

POSITIONED FOR GROWTH

his year, as United Global celebrates its 20th anniversary, we are grateful for the strong foundation that our Group was built upon, well-positioned to achieve sustainable growth. Over the years, our Company has grown its presence internationally, built a reputation for being a reliable and responsive service provider, with a range of quality products, and forged partnerships, strengthening its presence in key markets.

Moving forward, even as the macro environment remains challenging, the company will continue to pursue its growth strategy, with a focus on premium markets, expansion via M&A and joint ventures and diversification.



United Global's tank farm, Singapore

CONTENTS

- 02 Corporate Profile 02 Strategic Partnerships & Joint Ventures Corporate Structure 03 04 Corporate Milestones Certifications 06 **Investor Relations** 07 08 **Our Products** Distribution Network 09 Financial Highlights 10 12 Chairman and CEO's Message
- **Board of Directors** 14Key Management 17 Operations Review 19 Financial Review 21 23 Our People And Community
- Sustainability Report 24

32 Corporate Information

- 33
- 63 68
- FINANCIAL CONTENTS Corporate Governance Report 147 Directors' Statement Independent Auditor's Report

- 73 Statements of Financial Position
- Consolidated Statement 75 of Profit or Loss and Other Comprehensive Income
- Statements of Changes in Equity 77
- 79 Consolidated Statement of Cash Flows
- 81 Notes to Financial Statements
- **Shareholdings Statistics** 145
- Notice of Annual General Meeting Proxy Form

This announcement 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 announcement.

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



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



CORPORATE PROFILE

isted 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.



AUSTRALIA

United Global has a 35% joint venture to import and distribute lubricant

products manufactured by United Global.



PHILIPPINES

United Global has a 45% joint venture to trade petrol, diesel and related products in

the Philippines.



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)

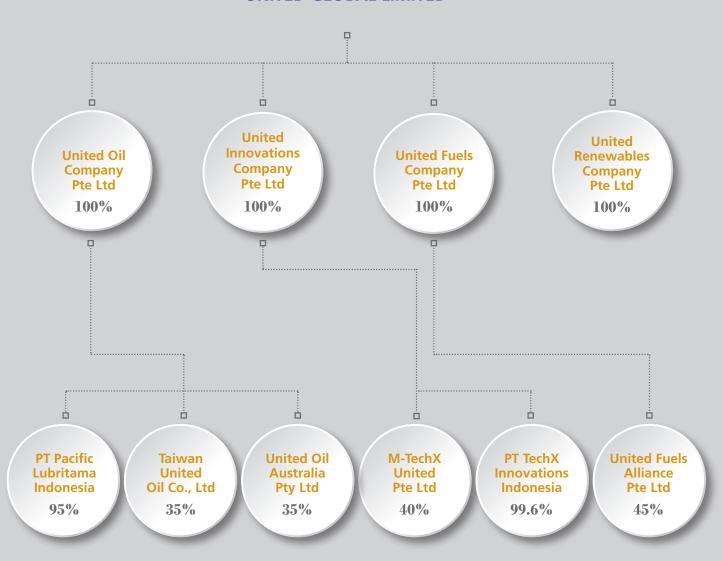
United Global has a 40% ioint venture with M-TechX Group to manufacture oil absorbing nano-fibre materials

for various industrial and commercial industries in Singapore, Indonesia, Japan and the rest of the world.

CORPORATE STRUCTURE



UNITED GLOBAL LIMITED



CORPORATE MILESTONES





Awarded ISO 9001 certification by Lloyd's Register Quality Assurance Limited for our quality management system in respect to the manufacture of lubricants by blending of base oils and additives.

Started a cooperation with PT Pacific Lubritama Indonesia ("PLI").

One of the pioneer lubricant manufacturers in the Asia-Pacific region to adopt and take advantage of the high quality hydro-processed mineral base oil, and to customise some of our formulations to introduce Group II base oil blended products.

₽2000

₽2003

2008

i 1999

Incorporation of United Oil Company Pte Ltd.

Established "United Oil" brand of products and distributorship networks in Indonesia, Malaysia, Thailand and Myanmar.



≟2001

Entered into premium lubricants market in Australia.

≟ 2006

Sponsored the "United Oil Racing" team to participate in several car races in the International V8 Supercars Championship in Australia, in 2006 and 2007.

