance of power, increased accountability and greater capacity for the Board in terms of independent decision making. The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses.

The Chairman's duties and responsibilities include:

- leading the Board to effectively cover all aspects of its role; (a)
- reviewing the agenda and the board papers prepared for Board meetings to ensure significant items, particularly strategic (b) issues are looked into and sufficient time is allocated for their discussion;
- setting an open and honest culture and encouraging debate; (c)
- ensuring the Directors receive Board papers that are complete, adequate and timely before the meeting; (d)
- ensuring the proper conduct of meetings and accurate documentation of the proceedings with the help of the Company (e) Secretary;
- ensuring effective communication with shareholders; (f)
- encourage constructive relations within the Board and between the Board and Management and facilitating effective (g)contribution from the Independent Directors; and
- promoting high standards of corporate governance. (h)

In addition to the above duties, the Chairman will assume other duties and responsibilities as may be required from time to time.

In view of the relationship of the Chairman and the CEO and the Chairman is not an Independent Director, Mr Mah Kah On, Gerald has been appointed as our Lead Independent Director pursuant to the recommendation in Guideline 3.3 of the Code. Where a situation arises that may involve conflict of interest between the roles of the Chairman and the CEO, it is the Lead Independent

Director's responsibility, together with the other Independent Directors to ensure that Shareholders rights are protected. As the Lead Independent Director of the Company, Mr Mah Kah On, Gerald is available to shareholders where they have concerns, which contact through the normal channels of the Chairman, the CEO or the Financial Controller has failed to resolve or for which such contact is inappropriate.

All the Independent Directors including the Lead Independent Director, meet at least once annually without the presence of the other Executive and Non-Independent Directors to discuss matters of significance, which are thereon reported to the Chairman accordingly.

Hence, the Board believes that notwithstanding the relationship between the Chairman and CEO, the current composition of the Board is able to make precise objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence.

#### **BOARD MEMBERSHIP**

#### Principle 4

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board established the NC which consists of 3 Directors, all of whom, including the Chairman of the NC are independent. The Lead Independent Director is also a member of NC:-

Chairman : Mr Tan Teng Muan (Independent Director)

Member : Mr Mah Kah On, Gerald (Lead Independent Director)

Member : Mr Leong Koon Weng (Independent Director)

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its composition, procedures governing meetings, duties and functions, reporting procedure, disclosure in the annual report in compliance with the Code of Corporate Governance and procedures relating to changes in the NC's Terms of Reference.

The NC is regulated by its terms of reference and its key functions include:-

- (a) recommending the appointment of new Directors and the re-nomination of our existing Directors (including Independent Directors) taking into consideration each Director's contribution and performance;
- (b) determining annually whether a Director is independent;
- (c) deciding whether a Director is able to and has been adequately carrying out his duties as a Director; notwithstanding that the Director has multiple board representations;
- (d) reviewing and approving any employment of persons who are immediate family members of our Directors and Substantial Shareholders and the proposed terms of their employment;
- (e) in respect of a Director who has multiple board representations on various companies, reviewing and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (f) development of a process for evaluation of the performance of the Board, its Board Committees and individual Directors;
- (g) reviewing of board succession plans for Directors and CEO;
- (h) reviewing of training and professional development programs for the Board; and
- (i) assessing the effectiveness of the Board as a whole, Board Committees and for assessing the contribution of each individual Director to the effectiveness of our Board.

The NC reviews annually the independence declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the guidelines provided in the Code. The Board has also reviewed the number of years served by each Independent Non-Executive Director. Having considered their character, their in-depth knowledge of the Group's business operations, past and continuous contributions at Board level in terms of impartial and constructive advice, the Board is of the view that there is no material conflict between their tenure and their ability to discharge their role as Independent Non-Executive Directors.

The NC monitors and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his or her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his or her actual conduct on the Board, in making this determination.

The NC was satisfied that in FY2016, Directors with other listed company board representations and/or other principal commitments were able to carry out and had been adequately carrying out, their duties as Directors of the Company. Currently, the Board does not determine the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

Details of the Directors' academic and professional qualifications and directorships both present and those held over the preceding 3 years in other listed companies and other principal commitments are set out in this Annual Report under the section entitled "Board of Directors" and below:-

Doot alive et eveleine

Name of Director	Position held on the Board	Date of first appointment/Date of last re-appointment	Present directorships in other listed companies and major appointments	Past directorships in other listed companies and major appointments over the preceding three (3) years
Mr Wiranto <sup>(1)</sup>	Non-Executive Chairman	15 September 2015	Nil	Nil
Mr Tan Thuan Hor, Jacky <sup>(18.2)</sup>	Executive Director/ Chief Executive Officer	15 September 2015	Nil	Nil
Ms Ety Wiranto <sup>(18.2)</sup>	Executive Director	15 September 2015	Nil	Nil
Mr Mah Kah On, Gerald	Independent Director	1 June 2016	Nil	mDR Limited
Mr Tan Teng Muan	Independent Director	1 June 2016	Independent Director of Overseas Education Limited	Nil
			Commissioner for Oaths and Partner in the civil and commercial litigation practice of	
Mr Leong Koon Weng	Independent	1 June 2016	Mallal & Namazie Nil	Imperium Crown
	Director			Limited

- (1) Mr Wiranto is the father of Ms Ety Wiranto and the father-in-law of Mr Tan Thuan Hor, Jacky.
- (2) Ms Ety Wiranto is the spouse of Mr Tan Thuan Hor, Jacky.

Currently, the Company does not have any alternate Director on the Board.

In the selection process for the appointment of new Directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing shortlisted candidates. The proposed candidates' independence, expertise, background and skills sets will be considered before the NC makes its recommendations to the Board.

In accordance with Regulation 98 of the Constitution of the Company, at each Annual General Meeting ("AGM"), not less than onethird of the Directors are required to retire from office by rotation. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Pursuant to Regulation 98 of the Constitution of the Company, Mr Wiranto and Mr Tan Thuan Hor, Jacky shall retire at the forthcoming AGM. In this regard, the NC, having considered the attendance and participation of these Directors at the Board and Board Committee Meetings, has recommended their re-election. The retiring Directors, being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation.

Each member of our NC shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

#### **BOARD PERFORMANCE**

#### Principle 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC is responsible for recommending and implementing a process to evaluate the effectiveness of the Board and the Board Committees as well as to assess the contribution by each individual Director to the overall effectiveness of the Board.

On the recommendation of the NC, the Board has adopted a formal system of evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board, Board Committees and the individual Director. The completed forms are returned to the Company Secretary for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board. Any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. Such assessments by the Directors are useful and constructive and this collective process has provided opportunities to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The last Board of Directors' evaluation was conducted in February 2017 and the results have been presented to the NC for discussion. The NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors.

#### **ACCESS TO INFORMATION**

#### Principle 6

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is provided with complete and adequate information on Board affairs and issues that require the Board's attention and decision on a timely basis prior to Board meetings and on an on-going basis.

Board papers are usually furnished to the Board 5 days prior to any board meeting. This allows Directors sufficient time to review and consider the matters to be discussed. The board papers include minutes of the previous meeting, reports relating to investment proposals, financial results announcements, financial analysis reports, risk reporting summary and reports from internal auditors, external auditors and Board Committees etc.

However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. Employees, who can provide additional insight into matters to be discussed, are also invited to be present during the relevant discussions. From time to time, the Board requests for additional information to be reported in the Board papers in response to new regulations or to assist them in decision making.

The Board has separate and independent access to key management personnel of the Group at all times and has unrestricted access to the Company's records and information.

The Directors have separate and independent access to the Company Secretary, who provides the Directors with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or her representatives attend all Board and Board Committees meetings, and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees function effectively. The decision to appoint and remove the Company Secretary is made by the Board as a whole.

The Board exercises its discretion to seek independent professional advice, where necessary, in the furtherance of their duties and at the Company's expense.

#### **REMUNERATION MATTERS** PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### Principle 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following 3 Directors, all of whom are independent as at the date of this report:

Mr Leong Koon Weng (Independent Director) Chairman Mr Mah Kah On, Gerald (Lead Independent Director) Member

Member Mr Tan Teng Muan (Independent Director)

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. The overriding principle is that no Director should be involved in deciding his own remuneration.

It has adopted written terms of reference that define its composition, procedures governing meetings, duties and powers, reporting procedures, disclosure in the annual report in compliance with the Code and procedures relating to changes in the RC's terms of reference. Where necessary, the RC may seek professional advice on remuneration matters.

The RC is regulated by its terms of reference and its key functions include:

- (a) Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for all Directors and executive officers of the Company;
- (b) Reviewing the service agreements of the Executive Directors and key management personnel of the Company;
- Performing an annual review of the remuneration of employees related to Directors to ensure that their remuneration packages (C) are in line with the Company's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility;
- Reviewing and approving the bonuses, pay increases and/or promotions of employees related to Directors; and (d)
- Reviewing and recommending to the Board share option schemes, share award plans or any long term incentive schemes (e) which may be set up from time to time.

The RC will recommend to our Board of Directors a framework of remuneration for our Directors and key management personnel and determine specific remuneration packages for each Executive Director. The recommendations of the RC should be submitted for endorsement by the entire Board of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind shall be covered by the RC. Each member of our RC shall abstain from voting on any resolution in respect of his remuneration package. The remuneration of employees who are immediate family members of our Directors and Substantial Shareholders will also be reviewed annually by the RC to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's performance and the performance of the individual Directors and key management personnel.

The RC will also review the Company's obligation arising in the event of termination of the Executive Directors' and key management personal's contracts of service, to ensure that each contracts of service contact fair and reasonable termination clauses which are not overly generous. The RC will always aims to be fair and avoid rewarding poor performance.

