UNITED GLOBAL LIMITED

Asia`s Global Partner

SYNERGY FOR GROWTH

ANNUAL REPORT 2017

SYNERGY FOR GROWTH

One year on after our listing on the Catalist in 2016, United Global Limited has embarked on a series of M&A and joint ventures to create synergies and drive growth.

The acquisition of PT Pacific Lubritama Indonesia ("PLI") in July 2017 tripled United Global's blending capacity in Singapore and Indonesia.

During the year, United Global also entered into joint ventures to strengthen its presence in Taiwan, Myanmar as well as venture into the production and marketing of nano-fibres in oil absorbents by leveraging on its extensive distribution network in over 30 countries globally.

The Group is ready to reap the fruits of the successful integration of PLI into the Group's operations and the combined synergies to power the Group's growth.

OUR VISION

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

MISSION

Provide high performance, value-for-money and reliable products.
Increase sales from satisfied customers.
Provide customised services to meet customers' needs.
Lead the organisation with a competent & responsive management team.

OUR PHILOSOPHY

INNOVATION

CONTINUOUS IMPROVEMENT

FLEXIBILITY

FORM ALLIANCE WITH CUSTOMERS

HIGH QUALITY STANDARDS OF PRODUCTS & SERVICES

TOTAL CUSTOMER SUPPORT

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FINANCIAL CONTENTS

CORPORATE PROFILE

Listed on Singapore Exchange's Catalist Board 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", "HydroPure" and "Ichiro" 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, 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.

United Global is an ISO9001-certified company, with a blending capacity of 60,000MT per annum in Singapore and 80,000MT in Indonesia via its 95% subsidiary PT Pacific Lubritama Indonesia ("PLI"). A manufacturer of lubricants based in Indonesia, PLI also has storage tanks with a total capacity of 17,000MT and jetty access to bulk shipments by vessels with cargo capacity of up to 12,000MT.

STRATEGIC PARTNERSHIPS & JOINT VENTURES

Malaysia

United Global 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.

Taiwan

United Global has a 35% joint venture to distribute lubricants of United Oil's in-house brands in Taiwan and trading of third-party lubricants.

Myanmar

United Global collaborates with Lighthouse Enterprise, its lubricant distributor in Myanmar, whereby the former will provide expertise and assist the latter in promoting, marketing, distributing and selling specialised lubricant products in Myanmar.

Nano-fibre (Japan)

United Global has a 40% joint venture with M-TechX Group to manufacture oil absorbing nano-fibre materials for various industrial and commercial industries in Singapore, Indonesia, Japan and the rest of the world.

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

Bell1

H PURE Lubricants

US LUBE

ICHIRO

AS AN ESTABLISHED, INDEPENDENT LUBRICANT MANUFACTURER AND TRADER, OUR GROUP HAS ACHIEVED THE FOLLOWING:

ISO 9001:2008#, ISO 14001:2015
Lloyd's Register Quality Assurance Limited
Quality management system and Environmental Management System

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

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

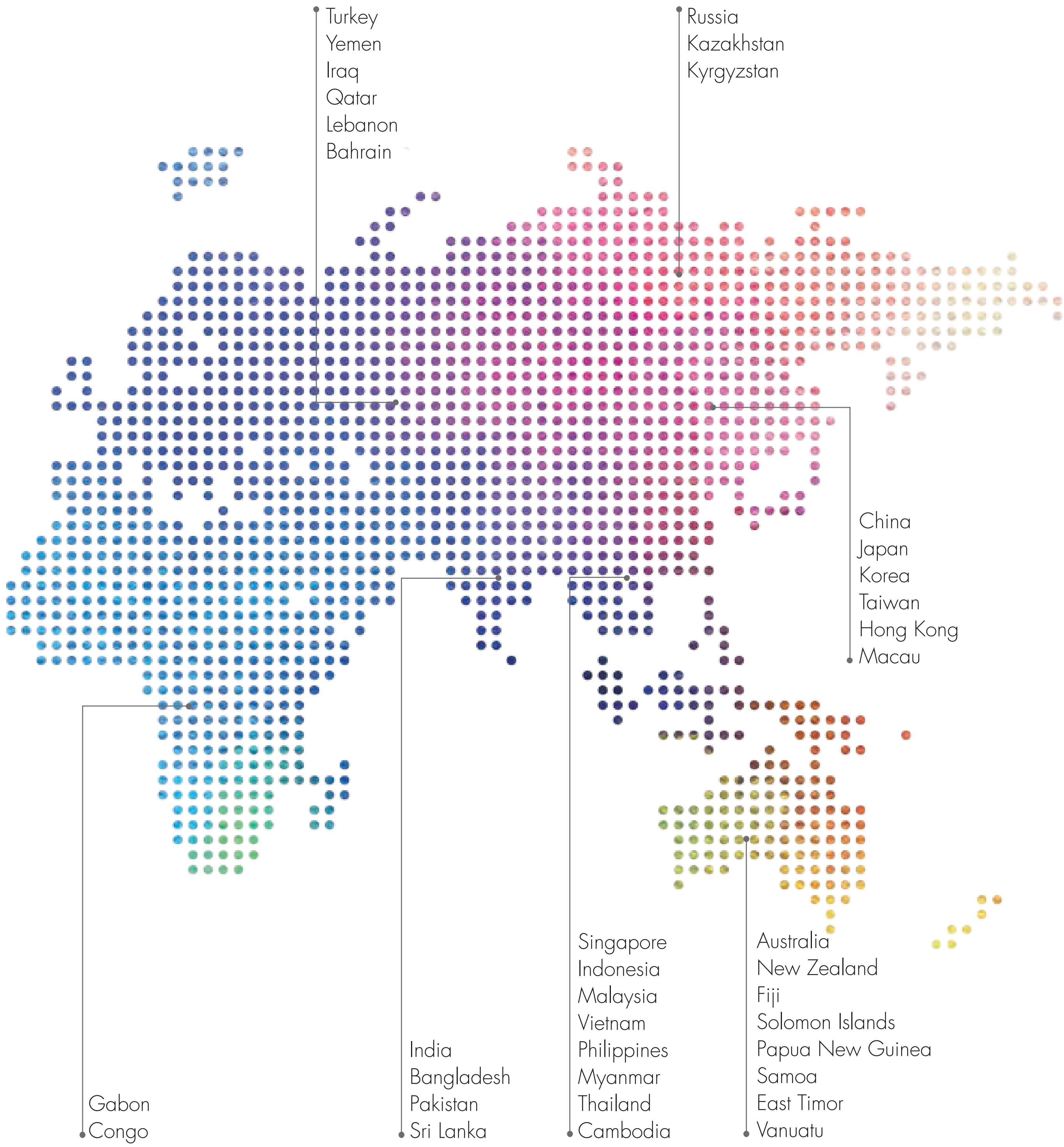
China GB Standards*
Testing method

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.

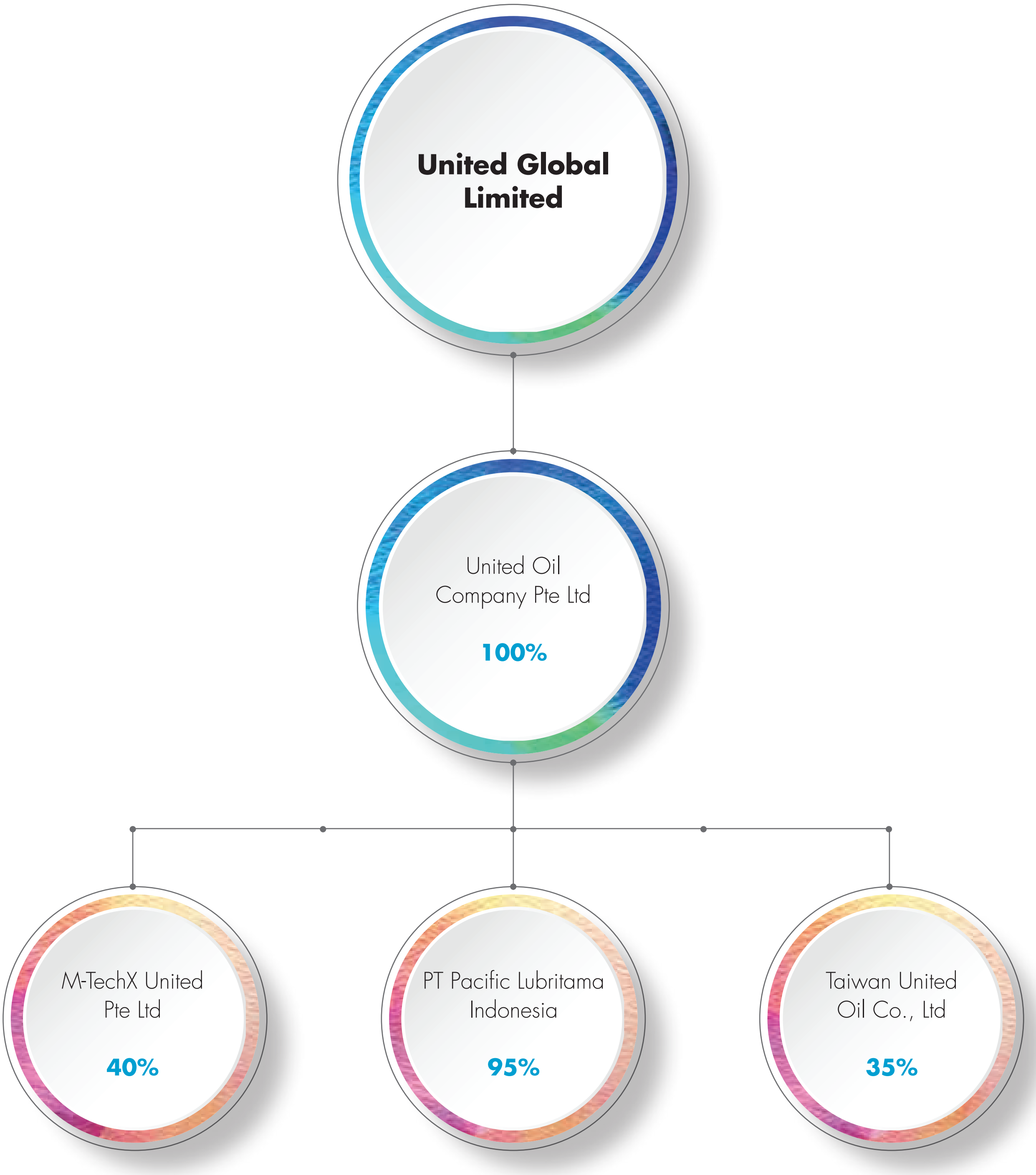
* We meet the standards/ specifications, or we are able to carry out tests with the standards set
\# We were awarded/obtained these certifications

DISTRIBUTION NETWORK

UNITED GLOBAL HAS AN EXTENSIVE NETWORK OF DISTRIBUTORS COVERING MORE THAN 30 COUNTRIES.



GROUP STRUCTURE



SYNERGIES WITH PLI (INDONESIA)

Blending capacity (mt a year)

60,000
United Oil Singapore

80,000
PLI

140,000
Combined

Headcount

81
United Oil Singapore

124
PLI

205
Combined

Storage capacity (mt)

1,500
United Oil Singapore

17,000
PLI

18,500
Combined

Warehouse (sqm)

>1,300
United Oil Singapore

>4,000
PLI

>5,300
Combined

No. of trucks

–
United Oil Singapore

11
PLI

11
Combined

Distribution network

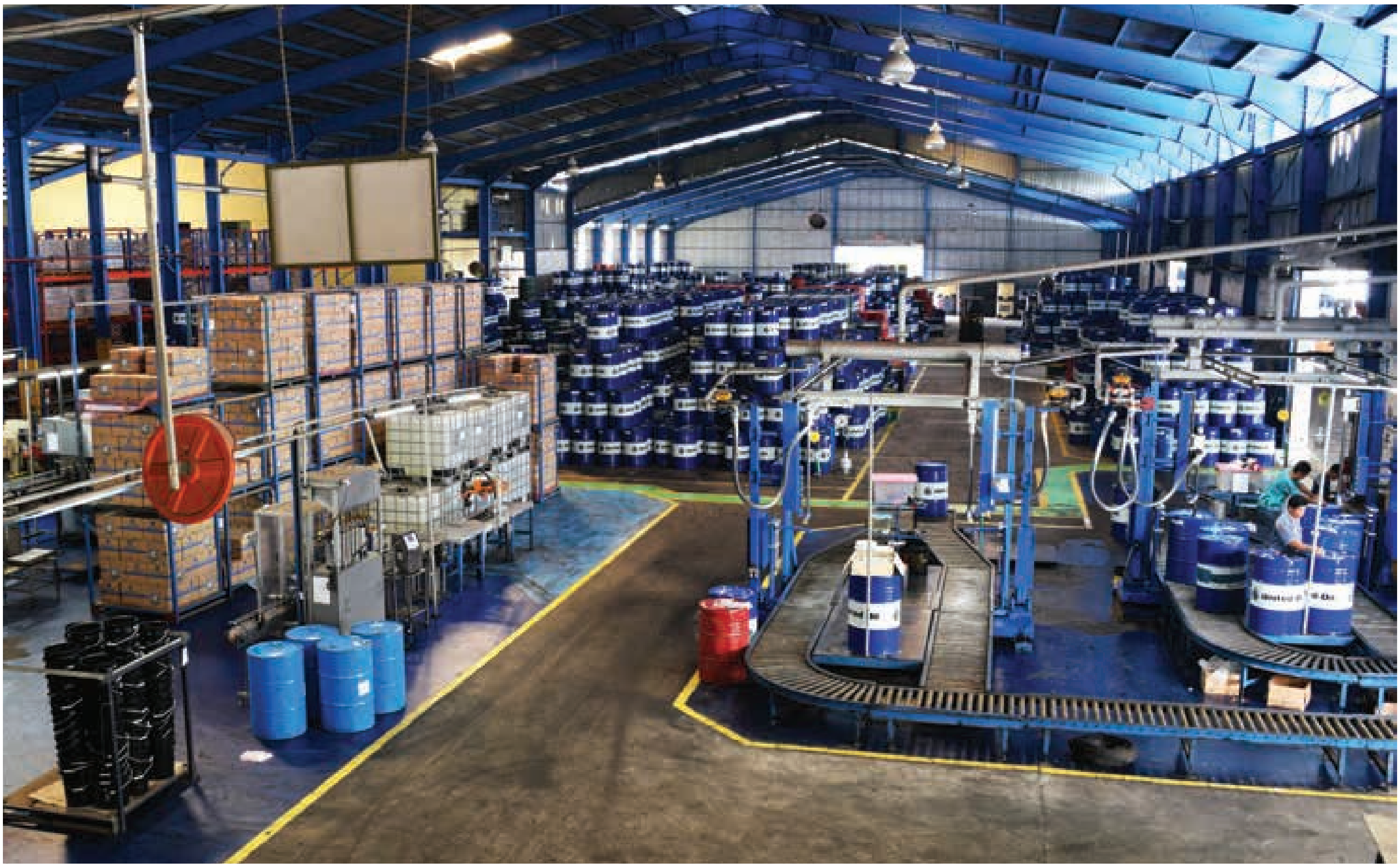
37 countries (including Indonesia)
United Oil Singapore