≟ 2009

Entered into the Commonwealth of Independent States ("CIS") market with OEM's products.







Launched a full range of transmission fluids.

Sold our "United Oil" brand of products in CIS.

2012

2014

Listed on the Catalist Board of the Singapore Exchange.

Set up a 35% JV to distribute lubricants of United Oil's in-house brands in Taiwan and trading of third-party lubricants.

2016

Set up a 35% JV in Australia to import and distribute lubricant products manufactured by United Global.

Set up a 45% JV in Singapore to trade petrol and related products in the Philippines.

2018

≟2013

Started a cooperation with UNT Oil.



≟2015

Entered into a strategic cooperation framework agreement with CNOOC and launched the "HydroPure" brand.

Incorporation of United Global Limited.



≟2017

Signed a 3-year joint operation agreement with Lighthouse Enterprise Ltd in Myanmar.

Acquired a 95% stake in PLI.

Set up a 40% JV with Japan's M-TechX Group to produce oil-absorbent nano-fibre materials.



UNITED GLOBAL LIMITED

CERTIFICATIONS

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



Society of Automotive Engineers (SAE)*

BizSAFE level 3*, CultureSAFE*

Workplace Safety and Health

Workplace safety of our lubricant

blending facility and in-house laboratory

Council

Viscosity specifications



European Automobile Manufacturers' Association (ACEA)*

Lubricant products performance specifications



International Lubricants Standardisation and Approval Committee (ILSAC)*

Gear oils and crankcases performance specifications



American Society for Testing Materials (ASTM)*

Testing method



Japanese Engine Oil Standards Implementation Panel (JASO)*

Lubricant products performance specifications



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

INVESTOR RELATIONS

nited Global is committed to timely and transparent communications with our shareholders, the investment community and the public.

The Group ensures relevant and material information is disclosed to the public through SGX-ST's SGXNet broadcast network ("SGXNet") and on United Global's corporate website at www.unitedgloballimited.com.

During the year, the results announcement, press release and presentation slides were uploaded on our website and the SGX website on a quarterly basis. Briefings for analysts and investors were conducted in March and August 2018.

The Company held its Annual General Meeting in April 2018. This provided an opportunity for the management to engage shareholders and share their strategy and plans.

Separately, our CEO and CFO also engaged with analysts, investors, and



members of the financial community including the media via one-to-one meetings, group briefings, telephone and emails. These communication channels provide a platform for the management to address their queries and provide insight on the company's strategy and business developments.

At the Securities Investors Association (Singapore) "SIAS" Investors' Choice Awards 2018, United Global was one of the winners of the Singapore Corporate Governance Award in the Most Improved category. In addition, the Company was the winner of IR Magazine's "Best IR by an SGX Catalist company" Award in 2018.



AWARDS









OUR 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.

WE MANUFACTURE
LUBRICANTS UNDER
OUR IN-HOUSE BRANDS
SUCH AS "UNITED
OIL", "U STAR LUBE",
"BELL1", "HYDROPURE"
AND "ICHIRO" AS WELL
AS FOR THIRD-PARTY
PRINCIPALS' BRANDS.





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

DISTRIBUTION NETWORK



OUR COMBIN	ED STRENGTH Staff Strength	Blending capacity (mt/year)	Storage Capacity (mt)	Warehouse Space (sqm)	Trucks
Singapore	78	60,000	1,500	>1,300	-
Indonesia	92	80,000	17,000	>4,000	13
Combined	170	140,000	18,500	>5,300	13

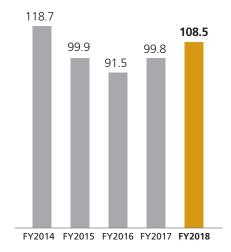
FINANCIAL HIGHLIGHTS

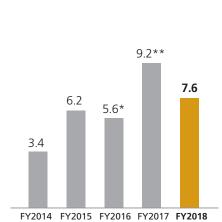
REVENUE (US\$M)