The RC, in considering the remuneration of all Directors, has not sought external advice nor appointed remuneration consultants.

#### LEVEL AND MIX OF REMUNERATION

#### Principle: 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

One of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and/or service contract terms for each of the Directors and key management personnel.

The Company has entered into separate service agreements (the "Service Agreements") with each of Mr Tan Thuan Hor, Jacky and Ms Ety Wiranto who are the Executive Directors, for a period of 3 years from the date of Listing. Thereafter, the RC shall review the renewal of the Service Agreements (unless otherwise terminated by either party giving not less than 6 months' prior written notice to the other).

Pursuant to their respective Service Agreements, Mr Tan Thuan Hor, Jacky and Ms Ety Wiranto are entitled to a monthly salary and an annual bonus equivalent to 2 months' salary. They are also entitled to an annual performance bonus ("**Performance Bonus**") in respect of each financial year, which is calculated based on the Group's audited consolidated profit before income tax for the financial year, before payment of the Performance Bonus of all Executive Directors who are entitled to the Performance Bonus and after deducting any profit before tax attributable to minority interests and excluding any gains or losses arising from extraordinary and exceptional items ("**Consolidated PBT**").

The Service Agreements provide, *inter alia*, that in the event that the Group achieves Consolidated PBT of between US\$5 million and US\$10 million, Mr Tan Thuan Hor, Jacky will be entitled to 2.25% of the amount of the Consolidated PBT and Ms Ety Wiranto will be entitled to 1.5% of the amount of the Consolidated PBT. Please refer to the Offer Document dated 28 June 2016 issued in connection with the Listing ("Offer Document") for details.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remunerations from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will review such contractual provisions as and when necessary.

The Independent Directors and Non-Executive Chairman are paid a Director's fee, consisting of a base fee and fees for chairing Board Committee Meetings, for their effort and time spent and for their responsibilities and contribution to the Board. The Directors' fees are subject to approval by shareholders at the AGM.

#### **DISCLOSURE ON REMUNERATION**

#### Principle: 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Code recommends that companies fully disclose the remuneration of each individual director and the CEO on a named basis. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to competitiveness in the industry for talent. As such, the Board has deviated from complying with the relevant guideline of the Code and has provided a breakdown, showing the level and mix of each Director and the CEO in bands of \$\$250,000.

#### **Remuneration of Directors**

The breakdown of remuneration for each Director for FY2016 are as follows:

	Remuneration Bands	Salary (%)	Bonus/ Profit Sharing (%)	Other Benefit (1) (%)	Fee (%)	Total (%)
Directors						
Mr Wiranto	Below S\$250,000	-	_	_	100	100
Mr Tan Thuan Hor, Jacky <sup>(1)</sup>	S\$750,000 to S\$1,000,000	52	37	11	-	100
Ms Ety Wiranto	S\$500,000 to S\$750,000	56	35	9	-	100
Mr Mah Kah On, Gerald	Below S\$250,000	_	_	_	100	100
Mr Tan Teng Muan	Below S\$250,000	_	_	_	100	100
Mr Leong Koon Weng	Below S\$250,000	-	_	_	100	100

<sup>(1)</sup> Other benefits refer to post-employment benefits and benefit-in-kind such as car, allowances, club membership and etc which made available to Directors as appropriate.

#### Remuneration of Key Management Personnel (KMP)

The Company supports and is aware of the need for transparency. However, the Company does not believe it to be in its interest to disclose the identity and remuneration of its top 6 KMP (who are not Directors or the CEO), as having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Company.

There is no extraordinary termination, retirement and post-employment benefits granted to the Directors and top 6 key management personnel during FY2016. Compensation granted for immediate termination is the notice period remuneration unless termination is due to misconduct, where no compensation will be granted.

The aggregate of the total remuneration paid to the top 6 key management personnel (who are not Directors or the CEO) for FY2016 is approximately S\$1,753,000.

Mr Tan Thuan Hor, Jacky and Mr Shawn Tan are brothers. Saved for Mr Shawn Tan who is one of the top 6 key management personnel of the Group, no employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded \$\$50,000 per annum, during this financial year.

#### **Long Term Incentive Scheme**

The Company has a performance share plan known as the "United Global Performance Share Plan 2016" (the "**Performance Share Plan**") which was adopted and approved by shareholders on 14 June 2016. The Performance Share Plan is administered by the RC. Information on the Performance Share Plan is set out in the Offer Document dated 28 June 2016.

During FY2016 and as at the date of this report, no share award was granted to either the CEO or other Executive and Non-Executive Directors.

During FY2016 and as at the date of this report, no new shares have been issued by virtue of the grant of share awards under the Performance Share Plan.

#### **ACCOUNTABILITY AND AUDIT**

#### **ACCOUNTABILITY**

#### Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, half-yearly and full year results to its shareholders are to provide the shareholders with a balanced and understandable assessment and explanation of the Group's financial performance and financial position and prospects.

The Board reviews and approves the half-yearly and/or full year financial results announcements as well as any announcements before their release on the SGXNET. Shareholders are provided with the half-yearly and full year results on a timely manner. In presenting the annual financial statements and half-yearly announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects.

All the Directors and executive officers of the Company signed undertakings letter pursuant to the Rule 720(1) of the Catalist Rules.

The Management provides the Board with detailed management accounts on quarterly basis, which includes the consolidated profit and loss accounts, analysis of the sales, operating profit figures, profit before tax numbers and profit attributable by different segments of the business. The Management also provides the Board explanations on significant variances on the management accounts during the period.

In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial results false or misleading in any material aspect.

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

#### Principle 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

The Board, with assistance from the BDO LLP and the AC, is responsible for the governance of risk by ensuring the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the AC. The Management will then take corrective measures to strengthen the internal controls.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2016.

For FY2016, the Board has received assurances from the CEO and Financial Controller of the Company that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- the Company's risk management and internal control systems are operating effectively. (b)

#### **AUDIT COMMITTEE**

#### Principle 12

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises the following 3 Directors, all of whom are independent as at the date of this report:

Mr Mah Kah On, Gerald (Lead Independent Director)

Member Mr Tan Teng Muan (Independent Director) Member Mr Leong Koon Weng (Independent Director)

The Board considers that Mr Mah Kah On, Gerald, a qualified Chartered Accountant, who has practical accounting and business management knowledge and experience, is well qualified to chair the AC. The other members of the AC possess experience in finance, legal, business management and are exposed to regular updates from the relevant regulators. They are considered to be well qualified by the Board to discharge their duties in the AC.

The role of AC is to assist the Board in discharging their responsibilities to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The AC shall meet periodically to perform the following functions:

- assist the Board in the discharge of its responsibilities on financial reporting matters; (a)
- review with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal (b) accounting controls, their management letter and Company's Management's response, and results of the audits compiled by the internal and external auditors;
- review the periodic consolidated financial statements and results announcements before submission to the Board for approval, (C) focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory and regulatory requirements;
- review the effectiveness and adequacy of the Company's internal control procedures addressing financial, operational, (d) information technology and compliance risks, and ensure co-ordination between the internal and external auditors, and Company's management, reviewing the assistance given by the Company's Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Company's Management where necessary);

- (e) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (g) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (h) review significant financial reporting issues and judgments with our Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- (i) review and report to the Board at least annually the adequacy and effectiveness of the Group's risk management and internal controls with the Financial Controller and the internal and external auditors, including financial, operational, compliance and information technology controls via reviews carried out by the internal auditors;
- (j) review and approve interested person transactions and transactions falling within the scope of Chapter 9 of the Catalist Rules (if any);
- (k) review, on a quarterly basis, the methods and procedures set out under the Shareholders' Mandate<sup>a</sup>, focusing in particular on whether such methods and procedures are adequate and/or commercially practicable to ensure that the Mandated Transactions<sup>b</sup> will be conducted on terms not prejudicial to the interests of the Company and the minority Shareholders;
- (l) review any potential conflicts of interests and the various mechanisms to mitigate any potential conflicts of interest, including but not limited to the Non-Competition Undertakings<sup>c</sup>;
- (m) review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- (n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (o) review and establish procedures for the receipt, retention and treatment of complaints received by the Group, including, *inter alia*, arrangements by which our staff may in confidence raise concerns about improprieties in matters of financial reporting or other matters, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up; and
- (p) review the Group's compliance with, and generally undertake such functions and duties as may be required by, law or the Catalist Rules, and such amendments made thereto from time to time.

#### Notes:

- a. Shareholders Mandate obtained pursuant to Rule 920(2) of the Catalist Rules, details of which are set out in the section entitled "Interested Person Transactions" of the Offer Document dated 28 June 2016.
- b. Mandated Transactions refer to transactions that are entered into between our Group and PT Pacific Lubritama Indonesia in the ordinary course of business. For more details on the Mandated Transactions, please refer to the Offer Document dated 28 June 2016.
- c. Non-Competition Undertakings refer to the undertakings provided by Mr Wiranto, Mr Tan Thuan Hor, Jacky, and Ms Ety Wiranto and their associates, whereby they shall not carry on any business which will compete with the business of the Group. For more details on the Non-Competition Undertakings, please refer to the Offer Document dated 28 June 2016.

Apart from the above functions, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud and irregularity, or failure of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

The AC has full access to and the full cooperation of the Management, external auditors and internal auditors. It also has the discretion to invite any Director and/or key management personnel to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The AC has reviewed all interested person transactions and Mandated Transactions for FY2016 and is of the opinion that Chapter 9 of the Catalist Rules has been complied with.

Annually, the AC meets with the external auditors without the presence of the Management.

The AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the "Guidance to Audit Committees on Evaluation of Quality of Work performed by the External Auditors" such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, the size and complexity of the Group.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditor in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

The Company has approved the following aggregate amount of fees paid/payable to the external auditors for the financial year ended 31 December 2016. A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 81 of this Annual Report.

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group as these services were provided solely in connection with the Company's IPO. The AC is satisfied with the independence and objectivity of Deloitte & Touche LLP and has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming AGM.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules of the SGX-ST in relation to its external auditors.

The AC members are kept abreast of the changes to accounting standards and issues which may a direct impact on financial statements through periodic meetings with the external auditors.

The Group initiated the implementation of a whistle-blowing policy for all employees of the Group. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about fraud and for whistle-blowing in good faith.

The Board noted that no incidents in relation to whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

## **INTERNAL AUDIT**

## Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls and risk management procedures within the Group to safeguard shareholders' investments and the Group's assets. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognized professional bodies.

Rule 719(1) of the Catalist Rules requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls. On an annual basis, the AC reviews the internal audit program and function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

The Company outsources its internal audit function to an international auditing firm, BDO LLP, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. Based on risk assessments performed by the internal auditors, greater emphasis and appropriate internal reviews are planned for high risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the AC annually.

The internal audit work carried out in FY2016 was guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

Annually, the AC meets with the internal auditors, without the presence of the Management.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis. The AC is satisfied that in FY2016, the internal audit function has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

#### SHAREHOLDER RIGHTS AND RESPONSIBILITY

#### SHAREHOLDER RIGHTS

#### Principle 14

Companies should treat all Shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes in treating all shareholders fairly and equitably. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated.

Any notice of a general meeting of shareholders is issued at least 14 days or 21 days, as the case may be, before the scheduled date of such meeting. The Company's Constitution also allows any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, shareholders who hold shares through custodial institutions may attend the general meetings as observers.

All shareholders of the Company will receive the Annual Report with the notice of AGM by post and published in a newspaper within the mandatory period, which is held within 4 months after the close of the financial year. Together with the Annual Report, the Company also attaches a copy of the proxy form to shareholders. Shareholders can appoint up to 2 proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) are allowed to appoint more than 2 proxies to attend, speak and vote at general meetings.

### **COMMUNICATION WITH SHAREHOLDERS**

#### Principle 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

(a) Disclosures to SGXNET and press releases on major developments of the Group;

- (b) The Group's website at http://www.unitedgloballimited.com from which shareholders can access. The website provides all publicly disclosed financial information, corporate announcements, press releases and the annual report;
- Annual reports which are prepared and issued to all shareholders; and (C)
- Analyst briefs organised by the Company for analyst and investors. (d)

In addition, the Company communicates regularly with investors and analysts via financial results briefing as well as via ad-hoc meetings in office.

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually having regard to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.)

### **CONDUCT OF SHAREHOLDER MEETINGS**

## Principle 16

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The AGM is the principal forum for dialogue with shareholders. Our shareholders are encouraged to attend the general meetings of shareholders to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. The Board welcomes the views of the shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Chairmen of the respective Board Committees and key management personnel are invited to attend the AGM and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Constitution allows corporations and members of the Company to appoint up to 2 proxies to attend and vote at general meetings. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the general meeting in person. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management will be prepared and made available to shareholders upon their request.

Resolutions are, as far as possible, structured separately and may be voted on independently. All polls are conducted in the presence of independent scrutineers.

- (a) a banking corporation licensed under the Banking Act (Cap. 19) 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; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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.

A Relevant Intermediary is:

For greater transparency and fairness in the voting process, voting at shareholders' meetings will be conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages. Electronic polling is not used due to the small turnout at AGM.

Voting in absentia may only be possible following careful study to ensure the integrity of the information and authentication of shareholders' identities through the web or other means are not compromised.

#### **DEALING IN SECURITIES**

The Company has adopted the requirements in Catalist Rule 1204(19) applicable to dealings in the Company's securities by its Directors, Management and officers. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing one month before the announcement of the Company's half yearly and full year financial statements.

Directors and executives of the Group are also expected to observe insider-trading laws at all times even when dealing in the Company's securities within the permitted trading period. They are also encouraged not to deal in the Company's securities on shortterm considerations.

#### INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions ("IPT") are subject to review by the AC to ensure that the relevant rules in Chapter 9 of the Catalist Rule of SGX-ST are complied with.

The Company have adopted a Shareholders' Mandate in respect of interested person transactions of the Company. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Other than the Restructuring Exercise and IPT as disclosed on pages 62, 113 to 116 of the Offer Document dated 28 June 2016 and below, there were no additional IPT of S\$100,000 and above from 1 January 2016 to 7 July 2016, upon the Company's Initial Public Offering ("IPO").

During the period from 1 January 2016 to 7 July 2016, the Group has recorded (i) sales to PT Pacific Lubritama Indonesia ("PLI") of US\$15.5 million and (ii) purchases from PLI of US\$7.0 million. The Group has an existing general mandate from shareholders for IPT in relation to (i) sale of base oils, additives and lubricants to PLI and (ii) purchase of processed additives and lubricants from PLI ("Shareholders' Mandate") which has been effective since 8 July 2016, upon the IPO. The details of the Shareholders' Mandate are set out in pages 117 to 126 of the IPO Offer Document.

For the period from 8 July 2016 to 31 December 2016 (the "Period Under Review"), IPT exceeding S\$100,000 in aggregate under review are disclosed as follows:

	Aggregate value of all IPT during the Period Under Review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) US\$'000	Aggregate value of all IPT conducted under Shareholders' Mandate during the Period Under Review (excluding transactions less than \$\$100,000)  US\$'000
Transactions with PLI		
Sale of base oils	_	11,549
Sale of additives	_	3,552
Sale of finished products (lubricants)	_	357
Purchase of processed additives	_	1,330
Purchase of finished products (lubricants)	_	2,692

#### **MATERIAL CONTRACTS**

Save for the cooperation agreement with PLI dated 7 April 2016, with are still subsisting as at the end of FY2016, and the share swap agreement dated 14 June 2016 entered into between the Company, Mr Wiranto and Mr Tan Thuan Hor, Jacky, there were no material contracts entered into by the Company or any of its subsidiary involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

#### **UPDATE ON USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")**

As at the date of the financial statements 27 March 2017, the Company has utilised the proceeds raised from the IPO amounting to S\$3,300,000, as follows:

	Purpose of IPO Proceeds	Intended Amount S\$'000	Amount Re-allocated (note 1) S\$'000	Amount Utilised S\$'000	Balance S\$'000
1	Expansion of business via investments, acquisitions and strategic alliances	7,400	7,400	-	7,400
2	General working capital including expanding into new and existing geographical markets (note 2)	1,800	2,000	(2,000)	-
3	Listing expenses	1,500	1,300	(1,300)	_
	Gross Proceeds	10,700	10,700	(3,300)	7,400

Note 1: The Company has re-allocated approximately \$\$200,000 from payment of listing expenses to working capital.

Note 2: Utilised for the settlement of supplier invoices for the Group.

Save as disclosed in note 1, the above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 28 June 2016.

## **NON-SPONSORSHIP FEES**

Save for the non-sponsorship fee of \$\$261,000 was paid by the Company to its sponsor, SAC Advisors Private Limited, mainly for remaining management fees for acting as the issuer manager and sponsor for the IPO, there were no other non-sponsorship fees paid to the sponsor for FY2016.

## DIRECTORS' STATEMENT

The directors present their statement together with audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on page 50 to 86 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 December 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

#### **DIRECTORS** 1

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

Wiranto Tan Thuan Hor Ety Wiranto

Mah Kah On, Gerald (Appointed on June 1, 2016) (Appointed on June 1, 2016) Tan Teng Muan Leong Koon Weng (Appointed on June 1, 2016)

#### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS 2 BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed in paragraph 3 of the Directors' statement.

#### 3 **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the Company as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies' Act except as follows:

Names of directors and companies	Shareholding	gs registered in	Shareholdings in	which director is
in which interests are held	name o	f director	deemed to ha	ave an interest
	As at	As at	As at	As at
	1 January	31 December	1 January	31 December
	2016	2016	2016	2016
The Company (Ordinary Shares)				
Mr. Wiranto	6	144,007,410	_	_
Mr. Tan Thuan Hor <sup>(1)</sup>	4	97,816,250	_	409,200
Ms. Ety Wiranto <sup>(2)</sup>	-	409,200	4	97,816,250

#### Notes:

- Mr Tan Thuan Hor is deemed to be interested in 409,200 shares held by his spouse, Ms Ety Wiranto. (1)
- Ms Ety Wiranto is deemed to be interested in 97,816,205 shares held by her spouse Mr Tan Thuan Hor.

Mr Wiranto, Mr Tan Thuan Hor and Ms Ety Wiranto are deemed to have an interest in the shares of the Company's subsidiary company in proportion to the Company's interest in the subsidiary company by virtue of their interest in more than 20% of the issued share capital of the Company as provided by Section 7 of the Singapore Companies Act.

The directors' interests in the shares of the Company at January 21, 2017 were the same at December 31, 2016.

## DIRECTORS' STATEMENT

#### SHARE OPTIONS AND PERFORMANCE SHARE PLAN

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Option exercised

> During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

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

#### United Global Performance Share Plan 2016

In conjunction with the Company's listing on Catalist of the Singapore Exchange Securities Trading Limited, the Company has adopted a performance share plan known as the "United Global Performance Share Plan 2016" (the "PSP") which was approved by shareholders on June 14, 2016. The PSP is administered by the Remuneration Committee. Information on the PSP is set out in the Offer Document dated June 28, 2016. No performance shares have been awarded pursuant to the PSP during the year.