Over 20 cities across Indonesia
PLI

37 countries
Combined

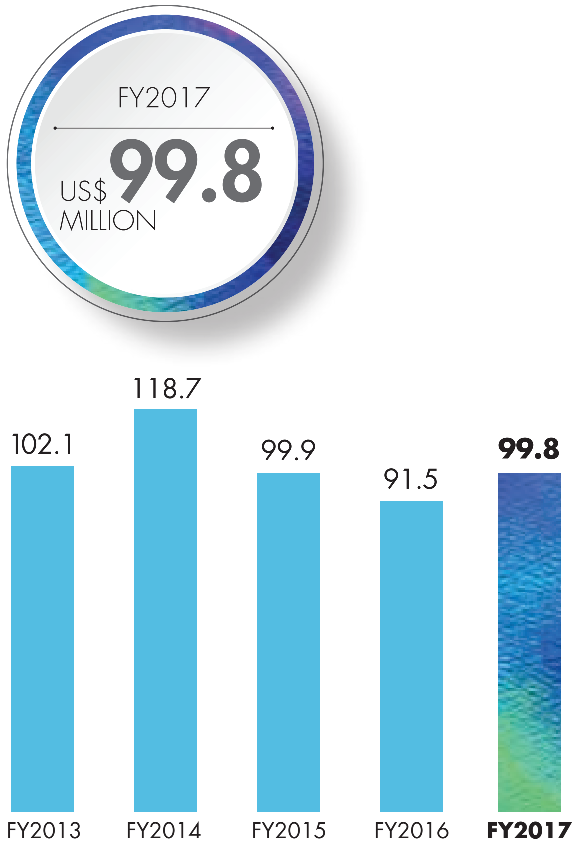

PLI
PT. PACIFIC LUBRITAMA INDONESIA
TOLL BLENDER OF CHOICE


PLI
PLI

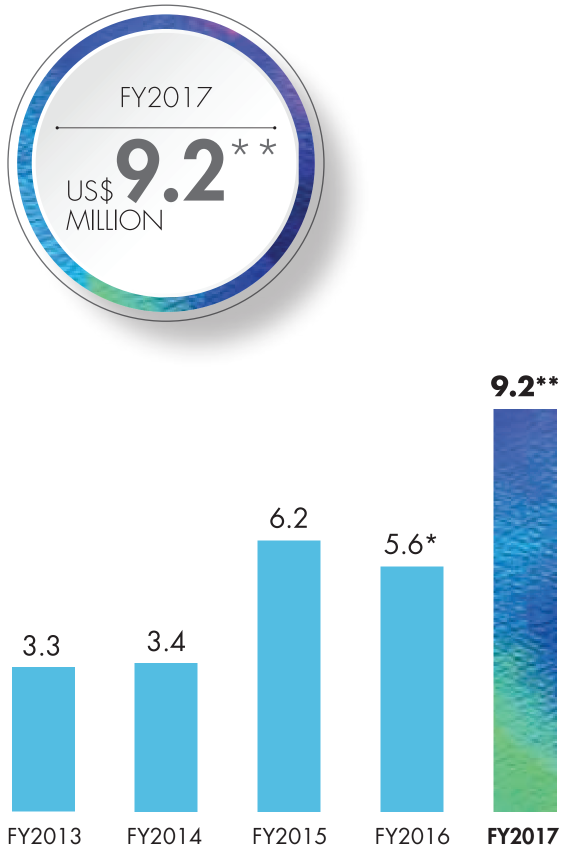


FINANCIAL HIGHLIGHTS

REVENUE (US$M)



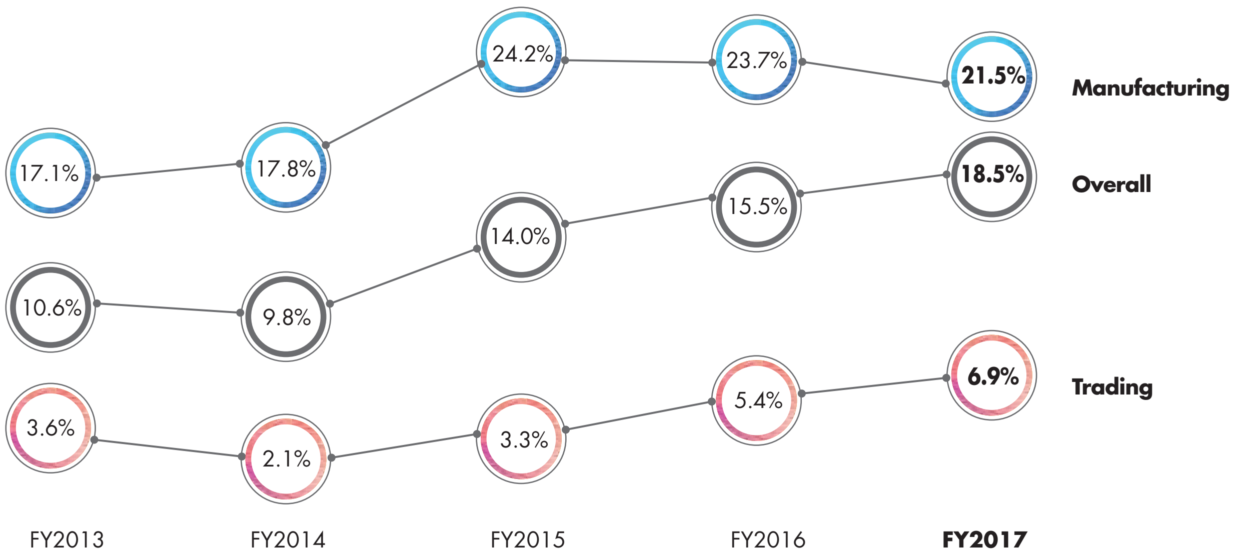
PROFIT AFTER TAX (US$M)



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

** Inclusive of bargain purchase gain credited to P&L of US$1.4 million arising from the acquisition of subsidiary

GROSS PROFIT MARGIN



FINANCIAL YEAR US$'000	2013	2014	2015	2016	2017
OPERATING RESULTS					
Revenue	102,146	118,690	99,860	91,542	**99,825**
Gross profit	10,832	11,587	13,936	14,229	**18,507**
Profit before tax	3,882	4,182	7,549	6,907	**10,604**
Tax expenses	(608)	(816)	(1,308)	(1,261)	**(1,353)**
Profit attributable to equity holders of the Company	3,274	3,366	6,241	5,646	**9,172**
FINANCIAL POSITION					
Total assets	37,701	38,765	26,968	34,189	**56,675**
Total liabilities	21,668	19,366	21,328	16,352	**23,018**
Equity	16,033	19,399	5,640	17,837	**33,657**
KEY RATIOS					
Net profit on turnover (%)	3.2	2.8	6.2	6.2	**9.2**
Net assets value per share (US$ cents)[1]	6.7	8.1	2.3	6.3	**10.4**
Basic and diluted earnings per share (US$ cents)[1]	1.4	1.4	2.6	2.2	**3.1**

Note:

[1] 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.

Profit to equity holders

9,172

US$'000

Equity

33,657

US$'000

Net profit on turnover

9.2%

CHAIRMAN AND CEO'S MESSAGE

The Group is working towards realising synergies by increasing business development efforts, ramping up the utilisation of PLI's blending plant in Indonesia, investing in key leaders and tapping on each other's expertise and cost advantage.

DEAR SHAREHOLDERS,

FY2017, our second year as a public-listed company, was another eventful year. Apart from forging new joint ventures with our partners in Taiwan, Myanmar and Japan, we also completed a major acquisition of our strategic partner in Indonesia – PT Pacific Lubritama Indonesia ("PLI") in July 2017.

With the acquisition, the integration of our successful operations in Singapore and Indonesia resulted in a much larger business with triple the blending capacity to power the Group's growth amidst volatility and uncertainties in the global business environment.

Post-acquisition, the Group is working towards realising synergies by increasing business development efforts, ramping up the utilisation of PLI's blending plant in Indonesia, investing in key leaders and tapping on each other's expertise and cost advantage.

FINANCIAL HIGHLIGHTS

In 2017, the global economy strengthened, posting higher growth. Oil prices staged a significant uptrend towards the second half of the year on continued production cuts by OPEC, falling oil inventories in the US, supply disruptions and growth in demand.

Amid this backdrop, United Global delivered improved financial results, which were further boosted with the consolidation of its 95% stake in PLI since July 2017.

The Group's net profit attributable to shareholders jumped 62.5% to US$9.2 million on the back of a 9.0% surge in Group revenue to US$99.8 million. This was lifted by an increase in Manufacturing sales volume, contributed by PLI post-acquisition, despite lower Average Selling Prices (ASPs) recorded from PLI's different product mix. The elimination of inter-group cross-selling of base oil and additives between the Singapore operations and PLI in Indonesia resulted in a dip in Trading sales volume despite the rise in ASP due to higher base oil prices.

In the latest full-year results, the Group's earnings per ordinary share increased by 40.9% to 3.1 US cents, while net asset value per ordinary share jumped 65.1% to 10.4 US cents, as at 31 December 2017. Cash and cash equivalents stood at US$10.6 million.

MOVING AHEAD

Apart from growing our lubricants manufacturing and trading businesses organically through our operations in Singapore and Indonesia, the Group sees strategic partnerships and joint ventures as our strategy to accelerate our business expansion.

In January 2017, the Group announced a three-year Joint Operation Agreement with long-time customer, Lighthouse Enterprise Ltd, to promote, market, distribute and sell specialized lubricants products in Myanmar. This joint operation has helped to increase its presence in Myanmar and enable it to have greater access of the market there.

In October 2017, we also established a joint venture with M-TechX Group of Japan to produce oil-absorbent nano-fibre materials for various industrial and commercial industries in Singapore, Indonesia, Japan and rest of the world.

We see this as a unique opportunity to leverage on United Global's extensive distribution channels across over 30 countries to cross-market these super-absorbent nano-fibres that our joint venture with M-TechX will be producing.

Apart from these corporate developments, United Global also grew organically in the following areas:

- In 2017, we added five countries – Qatar, Vanuatu, Turkey, Kyrgyzstan and Sri Lanka – to our extensive distribution network;
- In October, our Sydney representative office was officially opened, formally establishing our presence in a premium market such as Australia;
- We added seven new automatic transmission fluid (ATF) products in 2017, bringing the total to 22;
- A new in-house brand of lubricants "Ichiro" was specially developed for Japanese-made vehicles, bringing our total number of in-house brands to five;
- Our Singapore plant increased its blending capacity by 16,000MT to 60,000MT.

LOOKING AHEAD

Moving into 2018, the Group is now in a stronger position to capture more growth opportunities in the Asia Pacific region.

The operating environment is expected to remain challenging and the Group will focus efforts in controlling raw material costs while at the same time adopting a cautious approach in exploring opportunities to further expand and diversify its business through investments, acquisitions and/or joint ventures with parties who can create value for shareholders.

DIVIDEND

We are thankful for your continued support of the Group, and have recommended a final dividend of 0.7 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 disbursed earlier on 5 September 2017. Together, the total dividend declared in respect of FY2017's profits amounted to 1.2 Singapore cents, representing a dividend payout of 30%.

SUSTAINABILITY REPORTING

In complying with the Singapore Exchange's requirement for all listed companies to publish sustainability reports from FY2017, we are pleased to present our maiden report on pages 23 to 27 of this Annual Report.

We are doing this because we are fully committed to fulfilling our responsibility in reaching out to the communities and in taking better care of the physical and social environment that our plants operate. We hope to expand and enhance our report coverage in the years to come. By doing so, we hope to align our long-term business strategies with the universal values of achieving positive and sustainable outcomes for all of our stakeholders.

APPRECIATION

We deeply appreciate the counsel and support of all of our fellow directors on the Board and professional advisors, as well as the commitment and dedication of our staff and management team.

United and forged together, we are a formidable force as we carve out a robust destiny for the Group and our stakeholders. Thank you all for your support – we look forward to welcoming you at our next Annual General Meeting.

EDY WIRANTO
Non-Executive Chairman

JACKY TAN
Executive Director and CEO

BOARD OF DIRECTORS

MR EDY WIRANTO
Non-Executive Chairman

Our Non-Executive Chairman, Mr Edy Wiranto, is responsible for the overall strategic direction of our Group. He was appointed to the Board of our Company on 1 August 2017.

In an illustrious career spanning over 30 years, Mr Edy has held top management positions in mining, shipping, construction and heavy equipment leasing business, giving him relevant technical knowledge and leadership experience in a wide range of industries. Mr Edy played a major role in his family's own quarry and shipping business in Indonesia.

At present, Mr Edy is the commissioner of various companies in Indonesia, contributing to their success with his strategic insight and leadership skills.

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.

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 30 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, 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.

MR ALEX LIM

General Manager

Mr Alex Lim 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 SHAWN TAN

Deputy General Manager

Mr Shawn Tan 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.

MR STEVEN CHAM

Financial Controller

Mr Cham 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 Cham was the financial controller of Juken Technology Limited from 2011, a manufacturer of precision mould plastic components, 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 Cham is a Chartered Accountant of the Institute of Singapore Chartered Accountants. He is qualified as a Chartered Accountant with the Association of Chartered Certified Accountants.

KEY MANAGEMENT

MR HERRY DEFJAN

Director, PT Pacific Lubritama Indonesia

Mr Herry Defjan, director of our subsidiary, PT Pacific Lubritama Indonesia ("PLI"), assists our Executive Directors in overseeing all aspects of the Group's operations in Indonesia.

Prior to joining our Group, Mr Herry's working experience spanned across a few industries. He started as an Investment Banker but left the banking industry to become a Sales Manager in PT. Putra Surya Perkasa Group ("PSP"). In 1994, he founded Indahcup Andalan Industries, a polystyrene food packaging company, where he served as marketing director. Mr Herry diversified his business focus, venturing into the lubricants industry by serving in an Indonesian company as a director for 17 years.

Currently, Mr Herry also serves as an organizational adviser at the Association of Lubricant Distributors, Importers & Manufacturers in Indonesia ("PERDIPPI").

He holds a Bachelor degree in Finance and Marketing from the University of Oregon.

MR KEN TAN

Regional Business Development Manager

Mr Ken Tan 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.

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.

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

BUSINESS REVIEW

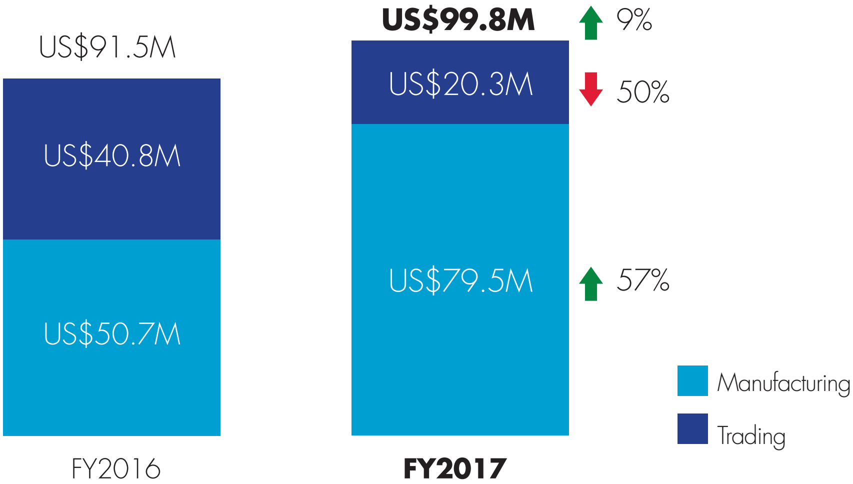
In FY2017, the manufacturing and trading segments contributed to 79.6% and 20.4% of revenue respectively as compared to 55.4% and 44.6% in FY2016.