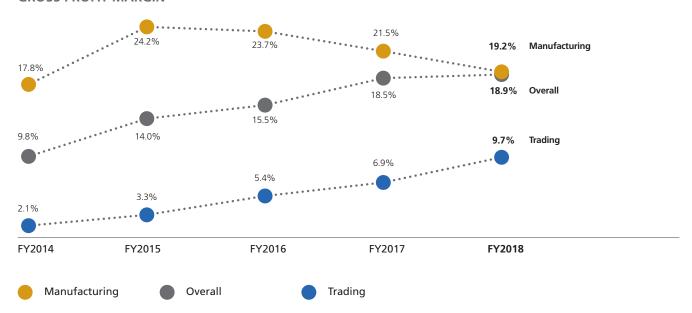
NET PROFIT (US\$M)







GROSS PROFIT MARGIN



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

FINANCIAL YEAR US\$'000	2014	2015	2016	2017	2018	
OPERATING RESULTS	:	:	:	:		
Revenue	118,690	99,860	91,542	99,825	108,472	
Gross profit	11,587	13,936	14,229	18,507	20,480	
Profit before tax	4,182	7,549	6,907	10,604	9,418	
Tax expenses	(816)	(1,308)	(1,261)	(1,353)	(1,738)	
Profit attributable to equity holders of the Company	3,366	6,241	5,646	9,172	7,599	
FINANCIAL POSITION						
Total assets	38,765	26,968	34,189	56,675	59,695	
Total liabilities	19,366	21,328	16,352	23,018	22,332	
Equity	19,399	5,640	17,837	33,657	37,363	
KEY RATIOS						
Net profit on turnover (%)	2.8	6.2	6.2	9.2	7.0	
Net assets value per share (US\$ cents)(1)	8.1	2.3	6.3	10.4	11.5	
Basic and diluted earnings per share (US\$ cents) ⁽¹⁾	1.4	2.6	2.2	3.1	2.4	
	:	•	•	:		

Note:

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







CHAIRMAN AND CEO'S MESSAGE

AS UNITED GLOBAL
ENTERS ITS 20TH YEAR
IN 2019, THE COMPANY
IS ON A STRONG
FOUNDATION, WELL
POSITIONED TO NAVIGATE
THE MACRO CHALLENGES
AHEAD, AND TO ACHIEVE
SUSTAINABLE GROWTH.

DEAR SHAREHOLDERS,

s United Global enters its 20th year in 2019, the Company is on a strong foundation, well positioned to navigate the macro challenges ahead, and to achieve sustainable growth.

From a single lubricant blending plant in Singapore, we have steadily built our credentials among our customers by providing high performance, value-formoney and reliable products. We have developed a strong and competent team who is always responsive to market needs. We have also forged strong partnerships that have helped us in growing our presence globally as well as diversifying into new businesses. Additionally, with our acquisition of PT Pacific Lubritama Indonesia ("PLI") in July 2017, we have tripled our blending capacity, positioning us well for further growth.

FINANCIAL ACHIEVEMENTS

We are pleased to report that our integration with PLI has helped to propel our Group's growth trajectory amidst the volatility and uncertainties in the global business environment.

We are gratified that we managed to achieve a net profit of US\$7.6 million, on a 8.7% rise in Group revenue to US\$108.5 million. This was boosted by higher sales generated from our Singapore plant, as well as PLI's full-year contribution.

In our latest full-year results, our Group posted earnings per ordinary share of 2.4 US cents, while net asset value per ordinary share rose 10.6% to 11.5 US cents, as at 31 December 2018. Cash and cash equivalents stood at US\$6.1 million.

DIVIDEND

We are pleased to recommend a final dividend of 0.5 Singapore cent per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting. This is on top of the interim dividend of 0.5 Singapore cent disbursed earlier in September 2018. Together, the total dividend declared in respect of FY2018's profits amounted to 1.0 Singapore cents, representing a dividend payout of 30.4%.

GROWTH STRATEGY

United Global has a three-pronged strategy to grow the company. Firstly, our focus will always be on growing our existing lubricants business organically in the region, particularly for our in-house brands. We will also explore synergistic partnerships to accelerate our growth.

Secondly, we will continue to forge strategic partnerships and joint ventures with our distributors to strengthen our presence in selected overseas markets by tapping on our partners' expertise, local knowledge and capabilities.

Thirdly, we will actively seek other opportunities to diversify our revenue streams such as our venture with M-TechX Group to manufacture oil absorbing nano-fibre materials for various industrial and commercial applications.