Save for the PSP, the Company does not have any other share option or incentive scheme.

#### **AUDIT COMMITTEE** 5

The Audit Committee comprised three members at the end of the reporting period. The members of the committee at the date of this report are:

Mah Kah On, Gerald (Chairman and Independent director)

Tan Teng Muan (Independent director) Leong Koon Weng (Independent director)

The Audit Committee reviews the Group's internal controls on behalf of the Board of Directors and performs the functions specified in Section 201B of the Singapore Companies Act.

At the reporting date, the Audit Committee has met two times since the listing of the Company on the Catalist of the Singapore Exchange Securities Trading Limited and performs inter alia, the following functions:

- (a) reviewed the overall scope of work of the external and internal auditors and the assistance and co-operation accorded to them by management;
- reviewed the consolidated financial statements of the Group and the statement of financial position and statement of (b) changes in equity of the Company;
- reviewed the announcements of results as well as related press releases of the Group; (C)
- (d) reviewed with the internal auditors the effectiveness and adequacy of the internal control policies and procedures in addressing the financial, operational and compliance and information technology control risks of the Group including their recommendations on improving the internal controls of the Company and the Group;
- considered and recommended the appointment or re-appointment of the internal and external auditors; (e)
- reviewed the independence and objectivity of the external auditors where non-audit services are provided by them; (f)

# **DIRECTORS' STATEMENT**

#### 5 **AUDIT COMMITTEE (cont'd)**

- (g) met with the external and internal auditors without the presence of Management;
- (h) reviewed interested person transactions; and
- reviewed any potential conflict of interest.

The Audit Committee has the full access to and full co-operation of the Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

#### **AUDITORS**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS	
Tan Thuan Hor	
Ety Wiranto	
March 27, 2017	

TO THE MEMBERS OF UNITED GLOBAL LIMITED

#### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of United Global Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 86.

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, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 December 31, 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the 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 group 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 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.

TO THE MEMBERS OF UNITED GLOBAL LIMITED

#### **Key Audit Matters (cont'd)**

#### **Key Audit Matter**

#### Our audit performed and responses thereon

#### Recoverability of accounts receivables

The Group transacts with customers in various geographical regions, such as Greater China and South East Asia.

Management monitors and assesses the Group's credit risk, and where required, adjusts the level of impairment allowance. In respect of the Group's aged accounts receivables, there is a risk that the receivables may not be recoverable and the allowance for doubtful receivables may not be adequate or reasonable at the reporting date, especially where the debts are aged or overdue for more than 60 days. The determination of the ultimate realisation of these aged receivables requires the use of significant amount of estimates by management based on the general market conditions and profiles of the individual customers.

Management performs an on-going evaluation of recoverability, including aging analysis of individual receivables by reference to their past default experience.

The Group has made disclosures on accounts receivables in Note 7 to the financial statements.

Our audit approach included the performance of walkthrough of key controls and substantive procedures as follows:

- We obtained an understanding of the Group's control over the credit and collection process of its accounts receivables;
- For third party accounts receivables overdue for more than 60 days, we evaluated management's assessment to support the recoverability of the receivables which amongst other factors included an examination of subsequent settlement by customers, and payment arrangement as agreed with these customers.

We have evaluated and are satisfied that the assumptions are within a reasonable range of our expectations and key management estimates adopted in setting up the allowance for doubtful debts at December 31, 2016.

TO THE MEMBERS OF UNITED GLOBAL LIMITED

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the 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 FRSs, 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.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

TO THE MEMBERS OF UNITED GLOBAL LIMITED

#### Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 year 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 the subsidiary corporation incorporated in Singapore of which we are the 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 Mr Yang Chi Chih.

#### **Deloitte & Touche LLP**

Public Accountants and Chartered Accountants Singapore

March 27, 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

		Group		Com	pany
	Note	2016	2015	2016	2015
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and bank balances	6	14,275	9,209	849	#
rade receivables	7	12,761	12,028	049	π
Other receivables	8	319	298	8,517	
nventories	9	4,452	3,302	-	_
otal current assets		31,807	24,837	9,366	#
Ion-current assets					
Property, plant and equipment	10	2,243	2,070	_	_
Club membership	11	61	2,070	_	_
nvestment in subsidiary	2	_	_	5,640	_
nvestment in joint venture	12	78	_	-	_
Total non-current assets	12	2,382	2,131	5,640	_
			_,		
OTAL ASSETS		34,189	26,968	15,006	#
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	13	2,986	3,171	_	_
rade payables	14	7,575	4,910	_	_
Other payables	15	2,070	8,830	461	_
Amount due to director	16	2,240	2,948	_	_
Current tax payable		1,351	1,391	34	_
otal current liabilities		16,222	21,250	495	_
Non-current liability					
Deferred tax liability	17	130	78		
otal non-current liability		130	78		
quity					
Share capital	18	13,233	2,484	13,233	#
Merger reserve	19	(3,156)	_	_	_
Retained earnings		7,760	3,156	1,278	_
otal equity		17,837	5,640	14,511	#
OTAL LIABILITIES AND EQUITY		34,189	26,968	15,006	#

Denotes less than US\$1,000.

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

		Gro	oup
	Note	2016	2015
		US\$'000	US\$'000
Revenue	21	91,542	99,860
Cost of sales		(77,313)	(85,924)
Gross profit		14,229	13,936
Other income	22	87	202
Distribution cost		(1,647)	(1,939)
Administrative expenses		(5,039)	(4,490)
Other expenses	23	(616)	(6)
Finance costs	24	(107)	(154)
Profit before tax	25	6,907	7,549
Income tax expense	26	(1,261)	(1,308)
Profit for the year, representing total comprehensive income for the year		5,646	6,241
completions in an are your			
Basic and diluted earnings per share (US\$ cents)	29	2.2	2.6

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

	Note	Share capital	Merger reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Group					
Balance at January 1, 2015		2,484	_	16,915	19,399
Profit for the year, representing total comprehensive income for the year		_	_	6,241	6,241
Transactions with owners, recognised directly in equity:					
Issue of share capital on incorporation of the Company	18	#	_	_	#
Dividends paid to previous shareholders of subsidiary before Initial Public Offering ("IPO")	20	_		(20,000)	(20,000)
Balance as at December 31, 2015		2,484	_	3,156	5,640
Profit for the year, representing total comprehensive income for the year		-	_	5,646	5,646
Transactions with owners, recognised directly in equity:					
Issue of shares pursuant to the Restructuring Exercise	18	5,640	_	_	5,640
Adjustment arising from the Restructuring Exercise	19 18	(2,484)	(3,156)	_	(5,640)
Issue of shares pursuant to IPO Dividends paid to owners of the Company	20	7,593 		(1,042)	7,593 (1,042)
Balance at December 31, 2016		13,233	(3,156)	7,760	17,837

Denotes less than US\$1,000.

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

	Note	Share capital US\$'000	Retained earnings	Total US\$'000
Company				
Balance at date of incorporation, September 15, 2015	2	_	_	_
Transaction with owners, recognised directly in equity:				
Issue of share capital on incorporation of the Company	18	#		#
Balance as at December 31, 2015		#	-	#
Profit for the year, representing total comprehensive income for the year		-	2,320	2,320
Transaction with owners, recognised directly in equity:				
Issue of shares pursuant to the Restructuring Exercise	18	5,640	-	5,640
Issue of shares pursuant to IPO	18	7,593	_	7,593
Dividends paid to owners of the Company	20	<u> </u>	(1,042)	(1,042)
Balance at December 31, 2016		13,233	1,278	14,511

Denotes less than US\$1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

	2016	2015
	US\$'000	US\$'000
ASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,907	7,549
djustments for:	0,007	7,040
Depreciation of property, plant and equipment	146	154
Gain on disposal of property, plant and equipment	(3)	104
Property, plant and equipment written off	(0)	6
Interest expense	107	154
Interest income	(25)	(12)
Bad debts written off	(25)	32
Allowance for doubtful debts	50	02
Operating cash flows before movements in working capital	7,182	7,883
perating casi inows before movements in working capital	7,102	7,000
rade receivables	(783)	8,453
Other receivables	(357)	3,572
rade payables	2,665	(2,650)
Other payables (Note A)	331	(1,155)
nventories	(1,150)	1,465
Cash generated from operations	7,888	17,568
ncome tax paid	(1,249)	(819)
nterest received	25	12
nterest paid	(107)	(154)
let cash from operating activities	6,557	16,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	101	
		(000)
Purchase of property, plant and equipment (Note A)	(510)	(333) 1,500
Repayment of loans to related parties	(78)	1,500
acquisition on investment in joint venture	(78)	1 167
let cash (used in) from investing activities	(487)	1,167
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	31,521	38,863
Repayment of bank borrowings	(31,706)	(40,538)
Repayment of amount due to director	(708)	(206)
ncrease in pledged fixed deposits	(220)	(7)
Proceeds on issue of shares	7,931	#
Dividends paid	(8,042)	(13,000)
Net cash used in financing activities	(1,224)	(14,888)
let increase in cash and cash equivalents	4,846	2,886
Cash and cash equivalents at beginning of year	7,382	4,496
Cash and cash equivalents at end of year (Note 6)	12,228	7,382
radii ana dadii equivalento at ona di year (Note o)	12,220	7,002

Denotes less than US\$1,000

## Note A

In 2016, the Group acquired plant and equipment with an aggregate cost of US\$417,000 (2015: US\$492,000) of which US\$66,000 (2015: US\$159,000) is unpaid at the end of the year. Cash payments of US\$351,000 (2015: US\$333,000) were made to purchase plant and equipment.