The significant increase in contribution from the manufacturing segment was mainly due to the consolidation of PLI accounts since July 2017, which were all recorded in the manufacturing segment.

Revenue from the manufacturing segment increased by 57% to US$79.5 million in FY2017. Increase in sales volume was partially offset by lower average selling price ("ASP") due to PLI's lower ASP and different product mix. Gross profit increased by 42% to US$17.1 million. The Group recorded a 2.2 percentage point decrease in gross profit margin in our manufacturing business segment, from 23.7% in FY2016 to 21.5% in FY2017, mainly due to different product mix in FY2017.

The significant increase in contribution from the manufacturing segment was mainly due to the consolidation of PLI accounts since July 2017, which were all recorded in the manufacturing segment.

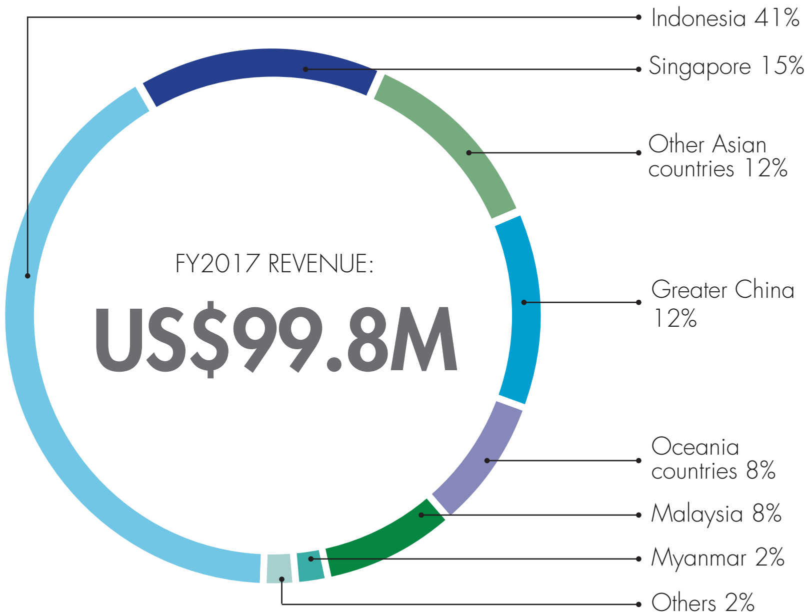
REVENUE



OPERATIONS REVIEW

Revenue from the trading segment reduced by 50.1% to US$20.3 million in FY2017 mainly due to an elimination of inter-group base oil and additives cross-selling from United Global's Singapore plant to PLI (our Indonesia plant). Gross profit decreased by 36% to US$1.4 million. Gross profit margin increased by 1.5 percentage point to 6.9% mainly due to lower cost of purchase of base oils.

The higher contribution from the higher margin-manufacturing segment has also lifted overall gross margin with the increased weightage. In FY2017, manufacturing delivered a gross margin of 21.5% versus 6.9% from the trading segment.



GEOGRAPHICAL SEGMENT REVIEW

Geographically, the increase in revenue was mainly attributable to the increase in revenue contribution from Indonesia, other Asian countries and Singapore of US$9.9 million, US$4.4 million, and US$0.8 million respectively in FY2017. This was partially offset by a decrease in revenue contribution by Greater China and Myanmar of US$3.4 million and US$2.8 million respectively in FY2017.

Revenue from Indonesia increased by US$9.9 million or 31.6% in FY2017, due to consolidation of PLI's accounts since July 2017 which contributed to our manufacturing business segment. Revenue from Greater China decreased by US$3.4 million or 22.3% in FY2017, mainly due to decrease in manufacturing revenue as a result of lower sales volume.

FINANCIAL REVIEW

For FY2017, revenue increased by 9.0%, from US$91.5 million in FY2016 to US$99.8 million in FY2017. This was mainly due to a 57% increase in revenue from the manufacturing segment.

Cost of sales increased by US$4.0 million or 5.2%, from US$77.3 million in FY2016 to US$81.3 million in FY2017. This was mainly due to increase in the cost of raw materials which is in line with the increase in revenue in our manufacturing business segment.

Our overall gross profit increased by US$4.3 million or 30.1%, from US$14.2 million in FY2016 to US$18.5 million in FY2017.

Our overall gross profit margins improved by 3.0 percentage point, from 15.5% in FY2016 to 18.5% in FY2017 due mainly to higher contribution from our manufacturing business segment.

Other income increased by US$1.6 million mainly due to recognition of a non-recurring bargain purchase gain of approximately US$1.4 million, arising from the acquisition of PLI in FY2017.

Our distribution cost increased by US$0.8 million or 50.0%, from US$1.6 million in FY2016 to US$2.5 million in FY2017, mainly due to higher freight and transportation costs and the inclusion of PLI's 6-months distribution cost.

Our administrative expenses increased by US$1.8 million or 35.7%, from US$5.0 million in FY2016 to US$6.8 million in FY2017, mainly due to inclusion of PLI's 6-months administrative expenses, higher professional and directors' fees incurred in conjunction with the initial public offering of the Company ("IPO") since July 2016, and higher staff payroll costs.

Other expenses decreased by 93.5% to US$40,000 in FY2017 from US$616,000 in FY2016. FY2016 other expenses comprised one-off IPO expenses charged to the profit or loss account while FY2017's comprised depreciation of investment properties.

Our finance costs increased by approximately US$0.2 million or 158.9%, from US$0.1 million in FY2016 to US$0.3 million in FY2017, mainly due to inclusion of PLI's 6-months borrowing costs.

INCOME STATEMENT US$'000	FY2017	FY2016	% change Increase/ (Decrease)
REVENUE	**99,825**	**91,542**	**9.0%**
Cost of sales	(81,318)	(77,313)	5.2%
GROSS PROFIT	**18,507**	**14,229**	**30.1%**
Other income	1,714	87	1,870.1%
Distribution cost	(2,470)	(1,647)	50.0%
Administrative expenses	(6,837)	(5,039)	35.7%
Other expenses	(40)	(616)	(93.5%)
Share of profit of joint ventures	7	–	100%
Finance costs	(277)	(107)	158.9%
PROFIT BEFORE TAX	**10,604**	**6,907**	**53.5%**
Income tax expenses	(1,353)	(1,261)	7.3%
PROFIT FOR THE YEAR	**9,251**	**5,646**	**63.9%**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company	9,172	5,646	62.5%
Non-controlling interests	79	–	100.0%
	9,251	**5,646**	**63.9%**

Our profit before tax (PBT) increased by US$3.7 million or 53.5%, from US$6.9 million in FY2016 to US$10.6 million in FY2017. This was mainly due to (i) increases in gross profit (ii) non-recurring negative goodwill and (iii) an absence of one-off IPO expenses charged to the profit or loss account, and partially offset by increases in distribution cost and administrative expenses.

Income tax expenses increased by US$0.1 million or 7.3%, from US$1.3 million in FY2016 to US$1.4 million in FY2017. This was mainly due to higher PBT in FY2017.

FINANCIAL REVIEW

REVIEW OF STATEMENTS OF FINANCIAL POSITION US$'000	As at 31 December 2017	As at 31 December 2016
Non-current assets	13,167	2,382
Current assets	43,508	31,807
Non-current liabilities	840	130
Current liabilities	22,178	16,222
Shareholders' equity	32,770	17,837

As such, net profit after tax attributable to shareholders increased by 62.5% to US$9.2 million in FY2017.

CURRENT ASSETS

As at 31 December 2017, current assets amounted to US$43.5 million or 76.7% of our total assets. Trade receivables was the largest component of our current assets, accounting for US$19.1 million or 43.8% of our current assets. Inventories accounted for US$13.1 million or 30.0% of our current assets and comprised raw materials, finished products and work-in-progress. Cash and cash equivalents accounted for US$10.6 million or 24.3% of our current assets. The remaining balance of current assets comprised other receivables of US$0.8 million.

Inventory turnover days increased from 18 days as at 31 December 2016 to 39 days as at 31 December 2017 mainly due to higher stock holdings at our Indonesia plant.

NON-CURRENT ASSETS

As at 31 December 2017, non-current assets amounted to US$13.2 million or 23.2% of our total assets.

Property, plant and equipment amounted to US$8.1 million or 61.8% of our non-current assets, comprising mainly leasehold property, machinery and equipment, motor vehicles, renovation, and construction-in-progress. The other receivable refers to shareholder's loan to joint venture of US$2.0 million. Investment properties comprise of leasehold buildings and land. Intangible assets comprise of customer relationships and club membership. The remaining balance of non-current assets comprised of investment in joint ventures and deferred tax assets of US$0.3 million.

CURRENT LIABILITIES

As at 31 December 2017, current liabilities amounted to US$22.1 million or 96.3% of our total liabilities.

Current liabilities increased by US$5.9 million from US$16.2 million as at 31 December 2016 to US$22.1 million as at 31 December 2017. The increase was mainly due to an increase in short-term bank borrowings of US$5.9 million for working capital requirements, and an increase in other payables due to higher accrued operating expenses. The increase was partially offset by a decrease in trade payables of US$0.9 million due to consolidation of PLI, where trade payables of the Group owing by PLI has been eliminated after the acquisition.

NON-CURRENT LIABILITIES

Increase in non-current liabilities from US$130,000 as at 31 December 2016 to US$840,000 as at 31 December 2017 was mainly due to the inclusion of PLI's retirement benefits obligations.

EQUITY

As at 31 December 2017, equity amounted to US$33.7 million which comprised of share capital, other reserves, retained earnings and non-controlling interests. The increase of US$15.8 million in equity was due to increase in the share capital account as a result of the new shares issued in relation to the acquisition of PLI, recognition of profit for the year of US$9.2 million, and partially offset by the dividend payments of US$2.2 million.

In FY2017, net cash from operating activities before changes in working capital amounted to US$9.9 million while net cash used in working capital amounted to US$3.5 million. This was mainly due to (i) increase from trade receivables of US$2.4 million; (ii) increase from inventories of US$4.1 million; and (iii) decrease from trade payables of US$10.8 million. Net cash generated from operating activities amounted to US$4.5 million in FY2017 as compared to US$6.6 million in FY2016. The Group paid income tax of US$1.7 million in FY2017.

Net cash used in investing activities increased from US$0.5 million in FY2016 to US$6.2 million in FY2017, mainly due to acquisition of PLI, advances to joint venture and purchase of property, plant and equipment.

Net cash used in financing activities of US$1.3 million in FY2017 was mainly due to the repayment of bank borrowings of US$31.2 million and the dividend payment of US$2.2 million partially offset by the proceeds from bank borrowings of US$31.5 million and decrease in pledged fixed deposits of US$0.6 million.

As a result of the above, there was a net decrease of US$3.0 million in our cash and cash equivalents, from US$12.2 million as at 1 January 2017 to US$9.1 million as at 31 December 2017.

REVIEW OF STATEMENTS OF CASH FLOWS (US$'000)	FY2017	FY2016
Cash from operating activities	4,545	6,557
Cash used in investing activities	(6,182)	(487)
Cash used in financing activities	(1,347)	(1,224)
Net (decrease) increase in cash and equivalents	(2,984)	4,846
Effect of exchange rate changes on cash and cash equivalents	(125)	–
Cash and cash equivalent at end of year	9,119	12,228

United Global is committed to fair, timely and transparent communication with its shareholders, the investment community and the public.

During the year, briefings for analysts and investors were conducted after the release of our half-yearly results. The results announcement, press release and presentation slides were uploaded on our website and the SGX website.

Separately, our CEO and Financial Controller also engaged analysts and members of the investment community including the media via one-to-one meetings, group briefings and visits to the plant. These meetings provide a platform for the management to address their queries and provide insight on the company's strategy and business developments.

The Company held its Annual General Meeting in April 2017 and Extraordinary/Special General Meeting in June 2017 to seek shareholders' approval for the proposed acquisition of a 95% stake in PT Pacific Lubritama Indonesia and the issuance of shares as partial consideration. These meetings provided an opportunity for the management to engage shareholders and share their strategy and plans.

In August 2017, United Global participated in the INVEST Fair, which included a 30-minute presentation by the CEO and the set up of a booth at the Corporate Showcase at SGX Pavilion.

At the Singapore Corporate Awards 2017, United Global was awarded the Best Investor Relations Award (Merit) in the "First-Year Listed Companies" category, which recognised companies that embodied the spirit of good corporate governance and corporate transparency and who implemented the best practices in investor relations. In addition, the Company won third place in IR Magazine's "Best IR by an SGX Catalist company" Award in 2017.

OUR PEOPLE & OUR COMMUNITY

We value our people

At United Global, we value people as our most valuable asset. We organise activities such as yearly overseas trips as well as regular leisure events to show our appreciation to our staff and encourage stronger bonding amongst colleagues. In 2017, the Company organised a trip to Ho Chi Minh City, Vietnam, and a bowling tournament amongst the staff.

We are committed to our responsibility to the wider community

The Group is also committed to our responsibility to the wider community and encourage employee volunteerism as a means to reach out to those in need. We regularly make various donations, in cash and in kind, as well as organise activities such as an outing to Gardens By the Bay for beneficiaries of Apex Day Rehabilitation Centre for Elderly.

FOREWORD BY THE CHAIRMAN

DEAR SHAREHOLDERS,

We are pleased to submit our first Sustainability Report for FY2017, in compliance with the SGX-ST Listing Manual Section B: Rules of Catalist Practice Note 7F.

This Report seeks to provide shareholders and investors a snapshot of our economic, social and environmental performance and how we manage sustainability issues in our lubricants business.

Based on the Materiality Matrix conducted in accordance with guidelines and framework established by Global Reporting Initiative (GRI), the Management has identified its strategic priorities vis-a-vis our stakeholders, and has provided a discussion on each of these factors highlighted. We believe in creating a sustainable business strategy that can align with its profitability.

Moving ahead, we will review our Materiality Matrix from time to time, taking into account the feedback that we continue to receive from our engagement with our stakeholders, and as we encounter new challenges in the business environment.

We hope that our sustainability initiatives will lead to increased value creation in the years to come, and that our shareholders and investors will find this Report useful.

Edy Wiranto
Non–Executive Chairman

March 2018

ORGANISATIONAL STRUCTURE

The Group's sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes senior management executives, is led by the Group's CEO, and is tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Sustainability Report.

CONTENTS OF THE REPORT

Our Report will begin with a review of the material aspects that both stakeholders and the Company view as being critical to the success and sustainability of the Company. We will seek to assess any changes in these material aspects when compared to the preceding year, where applicable, and look into issues that may have a large variance. These may include changes to the business environment, stakeholder feedback and sustainability trends.