CORPORATE UPDATES

On 22 October 2018, the Group entered into a non-binding memorandum of understanding with Repsol Lubricantes Y Especialidades, S.A., a member of Repsol S.A. ("**Repsol**") to explore the possibility of Repsol acquiring an equity stake in our subsidiary, United Oil Company Pte Ltd. Repsol is an international oil and gas company listed on Spanish Stock Exchange with its headquarters in Spain.

This MOU has a validity of 6 months with the option of extending for another 6 months subject to mutual agreement. We will keep shareholders updated of further developments in due course.

On 17 December 2018, the Group's wholly-owned subsidiary, United Fuels Company Pte Ltd, forged a joint venture with Mr Philip Chee Choon Ming, who has more than 27 years of experience in the petroleum and petrochemicals industry, to enter into the trading of petrol and related products in the Philippines. The joint venture company, United Fuels Alliance Pte Ltd, which is 45% held by the Group, supplies fuels to more than 75 retail fuels stations in the Philippines. It also has a 30,000 cubic metre storage facility in Subic Bay Freeport Zone.

Meanwhile, our joint venture with M-TechX Group of Japan, which started commercial production of its oil-absorbent nano-fibre materials, is gaining traction. These materials have wide-ranging applications for various industries in Singapore, Indonesia, Japan and rest of the world, and the joint venture is benefiting from United Global's extensive distribution channels across over 30 countries to cross-market these products.

AWARDS

During the review year, we received two awards in recognition of our efforts in in corporate governance and investor relations. In September 2018, we were one of three companies who won the Singapore Corporate Governance Award (Most Improved category) at the annual Investors Choice Awards organized by the Securities Investors Association Singapore.

In December 2018, we were conferred "Best IR by an SGX Catalist Company" at the IR Magazine Awards – Southeast Asia 2018.

APPRECIATION

We are grateful for the support of our colleagues on the Board and our professional advisors, as well as the hard work and commitment of our staff and management team.

On 29 March 2018, Pheim Asset Management procured 15 million of the Group's ordinary shares from our former Non-Executive Chairman and controlling shareholder, Mr Wiranto, representing approximately 4.7% of the share capital of the Company. We would like to take this opportunity to welcome Pheim as our investor and shareholder.

We would also like to express our appreciation to all of our other shareholders who have supported us in the three years that we have been a public listed company. United Global is now a stronger, much larger company, especially after integrating PLI into our Group last year. Our growth is gaining momentum and we will continue to pursue our goals of gaining market share in our core lubricants business as well as expanding into other complementary sectors.

We look forward to catching up with you at our next Annual General Meeting. Have a great year ahead!

EDY WIRANTO

Non-Executive Chairman

JACKY TAN

Executive Director and CEO



United Global's lubricant blending facility, Singapore

BOARD OF DIRECTORS







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.

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.

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.

BOARD OF DIRECTORS



5



6

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.

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 (Operations)

Mr Alex Lim was redesignated as General Manager (Operations) in April 2018 from the position of General Manager. He has been with United Oil since the year of its incorporation in 1999. He is responsible for 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 is also the management representative that ensures compliance with the prescribed standards of our ISO 9001 certification.

Mr Alex Lim has more than 28 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. He joined Unocal Pacific Blending Pte. Ltd. as 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. He also obtained a Diploma in Business Efficiency and Productivity (Production Management) from the National Productivity Board of Singapore in 1992.

MR SHAWN TAN

General Manager (Business Development)

Mr Shawn Tan was promoted to General Manager (Business Development) in April 2018 from his previous role of Deputy General Manager. He is responsible for assisting our Executive Directors in overseeing all operational aspects of the business, including business development.

Mr Shawn Tan has more than 19 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

Chief Financial Officer

Mr Steven Cham was redesignated as Chief Financial Officer in March 2019 from the position of Financial Controller. He is responsible for overseeing the full spectrum of financial activities of our Group.

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



Mr Steven Cham is a Chartered Accountant of the Institute of Singapore Chartered Accountants. He is qualified as a Chartered Accountant with the Association of Chartered Certified Accountants.

MR HERRY DEFJAN

Non-Executive Director, PT Pacific Lubritama Indonesia

Mr Herry Defjan is the non-executive director of our subsidiary, PT Pacific Lubritama Indonesia ("PLI").

Previously, Mr Herry was the executive director of PLI, where he oversaw all aspects of the Group's operations in Indonesia. Prior to joining our Group, Mr Herry acquired prominent professional working experiences throughout his career. 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.