See accompanying notes to financial statements.

AS AT DECEMBER 31, 2016

#### 1 GENERAL INFORMATION

The Company (Registration Number 201534604M) is incorporated in the Republic of Singapore with the principal place of business and registered office at 14 Tuas Drive 2, Singapore 638647. The Company is listed on SGX-Catalist. The financial statements are presented in the United States dollars, which is the Company's functional currency.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary is the manufacturing and trading of petroleum and oil-based products.

The consolidated financial statements of the Group and statement of financial position and statement of changes of the Company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on March 27, 2017.

#### 2 GROUP RESTRUCTURING

Pursuant to the restructuring exercise ("Restructuring Exercise") to rationalise the structure of the Company and its subsidiary ("Group") in preparation for the listing of the Company on the Catalist, the Company underwent the following:

(a) Incorporation of the Company

The Company was incorporated on September 15, 2015 under the Singapore Companies Act as an exempt private company limited by shares with an issued and paid-up share capital of S\$10 (US\$7) comprising of 6 shares and 4 shares held by Wiranto and Tan Thuan Hor respectively.

(b) Acquisition of United Oil Company Pte. Ltd. ("United Oil")

Pursuant to a share swap agreement dated June 14, 2016, the Company acquired 60% and 40% of the issued share capital in United Oil from Wiranto and Tan Thuan Hor respectively for a total purchase consideration of \$\$8,000,402 and United Oil became a wholly-owned subsidiary of the Company. The purchase consideration was based on the audited net assets value of United Oil as at December 31, 2015, and was satisfied fully by the allotment and issue of 4,800,241 and 3,200,161 shares, credited as fully paid to Wiranto and Tan Thuan Hor respectively.

Basis of preparation of the consolidated financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the financial year ended December 31, 2016 and 2015 (these "financial periods") as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company is only incorporated on September 15, 2015, the consolidated financial statements of the Group for these financial periods have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entity under the common control to the Company has been in existence throughout the relevant periods or from the date the entities are under common control, if later.

Following the completion of the Restructuring Exercise, details of the Company's subsidiary is as follows:

Name of Subsidiary	Principal activity	Country of incorporation and operation		e equity the Group
			2016	2015
			%	%
United Oil Company	Manufacturing and	Singapore	100	100
Pte. Ltd. <sup>(a)</sup>	distribution of petroleum and oil-based products			

#### Note:

<sup>(</sup>a) Audited by Deloitte & Touche LLP, Singapore.

AS AT DECEMBER 31, 2016

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 3

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payments, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRSs that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative(1)
- Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses<sup>(1)</sup>
- FRS 109 Financial Instruments(2)
- FRS 115 Revenue from Contracts with Customers (with clarifications issued) (2)
- FRS 116 Leases(3)
- Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
- Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
- Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

AS AT DECEMBER 31, 2016

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd) 3

Management anticipates that the adoption of the above FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption except for the following:

#### FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 should not result in changes to the accounting policies relating to revenue recognition. However, additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

#### FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of FRS 116 may result in changes to the accounting policies of leases. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the above new FRS 116.

#### IFRS convergence in 2018

Singapore-incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018.

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect any changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### IFRS convergence in 2018 (cont'd)

Management is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under IFRS 1, and the preliminary assessment above may be subject to change arising from the detailed analysis.

BASIS OF CONSOLIDATION - The consolidated financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the consolidated financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability
  to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous
  shareholders' meetings.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's separate financial statements, investments in subsidiary and joint venture are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or when appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

#### **Financial assets**

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

#### Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, cash and bank balances and others are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial assets (cont'd)

#### Impairment of financial assets (cont'd)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### Derecognition of financial assets

The Group recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Financial liabilities and equity instruments

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial liabilities and equity instruments (cont'd)

#### Financial liabilities

Trade and other payables, and amount due to director are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they

#### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy in borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in-first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Leasehold property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are carried at cost less accumulated depreciation and any accumulated impairment losses.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Renovation in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than renovation in the course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

#### Useful lives (years)

Leasehold property

Machinery and equipment

Motor vehicles

Office equipment

5 to 10

Renovation

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATE AND JOINT VENTURE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement and have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

CLUB MEMBERSHIP - Club memberships are held on a long-term basis and are stated at cost less impairment losses.

AS AT DECEMBER 31, 2016

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Freight and logistics fees related to the sale of goods are recognised on completion of services.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Commission income

Commission income related to the sale of vessels is recognised on delivery and acceptance of the vessels.

#### Dividend income

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

AS AT DECEMBER 31, 2016

#### 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and the subsidiary operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

AS AT DECEMBER 31, 2016

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash and bank balances that are subject to an insignificant risk of changes in value.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management is of the view that there are no critical judgements involved that have significant effect on the accounts recognised in the financial statements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

## Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Allowance for doubtful debts

At the end of each reporting period, management evaluates the collectability of trade and other receivables and writes off bad debts based on comparison of the relative age of trade and other receivables and credit history.

Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and bad and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of trade and other receivables are disclosed in Notes 7 and 8 respectively.

AS AT DECEMBER 31, 2016

#### 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

#### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2016	2015
	US\$'000	US\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	27,165	21,248
Financial liabilities		
Amortised cost	14,316	19,737

#### Financial risk management policies and objectives (b)

The Group's operating activities expose it to a variety of financial risks: credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group does not have formal risk management policies and guidelines, and generally adopts conservative strategies on its risk management and seeks to minimise potential adverse effects on the Group's financial performance.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and cash and bank balances.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of reducing the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management regularly.

As the Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of the related financial assets represented on the statement of financial position.

Trade and other receivables are monitored on an ongoing basis and whether the receivables are recoverable are estimated by the Group's management based on prior experience and current economic environment. Several key customers accounted for a significant portion of the Group's sales. One debtor, a related party, accounted for approximately 26% (2015: 37%) of total trade receivables as at December 31, 2016. The Group only grants credit to creditworthy counterparties with adequate financial standing and appropriate credit history.

Cash and bank balances are placed with reputable banks and financial institutions which are regulated with no history of default.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

AS AT DECEMBER 31, 2016

#### 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

#### (b) Financial risk management policies and objectives (cont'd)

#### (ii) <u>Interest rate risk management</u>

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Note 13.

#### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended December 31, 2016 would increase/decrease by US\$15,000 (2015: US\$16,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

#### (iii) Foreign currency risk management

The Group has currency exposures arising from revenue and expenses, and also currency exposure to funding that is denominated in non-functional currencies. The Group's foreign currency exposure is mainly from the exchange rate movements of the Singapore dollars and Malaysian ringgit against the United States dollars. The Group does not use derivative financial instruments to hedge the exposure. Instead, management constantly monitors the fluctuations of foreign currency exchange rates so as to ensure that the Group's exposure to foreign currency risk is kept to a minimum.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of each group entity at the end of the reporting period are as follows:

	Ass	ets
	2016	2015
	US\$'000	US\$'000
Singapore dollars	3,375	872
Malaysian ringgit	88	22
	Liabi	ilities
	2016	2015
	US\$'000	US\$'000
Singapore dollars	3,877	3,011
- ·		

AS AT DECEMBER 31, 2016

#### 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

#### (b) Financial risk management policies and objectives (cont'd)

#### (iii) Foreign currency risk management (cont'd)

The following table shows the sensitivity of the Group's profit before tax to a reasonably possible change in the relevant currency against the functional currency of the Company, with all other variables held constant.

		Liabilities	
	20	16 20	015
	US\$	'000 US	\$'000
Profit before tax			
- increase (decrease)			
Singapore dollars			
- strengthened by 5%		(25)	(107)
- weakened by 5%		25	107
Malaysian ringgit			
- strengthened by 20%		13	(2)
- weakened by 20%		(13)	2

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. 20% has been used for Malaysian ringgit as it weakened significantly in 2016.

#### (iv) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

AS AT DECEMBER 31, 2016

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

## (b) Financial risk management policies and objectives (cont'd)

## (iv) Liquidity risk management (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000
December 31, 2016					
Non-interest bearing	_	20,615	-	_	20,615
Variable interest rate	0.77	6,600	_	(50)	6,550
Total		27,215	_	(50)	27,165
December 31, 2015					
Non-interest bearing	_	19,421	_	_	19,421
Variable interest rate	0.73	1,840	_	(13)	1,827
Total		21,261	_	(13)	21,248

## Non-derivative financial liabilities

The following table details the expected maturity for non-derivative liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those assets and liabilities except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset and liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000
December 31, 2016					
Non-interest bearing	_	11,330	_	_	11,330
Variable interest rate	1.88	3,042	_	(56)	2,986
Total	_	14,372	_	(56)	14,316
December 31, 2015					
Non-interest bearing	_	16,566	_	_	16,566
Variable interest rate	1.44	3,217	_	(46)	3,171
Total	_	19,783	_	(46)	19,737
	<del>-</del>				

AS AT DECEMBER 31, 2016

#### 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

#### (b) Financial risk management policies and objectives (cont'd)

#### (v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments or they are entered into near end of the financial year. Management is of the opinion that the carrying amount of the interest bearing bank loans approximate their fair value due to market interest rate charged.

#### (c) Capital risk management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of equity attributable to the shareholders, comprising issued capital provided by shareholders and accumulated profits.

Management reviews the capital structure at least on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each type of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

There were no externally imposed capital requirements for the year ended December 31, 2015. The Group compiled with externally imposed capital requirements for the year ended December 31, 2016.

The Group's overall strategy remains unchanged from prior period.