OUR SUSTAINABILITY POLICY

As a responsible corporate citizen operating in Singapore, Indonesia and the Asia-Pacific region, the Group's values are articulated in the following principles:

- CODE OF CONDUCT AND BUSINESS ETHICS

  Our Group adopts a Code of Conduct and Business Ethics that stipulates the principles of our conduct and business ethics that apply to all of the Group's employees. This Code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc.

  We have also established a whistle-blowing mechanism to aid in the reporting of corporate misconducts. We do not engage in child labour or take unethical means, directly or indirectly, to provide business services in our day-to-day operations. By "indirectly", we are saying that we do not engage in business with partners, suppliers or third party manufacturers that are known to use unethical means in their business processes.

- HEALTH, SAFETY AND THE ENVIRONMENT

  Management of health, safety and the environment is high on our list of priorities. We continuously seek to minimise the impact of our activities through water and energy conservation, as well as having a robust workplace safety management programme.

- EMPLOYEES

  We believe in engaging and developing our staff to their fullest by providing opportunities for development and growth.

- COMMUNITY

  We believe in giving back to the society through supporting various charitable initiatives and community projects.

STATEMENT OF ASSURANCE

It should be pointed out that while the financial statements in the Report are audited by independent auditors, we rely on our internal process to verify the accuracy of the ESG performance data and information presented in this Report.

SUSTAINABILITY REPORT

OUR STAKEHOLDERS

STAKEHOLDERS	UNITED GLOBAL'S COMMITMENT
INVESTORS	Maximise shareholder value through our corporate strategies and business fundamentals
CUSTOMERS	Maximise customer satisfaction through delivering quality service and products
EMPLOYEES	Maximise the full potential of our people resources through continual employee development and training
PARTNERS	Build strong partnerships with regulatory and non-governmental organisations in the pursuit of the best in environmental, health and safety standards in our operations
COMMUNITY	Minimise environmental impact and contribute to the communities where we operate in

MATERIALITY MATRIX

STAKEHOLDERS' PRIORITIES	LOW	HIGH
HIGH		EC1: Economic Value* Corporate Governance* EN27: Environmental Impact* LA12: Diversity and Equal Opportunity* *LA5: Health & Safety *EN23: Effluents and Waste Disposal
LOW	*EN28: Packaging Materials Reclaimed	*EN34: Grievance Mechanism for Environmental Impact *HR12: Human Rights Grievance Mechanisms

LOW UNITED GLOBAL'S PRIORITIES HIGH

MATERIALITY MATRIX

The following Materiality Matrix, based on GRI's G4 indicators, maps out the environmental, economic, social and governance factors that impact or potentially impact our business and operations, based on our own sensitivity analyses and risk management profile, as well as insights gained from our interactions with our stakeholders. It also helps in highlighting the values that are critical to the success of our business as well as delivering value to shareholders.

We review our Materiality Matrix from time to time, taking into account the feedback that we receive from our engagement with a wide variety of stakeholders, broader sustainability trends and the issues facing our industry.

For the purpose of this Sustainability Report for FY2017, we have limited its scope to our Singapore operations as we have only completed the acquisition of PLI in 2017. We intend to include our Indonesian operations in future Sustainability Reports.

Based on feedback from our various stakeholders, we have shortlisted these material factors based on valuable insights that we have gained from our stakeholder engagement efforts, as well as factors that Management deems to have potential material impacts to our business operations.

ECONOMIC VALUE (EC1)

The Group operates its manufacturing and trading of lubricants at our Singapore headquarters and subsidiary in Indonesia. We manage our blending operations according to the industry's best practices, as well as international standards such as ISO 14001:2015.

Sustainability trends such as climate change, resources and demographic changes shape the competitive environment in which companies like United Global operates in by introducing long-term sustainability opportunities and risk management. We therefore view our business performance beyond short-term gains and focus more on delivering long-term value to our stakeholders. We strive to achieve sustained growth for the Group as well as the community that we operate in.

Sustainable management is integral to our vision and business objectives. We are seeking organic growth while keeping a close eye for growth opportunities that would take the Group to new levels.

For more information on the Group's financial and business performance, please refer to pages 17 to 20 of this Annual Report for FY2017.

CORPORATE GOVERNANCE

The Board and Management firmly believe that the Group's unwavering commitment to the best practices of corporate governance is essential to its sustainability and performance in the long-term. Driven by our strong sense of creating value and accountability towards our investors and stakeholders, the Group's quest for corporate excellence lies in our belief in developing and maintaining sound, transparent and consistent policies and practices. We are focused on complying with the latest versions of Singapore's Code of Corporate Governance – not only to the letter of the Code but in the spirit of the Code as well. In so doing, we endeavor to achieve operational excellence and achieving our long-term strategic objectives of driving long-term growth and delivering value to our shareholders.

Please refer to pages 29 to 51 of our FY2017 Annual Report for the full discussion on the Group's corporate governance report.

ENVIRONMENTAL IMPACT (EN27)

For more than 10 years, the Group has been producing a range of eco-friendly lubricants such as the 5W20, 0W20, 0W30, 10W30 and 5W30 in response to growing market demands for products that promote fuel economy and lower emissions. These are formulated using our synthetic base stocks that have better temperature performance, extended drain intervals and improved fuel economy. By reducing the fluid friction, these formulations reduce drag on internal engine parts, and provide uplift in horsepower and torque. With the engine running smoothly and efficiently, these eco-friendly products ensure that less fuel is consumed while the engine lift is increased significantly. These formulations also produce lower levels of emissions to the environment at the same time, and are compliant with the latest ILSAC GF-5 Standard, which is having a major impact on the global industry.

In FY2017, our Singapore operations sold 2,390MT of these eco-friendly lubricants, double that of the previous year of 1,200MT.

GENDER DIVERSITY

	2017	2016
Men	54 (66.7%)	48 (65.7%)
Women	27 (33.3%)	25 (34.3%)
Total headcount in Singapore	81	73

AGE PROFILE

	2017	2016
Below 30 years old	41 (50.6%)	34 (46.6%)
31 – 50 years old	28 (34.6%)	27 (37.0%)
51 – 65 years old	8 (9.9%)	8 (11.0%)
Above 65 years old	4 (4.9%)	4 (5.4%)
Total headcount in Singapore	81	73

BY NATIONALITIES

	2017	2016
Singapore	17 (21.0%)	18 (24.7%)
Malaysia	43 (53.1%)	37 (50.7%)
China	17 (21.0%)	16 (21.9%)
Indonesia	3 (3.7%)	2 (2.7%)
Myanmar	1 (1.2%)	– (–)
Total headcount in Singapore	81	73

BY RANK

	2017	2016
Senior Management	13 (16.0%)	12 (16.4%)
Middle Management	6 (7.4%)	5 (6.8%)
Executives	28 (34.6%)	24 (32.9%)
General staff	34 (42.0%)	32 (43.9%)
Total headcount in Singapore	81	73

YEARS OF SERVICE

	2017	2016
Below 5 years	54 (66.7%)	41 (56.2%)
6 – 10 years	9 (11.1%)	13 (17.8%)
11 – 15 years	7 (8.6%)	10 (13.7%)
Above 15 years	11 (13.6%)	9 (12.3%)
Total headcount in Singapore	81	73

DIVERSITY AND EQUAL OPPORTUNITY (LA12)

At United Global, it is the Group's intention to promote equal opportunities for all our employees and to promote gender diversity. As at 31 December 2017, the Group has 81 employees at its Singapore operations, out of whom 33.3% are women. The Group does not discriminate against any gender as long as the employee has the requisite skillsets for the particular role.

During the year in review, about 85.2% of its Singapore workforce is under the age of 50. In terms of nationalities spread, Malaysians formed the largest group (53.1%) followed by China (21.0%), Singapore (21.0%), Indonesia (3.7%) and Myanmar (1.2%).

More than half (76.6%) of the workforce is non-management while executives make up the second largest component – at 34.6%. Nearly 22.2 % of the staff has been with the Group's Singapore Operations for more than 10 years, while 66.7% have spent less than 5 years with the Group's Singapore Operations.

HEALTH AND SAFETY (LA5)

The Group is committed to providing a safe and healthy work environment for our workers and would endeavour to comply with all government regulations and policies with regard to workplace health and safety issues. We do this through establishing, implementing, and maintaining an effective occupational health and safety management programme by:

- Anticipating hazards and eliminating them
- Ensuring a high level of compliance with the industry's best practices
- Training and educating employees and contractors to prevent accidents and injuries
- Taking reasonable measures to provide the best possible care of our equipment and facilities.

The Group's Singapore operations has a Workplace Safety and Health Committee ("WSH") comprising 14 members from various departments in the Company. It assists Management in preparing, reviewing and presenting the WSH training to all staff in the Company, with the aim of inculcating WSH consciousness in the workplace. It reviews and audits operational processes to ensure that they are safe and environmentally friendly. The Committee also investigates all accidents and incidents in the workplace and ensures corrective and preventive measures are applied to avoid future recurrence. It meets with Management regularly, about once a month, to discuss appropriate risk control measures to be taken and implemented. It also ensures that the Risk Register is prepared in accordance to the Code of Practice on WSH Risk Management.

In 2017 and 2016, our Singapore operations has reported zero work-related incidents.

EFFLUENTS AND WASTE DISPOSAL (EN23)

We hope to further align our long-term business strategies with the universal values of achieving sustainable outcomes for all of our stakeholders. Our environment initiatives which comply with government regulations and policies pertaining to environment management are focused on minimizing the material environmental impact of our operations, which include energy, water and waste. We also actively engage staff and customers to champion and address some of the environmental impacts together.

We support Singapore's reaffirmation of its commitment to the Paris Agreement and its pledge to reduce the intensity of emissions and to stabilize emissions, and in particular, its aim to reduce emissions intensity by 36%, from the levels recorded in 2005 by 2030, and to stabilise its emissions with the aim of peaking around 2030. As climate change ultimately leads to sea level rise, which will affect water resources, biodiversity risks, public health, urban heat island effect and food security, businesses in Singapore will not be immune to these potential adverse effects. Therefore we have started to look at how we as a business can mitigate these adverse effects by playing our part in reducing emissions, increasing energy efficiency, reduce and recycling waste, conserving water resources and promoting individual and corporate initiatives.

Our Singapore operations generated a total of 19,984 kg of waste materials, comprising predominantly cardboard, metal and plastic materials in 2017. This was approximately 5% increase over the previous year, largely due to the higher volume of blending activities as a result of higher production.

In line with the increase in manufacturing output in 2017, our Singapore operations also produced higher amounts of waste oil. Our waste materials are disposed by licensed disposal companies such as NSL Oilchem Waste Management Pte Ltd (for waste oil), Ong Kah Hoe Industrial Pte Ltd (for coolant & slop wastes), and Chem-Solv Technologies Pte Ltd (for hazardous wastes).

	FY2017	FY2016	Change (%)
Waste oil (MT)	68.6	59.3	15.7
Coolant waste (MT)	20.4	24.2	(15.7)
Hazardous waste (L)	25.0	25.0	–

GRIEVANCE MECHANISM FOR ENVIRONMENTAL IMPACT (EN34)

We are committed to having an open channel of communication for employees to provide feedback about possible impact that our operations may have on the environment. Concerns over or reports of any alleged wrongful acts with regard to environmental impact should be reported in writing to:

Chairman of the Audit Committee
UNITED GLOBAL LIMITED

By hand or by post to:

(a) United Global Limited
c/o RHT Corporate Advisory Pte. Ltd.
6 Battery Road
#10-01
Singapore 049909

Attention: Chairman of the Audit Committee

or

(b) By Email to the Company Secretary
Email address:
lissa.siau@rhtcorporate.com

To ensure that complaints can be submitted confidentially or anonymously, the employee can address his complaint in a sealed envelope marked "Private and Strictly Confidential". The envelope shall be forwarded unopened to the Chairman of the Audit Committee.

The Group also recognises that the complainant may wish to seek advice from appropriate third party.

There is no incidents in relation to concerns over or reports of wrongful acts with regard to environmental impact have been raised during the year.

HUMAN RIGHTS GRIEVANCE MECHANISMS (HR12)

The Group is fully committed to receiving feedback about its human rights policies and practices, and seeks to provide an appropriate channel for employees to report acts of wrongdoing within the Group. The Group recognises however that there may be instances where the wrongdoing in question is sufficiently serious such that it may not be appropriate for the wrongful act to be resolved internally. In such instances, and also in the case where an employee is unable for whatever reason to report the wrongdoing internally, that employee is perfectly entitled to report his/her concerns to an appropriate external body such as the police or any other competent authority.

Concerns over or reports of any alleged wrongful acts concerning the Company's human rights practices should be reported in writing to:

Chairman of the Audit Committee
UNITED GLOBAL LIMITED

By hand or by post to

(a) United Global Limited
c/o RHT Corporate Advisory Pte. Ltd.
6 Battery Road
#10-01
Singapore 049909

Attention: Chairman of the Audit Committee

or

(b) By Email to the Company Secretary
Email address:
lissa.siau@rhtcorporate.com

To ensure that complaints can be submitted confidentially or anonymously, the employee can address his complaint in a sealed envelope marked "Private and Strictly Confidential". The envelope shall be forwarded unopened to the Chairman of the Audit Committee.

The Group also recognises that the complainant may wish to seek advice from appropriate third party.

There is no incidents in relation to concerns over or reports of any alleged wrongful acts concerning the Company's human rights practices.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Edy 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

* appointed on 1 August 2017

REGISTERED OFFICE

14 Tuas Drive 2
Singapore 638647

SPONSOR

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

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner-in-charge: Yang Chi Chih
(Appointed as auditor on 30 November 2015)

PRINCIPAL BANKERS

Standard Chartered Bank, Singapore Branch
DBS Bank Ltd

The Board of Directors (the "**Board**" or "**Directors**") of United Global Limited (the "**Company**" or "**United Global**") and its subsidiaries (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 2017 ("**FY2017**"), 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 announcements released to the SGX-ST, including half yearly and full year results announcements and press release;
- Approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual reports;
- Any matters relating to shareholders' meetings, Board and Board Committees;
- 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; and
- Appointment and cessation of Directors and key executives.

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 FY2017 are disclosed in the table reflected below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	4	4	1	1
Meetings attended:				
Mr Wiranto #	2	2*	1*	1*
Mr Edy Wiranto #	2	2*	1*	1*
Mr Tan Thuan Hor, Jacky	4	4*	1*	1*
Ms Ety Wiranto	4	4*	1*	1*
Mr Mah Kah On, Gerald	4	4	1	1
Mr Tan Teng Muan	4	4	1	1
Mr Leong Koon Weng	4	4	1	1

* By invitation

\# Mr Wiranto resigned as director of the Company on 1 August 2017, and Mr Edy Wiranto was appointed as director on the same day.

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 arrange 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. During the year, Mr Edy Wiranto was appointed as the Non-Executive Chairman and Non-Independent Director. He was briefed during the orientation program on the overview of the business operations, background information about the Group's history, strategic direction and industry-specific knowledge. He has also attended the training program organised by Singapore Institute of Directors pertaining to the roles and responsibilities of a Director.

The Company encourages the Directors to attend seminars and receive trainings to keep abreast of current developments and latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST to properly discharge their duties as Directors. In order to keep pace with such regulatory changes, the changes to regulations and accounting standards are monitored closely by the Management and 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.