KEY MANAGEMENT

MR TONY LEGI

General Manager, PT Pacific Lubritama Indonesia

Mr Tony Legi was appointed General Manager of PLI in March 2019. He manages the day-to-day business operation of PLI, to ensure our Indonesia business operations remain competitive and is tasked with growing PLI's market share.

Prior to join our Group, Mr Legi managed the development of Bojonegara Industrial Park, an integrated oceanfront industrial estate located at the East of Java Island of Indonesia, operating its own ports, shipping fleet and warehouses.

With over 25 years direct development of many start-up ventures from telecommunications, financial services, to logistics, he founded and designed operating procedures to automate business operation, and later assumed non-executive director positions to remain as a minority investor of several companies.

Since 2013, he has served as Commissioner to PT Grand Kartech Tbk, an Indonesia Stock Exchange listed company, to provide strategic advisory to grow the fabrication business. Grand Kartech group is one of the oldest engineering and equipment manufacturers of various industrial plants and oil & gas equipment. Mr Legi started his career in IT system development and management consulting.

He graduated from Case Western Reserve University, Ohio, USA with a dual degree in Computer Engineering and Economics in 1986.

MR KEN TAN

Regional Business Development Manager

Mr Ken Tan is our Regional Business Development Manager, 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 19 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 includes 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.

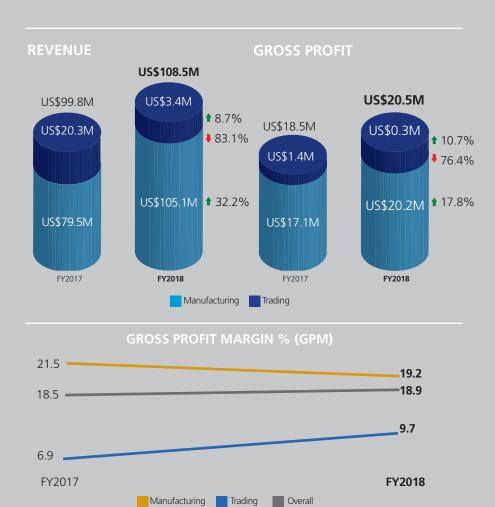
MS LOH SOOK WAH

Senior Supply Chain Manager

Ms Loh Sook Wah is our Senior Supply Chain Manager, 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 achieved the top student award in 2013.



OPERATIONS REVIEW

BUSINESS REVIEW

he manufacturing and trading segments accounted for 96.8% and 3.2% of revenue respectively in FY2018 as compared to 79.6% and 20.4% in FY2017.

The increase in contribution from the manufacturing segment was mainly due to the full-year contribution from PT Pacific Lubritama Indonesia ("PLI") in FY2018 compared with its 6-months contribution in FY2017. The Group acquired PLI on 20 July 2017 and revenue contribution from PLI are all recorded under the manufacturing segment.

Revenue from the manufacturing segment jumped by 32.2% to US\$105.0 million in FY2018, thanks to an increase in sales volume which was

partially offset by a marginal decrease in the average selling price. The higher sales volume was mainly contributed by the Singapore plant, as well as the 12-months contribution from PLI.

Manufacturing's gross profit was uplifted by 17.8% to US\$20.2 million. The Group recorded a 2.3 percentage points decrease in gross profit margin in the manufacturing segment, from 21.5% in FY2017 to 19.2% in FY2018, attributed by different product mix, and more competitive pricing in FY2018.

Revenue from the trading segment decreased by 83.1% to US\$3.4 million in FY2018 mainly due to dip in sales volume as a result of elimination of the inter-group base oil and additives cross selling from the Singapore plant to PLI.

OPERATIONS REVIEW



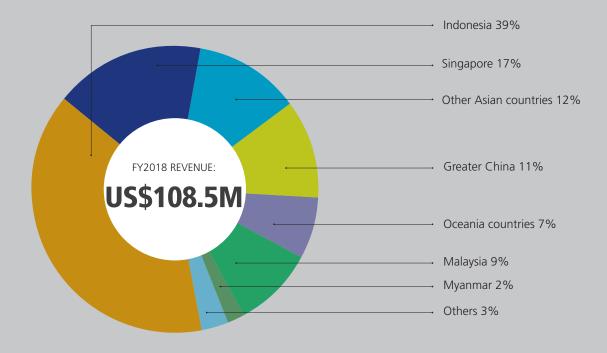
The trading gross profit declined by 76.4% to US\$333,000 in FY2018 though gross profit margin improved by 2.8 percentage points to 9.7% in FY2018.