### **CASH AND BANK BALANCES**

	Gro	oup	Com	pany
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and bank balances	7,725	7,382	849	#
Fixed deposits	6,550	1,827	_	_
	14,275	9,209	849	#
Less: Restricted cash	(2,047)	(1,827)	_	_
Cash and cash equivalents per consolidated statements of cash flows	12,228	7,382	849	#

Denotes less than US\$1,000.

Fixed deposits placed with banks bore interest at weighted effective interest rate of 0.77% (2015: 0.73%) per annum and maturity dates ranging from 90 to 365 days (2015: 60 to 365 days) from the end of the reporting period.

Restricted cash relates to fixed deposits pledged to a bank for trust receipts and revolving loan granted to the Group (Note 13).

AS AT DECEMBER 31, 2016

#### 7 **TRADE RECEIVABLES**

	Gro	oup
	2016	2015
	US\$'000	US\$'000
Third parties	9,418	7,624
Related parties (Note 27)	3,393	4,404
	12,811	12,028
Less: Allowance for doubtful debts (third parties)	(50)	
	12,761	12,028

The credit period on revenue on sales of goods is 14 to 90 days (2015: 14 to 90 days). The Group makes specific allowance on a case-by-case basis for its receivables.

The table below is an analysis of trade receivables as at December 31:

		Gr	oup
		2016	2015
		US\$'000	US\$'000
Not past due nor impaired(1)		11,814	9,075
Past due but not impaired <sup>(2)</sup>		947	2,953
		12,761	12,028
Impaired receivables - individually assess	sed <sup>(3)</sup>	50	_
Less: Allowance for doubtful debts		(50)	
Total trade receivables, net		12,761	12,028

Receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy based on credit evaluation process performed by management.

Aging of receivables that are past due but not impaired:

	2016	2015
	US\$'000	US\$'000
< 1 month	634	2,369
1 month to 3 months	174	332
> 3 months	139	252
	947	2,953

The amounts are stated before any deduction for impairment losses.

Movement of allowance for doubtful debts:

	2016 US\$'000	2015 US\$'000
Charge to profit or loss during the year, representing balance at year end	50	

AS AT DECEMBER 31, 2016

#### 8 **OTHER RECEIVABLES**

	Gro	oup	Com	pany
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Advance payment to suppliers	157	9	_	_
Advance due from subsidiary	_	_	8,495	_
Government grant	124	_	_	_
Other receivable	2	_	_	_
Prepayments	33	280	22	_
Deposits	3	9	_	_
	319	298	8,517	_

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date that credit was initially granted up to the reporting date. Accordingly, management believes that there is no allowance for doubtful debts required.

## **INVENTORIES**

	Gr	oup
	2016	2015
	US\$'000	US\$'000
At cost:		
Raw materials	3,939	2,646
Work-in-progress	115	155
Finished products	398	501
	4,452	3,302

The cost of inventories recognised as expense and included in profit or loss amounted to US\$75,780,000 (2015 : US\$84,518,000).

AS AT DECEMBER 31, 2016

PROPERTY, PLANT AND EQUIPMENT

2	2
	9
C	כ
Ä	
G	כ

	Leasehold property	Machinery and equipment	Motor vehicles	Office equipment	Renovation	Construction in progress	Total
Cost:	US\$'000	US\$'000	000\$\$,000	US\$'000	US\$'000	000.\$\$N	000,\$\$0
At January 1, 2016	1,500	930	794	135	385	228	3,972
Additions	I	96	7.1	24	28	198	417
Disposals	I	(99)	I	I	I	(88)	(145)
Reclassification	ı	1	ı	I	30	(30)	1
At December 31, 2016	1,500	970	865	159	443	307	4,244
Accumulated depreciation:							
At January 1, 2016	469	675	208	123	127	ı	1,902
Depreciation	30	47	33	က	33	1	146
Disposals	1	(47)	I	1	I	I	(47)
At December 31, 2016	499	675	541	126	160	1	2,001
Cost:							
At January 1, 2015	1,500	1,241	802	206	176	ı	3,925
Additions	I	21	1	10	233	228	492
Write-offs	1	(332)	(8)	(81)	(24)	1	(445)
At December 31, 2015	1,500	930	794	135	385	228	3,972
Accumulated depreciation:							
At January 1, 2015	439	896	457	191	142	ı	2,187
Depreciation	30	44	59	12	<b>o</b>	I	154
Write-offs	1	(327)	(8)	(80)	(24)	I	(439)
At December 31, 2015	469	675	508	123	127	1	1,902
Carrying amount: At December 31, 2016	1,001	295	324	33	283	307	2,243
At December 31, 2015	1,031	255	286	12	258	228	2,070

AS AT DECEMBER 31, 2016

#### 10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The leasehold property, with carrying amount of US\$1,001,000 (2015: US\$1,031,000) is under legal mortgage to secure banking facilities granted to the Group (Note 13).

Motor vehicles with carrying amount of US\$270,000 (2015 : US\$254,000) are registered and held in the names of directors, in trust for the Group.

Particulars of the property is as follows:

Address of property	Tenure of property	Term of lease	Existing use	Carry	ving value
				2016	2015
				US\$'000	US\$'000
14 Tuas Drive 2,	Leasehold	50 years	Manufacturing of oil-based		
Singapore 638647			products	1,001	1,031

### **CLUB MEMBERSHIP**

Gro	Group		
2016	2016	2015	
US\$'000	US\$'000		
61	61		
		2016 2015 US\$'000 US\$'000	

The Group carried out reviews of the recoverable amount of its club membership at the end of each reporting period.

The recoverable amount has been determined on the basis of the fair value (market price at the end of the reporting period) of the club membership, net of the costs of disposal.

#### 12 **INVESTMENT IN JOINT VENTURE**

	Gro	oup
	2016	2015
	US\$'000	US\$'000
Unquoted equity shares, at cost	78	
		2016
		US\$'000
Acquisition during the year, representing		
balance at year end		78

AS AT DECEMBER 31, 2016

#### **INVESTMENT IN JOINT VENTURE (cont'd)** 12

Details of the Group's joint venture at December 31, 2016 is as follow:

Name of joint venture/ Place of incorporation and operation	Principal activity	Proportion o ownership ii voting po	
		2016	2015
		%	%
Joint venture			
Taiwan United Oil Co., Ltd(1),	Distributing lubricants	35	_
Republic of China ("Taiwan")			

Not audited as the investment is dormant during the year. The Group has not recognised any share of profit or loss during the year.

Summarised financial information in respect of the Group's joint venture is set out below:

		Group	
		2016	2015
		US\$'000	US\$'000
Total assets, representing total net assets	-	223	
Group's share of joint venture's net assets	-	78	

#### **BANK BORROWINGS** 13

	Gro	oup
	2016	2015
	US\$'000	US\$'000
Bills payable	626	946
Trust receipts	960	2,225
Revolving loan	1,400	_
	2,986	3,171
Payable:		
Within one year	2,986	3,171

Bills payable are secured by the existing joint and several guarantees executed by the directors and first legal mortgage on the Group's leasehold property (Note 10), bore interest at rates ranging from 1.8% to 2.2% (2015: 1.1% to 1.7%) per annum and are repayable within 2 months (2015: 3 months).

Trust receipts are secured by fixed deposits with the bank (Note 6) and personal guarantee executed by directors, bore interest at rates ranging from 1.8% to 2.2% (2015: 1.1% to 1.7%) per annum and are repayable within 3 months (2015: 3 months).

Revolving loan is secured by the existing charge on fixed deposits with the bank (Note 6). It bore interest rate of 1.84% (2015: Nil%) per annum and the loan may be rolled over for terms ranging 1 – 6 months.

At December 31, 2016, the group had available \$23 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

AS AT DECEMBER 31, 2016

#### TRADE PAYABLES 14

	Gro	Group	
	2016	2015	
	US\$'000	US\$'000	
Related parties (Note 27)	6,326	1,710	
Third parties	1,249	3,200	
	7,575	4,910	

The credit period granted by related parties and third parties are 60 days and 30 to 60 days. (2015: 60 days and 30 to 60 days).

#### 15 **OTHER PAYABLES**

	Gro	Group		up Compan		Company	
	2016	2015	2016	2015			
	US\$'000	US\$'000	US\$'000	US\$'000			
Deposit received	5	5	_	_			
Accruals	1,351	1,534	369	_			
Advance payment from customers	452	122	_	_			
Dividend payable	_	7,000	_	_			
Deferred grant income	103	_	_	_			
Other payables	159	169	92	_			
	2,070	8,830	461	_			

#### **AMOUNT DUE TO DIRECTOR** 16

This non-trade amount is unsecured, interest-free and repayable on demand.

#### **17 DEFERRED TAX LIABILITY**

This represents the tax effect on the excess of carrying amount over the tax written down value of qualifying property, plant and equipment.

AS AT DECEMBER 31, 2016

## 18 SHARE CAPITAL

	Group and	Company
	2016	2016
	Number of ordinary shares	US\$'000
Issued and paid up:		
At the date of incorporation, September 15, 2015		
and beginning of the year	10	#
Issue of shares pursuant to the Restructuring		
Exercise (Note 2)®	8,000,402	5,640
	8,000,402	5,640
Sub-division of shares (1)	240,012,360	5,640
Issue of shares (iii)	42,800,000	7,593
At the end of the year	282,812,360	13,233

- # Denotes less than US\$1,000.
- (i) This represented a non-cash transaction.
- (ii) On June 14, 2016, the shareholders approved the sub-division of each one share in the issued and paid-up capital of the Company into 30 shares. Following this sub-division, the issued and paid-up capital of the Company was US\$5,640,000 comprising 240,012,360 shares.
- (iii) During the year, the Company was listed on the Catalist of the SGX-ST. As a result of the listing, 42,800,000 new ordinary shares were issued for net proceeds of US\$7,593,000 is recognised to the equity, after share issue expense of US\$338,000 charged to the equity.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

## 19 MERGER RESERVE

Merger reserve represents the difference between the amount of the share capital of the subsidiary at the date on which they are acquired by the company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combinations under common control.