News 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 Edy 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 criterion for independence is based on the definition set out in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interest of the Company. 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 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 on its 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 customer-based 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, fully discussed and rigorously examined. 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 subsidiaries, which is based in Singapore and Indonesia.

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 Edy Wiranto is currently the Non-Executive Chairman of the Board while Mr Tan Thuan Hor, Jacky, the brother-in-law of Mr Edy Wiranto, is the Chief Executive Officer ("**CEO**"). The Chairman and the CEO have defined responsibilities which ensure that there is 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:

(a) leading the Board to effectively cover all aspects of its role;

(b) reviewing the agenda and the board papers prepared for Board meetings to ensure significant items, particularly strategic issues are looked into and sufficient time is allocated for their discussion;

(c) setting an open and honest culture and encouraging debate;

(d) ensuring the Directors receive Board papers that are complete, adequate and timely before the meeting;

(e) ensuring the proper conduct of meetings and accurate documentation of the proceedings with the help of the Company Secretary;

(f) ensuring effective communication with shareholders;

(g) encourage constructive relations within the Board and between the Board and Management and facilitating effective contribution from the Independent Directors; and

(h) promoting high standards of corporate governance.

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

The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Board. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration is reviewed periodically by the RC. As the AC, NC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The non-independent Directors' responsibility, together with the other Independent Directors, includes ensuring 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, where 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 FY2017, 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 limit the maximum number of listed Board representations which any Director may hold as long as each of the Board members is able to commit his time and attention to the affairs of the Company. The NC and the Board believes that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. 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:–

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 Edy Wiranto[1]	Non-Executive Chairman	1 August 2017	Nil	Nil
Mr Tan Thuan Hor, Jacky[1& 2]	Executive Director/ Chief Executive Officer	27 April 2017	Nil	Nil
Ms Ety Wiranto[1& 2]	Executive Director	15 September 2015	Nil	Nil
Mr Mah Kah On, Gerald	Lead Independent Director	1 June 2016	Nil	mDR Limited
Mr Tan Teng Muan	Independent Director	1 June 2016	Independent Director of Overseas Education Limited Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie	Nil
Mr Leong Koon Weng	Independent Director	1 June 2016	Nil	Imperium Crown Limited

(1) Mr Edy Wiranto is the brother of Ms Ety Wiranto and the brother-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 short-listed 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 one-third 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 Regulations 98 and 102 of the Constitution of the Company, Ms Ety Wiranto and Mr Mah Kah On, Gerald shall retire in accordance to Regulation 98 and Mr Edy Wiranto shall retire in accordance to Regulation 102 at the forthcoming AGM. In this regard, the NC, having considered the directors' overall contributions and performance as well as 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.

Mr Mah Kah On, Gerald as a member of our NC has abstained 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 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 recommendations and suggestions arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

The evaluation serves to assess the effectiveness of the Board and its Board Committees as a whole on the following parameters:

(a) Board/Committees composition;

(b) Board/Committees access to information;

(c) Board/Committees process;

(d) Board/Committees accountability;

(e) CEO/top management; and

(f) Standard of conduct.

The criteria taken into consideration by the NC and the Chairman for the re-nomination of the Directors include contribution and performance based on factors such as attendance, preparedness, participation at Board and Board Committees meetings, his qualification, experience and expertise and the time and effort dedicated to the activities of each Board Committees and to the Group's business and affairs, including the Management's access to the Directors for guidance or exchange of views as and when necessary. 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 2018 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/or 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 any 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 receives quarterly management financial statements, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

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:

Chairman	:	Mr Leong Koon Weng (Independent Director)
Member	:	Mr Mah Kah On, Gerald (Lead Independent Director)
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 general framework of remuneration and specific remuneration packages for all Directors;

(b) Reviewing the service agreements of the Executive Directors and key management personnel of the Company;

(c) Performing an annual review of the remuneration of employees related to Directors to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility;

(d) Reviewing and approving the bonuses, pay increment and/or promotions of employees related to Directors; and

(e) Reviewing and recommending to the Board share option schemes, share award plans or any long term incentive schemes 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 Group's performance and the performance of the individual Directors and key management personnel.

The RC will also review the Company's obligation under the service agreement entered into with the Executive Director and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC will always aim 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 Executive Directors do not receive Directors' fees.

The Service Agreements provide, inter alia, that in the event that the Group achieves Consolidated PBT of between US$10 million and US$15 million, Mr Tan Thuan Hor, Jacky will be entitled to 3.0% of the amount of the Consolidated PBT and Ms Ety Wiranto will be entitled to 2.0% 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 S$250,000.

Remuneration of Directors

The breakdown of remuneration for each Director for FY2017 are as follows:

	Remuneration Bands	Salary (%)	Bonus/ Profit Sharing (%)	Other Benefits[3] (%)	Fee (%)	Total (%)
Directors						
Mr Wiranto[1]	Below S$250,000	–	–	–	100	100
Mr Edy Wiranto[2]	Below S$250,000	–	–	–	100	100
Mr Tan Thuan Hor, Jacky[3]	S$1,000,000 to S$1,250,000	40	49	11	–	100
Ms Ety Wiranto	S$750,000 to S$1,000,000	47	47	6	–	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

(1) Mr Wiranto resigned as director of the Company on 1 August 2017, he remains as a director our wholly owned subsidiary company, United Oil Company Pte Ltd.

(2) Mr Edy Wiranto was appointed as director of the Company on 1 August 2017.

(3) Other benefits refer to post-employment benefits and benefit-in-kind such as car allowances, club membership and etc which are 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 7 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 7 key management personnel during FY2017. 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 7 key management personnel (who are not Directors or the CEO) for FY2017 is approximately S$1,914,000.

Mr Tan Thuan Hor, Jacky and Mr Shawn Tan are brothers. Save for Mr Shawn Tan who is one of the top 7 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 S$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 FY2017 and as at the date of this report, no share award was granted to either the CEO, other Executive and Non-Executive Directors or key management personnel of the Group.

During FY2017 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.

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. All the Directors and key management personnel of the Company also signed a letter of undertaking pursuant to the Rule 720(1) of the Catalist Rules.

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, with the assistance of AC, 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.

The AC has reviewed, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology 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 2017.

For FY2017, the Board has received assurances from the CEO and Financial Controller of the Company that:

(a) 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

(b) the Company's risk management and internal control systems are operating effectively.

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:

Chairman	:	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:

(a) assist the Board in the discharge of its responsibilities on financial reporting matters;

(b) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Company's Management's response, and results of the audits compiled by the internal and external auditors;

(c) review the periodic consolidated financial statements and results announcements before submission to the Board for approval, 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;

(d) review the effectiveness and adequacy of the Company's internal control procedures addressing financial, operational, 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[a], focusing in particular on whether such methods and procedures are adequate and/or commercially practicable to ensure that the Mandated Transactions[b] 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[c];

(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, of which details are set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions" of the Offer Document dated 28 June 2016. Following the completion of the acquisition of PLI on 20 July 2017, the Group is no longer required to adhere to the guidelines and review procedures imposed under the Shareholders Mandate for transactions entered into with PLI, with effect from 20 July 2017.*

b. *Mandated Transactions refer to transactions that are entered into between our Group and PLI in the ordinary course of business, for up till 20 July 2017 (which is the completion date of the acquisition of PLI. 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 undertake not to 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. Further to the acquisition of PLI, the Non-Competition Undertakings were amended to exclude the PLI Territory (i.e. Indonesia, but excluding Batam, Bintan and certain demarcated islands) in the geographical scope of each of the Non-competition Undertaking as PLI is part of the Group.*

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 FY2017 and is of the opinion that Chapter 9 of the Catalist Rules has been complied with.

In performing its functions, the AC and the Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group an review the overall scope of both external and internal audit. The AC also meets regularly with the Management, the Financial Controller and external auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of the Management, to review any matters that might be raised privately.

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 2017. A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 104 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 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.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX that the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("**KAM**").

The AC considered the KAM presented by the external auditors together with Management. The AC reviewed the KAM and concurred and agreed with the external auditors and Management on their assessment, judgements and estimates on the significant matters reported by the external auditors.

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 FY2017 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 at least once, 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 FY2017, 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 recognise, 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 through 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;

(c) Annual reports which are prepared and issued to all shareholders; and

(d) Analyst briefings organised by the Company for analyst and investors.

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[1] 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.

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[1] 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 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.

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

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 short-term 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 has adopted a Shareholders' Mandate in respect of interested person transactions of the Company. The Shareholders' Mandate has been effective since 8 July 2016, upon the IPO, and renewed at the annual general meeting held on 27 April 2017. 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.

As stated in the circular dated 6 June 2017 for the proposed acquisition of 95% of total issued and paid-up shares of PLI ("Proposed Acquisition"), upon completion of the Proposed Acquisition, the transactions entered into between the Group and PLI will no longer be considered as interested person transactions. The completion of the Proposed Acquisition has taken place on 20 July 2017. Accordingly, the Group will no longer be required to adhere to the guidelines and review procedures imposed under the Shareholder's Mandate for the transactions entered into with PLI with effect from 20 July 2017.

During the FY2017, IPT exceeding S$100,000 in aggregate under review are disclosed as follows:

	Aggregate value of all interested person transactions during the Period Under Review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate) in US$'000	Aggregate value of all interested person transactions conducted under Shareholders' Mandate during the Period Under Review (excluding transactions less than S$100,000) in US$'000
Transactions with PT Pacific Lubritama Indonesia		
Sale of base oils	–	16,089
Sale of additives	–	2,972
Sale of finished products (lubricants)	–	273
Purchase of processed additives	–	1,651
Purchase of finished products (lubricants)	–	647
Transactions with companies owned by Edy Wiranto (Non-executive Chairman) and his associates		
Sales of goods and services	107	–
Purchase of goods and services	142	–

MATERIAL CONTRACTS

Save for the sales and purchase agreement to purchase 95% of the entire issued and paid-up share capital of PLI dated 12 May 2017 entered into between our wholly owned subsidiary, United Oil Company Pte Ltd, Edy Wiranto, Ety Wiranto and Emi Wiranto (sister of our directors, Edy Wiranto and Ety Wiranto), and a cooperation agreement with PLI dated 7 April 2016, which has lapsed immediately following our completion of acquisition of PLI on 20 July 2017, there were no material contracts entered into by the Company or any of its subsidiaries 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.

NON-SPONSORSHIP FEES

Save for the non-sponsorship fee of S$40,000 paid by the Company to our Sponsor for acting as the independent financial adviser of the proposed acquisition of PLI, there were no other non-sponsorship fees paid to the Sponsor for FY2017.

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, 2017.

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 60 to 110 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, 2017, 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.

1 DIRECTORS

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

Edy Wiranto (Appointed on August 1, 2017)
Tan Thuan Hor
Ety Wiranto
Mah Kah On, Gerald
Tan Teng Muan
Leong Koon Weng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS 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 in which interests are held	**Shareholdings registered in name of director**		**Shareholdings in which director is deemed to have an interest**	
	As at January 1, 2017 or date of appointment, if later	**As at December 31, 2017**	**As at January 1, 2017 or date of appointment, if later**	**As at December 31, 2017**
The Company (Ordinary Shares)				
Mr. Edy Wiranto	8,789,000	8,789,000	3,170,600[1]	3,170,600[1]
Mr. Tan Thuan Hor	97,816,250	97,816,250	409,200[2]	12,714,200[2]
Ms. Ety Wiranto	409,200	12,714,200	97,816,250[3]	97,816,250[3]

Notes:

(1) Mr Edy Wiranto is deemed to be interested in 3,170,600 shares held by his spouse.

(2) Mr Tan Thuan Hor is deemed to be interested in 12,714,200 shares held by his spouse, Ms Ety Wiranto.

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

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 companies 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, 2018 were the same at December 31, 2017.

4 SHARE OPTIONS

(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.

<u>United Global Performance Share Plan 2016</u>

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.

5 AUDIT COMMITTEE

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.

5 AUDIT COMMITTEE (cont'd)

In 2017, the Audit Committee has met four times and performs inter alia, the following functions:

(a) reviewed the overall scope of work of both the external and internal auditors and the assistance and co-operation accorded to them by management;

(b) reviewed the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company;

(c) reviewed the announcements of results as well as related press releases of the Group;

(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;

(e) considered and recommended the appointment or re-appointment of the internal and external auditors;

(f) reviewed the independence and objectivity of the external auditors where non-audit services are provided by them;

(g) met with the external and internal auditors without the presence of Management;

(h) reviewed interested person transactions; and

(i) 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 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.

6 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 29, 2018

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of United Global Limited (the "Company") and its subsidiaries (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, 2017, 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 60 to 110.

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, 2017, 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.

Key Audit Matters (cont'd)

Key Audit Matter	How the audit matter was addressed in the audit
Acquisition of PT Pacific Lubritama Indonesia	
During the year ended December 31, 2017, the Group completed the acquisition of 95% of issued share capital of PT Pacific Lubritama Indonesia ("PLI"). FRS 103 *Business Combinations* requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. If the net fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the non-controlling interests and the fair value of any previously held equity interest in the acquiree, it results in a bargain purchase and consequently, the gain on bargain purchase is recorded in profit or loss on the acquisition date. The above accounting requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets. The intangible assets acquired and the gain on bargain purchase recognised are disclosed in Note 34 to the financial statements.	We have discussed with management and their external specialists on the purchase price allocation, and engaged our valuation specialists to assist in the review of the purchase price allocation, including the identification and valuation of intangible assets acquired. In addition, we have assessed the competency and objectivity of the independent external specialists. Based on our procedures, we noted that the purchase price allocation has been performed in accordance with FRS 103 *Business Combinations*, including the disclosures thereon. We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations.
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; and • 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 key management estimates adopted in setting up the allowance for doubtful debts at December 31, 2017 are within a reasonable range of our expectations.

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.