GEOGRAPHICAL SEGMENT REVIEW

Geographically, the increase in revenue was mainly attributable to an increase in revenue contribution from Singapore, Malaysia and Indonesia of US\$3.1 million, US\$1.7 million, and US\$1.7 million respectively in FY2018.

Revenue from Singapore increased by US\$3.1 million or 20.6% in FY2018, mainly due to increase in its manufacturing business segment mainly from third-party principals' brands.

For FY2018, Indonesia was the largest revenue contributor at 39.5%, followed by Singapore at 16.6%.



FINANCIAL REVIEW

roup revenue rose 8.7%, from US\$99.8 million in FY2017 to US\$108.4 million in FY2018. This was due to an increase in revenue from the manufacturing business segment of US\$25.5 million or 32.2%. The increase was partially offset by a decrease in revenue from the trading business segment of US\$16.9 million or 83.1%.

Cost of sales increased by US\$6.7 million or 8.2%, from US\$81.3 million in FY2017 to US\$88.0 million in FY2018. This was mainly due to higher cost of raw materials which is in line with the increase in revenue in our manufacturing business segment.

Overall gross profit grew by US\$2.0 million or 10.7%, from US\$18.5 million in FY2017 to US\$20.5 million in FY2018.

Overall gross profit margin increased by 0.4 percentage points, from 18.5% in FY2017 to 18.9% in FY2018 mainly due to higher contribution from our manufacturing business segment.

Other income dropped 82.4% to US\$301,000 in FY2018 mainly as a result of the absence of a non-recurring gain on bargain purchase of approximately US\$1.4 million, arising from the acquisition of PLI in FY2017.

Distribution cost increased by US\$0.4 million or 17.5%, from US\$2.5 million in FY2017 to US\$2.9 million in FY2018, mainly due to the inclusion of PLI's 12-months distribution cost.

Administrative expenses rose by US\$1.3 million or 19.3%, from US\$6.8 million in FY2017 to US\$8.1 million in FY2018, as a result of the inclusion of PLI's 12-months administrative expenses, and foreign exchange loss in FY2018 amounting to US\$0.8 million

INCOME STATEMENT			% change Increase/
US\$'000	FY2018	FY2017	(Decrease)
REVENUE	108,472	99,825	8.7%
Cost of sales	(87,992)	(81,318)	8.2%
GROSS PROFIT	20,480	18,507	10.7%
Other income	301	1,714	(82.4%)
Distribution cost	(2,902)	(2,470)	17.5%
Administrative expenses	(8,154)	(6,837)	19.3%
Share of profit of joint ventures	38	7	>100%
Other expenses	(81)	(40)	>100%
Finance costs	(264)	(277)	(4.7%)
PROFIT BEFORE TAX	9,418	10,604	(11.2%)
Tax expense	(1,738)	(1,353)	28.5%
PROFIT FOR THE YEAR	7,680	9,251	(17.0%)

REVIEW OF STATEMENTS OF FINANCIAL POSITION					
US\$'000	As at 31 December 2018	As at 31 December 2017			
Non-current assets	14,523	13,167			
Current assets	45,172	43,508			
Non-current liabilities	931	840			
Current liabilities	21,401	22,178			
Equity	37,363	33,657			

which mainly arose from translation differences on the United States Dollars denominated liabilities, on mainly trade and other payables, to the functional currency of each group entity.

Other expenses incurred was US\$81,000 in FY2018 as compared with US\$40,000 in FY2017. In FY2018 this comprised depreciation of investment properties held by PLI.

Finance costs dipped by approximately US\$13,000 or 4.7%, from US\$277,000 in FY2017 to US\$264,000 in FY2018. This was mainly due to the Group's repayment of its higher interest-bearing borrowings in Indonesia subsequent to the acquisition of PLI and refinancing its borrowings in Singapore which resulted in lower borrowing costs.