AS AT DECEMBER 31, 2016

#### 20 **DIVIDENDS**

	Group and Company	
	2016	2015
	US\$'000	US\$'000
Paid final tax exempt (one-tier) dividend US\$2.00 per ordinary share in respect of the year ended December 31, 2015	_	8,000
Paid interim tax exempt (one-tier) dividend of 0.5 Singapore cents (2015 : US\$3.00) per ordinary share in respect of the year ended December 31, 2016	1,042	12,000
	1,042	20,000

Subsequent to the end of the reporting period, the directors of the Company proposed a final tax exempt (one-tier) dividend of 0.5 Singapore cent per ordinary share amounting to approximately US\$977,000 for the year ended December 31, 2016. The dividends are not accrued as a liability for the current financial year in accordance with FRS 10 Events After the Reporting Period.

#### 21 **REVENUE**

	Group		
	2016	2015	
	US\$'000	US\$'000	
Manufacturing	50,741	50,766	
Trading	40,801	49,094	
Sale of goods	91,542	99,860	

#### **OTHER INCOME** 22

	Gro	oup
	2016	2015
	US\$'000	US\$'000
		00
Foreign exchange gain, net	-	33
Interest income	25	12
Commission income for sale of vessels	_	83
Government grants	50	12
Insurance claims	-	30
Gain on disposal of property, plant and equipment	3	_
Others	9	32
	87	202

AS AT DECEMBER 31, 2016

#### 23 **OTHER EXPENSES**

		Group	
	2	016	2015
	US	\$'000	US\$'000
IPO expenses (1)		616	_
Property, plant and equipment written off		_	6
		616	6

This included non-audit fee of US\$74,000 (2015: US\$ Nil) paid to auditors of the Company in connection with the Company's IPO.

#### 24 **FINANCE COSTS**

	Group	
	2016	2015
	US\$'000	US\$'000
Interest on term loans and revolving credits	17	36
Interest on bills payables and trust receipts	90	118
	107	154

#### 25 **PROFIT BEFORE TAX**

Other than those disclosed elsewhere in these consolidated financial statements, this has been determined after charging the following items:

	Group	
	2016	2015
	US\$'000	US\$'000
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	244	222
Director fee	139	-
Salaries and bonus	2,680	2,535
Other employee benefits	476	441
Directors' remuneration	954	1,218
Total employee benefits expense	4,493	4,416
Audit fee paid to auditors of the Company	57	45
Non-audit fee paid to auditors of the Company	6	_
Bad debts written off	_	32
Foreign exchange loss, net	343	

AS AT DECEMBER 31, 2016

#### 26 **INCOME TAX EXPENSE**

	Gr	Group	
	2016	2015	
	US\$'000	US\$'000	
Current tax expenses	1,245	1,262	
(Over) Under provision of current tax in prior years	(36)	46	
Underprovision of deferred tax expenses in prior years	52		
Total tax expenses	1,261	1,308	

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable profit for the year.

		Group	
		2016	2015
		US\$'000	US\$'000
before income tax	-	6,907	7,549
ne tax expense calculated at 17%		1,174	1,283
) Under provision of current tax in prior years		(36)	46
deductible expenses		117	#
ncentive		(27)	(44)
xemption		(21)	(32)
erprovision of deferred tax expenses in prior years		52	_
rs		2	55
		1,261	1,308
ne tax expense calculated at 17% c) Under provision of current tax in prior years deductible expenses ncentive expenses expenses in prior years		1,174 (36) 117 (27) (21) 52 2	1,28 4 (4 (3

Denotes less than US\$1,000.

#### 27 **RELATED PARTY TRANSACTIONS**

Some of the arrangements are with related parties and the effects of these bases determined between the parties are reflected in these financial statements. During the years, the Group has transactions with related parties on terms agreed between the parties as follows:

	2010	6 2015
	U\$\$'0	000 US\$'000
Transactions with companies in which directors have significant influence over:		
Sales	30,9	37,475
Purchases	(11,0	(12,671)
Packaging expenses		- (1,741)
Services		(5) –
Commission income for sale of vessels		_ 39
Professional fee paid/payable to affiliates of an independent director		(11) (9)

AS AT DECEMBER 31, 2016

#### 27 **RELATED PARTY TRANSACTIONS (cont'd)**

## Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial years were as follows:

	2016	2015
	US\$'000	US\$'000
Short term benefits	2,362	2,258
Post-employment benefits	92	87
Total	2,454	2,345

#### 28 **COMMITMENTS**

The Group as lessee

		_	2016	2015
			US\$'000	US\$'000
Minimum lease payments under operating	eases recognised as an			
expense during the year		_	381	373

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	201	6	2015
	US\$'(	000	US\$'000
Within one year	-	21	121
Within two to five years		294	288
After five years	2,	38	2,147
	2,5	553	2,556

Operating lease payments represent rentals payable by the Group for warehouse, office equipment and leasehold land. Leases are negotiated for terms of one to sixty years, and rentals are fixed for one to two years.

AS AT DECEMBER 31, 2016

#### **EARNINGS PER SHARE** 29

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2016	2015
	US\$'000	US\$'000
<u>Earnings</u>		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	5,646	6,241
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	260,711,000(ii)	240,012,000()
Earnings per share (cents) - basic	2.2	2.6

- (i) The weighted average number of ordinary shares of the Group for the year ended December 31, 2015 is based on the number of shares issued after the Restructuring Exercise.
- (ii) The weighted average number of ordinary shares of the Group for the year ended December 31, 2016 is based on the number of shares issued after the Restructuring Exercise and weighted average number of new shares issued pursuant to the IPO.

There was no dilutive potential ordinary shares outstanding for 2016 and 2015.

#### **SEGMENT INFORMATION** 30

The Group determines its reportable segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's CODM for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (a) Manufacturing
- (b) Trading
- Manufacturing refers to the manufacturing of lubricant products for the Group's in-house brands and products of Original Equipment Manufacturers ("OEM").
- Trading refers to trading of base oils, additives and finished products, by buying from the Group's suppliers and selling them to the Group's customers who may require such products.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statements. Segment performance is evaluated by the CODM based on the segment results which represent the gross profit earned by each segment.

Certain expenses, other income and income taxes are managed on a group basis and are not allocated to operating segments.

AS AT DECEMBER 31, 2016

#### **SEGMENT INFORMATION (cont'd)** 30

The allocation of costs cannot be done in a similar manner with reasonable accuracy as Group costs are general in nature and are pooled to serve all our customers. These costs comprise distribution expenses, administrative expenses and finance costs. As CODM does not track the allocation of cost of sales and operating costs by geographical regions, any attempt to match these expenses to revenue in the various geographical regions is therefore not meaningful.

Inter-segment transfers are eliminated on consolidation.

Based on the management reporting to CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information.

Segment information about the Group's reportable segment is presented on the next page.

## Segment revenues and results

The following is an analysis of the Group's revenue and results by segment:

	Manufa	cturing	Trac	ding	То	tal
	2016	2015	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Total revenue	50,741	50,766	40,801	49,095	91,542	99,860
•						
Segment results	12,039	12,302	2,190	1,634	14,229	13,936
•						
Bad debts written off					_	(32)
Depreciation of plant and equipment						
(excluding machinery)					(36)	(71)
Gain on disposal of						
plant and equipment					3	_
Interest income					25	12
Finance costs					(107)	(154)
Other expenses (IPO expenses charged						
to the profit & loss)					(616)	_
Allowance for doubtful debts					(50)	_
Other unallocated expenses					(6,541)	(6,142)
Profit before tax					6,907	7,549
Income tax expense					(1,261)	(1,308)
Profit for the year					5,646	6,241

AS AT DECEMBER 31, 2016

#### 30 **SEGMENT INFORMATION (cont'd)**

## **Geographical information**

The Group operates in five principal geographical areas - Indonesia, Greater China (People's Republic of China, Hong Kong and Taiwan), Singapore (country of domicile), Malaysia and Myanmar.

The Group's revenue from external customers by geographical location are detailed below:

	2016	2015
	US\$'000	US\$'000
Based on location of customers		
Indonesia	31,275	33,770
Greater China	15,217	18,655
Singapore	14,126	11,957
Oceania countries	8,647	9,277
Malaysia	8,280	8,278
Other Asian countries	7,599	9,544
Myanmar	4,859	6,819
Others	1,539	1,560
	91,542	99,860

## Information about major customers

In 2016, the Group has one major customer ("Customer A") (2015: two) that individually contributed greater than 10% of the Group's total revenue.

Included in revenue arising from manufacturing segment of US\$51 million (2015 : US\$51 million) are revenue of approximately US\$0.6 million (FY2015: US\$0.5 million) which arose from sales to Customer A.

Included in revenue arising from trading segment of US\$41 million (2015 : US\$49 million) are revenue of approximately US\$31 million (2015: US\$33 million) which arose from sales to Customer A.

#### SUBSEQUENT EVENT 31

On January 16, 2017, the Group entered into a joint operation agreement with a third party. The consideration for the investment in joint operation of US\$90,000 will be satisfied by internal funds.

## STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2017

Class of equity securities

**Number of equity securities** 

**Voting Rights** 

**Ordinary Shares** Treasury Shares 282,812,360

One vote per share

## **DISTRIBUTION OF SHAREHOLDINGS**

	NO. OF		NO. OF	
SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	7	3.73	6,600	0.00
1,001 - 10,000	38	20.21	272,700	0.10
10,001 - 1,000,000	137	72.87	17,516,900	6.19
1,000,001 AND ABOVE	6	3.19	265,016,160	93.71
TOTAL	188	100.00	282,812,360	100.00

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wiranto	144,007,410	50.92	-	_
Tan Thuan Hor <sup>(1)</sup>	97,816,250	34.59	409,200	0.14
Ety Wiranto <sup>(2)</sup>	409,200	0.14	97,816,250	34.59

## Notes:

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 16 March 2017, approximately 14.35% of the Company's total number of issued shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

Mr Tan Thuan Hor is deemed to be interested in 409,200 shares held by his spouse, Ms Ety Wiranto.

Ms Ety Wiranto is deemed to be interested in 97,816,250 shares held by her spouse, Mr Tan Thuan Hor.

# STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2017

## **TWENTY LARGEST SHAREHOLDERS**

NO	NAME	NO. OF SHARES	%
1	WIRANTO	144,007,410	50.92
2	TAN THUAN HOR	97,816,250	34.59
3	CIMB SECURITIES (SINGAPORE) PTE LTD	16,995,700	6.01
4	NG SIEW FAH	2,921,800	1.03
5	UOB KAY HIAN PRIVATE LIMITED	2,050,000	0.72
6	NG HOI MING	1,225,000	0.43
7	PHILLIP SECURITIES PTE LTD	905,000	0.32
8	DB NOMINEES (SINGAPORE) PTE LTD	800,000	0.28
9	OCBC SECURITIES PRIVATE LIMITED	670,000	0.24
10	LEO YUI CHONG	640,000	0.23
11	LIM KIM MOK	598,000	0.21
12	RAFFLES NOMINEES (PTE) LIMITED	543,300	0.19
13	LEE CHUNG LIH	535,200	0.19
14	YAP WEE KEE	528,100	0.19
15	TAN CHAI SENG	400,000	0.14
16	NG KENG HOW	395,000	0.14
17	YANTI	374,700	0.13
18	CHOH LEE YENG	367,800	0.13
19	ZAW NYEIN OO @ WILLIAM ANG	360,000	0.13
20	LIM CHUN LAN	350,000	0.12
	TOTAL	272,483,260	96.34

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **UNITED GLOBAL LIMITED** (the "**Company**") will be held at 1 Raffles Boulevard, Level 3, Meeting Room 300, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593, on Thursday, 27 April 2017 at 10:00 a.m. for the following purposes:

### **AS ORDINARY BUSINESS**

- 1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 together with the Auditor's Report thereon. (Resolution 1)
- 2. To declare final dividend (tax exempt one-tier) of S\$0.005 per ordinary share for the financial year ended 31 December 2016.

  (Resolution 2)
- 3. To approve the payment of Directors' fees of S\$203,125 for the financial year ended 31 December 2016. (Resolution 3)
- 4. To approve the payment of Directors' fees of S\$262,000 for the financial year ending 31 December 2017, to be paid quarterly in advance. (Resolution 4)
- 5. To re-elect the following Directors of the Company retiring pursuant to Regulation 91 of the Constitution of the Company:

Mr Wiranto (Retiring under Regulation 91) (Resolution 5)
Mr Tan Thuan Hor (Retiring under Regulation 91) (Resolution 6)

[See Explanatory Note (i)]

- 6. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 7)
- 7. To transact any other ordinary business which may properly be transacted at an AGM.

## **AS SPECIAL BUSINESS**

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

8. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited

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

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

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

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

(the "Share Issue Mandate")

### provided that:

- the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) 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 (including shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (2) below);
- (2)(subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and that may be issued under sub-paragraph (1) above, the total number of issued shares and shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting (b) at the time of the passing of this Resolution provided the options or awards were granted in compliance with the Catalist Rules; and
  - any subsequent bonus issue, consolidation or subdivision of shares;
- (3)in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. (Resolution 8)

[See Explanatory Note (ii)]

#### 9. Authority to issue shares under the United Global Performance Share Plan 2016

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the United Global Performance Share Plan (the "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 share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(Resolution 9)

[See Explanatory Note (iii)]

#### Renewal of Shareholders' Mandate for Interested Person Transactions 10.

That for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST:-

(a) approval be and is given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Letter to the Shareholders dated 11 April 2017 (the "Letter") with any party who is of the class of interested persons described in the Letter, provided that such transactions are made on the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Letter (the "Shareholders' Mandate");

- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this Resolution. (Resolution 10)

[See Explanatory Note (iv)]

By Order of the Board

Siau Kuei Lian Secretary Singapore, 11 April 2017

### **Explanatory Notes:**

- (i) Mr Wiranto will, upon re-election as a Director of the Company, remain as Chairman and Non-Executive Director of the Company and will be considered non-independent.
  - Mr Tan Thuan Hor will, upon re-election as a Director of the Company, remain as Executive Director and Chief Executive Officer of the Company and will be considered non-independent.
- (ii) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis shareholders.
  - For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) 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 the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 in the Company pursuant to the vesting of share awards under the Plan provided that the aggregate additional shares to be issued pursuant to the Plan not exceeding in aggregate (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 10 above, if passed, will authorise the Interested Person Transactions as described in the Appendix to the Annual Report and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

#### Notes:

- A member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 14 Tuas Drive 2, Singapore 638647 not less than 72 hours before the time appointed for holding the AGM.

### \* A Relevant Intermediary is:

- a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business (a) includes the provision of nominee services and who holds shares in that capacity; or
- a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) (b) and who holds shares in that capacity; or
- the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary (c) 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.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

### NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of **UNITED GLOBAL LIMITED** ("the **Company**") to the dividend being obtained at the Annual General Meeting to be held on 27 April 2017 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on **8 May 2017** for the purpose of determining shareholders' ("**Members**") entitlements to the final dividend of S\$0.005 per ordinary share (tax exempt one-tier) (the "**Dividend**").

Duly completed and stamped registrable transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Limited ("CDP"), together with all relevant documents of title thereto, received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on **5 May 2017** will be registered to determine shareholders' entitlement to the Dividend.

Members whose securities accounts with CDP are credited with ordinary shares as at 5.00 p.m. on **5 May 2017** will be entitled to the Dividend. In respect of shares in securities accounts with CDP, the Dividend will be paid by the Company to CDP which will, in turn, distribute the Dividend entitlements to such holders in accordance with its normal practice.

Payment of the Dividend, if approved at the forthcoming AGM, will be made on 19 May 2017.

By Order of the Board

Siau Kuei Lian Secretary Singapore, 11 April 2017

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Lee Khai Yinn, at 1 Robinson Road #21-02 AlA Tower, Singapore 048542, telephone (65) 6532 3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.



## **UNITED GLOBAL LIMITED**

Company Registration No. 201534604M

(Incorporated in the Republic of Singapore)

## **PROXY FORM**

(Please see notes overleaf before completing this Form)

### IMPORTANT:

- 1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "CPF and SRS Investors") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.
- 2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

/We*, _		(Name)			(NRIC/Passport No.	
of						
eina a	member/members* of UNITED GLOBAL LIMI	TED (the "Company"). herek	ov appoint:			
Name				roportion of Shareholdings		
				Shares	%	
Addre	nee .					
Addic						
nd/or*						
Name		NRIC/Passport No.	Pr	oportion of Sh	areholdings	
				Shares	%	
Addre	ace					
Addie						
	our* proxy/proxies* to attend and vote for me/					
ven o	* to vote for or against the Resolutions propose r in the event of any other matter arising at the lating at his/her* discretion.  Resolutions relating to:				s* will vote or absta	
				'For'	'Against'	
1	Ordinary Business  Directors' Statement and Audited Financial S	Statements for the financial	voor ondod			
, 	31 December 2016		year ended			
2	Declaration of final dividend of S\$0.005 pe ended 31 December 2016	er ordinary share for the fir	nancial year			
3	Approval of Directors' fees amounting to S 31 December 2016	\$203,125 for the financial	year ended			
4	Approval of Directors' fees amounting to S\$262,000 for the financial year ending 31 December 2017, to be paid quarterly in advance					
5	Re-election of Mr Wiranto as a Director					
6	Re-election of Mr Tan Thuan Hor as a Directo					
7	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to fix their remuneration					
	Special Business					
8	Authority to issue shares					
9	Authority to issue shares under the United Glo		n 2016			
10	Renewal of Shareholders' Mandate for Interes	sted Person Transactions				
	ish to exercise all your votes 'For' or 'Against', pleas iate.	e tick ( $$ ) within the box provide	ed. Alternatively	, please indicate	the number of votes	
ppropri			ed. Alternatively	, please indicate	the number of votes a	
opropri	iate.			r of Shares in:	No. of Shares	
opropri	iate.			r of Shares in:		



#### Notes:

- 1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- 2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- 3. Where a member (other than a Relevant Intermediary\*) appoints 2 proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
- 5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
- 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 14 Tuas Drive 2, Singapore 638647 not less than 72 hours before the time appointed for the Meeting.
- 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
- 9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "CPF and SRS Investors") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.

## \* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) 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; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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.

## **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 11 April 2017.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



## UNITED GLOBAL LIMITED

(Company Registration No.: 201534604M) (Incorporated in the Republic of Singapore on 15 September 2015)

Main Office & Singapore Blending Plant 14, Tuas Drive 2 Singapore 638647 Tel: +65 6861 1157

Fax: +65 6861 3101

www.unitedgloballimited.com