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 29, 2018

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
ASSETS					
Current assets					
Cash and bank balances	6	**10,555**	14,275	**62**	849
Trade receivables	7	**19,064**	12,761	**–**	–
Other receivables	8	**825**	319	**10,181**	8,517
Inventories	9	**13,064**	4,452	**–**	–
Total current assets		**43,508**	31,807	**10,243**	9,366
Non-current assets					
Other receivable	8	**2,000**	–	**–**	–
Property, plant and equipment	10	**8,135**	2,243	**296**	–
Investment properties	11	**1,936**	–	**–**	–
Intangible assets	12	**758**	61	**–**	–
Investment in subsidiaries	2, 24	**–**	–	**13,831**	5,640
Investment in joint ventures	13	**179**	78	**–**	–
Deferred tax assets	20	**159**	–	**–**	–
Total non-current assets		**13,167**	2,382	**14,127**	5,640
TOTAL ASSETS		**56,675**	34,189	**24,370**	15,006
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	14	**8,930**	2,986	**–**	–
Finance leases	15	**57**	–	**32**	–
Trade payables	16	**6,659**	7,575	**–**	–
Other payables	17	**2,905**	2,070	**778**	461
Amount due to director	18	**2,240**	2,240	**–**	–
Current tax payable		**1,387**	1,351	**161**	34
Total current liabilities		**22,178**	16,222	**971**	495
Non-current liabilities					
Bank borrowings	14	**21**	–	**–**	–
Finance leases	15	**152**	–	**148**	–
Retirement benefits obligations	19	**437**	–	**–**	–
Deferred tax liabilities	20	**230**	130	**9**	–
Total non-current liabilities		**840**	130	**157**	–
Equity					
Share capital	21	**21,425**	13,233	**21,425**	13,233
Merger reserve	22	**(3,156)**	(3,156)	**–**	–
Pension reserve	19	**7**	–	**–**	–
Translation reserve		**(264)**	–	**–**	–
Retained earnings		**14,758**	7,760	**1,817**	1,278
Equity attributable to owners of the Company		**32,770**	17,837	**23,242**	14,511
Non-controlling interests		**887**	–	**–**	–
Total equity		**33,657**	17,837	**23,242**	14,511
TOTAL LIABILITIES AND EQUITY		**56,675**	34,189	**24,370**	15,006

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the financial year ended December 31, 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Revenue	25	**99,825**	91,542
Cost of sales		**(81,318)**	(77,313)
Gross profit		**18,507**	14,229
Other income	26	**1,714**	87
Distribution cost		**(2,470)**	(1,647)
Administrative expenses		**(6,837)**	(5,039)
Other expenses	27	**(40)**	(616)
Share of profit of joint ventures		**7**	–
Finance costs	28	**(277)**	(107)
Profit before tax	29	**10,604**	6,907
Income tax expense	30	**(1,353)**	(1,261)
Profit for the year		**9,251**	5,646
Other comprehensive loss:			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations		**4**	–
Item that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(272)**	–
Other comprehensive loss, net of tax		**(268)**	–
Total comprehensive income for the year		**8,983**	5,646
Profit attributable to:			
Equity holders of the Company		**9,172**	5,646
Non-controlling interests		**79**	–
		9,251	5,646
Total comprehensive income attributable to:			
Equity holders of the Company		**8,915**	5,646
Non-controlling interests		**68**	–
		8,983	5,646
Basic and diluted earnings per share (US$ cents)	33	**3.1**	2.2

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended December 31, 2017

	Note	Share capital US$'000	Merger reserve US$'000	Pension reserve US$'000	Translation reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Group									
Balance at January 1, 2016		2,484	–	–	–	3,156	5,640	–	5,640
Profit for the year, representing total comprehensive income for the year		–	–	–	–	5,646	5,646	–	5,646
Transaction with owners, recognised directly in equity:									
Issue of shares pursuant to the Restructuring Exercise	21	5,640	–	–	–	–	5,640	–	5,640
Adjustment arising from the Restructuring Exercise	22	(2,484)	(3,156)	–	–	–	(5,640)	–	(5,640)
Issue of shares pursuant to IPO	21	7,593	–	–	–	–	7,593	–	7,593
Dividends paid to owners of the Company	23	–	–	–	–	(1,042)	(1,042)	–	(1,042)
Balance at December 31, 2016		13,233	(3,156)	–	–	7,760	17,837	–	17,837
Profit for the year		–	–	–	–	9,172	9,172	79	9,251
Other comprehensive gain (loss)		–	–	7	(264)	–	(257)	(11)	(268)
Total comprehensive income for the year		–	–	7	(264)	9,172	8,915	68	8,983
Transaction with owners, recognised directly in equity:									
Dividends paid to owners of the Company	23	–	–	–	–	(2,174)	(2,174)	–	(2,174)
Arising from acquisition of subsidiary	34	–	–	–	–	–	–	819	819
Issue of shares pursuant to acquisition of subsidiary	21	8,192	–	–	–	–	8,192	–	8,192
Balance as at December 31, 2017		21,425	(3,156)	7	(264)	14,758	32,770	887	33,657

See accompanying notes to financial statements.

	Note	Share capital US$'000	Retained earnings US$'000	Total US$'000
Company				
Balance at January 1, 2016		#	–	#
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	21	5,640	–	5,640
Issue of shares pursuant to IPO	21	7,593	–	7,593
Dividends paid to owners of the Company	23	–	(1,042)	(1,042)
Balance as at December 31, 2016		13,233	1,278	14,511
Profit for the year, representing total comprehensive income for the year		–	2,713	2,713
Transaction with owners, recognised directly in equity:				
Dividends paid to owners of the Company	23	–	(2,174)	(2,174)
Issue of shares pursuant to acquisition of subsidiary	21	8,192	–	8,192
Balance at December 31, 2017		21,425	1,817	23,242

#: Denotes less than US$1,000.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF **CASH FLOWS**

For the financial year ended December 31, 2017

	2017 US$'000	2016 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**10,604**	6,907
Adjustments for:		
Share of profit of joint ventures	**(7)**	–
Depreciation of property, plant and equipment	**404**	146
Depreciation of investment properties	**40**	–
Gain on disposal of property, plant and equipment	**(4)**	(3)
Amortisation of intangible assets	**52**	–
Gain on bargain purchase	**(1,358)**	–
Interest expense	**277**	107
Interest income	**(79)**	(25)
Allowance for doubtful debts	**–**	50
Operating cash flows before movements in working capital	**9,929**	7,182
Trade receivables	**2,388**	(783)
Other receivables	**368**	(357)
Trade payables	**(10,744)**	2,665
Other payables (Note A)	**432**	331
Inventories	**4,108**	(1,150)
Cash generated from operations	**6,481**	7,888
Income tax paid	**(1,738)**	(1,249)
Interest received	**79**	25
Interest paid	**(277)**	(107)
Net cash from operating activities	**4,545**	6,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	**(14)**	–
Proceeds from disposal of property, plant and equipment	**72**	101
Purchase of property, plant and equipment (Note A)	**(853)**	(510)
Purchase of investment properties	**(5)**	–
Acquisition of subsidiary (Note B)	**(3,288)**	–
Acquisition of investment in joint venture	**(94)**	(78)
Advances to joint venture	**(2,000)**	–
Net cash used in investing activities	**(6,182)**	(487)

	2017 US$'000	2016 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**31,457**	31,521
Repayment of bank borrowings	**(31,231)**	(31,706)
Repayments of obligation under finance leases	**(10)**	–
Repayment of amount due to director	**–**	(708)
Decrease (Increase) in pledged fixed deposits	**611**	(220)
Proceeds on issue of shares (Note B and Note C)	**–**	7,931
Dividends paid	**(2,174)**	(8,042)
Net cash used in financing activities	**(1,347)**	(1,224)
Net (decrease) increase in cash and cash equivalents	**(2,984)**	4,846
Effect of exchange rate changes on cash and cash equivalents	**(125)**	–
Cash and cash equivalents at beginning of year	**12,228**	7,382
Cash and cash equivalents at end of year (Note 6)	**9,119**	12,228

Note A

In 2017, the Group acquired plant and equipment with an aggregate cost of US$1,031,000 (2016: US$417,000) of which US$178,000 (2016: US$66,000) is unpaid at the end of the year. Cash payments of US$853,000 (2016: US$351,000) were made to purchase plant and equipment.

Note B

In 2017, the Group acquired a new subsidiary, PT Pacific Lubritama Indonesia, with a total cash and share consideration of US$6,019,000 and US$8,192,000, respectively. The total cash outflow from the acquisition of subsidiary amounted to US$3,288,000 (Note 34).

Note C

In 2016, 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 proceeds of US$7,931,000. US$7,593,000 is recognised to the equity, after share issue expense of US$338,000 charged to the equity.

See accompanying notes to financial statements.

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 subsidiaries are disclosed in Note 24.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2017 were authorised for issue by the Board of Directors on March 29, 2018.

2 GROUP RESTRUCTURING

Pursuant to the restructuring exercise ("Restructuring Exercise") in 2016 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 S$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.

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the financial year ended December 31, 2016 (this "financial period") as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company was only incorporated on September 15, 2015, the consolidated financial statements of the Group for this financial period 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 subsidiaries are disclosed in Note 24.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2017, the Group and the Company 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 Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except, for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*, as disclosed in Note 14.

Adoption of a new financial reporting framework in 2018

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of a new financial reporting framework in 2018 (cont'd)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the group and the company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

Management has completed their assessment of the potential impact arising from SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and has concluded that there are no changes to the Group's current accounting policies or material adjustments required on transition to the new framework.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact

The following SFRS(I) pronouncements are expected to have an impact to the group and the company in the periods of their initial application under the new SFRS(I) framework:

- SFRS(I) 9 *Financial Instruments*[1]
- SFRS(I) 15 *Revenue from Contracts with Customers*[1]
- SFRS(I) 16 *Leases*[2]
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments[2]

[1] *Applies to annual periods beginning on or after January 1, 2018*

[2] *Applies to annual periods beginning on or after January 1, 2019*

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

Management anticipates that the adoption of the above SFRS(I), SFRS(I) INT and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments 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 instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, 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, SFRS(I) 9 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, SFRS(I) 9 requires an expected credit loss model to be applied. 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. Under SFRS(I) 9, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Management evaluated the potential effect of the above changes based on the existing profile of financial instruments as follows:

(i) At December 31, 2017, there were no debt investments held as available for sale which would qualify for FVTOCI upon adoption of SFRS(I) 9; and

(ii) The expected credit loss model will result in a change in timing and basis of estimating doubtful debts. Historically, the Group has low incidence of doubtful debt from operations and future change to the expected credit risk model is not expected to have a significant effect on operating results.

The Group currently has no financial derivatives subject to hedge accounting.

Management will continue to evaluate the potential effect of SFRS(I) 9 if necessitated by changes in the profile of financial instruments, customers or payment modes in future.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 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 SFRS(I) 15, 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 SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed a detailed analysis of the requirements of the initial application of SFRS(I) 15. Management anticipates that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (cont'd)

SFRS(I) 16 *Leases*

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 recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

The management has yet to complete its detailed assessment of the possible impact of implementing SFRS(I) 16. The Group does not have significant operating leases at the end of the reporting period (Note 32). Accordingly, management anticipates that there is no material impact on the Group's financial statements in the period of initial application except for additional disclosure requirements.

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

(i) determine whether uncertain tax positions are assessed separately or as a group; and

(ii) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

- if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The management has yet to complete its detailed assessment of the possible impact of implementing SFRS(I) 23. The Group does not have significant deferred tax balances at the end of the reporting period (Note 20). Accordingly, management anticipates that there is no material impact on the Group's financial statements in the period of initial application except for additional disclosure requirements.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (cont'd)

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* (cont'd)

The consolidated financial statements incorporate the financial statements of the Company and entity control 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (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.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New SFRS(I) that may have impact (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

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".

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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.

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 expire.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Offsetting arrangements (cont'd)

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.

Rental income from operating leases is recognised 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 use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

The Group as lessee (cont'd)

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	Over its lease period
Machinery and equipment	10
Motor vehicles	10
Office equipment	5 to 10
Renovation	10

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.

INVESTMENT PROPERTIES – Investment properties, which are properties held to earn rentals and/or for capital appreciation, including properties under construction for such purposes, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Office and commercial buildings – over the respective lease period

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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

The Group as lessee (cont'd)

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

INTANGIBLE ASSETS – Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

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

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.

JOINT VENTURE – 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 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 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 joint venture.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

The Group as lessee (cont'd)

When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in 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 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

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.

Dividend income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, including the impact of curtailment or settlement (if any), is recognised immediately to the extent that the benefits are already vested, or otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation. The Group does not hold assets that are legally separated and exist solely to pay or fund employee benefits.

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.

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 its subsidiaries 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 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 period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

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.

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have 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.

Purchase price allocation

The Group completed the acquisition of PLI during the year (Note 34). Purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The Group's disclosure on the above is set out in Note 34 to the financial statements.

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	2017 US$'000	2016 US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**31,645**	27,165
Financial liabilities		
Amortised cost	**20,477**	14,316

(b) Financial risk management policies and objectives

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.

(i) 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. Two debtors (2016: One debtor), accounted for approximately 37% (2016: 26%) of total trade receivables as at December 31, 2017. 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.

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

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

(ii) Interest rate risk management

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 14.

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, 2017 would increase/decrease by US$45,000 (2016: US$15,000). 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, Indonesia Rupiah and Malaysian ringgit against the United States dollars, and the United States dollars against the Indonesian Rupiah. 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:

	Assets	
	2017	**2016**
	US$'000	**US$'000**
Singapore dollars	**786**	3,375
United States dollars	**413**	–
Malaysian ringgit	**73**	88

	Liabilities	
	2017	**2016**
	US$'000	**US$'000**
Singapore dollars	**5,836**	3,877
United States dollars	**13,154**	–
Malaysian ringgit	**69**	22

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL 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 each group entity, with all other variables held constant.

	Group	
	2017 US$'000	**2016 US$'000**
Profit before tax – increase (decrease)		
Singapore dollars		
– strengthened by 5%	**(252)**	(25)
– weakened by 5%	**252**	25
United States dollars		
– strengthened by 5%	**(637)**	–
– weakened by 5%	**637**	–
Malaysian ringgit		
– strengthened by 20%	**1**	13
– weakened by 20%	**(1)**	(13)

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 fluctuated significantly in prior years.

(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.

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

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

(iv) Liquidity risk management (cont'd)

Non-derivative financial assets

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
December 31, 2017					
Non-interest bearing	–	28,135	2,000	–	30,135
Variable interest rate	0.75	1,521	–	(11)	1,510
Total		29,656	2,000	(11)	31,645
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

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 US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
December 31, 2017					
Non-interest bearing	–	11,317	–	–	11,317
Variable interest rate	1.88	9,098	21	(168)	8,951
Fixed interest rate	3.13	59	157	(7)	209
Total		20,474	178	(175)	20,477
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

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL 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 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.

The Group complied with externally imposed capital requirements for the year ended December 31, 2017 and 2016.

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

6 CASH AND BANK BALANCES

	Group		Company	
	2017 US$'000	**2016 US$'000**	**2017 US$'000**	**2016 US$'000**
Cash and bank balances	**9,045**	7,725	**62**	849
Fixed deposits	**1,510**	6,550	**–**	–
	10,555	14,275	**62**	849
Less: Restricted cash	**(1,436)**	(2,047)	**–**	–
Cash and cash equivalents per consolidated statements of cash flows	**9,119**	12,228	**62**	849

Fixed deposits placed with banks bore interest at weighted effective interest rate of 0.75% (2016: 0.77%) per annum and maturity dates ranging from 90 to 365 days (2016: 90 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 14).

7 TRADE RECEIVABLES

	Group	
	2017	**2016**
	US$'000	**US$'000**
Third parties	**19,079**	9,418
Related parties[1] (Note 31)	**166**	3,393
	19,245	12,811
Less: Allowance for doubtful debts (third parties)	**(181)**	(50)
	19,064	12,761

The credit period on revenue on sales of goods is 14 to 90 days (2016: 14 to 90 days). The Group makes specific allowance on a case-by-case basis for its receivables.

(1) Included amount due from a joint venture, Taiwan United Oil Co., Ltd of US$166,000 (2016: US$ Nil).

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

	Group	
	2017	**2016**
	US$'000	**US$'000**
Not past due nor impaired[1]	14,660	11,814
Past due but not impaired[2]	4,404	947
	19,064	12,761
Impaired receivables – individually assessed[3]	181	50
Less: Allowance for doubtful debts	(181)	(50)
	–	–
Total trade receivables, net	19,064	12,761

(1) 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.