Profit before tax decreased by US\$1.2 million or 11.2%, from US\$10.6 million in FY2017 to US\$9.4 million in FY2018. This was mainly due to decrease in other income and higher administrative expenses incurred partially offset by higher gross profit.

Income tax expenses increased by US\$0.4 million or 28.5%, from US\$1.4 million in FY2017 to US\$1.7 million in FY2018. This was mainly due to higher effective tax rate in FY2018 of 18.4% (FY2017: 12.8%). The effective tax rate in FY2017 was lower despite higher profit before tax because the gain on bargain purchase of US\$1.4 million in FY2017 was not taxable.

As such, net profit after tax attributable to shareholders decreased by 17.0% to US\$7.6 million in FY2018.

FINANCIAL REVIEW

CURRENT ASSETS

As at 31 December 2018, current assets amounted to US\$45.2 million or 75.7% of total assets. Trade receivables was the largest component of current assets, accounting for US\$18.5 million or 41.0% of current assets. Inventories accounted for US\$15.1 million or 33.4% of current assets and comprised raw materials, finished products and work-in-progress.

Cash and bank balances accounted for US\$7.5 million or 16.7% of current assets. The remaining balance of current assets comprised mainly other receivables of US\$3.3 million, of which mainly is due to shareholder's loan to joint venture of US\$2.0 million.

Current assets increased by US\$1.7 million from US\$43.5 million as at 31 December 2017 to US\$45.2 million as at 31 December 2018 mainly due to a rise in (i) inventories of US\$2.0 million due to an increased storage of raw materials; and (ii) other receivable of US\$3.2 million mainly due to reclassification of non-current receivable to current receivables of shareholder's loan to joint venture of US\$2.0 million. The increase was mainly partially offset by a decrease in (i) cash and bank balances of US\$3.0 million; and (ii) trade receivables of US\$0.5 million.

NON-CURRENT ASSETS

As at 31 December 2018, non-current assets amounted to US\$14.5 million or 24.3% of total assets.

Property, plant and equipment amounted to US\$10.3 million or 71.1% of non-current assets, comprising mainly leasehold properties, machinery and equipment, motor vehicles and renovation. The increase in property, plant and equipment was mainly due to addition of machinery and equipment for the oil absorbing nanofibre business. Investment properties comprise of leasehold buildings and land. The other receivable refers to shareholder's loan to joint venture of US\$1.0 million. Intangible assets comprise of customer relationships and club membership. Increase in investment in joint ventures was mainly due to additional investment in the joint venture entities in Taiwan, Australia and Singapore. The remaining balance of non-current assets of US\$0.1 million comprised deferred tax assets.

CURRENT LIABILITIES

As at 31 December 2018, the Group's current liabilities amounted to US\$21.4 million or 95.8% of our total liabilities.

This was a decrease of US\$0.8 million from US\$22.2 million as at 31 December 2017 to US\$21.4 million as at 31 December 2018, mainly due to a decline in (i) bank borrowings of US\$1.8 million due to repayment during the year; and (ii) trade payables of US\$1.8 million. This was partially offset by higher other payables owing to our joint venture entity for purchase of machines and equipment supplies.

REVIEW OF STATEMENTS OF CASH FLOWS (US\$'000) FY2018 FY2017 Cash from operating activities 4,303 4,545 Cash used in investing activities (2,037)(6,182)Cash used in financing activities (4,721)(1,347)Net decrease in cash and equivalents (2,455)(2,984)6,080 9,119 Cash and cash equivalent at end of year

NON-CURRENT LIABILITIES

Non-current liabilities comprise bank borrowings, finance leases, retirement benefits obligations and deferred tax liabilities, which remains largely unchanged from the balance as at 31 December 2017.

FOUITY

As at 31 December 2018, equity amounted to US\$37.4 million comprising of share capital, other reserves, retained earnings and noncontrolling interests. The rise of US\$3.7 million in equity was from the recognition of profit for the year, partially offset by the dividend payment of US\$2.8 million.

In FY2018, the Group generated net cash from operating activities before changes in working capital of US\$10.6 million while net cash used in working capital amounted to US\$3.9 million. This was mainly due to (i) increase from inventories of US\$2.0 million; (ii) decrease from trade payables of US\$1.8 million; and (iii) partially offset by the decrease from trade receivables of US\$0.5 million. The Group paid income tax of US\$2.4 million in FY2018. The net cash generated from operating activities amounted to US\$4.3 million in FY2018.