(2) Aging of receivables that are past due but not impaired:

	2017	**2016**
	US$'000	**US$'000**
< 3 months	4,100	808
4 month to 6 months	26	–
> 6 months	278	139
	4,404	947

7 TRADE RECEIVABLES (cont'd)

(3) The amounts are stated before any deduction for impairment losses.

Movement of allowance for doubtful debts:

	2017 US$'000	2016 US$'000
Balance at beginning of the year	**50**	–
Charge to profit or loss during the year	**–**	50
Amount arising from acquisition of subsidiary[a]	**131**	–
Balance at end of the year	**181**	50

(a) Related to the brought forward allowance for doubtful debts from new subsidiary upon acquisition.

8 OTHER RECEIVABLES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Current				
Advance payment to suppliers	**474**	157	**–**	–
Advance due from subsidiary	**–**	–	**10,123**	8,495
Government grant	**–**	124	**–**	–
Other receivable	**15**	2	**–**	–
Prepayments	**85**	33	**58**	22
Deposits	**12**	3	**–**	–
Tax recoverable	**239**	–	**–**	
	825	319	**10,181**	8,517
Non-current				
Loan receivable[a]	**2,000**	–	**–**	–

(a) The loan receivable is due from a joint venture company, M-TechX United Pte Ltd. The loan is interest free, repayable in 2019 and secured by personal guarantee of one of the shareholder of the joint venture's holding company.

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.

9 INVENTORIES

	Group	
	2017 US$'000	2016 US$'000
At cost:		
Raw materials	**9,775**	3,939
Work-in-progress	**229**	115
Finished products	**3,060**	398
	13,064	4,452

The cost of inventories recognised as expense and included in profit or loss amounted to US$78,825,000 (2016: US$75,780,000).

10 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold properties US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Renovation US$'000	Construction in progress US$'000	Total US$'000
Cost:							
At January 1, 2017	1,500	970	865	159	443	307	4,244
Additions	79	420	340	48	6	138	1,031
Acquisition of subsidiary	5,707	755	963	141	–	1	7,567
Disposals	–	(4)	(292)	–	–	–	(296)
Exchange differences	(117)	(13)	(16)	(2)	–	(1)	(149)
At December 31, 2017	7,169	2,128	1,860	346	449	445	12,397
Accumulated depreciation:							
At January 1, 2017	499	675	541	126	160	–	2,001
Depreciation	152	104	100	13	35	–	404
Disposals	–	(4)	(224)	–	–	–	(228)
Acquisition of subsidiary	1,110	460	474	76	–	–	2,120
Exchange differences	(19)	(7)	(8)	(1)	–	–	(35)
At December 31, 2017	1,742	1,228	883	214	195	–	4,262
Cost:							
At January 1, 2016	1,500	930	794	135	385	228	3,972
Additions	–	96	71	24	28	198	417
Disposals	–	(56)	–	–	–	(89)	(145)
Reclassification	–	–	–	–	30	(30)	–
At December 31, 2016	1,500	970	865	159	443	307	4,244
Accumulated depreciation:							
At January 1, 2016	469	675	508	123	127	–	1,902
Depreciation	30	47	33	3	33	–	146
Disposals	–	(47)	–	–	–	–	(47)
At December 31, 2016	499	675	541	126	160	–	2,001
Carrying amount:							
At December 31, 2017	5,427	900	977	132	254	445	8,135
At December 31, 2016	1,001	295	324	33	283	307	2,243

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The leasehold property, with carrying amount of US$1,656,000 (2016: US$1,001,000) is under legal mortgage to secure banking facilities granted to the Group (Note 14).

Motor vehicles with carrying amount of US$296,000 are secured for finance leases granted to the Group (Note 15).

Motor vehicles with carrying amount of US$446,000 (2016: US$270,000) are registered and held in the names of directors, in trust for the Group.

Particulars of the properties are as follows:

Address of properties	Tenure of properties	Term of leases	Existing use	Carrying value 2017 US$'000	Carrying value 2016 US$'000
Property, plant & equipment					
14 Tuas Drive 2, Singapore 638647	Leasehold	50 years	Manufacturing of oil-based products	**971**	1,001
Jalan Kali Asin in the Village of Lumalang, Sub-District of Bojonegara, District of Bojonegara, Regency of Serang, Province of Banten, Indonesia	Leasehold	Leasehold tenure until 2034	Manufacturing of oil-based products	**4,456**	–
Investment properties (Note 11)					
Ritz Gate Warehouse Estate – District 99 Block BD 15, Sub-District of Bohar, District of Taman, Regency of Sidoarjo, Province of East Java, Indonesia	Leasehold	–	Investment properties, Warehouse	**194**	–
Jalan Soekarno Hatta No. 1-4, Sub-district of Labuh Baru Timur, District of Payung Sekaki, City of Pekanbaru, Province of Riau, Indonesia	Leasehold	–	Investment properties	**685**	–
Jalan Kapuk Kamal Raya No. 23 B, Sub District of Tegal Alur, District of Kalideres, City of West Jakarta, Province of DKI Jakarta – Indonesia	Leasehold	30 years from 2014 until 2043.	Investment properties, Office and Warehouse	**1,057**	–

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company

	Motor vehicles US$'000
Cost:	
At January 1, 2016 and December 31, 2016	–
Additions	298
At December 31, 2017	298
Accumulated depreciation:	
At January 1, 2016, and December 31, 2016	–
Depreciation	2
At December 31, 2017	2
Carrying amount:	
At December 31, 2017	296
At December 31, 2016	–

11 INVESTMENT PROPERTIES

Group

	Leasehold land US$'000	Office commercial buildings US$'000	Total US$'000
Cost:			
At January 1, 2016 and December 31, 2016	–	–	–
Additions	–	5	5
Acquisition of subsidiary	446	1,677	2,123
Exchange differences	(7)	(28)	(35)
At December 31, 2017	439	1,654	2,093
Accumulated depreciation:			
At January 1, 2016 and December 31, 2016	–	–	–
Depreciation	4	36	40
Acquisition of subsidiary	11	107	118
Exchange differences	–	(1)	(1)
At December 31, 2017	15	142	157
Carrying amount:			
At December 31, 2017	424	1,512	1,936
At December 31, 2016	–	–	–

11 INVESTMENT PROPERTIES (cont'd)

The Group's investment property with a carrying amount of US$685,000 (2016: Nil) is mortgaged to secure the Group's bank loans (Note 14).

Investment properties comprise offices and commercial properties that are leased to external and related parties. Generally, each of the leases is fixed for a period up to 5 years, and subsequent renewals are negotiated at prevailing market rates and terms.

The management undertook their annual review of the carrying amount of investment properties for indicators of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, no indicators of impairment were identified for the current and prior year.

The fair value of the investment properties approximates to US$2,005,000 as of December 31, 2017, and is regarded as level 3 in the fair value hierarchy. Valuations were arrived at using the market approach and cost approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The property rental income from the Group's investment properties which are leased out under operating leases, amounted to U$88,000 (2016: US$ Nil). Direct operating expenses arising from the rental-generating investment properties amounted to US$40,000 (2016: US$ Nil).

Particulars of the investment properties are disclosed in Note 10.

12 INTANGIBLE ASSETS

Group

	Club membership US$'000	Customer relationships US$'000	Total US$'000
Cost:			
At January 1, 2016 and December 31, 2016	61	–	61
Additions	14	–	14
Acquisition of subsidiary	–	735	735
At December 31, 2017	75	735	810
Accumulated amortisation:			
Amortisation for the year and balance as at December 31, 2017	–	52	52
Carrying amount:			
At December 31, 2017	75	683	758
At December 31, 2016	61	–	61

The Group carries 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.

The customer relationships have finite useful lives, and are amortised on a straight-line basis over their estimated useful lives of 7 years.

13 INVESTMENT IN JOINT VENTURES

	Group	
	2017 US$'000	2016 US$'000
Unquoted equity shares, at cost	**172**	78
Share of post-acquisition profit, net dividend received	**7**	–
	179	78

Details of the Group's joint ventures at December 31, 2017 are as follow:

Name of joint ventures/ Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2017 %	2016 %
Joint ventures			
Taiwan United Oil Co., Ltd[(1)], Republic of China ("Taiwan")	Distributing lubricants	**35**	35
Lighthouse United Oil Joint Operation[(1)], Myanmar	Distributing lubricants	**50**	–
M-TechX United Pte Ltd[(2)], Singapore	Manufacturing and distributing nano-fibre products	**40**	–

(1) Not audited as the investment is insignificant during the year. The Group has applied equity accounting to the joint ventures.

(2) 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 of aggregate information of joint ventures that are not individually material are set out below:

	Group	
	2017 US$'000	2016 US$'000
The Group's share of profit	**7**	–
The Group's share of total comprehensive income	**7**	–
Aggregate carrying amount of the Group's interests in these joint ventures	**179**	78

14 BANK BORROWINGS

	Group 2017 US$'000	Group 2016 US$'000
Bills payable	**1,283**	626
Trust receipts	**4,529**	960
Revolving loan	**2,995**	1,400
Term loan	**144**	–
	8,951	2,986
Payable:		
Within one year	**8,930**	2,986
In the second year	**21**	–
	8,951	2,986

Bills payable are secured by the first legal mortgage on the Group's leasehold properties (Note 10), bore interest at rates ranging from 1.9% to 2.7% (2016: 1.8% to 2.2%) per annum and are repayable within 2 months (2016: 2 months).

Trust receipts are secured by fixed deposits with the bank (Note 6), bore interest at rates ranging from 2.0% to 2.4% (2016: 1.8% to 2.2%) per annum and are repayable within 2 months (2016: 3 months).

Revolving loan is secured by the existing charge on fixed deposits with the bank (Note 6). It bore interest at rates ranging from 1.9% to 2.5% (2016: 1.8%) per annum and the loan may be rolled over for terms ranging from 1 to 6 months.

Term loan is secured by the first legal mortgage on the Group's investment properties (Note 11). It bore interest rate of 10.5% per annum. It is repayable on monthly instalment basis and expected to be fully repaid by February 2019.

At December 31, 2017, the Group had available US$15 million (2016: US$23 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	January 1, 2017 US$'000	Financing cash flows[1] US$'000	Acquisition of subsidiary (Note 34) US$'000	New finance lease US$'000	December 31, 2017 US$'000
Bank borrowings	2,986	226	5,739	–	8,951
Finance leases (Note 15)	–	(10)	41	178	209
	2,986	216	5,780	178	9,160

(1) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

15 FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payment	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Group				
Amounts payable under finance leases:				
Within one year	68	–	57	–
In the second to fifth year inclusive	167	–	152	–
	235	–	209	–
Less: Future finance charges	(26)	–	N/A	–
Present value of lease obligations	209	–	209	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(57)	–
Amount due for settlement after 12 months (shown under non-current liabilities)			152	–
Company				
Amounts payable under finance leases:				
Within one year	41	–	32	–
In the second to fifth year inclusive	163	–	148	–
	204	–	180	–
Less: Future finance charges	(24)	–	N/A	–
Present value of lease obligations	180	–	180	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(32)	–
Amount due for settlement after 12 months (shown under non-current liabilities)			148	–

The Group and Company has finance leases for certain items of machinery and equipment and motor vehicles (Note 10). These leases have no terms of renewal, purchase options and escalation clauses.

For the year ended December 31, 2017, the average effective borrowing rates for the Group and Company were 3.13% and 2.30% per annum respectively. The finance leases mature between 2020 to 2022.

All lease obligations are denominated in the functional currencies of the respective entities.

The fair value of the Group's and Company's lease obligations approximates their carrying amount.

The Group and Company's obligation under finance leases are secured by the lessors' title to the leased assets.

16 TRADE PAYABLES

	Group	
	2017	2016
	US$'000	US$'000
Third parties	**6,659**	6,326
Related parties (Note 31)	**–**	1,249
	6,659	7,575

The credit period granted by related parties and third parties are 60 days and 30 to 60 days (2016: 60 days and 30 to 60 days), respectively.

17 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Deposit received	**10**	5	**–**	–
Accruals	**2,027**	1,351	**725**	369
Advance payment from customers	**384**	452	**–**	–
Deferred grant income	**103**	103	**–**	–
Other payables	**381**	159	**53**	92
	2,905	2,070	**778**	461

18 AMOUNT DUE TO DIRECTOR

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

19 RETIREMENT BENEFITS OBLIGATIONS

The amount of employees' benefits is calculated based on the prevailing regulation of Indonesia, i.e. the Minister of Manpower's Decree No. Kep-150/Men/2000 superseded by Law No. 13 of 2003 dated March 25, 2003. The basic change in the new law is the additional severance payment and gratuity for the service period. No special allowance was made for such post-employment benefits. The estimated liabilities for employees' benefits as of December 31, 2017 were calculated using the following assumptions:

Pension age	: 55 years
Salary increment rate	: 10% per annum
Discount rate	: 7% per year
Working period	: It is assumed that all employees will work until their retirement age.

The Group provided an allowance for estimated liabilities for employees' benefits amounting to US$437,000 as of December 31, 2017. Management believes that the above estimated liabilities are adequate to cover the prevailing requirements. Actuarial gains and losses are recorded in pension reserves with a credit recognised in other comprehensive income in the period in which they occur.

19 RETIREMENT BENEFITS OBLIGATIONS (cont'd)

Changes in the present value of the defined benefit obligations are as follows:

	Group	
	2017 US$'000	2016 US$'000
Arising from acquisition of subsidiary	**417**	–
Service cost charged for the year	**24**	–
Actuarial gains during the year	**(4)**	–
Retirement benefits obligations at end of the year	**437**	–

20 DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group and the Company, and the movements thereon, during the current and prior reporting periods:

	Unremitted earnings US$'000	Accelerated tax depreciation US$'000	Fair valuation of intangible assets US$'000	Unutilised tax benefits US$'000	Retirement benefits obligations US$'000	Provision and others US$'000	Total US$'000
Group							
At January 1, 2016	–	78	–	–	–	–	78
Charged to profit or loss	–	52	–	–	–	–	52
At December 31, 2016	–	130	–	–	–	–	130
Acquisition of a subsidiary	–	–	179	–	–	(85)	94
Charged (Credited) to profit or loss	55	65	(13)	(203)	(109)	52	(153)
At December 31, 2017	55	195	166	(203)	(109)	(33)	71
Company							
At January 1, 2016 and December 31, 2016	–	–	–	–	–	–	–
Charged to profit or loss	–	–	–	–	–	9	9
At December 31, 2017	–	–	–	–	–	9	9

Certain deferred tax assets and liabilities have been offset in accordance with the Group and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Deferred tax liabilities	**230**	130	**9**	–
Deferred tax assets	**(159)**	–	**–**	–
	71	130	**9**	–

20 DEFERRED TAXATION (cont'd)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$1,022,000. No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Temporary differences arising in connection with interests in joint ventures are insignificant.

21 SHARE CAPITAL

	Group and Company			
	2017 Number of ordinary shares	**2017 US$'000**	**2016 Number of ordinary shares**	**2016 US$'000**
Issued and paid up:				
At the beginning of the year	**282,812,360**	**13,233**	10	#
Issue of shares pursuant to the Restructuring Exercise (Note 2)[i]	**–**	**–**	8,000,402	5,640
	282,812,360	**13,233**	8,000,412	5,640
Sub-division of shares (ii)	**–**	**–**	240,012,360	5,640
Issue of shares[iii]	**–**	**–**	42,800,000	7,593
Issue of shares pursuant to acquisition of subsidiary[i], [iv]	**33,399,000**	**8,192**	–	–
At the end of the year	**316,211,360**	**21,425**	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) In 2016, 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$7,931,000. US$7,593,000 is recognised to the equity, after share issue expense of US$338,000 charged to the equity.

(iv) During the year, 33,399,000 of new ordinary shares were issued for the acquisition of subsidiary (Note 34), PT Pacific Lubritama Indonesia, at total market value of US$8,192,000.

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.

22 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.

23 DIVIDENDS

	Group and Company 2017 US$'000	Group and Company 2016 US$'000
Paid final tax exempt (one-tier) dividend 0.5 Singapore cents per ordinary share in respect of the financial year ended December 31, 2016	**1,013**	–
Paid interim tax exempt (one-tier) dividend of 0.5 Singapore cents (2016: 0.5 Singapore cents) per ordinary share in respect of the financial year ended December 31, 2017 (2016)	**1,161**	1,042
	2,174	1,042

Subsequent to the end of the reporting period, the directors of the Company proposed a final tax exempt (one-tier) dividend of 0.7 Singapore cent per ordinary share amounting to approximately US$1,656,000 for the year ended December 31, 2017. The dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events After the Reporting Period*.

24 INVESTMENT IN SUBSIDIARIES

	Company 2017 US$'000	Company 2016 US$'000
Unquoted equity shares, at cost	**13,831**	5,640

Details of the Group's significant subsidiaries at December 31, 2017 are as follows:

Name of Subsidiaries	Principal activity	Country of incorporation and operation	Effective equity interest of the Group 2017 %	Effective equity interest of the Group 2016 %
United Oil Company Pte. Ltd.[a]	Manufacturing and distribution of petroleum and oil-based products	Singapore	**100**	100
PT Pacific Lubritama Indonesia[b]	Manufacturing and process of base oils, additives and lubricants	Indonesia	**95**	–

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practice of Deloitte Touche Tohmatsu Limited.

25 REVENUE

	Group	
	2017 US$'000	2016 US$'000
Manufacturing	**79,477**	50,741
Trading	**20,348**	40,801
Sale of goods	**99,825**	91,542

26 OTHER INCOME

	Group	
	2017 US$'000	2016 US$'000
Interest income	**79**	25
Government grants	**61**	50
Gain on bargain purchase (Note 34)	**1,358**	–
Rental income (Note 11)	**88**	–
Others	**128**	12
	1,714	87

27 OTHER EXPENSES

	Group	
	2017 US$'000	2016 US$'000
IPO expenses[1]	**–**	616
Depreciation of investment properties	**40**	–
	40	616

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

28 FINANCE COSTS

	Group	
	2017 US$'000	2016 US$'000
Interest on term loans and revolving credits	**145**	17
Interest on bills payables and trust receipts	**132**	90
	277	107

29 PROFIT BEFORE TAX

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

	Group	
	2017 US$'000	2016 US$'000
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	**282**	244
Director fee	**171**	139
Salaries and bonus	**3,438**	2,680
Other employee benefits	**494**	476
Directors' remuneration	**1,391**	954
Post-employment benefits	**24**	–
Total employee benefits expense	**5,800**	4,493
Audit fee paid to auditors of the Group	**98**	57
Non-audit fee paid to auditors of the Group	**11**	6
Gain on disposal of plant and equipment	**(4)**	(3)
Foreign exchange loss, net	**293**	343
Depreciation of property, plant and equipment	**404**	146
Depreciation of investment properties	**40**	–
Amortisation of intangible assets	**52**	–

30 INCOME TAX EXPENSE

	Group	
	2017 US$'000	2016 US$'000
Current tax	**1,612**	1,245
Overprovision of current tax in prior years	**(106)**	(36)
Deferred tax	**(167)**	–
Underprovision of deferred tax in prior years	**14**	52
Total tax expense	**1,353**	1,261

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the year.

	Group	
	2017 US$'000	2016 US$'000
Profit before income tax	**10,604**	6,907
Income tax expense calculated at 17%	**1,803**	1,174
Over provision of current tax in prior years	**(106)**	(36)
Non-deductible expenses	**64**	117
Non-taxable income	**(156)**	–
Tax incentive	**(229)**	(27)
Tax exemption	**(39)**	(21)
Unused investment tax credit	**(203)**	–
Underprovision of deferred tax in prior years	**14**	52
Effect of different tax rates of subsidiaries operating in other jurisdictions	**167**	–
Others	**38**	2
	1,353	1,261

31 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:

	2017 US$'000	2016 US$'000
Transactions with companies in which directors have significant influence over:		
Sales of goods and services	**17,319**	30,973
Purchases of goods and services	**(2,273)**	(11,040)
Professional fee paid/payable to affiliates of an independent director	**(35)**	(11)

The Group also acquired a subsidiary from related parties during the year (Note 34).

Compensation of directors and key management personnel

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

	2017 US$'000	2016 US$'000
Short term benefits	**2,803**	2,362
Post-employment benefits	**90**	92
Total	**2,893**	2,454

32 COMMITMENTS

The Group as lessor

The Group rents out its investment properties under operating leases. At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2017 US$'000	2016 US$'000
Within one year	**148**	–
Within two to five years	**352**	–
	500	–

The Group as lessee

	2017 US$'000	2016 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	**393**	381

32 COMMITMENTS (cont'd)

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

	2017 US$'000	2016 US$'000
Within one year	**169**	121
Within two to five years	**487**	294
After five years	**3,513**	2,138
	4,169	2,553

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 thirty years.

33 EARNINGS PER SHARE

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

	2017 US$'000	2016 US$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**9,172**	5,646
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**297,911,000[(ii)]**	260,711,000[(i)]
Earnings per share US$ (cents) – basic	**3.1**	2.2

(i) 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.

(ii) The weighted average number of ordinary shares of the Group for the year ended December 31, 2017 is based on weighted average number of new shares issued pursuant to the acquisition of subsidiary.

There were no dilutive potential ordinary shares outstanding for 2017 and 2016.

34 ACQUISITION OF SUBSIDIARY

During the year, the Group acquired 95% of the issued share capital of PT Pacific Lubritama Indonesia ("PLI") from related parties for a total purchase consideration of US$14,211,000 (S$19,409,000). The purchase consideration was satisfied partially by cash consideration of US$6,019,000 (S$8,220,300) and the remaining by the allotment and issue of 33,399,000 shares of United Global Limited, at a market share price of S$0.335 per share. The transaction has been accounted for by the acquisition method of accounting.

Consideration transferred

	US$'000
Cash	6,019
Share consideration (Note 21)	8,192
	14,211

Assets acquired and liabilities assumed at the date of acquisition

	US$'000
Current assets	
Cash and bank balances	2,731
Trade receivables	8,692
Other receivables	875
Inventories	12,720
Non-current assets	
Property, plant and equipment	5,447
Investment properties	2,006
Intangible assets	735
Current liabilities	
Bank borrowings	(5,739)
Trade payables	(9,828)
Other payables	(431)
Current tax payable	(268)
Non-current liabilities	
Finance leases	(41)
Retirement benefit obligation	(417)
Deferred tax liabilities	(94)
Net assets acquired and liabilities assumed	16,388
Less: Non-controlling interests[(a)]	(819)
Less: Gain on bargain purchase arising from acquisition, recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income[(b)]	(1,358)
Consideration transferred	14,211

34 ACQUISITION OF SUBSIDIARY (cont'd)

Net cash outflow on acquisition of subsidiary

	US$'000
Consideration paid in cash	6,019
Less: Cash and cash equivalent balances acquired	(2,731)
Net cash outflow from the acquisition of subsidiary	3,288

(a) Non-controlling interests are measured based on proportionate share in the recognised amounts of PLI's identifiable net assets.

(b) Gain on bargain purchase arose on the acquisition because the fair value of the separately identifiable assets and liabilities exceeded the total consideration paid, primarily due to fair value adjustment on intangible asset and higher than anticipated operating profits of PLI prior to the acquisition date, but after the negotiations were completed. The gain on bargain purchase has been recorded in 'Other income' in the consolidated statement of profit or loss and other comprehensive income.

35 SEGMENT INFORMATION

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

[a] Manufacturing refers to the manufacturing of lubricant products for the Group's in-house brands and products of Original Equipment Manufacturers ("OEM").

[b] 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.

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.

35 SEGMENT INFORMATION (cont'd)

Segment revenues and results

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

	Manufacturing		Trading		Total	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Total revenue	**79,477**	50,741	**20,348**	40,801	**99,825**	91,542
Segment results	**17,097**	12,039	**1,410**	2,190	**18,507**	14,229
Amortisation of intangible assets					**(52)**	–
Depreciation of plant and equipment (excluding machinery)					**(113)**	(36)
Gain on disposal of plant and equipment					**4**	3
Gain on bargain purchase					**1,358**	–
Interest income					**79**	25
Finance costs					**(277)**	(107)
Other expenses (IPO expenses charged to the profit & loss)					**–**	(616)
Allowance for doubtful debts					**–**	(50)
Other unallocated expenses					**(8,902)**	(6,541)
Profit before tax					**10,604**	6,907
Income tax expense					**(1,353)**	(1,261)
Profit for the year					**9,251**	5,646

35 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:

	2017 US$'000	2016 US$'000
Based on location of customers		
Indonesia	**41,171**	31,275
Singapore	**14,939**	14,126
Other Asian countries	**11,964**	7,599
Greater China	**11,818**	15,217
Oceania countries	**8,074**	8,647
Malaysia	**7,763**	8,280
Myanmar	**2,058**	4,859
Others	**2,038**	1,539
	99,825	91,542

Information about major customers

In FY2017, the Group has only one major customer ("PLI") (2016: one) that individually contributed greater than 10% of the Group's total revenue. The Group had acquired PLI in July 2017, hence revenue to PLI for the period from July 2017 to December 2017 is not regarded as sales to external customer.

Included in revenue arising from manufacturing segment of US$79.5 million (2016: US$50.7 million) are revenue of approximately US$0.3 million (2016: US$0.6 million) which arose from sales to PLI, prior to the acquisition of PLI.

Included in revenue arising from trading segment of US$20.3 million (2016: US$40.8 million) are revenue of approximately US$16.9 million (2016: US$30.4 million) which arose from sales to PLI prior to the acquisition of PLI.

Class of equity securities	**Number of equity securities**	**Voting Rights**
Ordinary Shares	316,211,360	One vote per share
Treasury Shares	Nil	Nil
Subsidiary holdings	Nil	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	14	7.61	9,800	0.00
1,001 – 10,000	41	22.28	280,900	0.09
10,001 – 1,000,000	120	65.22	15,753,700	4.98
1,000,001 and above	9	4.89	300,166,960	94.93
TOTAL	**184**	**100.00**	**316,211,360**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wiranto	141,007,410	44.59	–	–
Tan Thuan Hor[1]	97,816,250	30.93	12,714,200	4.02
Ety Wiranto[2]	12,714,200	4.02	97,816,250	30.93

Notes:

(1) Mr Tan Thuan Hor is deemed to be interested in 12,714,200 shares held by his spouse, Ms Ety Wiranto.

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

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 19 March 2018, approximately 11.76% 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 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.

TWENTY LARGEST SHAREHOLDERS

NO	NAME	NO. OF SHARES	%
1	WIRANTO	141,007,410	44.59
2	TAN THUAN HOR	97,816,250	30.93
3	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	29,872,000	9.45
4	RAFFLES NOMINEES (PTE) LTD	21,669,100	6.85
5	NG SIEW FAH	2,543,300	0.81
6	UOB KAY HIAN PTE LTD	2,110,000	0.67
7	NG HOI MING	1,864,700	0.59
8	LIM CHUN SHENG JACKSON	1,849,500	0.58
9	DB NOMINEES (SINGAPORE) PTE LTD	1,434,700	0.45
10	LEE CHUNG LIH	764,500	0.24
11	YONG YUEN PUN MICHAEL	750,000	0.24
12	CITIBANK NOMINEES SINGAPORE PTE LTD	663,500	0.21
13	SALLY HOW YA XIU	640,000	0.20
14	PHILLIP SECURITIES PTE LTD	599,600	0.19
15	LIM CHUN LAN	540,800	0.17
16	YAP WEE KEE	528,100	0.17
17	MAYBANK KIM ENG SECURITIES PTE LTD	446,000	0.14
18	DBS NOMINEES PTE LTD	406,300	0.13
19	SHANNON LEE XINJING	402,100	0.13
20	TAN CHAI SENG	400,000	0.13
	TOTAL	**306,307,860**	**96.87**

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 327, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593, on Monday, 30 April 2018 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 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare final dividend (tax exempt one-tier) of S$0.007 per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$202,500 for the financial year ending 31 December 2018, to be paid quarterly in advance. **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 98 of the Constitution of the Company:

   Ms Ety Wiranto **(Resolution 4)**
   Mr Mah Kah On, Gerald **(Resolution 5)**

   [See Explanatory Note (i)]

5. To re-elect Mr Edy Wiranto who retire pursuant to Regulation 102 of the Constitution of the Company. **(Resolution 6)**

   [See Explanatory Note (ii)]

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:

(1) 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 and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (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 and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (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 shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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;

    (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution provided the options or awards were granted in compliance with the Catalist Rules; and

    (c) 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 (iii)]

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 and subsidiary holdings) 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 (iv)]

By Order of the Board

Siau Kuei Lian
Secretary
Singapore, 13 April 2018

Explanatory Notes:

(i) Ms Ety Wiranto will, upon re-election as a Director of the Company, remain as Executive Director of the Company and will be considered non-independent.

Mr Mah Kah On, Gerald will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr Mah Kah On, Gerald will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST.

(ii) Mr Edy 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.

(iii) 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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of 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.

(iv) 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 and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. 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.

2. 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.)

3. 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 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) 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 AGM to be held on 30 April 2018 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on **9 May 2018** for the purpose of determining shareholders' ("**Members**") entitlements to the final dividend of S$0.007 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, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on **8 May 2018** 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 **8 May 2018** 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 **21 May 2018**.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor SAC Capital Private Limited ("**Sponsor**"), 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. Tay Sim Yee, at 1 Robinson Road #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.

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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.

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____

being a member/members of **UNITED GLOBAL LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 1 Raffles Boulevard, Level 3, Meeting Room 327, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593, on Monday, 30 April 2018 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**No. of votes 'For'***	**No. of votes 'Against'***
	Ordinary Business		
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Declaration of final dividend of S$0.007 per ordinary share for the financial year ended 31 December 2017		
3	Approval of Directors' fees amounting to S$202,500 for the financial year ending 31 December 2018, to be paid quarterly in advance		
4	Re-election of Ms Ety Wiranto as a Director		
5	Re-election of Mr Mah Kah On, Gerald as a Director		
6	Re-election of Mr Edy Wiranto as a Director		
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 Global Performance Share Plan 2016		

* *If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ______________________ 2018

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

____

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

*Delete where inapplicable

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 authorized 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 authorized. 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 authorize 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 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 13 April 2018.

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

Asia`s Global Partner

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

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