Net cash used in investing activities in FY2018 was mainly due to additional advances to joint venture of US\$1.0 million and purchases of plant and equipment of US\$0.7 million.

Net cash used in financing activities of US\$4.7 million in FY2018 was mainly due to the repayment of bank borrowings of US\$32.6 million and dividend paid of US\$2.8 million, partially offset by the proceeds from bank borrowings of US\$30.8 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\$9.1 million as at 1 January 2018 to US\$6.1 million as at 31 December 2018.

OUR PEOPLE AND COMMUNITY

At United Global, we value people as our most valuable asset. We organise activities such as yearly overseas trips as well as outings to show our appreciation to our staff and encourage stronger bonding amongst colleagues. In 2018, the Company organised a trip to Siem Reap, Cambodia in May, where over 40 of our staff visited the famed Angkor Wat and other historical sites. The Company also organised a BBQ outing at Safra Jurong in June 2018 where staff bonded over food and games.

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 the Elderly.







SUSTAINABILITY REPORT

FOREWORD BY THE CHAIRMAN

DEAR SHAREHOLDERS,

We are pleased to submit our second Sustainability Report (the "Report") for the financial year ended 31 December 2018 ("FY2018"). This is also the first year that we are incorporating our Indonesian subsidiary, PLI, in this Report, and we trust that it will provide our shareholders and investors a more comprehensive perspective of economic, social and environmental performance, particularly, how we manage sustainability issues in our lubricants business.

The disclosures in this Report are based on references to the Global Reporting Initiative ("GRI") Standards which also form the Materiality Matrix that illustrates the Management's strategic priorities vis-à-vis our stakeholders. By seeking to provide a discussion on each of these factors highlighted in the Materiality Matrix, we hope to effectively demonstrate that a sustainable business strategy can be aligned with profitability and value creation for our shareholders.

EDY WIRANTO

Non-Executive Chairman March 2019

ORGANISATIONAL STRUCTURE

United Global's sustainability strategy is developed and directed by the senior management in consultation with its Board of Directors. Led by the Group's CEO, the Sustainability Committee, which comprises senior management executives, develops the sustainability strategy, reviews any material impacts, stakeholder priorities, goals and targets, as well as monitors and verifies the performance data for this Sustainability Report.

CONTENTS OF THE REPORT

This Report begins with a review of the Materiality Matrix, and assesses any changes in these material aspects – these may include changes to the business environment, stakeholder feedback and sustainability trends.

This Report is prepared in compliance with the requirements of Catalist Rules 711A and 711B and references the GRI Standards. The Report references the following topic-specific disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance
- Disclosure 205-2 from GRI 205: Anticorruption
- Disclosure 302-4 from GRI 302: Energy
- Disclosure 306-2 from GRI 306: Effluents and Waste
- Disclosures 403-1, 403-5, 403-9 from GRI 403: Occupational Health and Safety
- Disclosure 405-2 from GRI 405: Diversity and Equal Opportunity

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

The Group is committed to the conducting businesses with high ethical standards and fundamentally to prevent any corruption or bribery cases. 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, anti-corruption, confidentiality of information and conflict of interest, etc.

We have also established a whistle-blowing mechanism to aid in the reporting of corporate misconduct. We do not engage in child labour or use unethical means, directly or indirectly, to provide business services in our day-to-day operations. This includes not engaging business with partners, suppliers or third-party manufacturers that are known to employ 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 abilities 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 Annual 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.

OUR STAKEHOLDERS

The key to a successful sustainability effort is through gaining feedback on material issues, and we do so through the engagement of our stakeholders. To thrive within the ecosystem, we recognise that stakeholder engagement is an ongoing effort for us to align our interest and improve our business.

MATERIALITY MATRIX

The following Materiality Matrix, based on GRI's topic-specific Standards maps out the environmental, economic, social and governance factors that impact or potentially impact our business and operations, based on our own sensitivity analysis 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.

In this edition of our Sustainability Report for FY2018, we have expanded our coverage to include PLI, a subsidiary company which the Group acquired in July 2017.

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

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 human resource through continual employee development and trainings
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

ENGAGEMENT METHOD	FREQUENCY
Annual General MeetingIR WebsiteEmails	Annually/Throughout the year
Ongoing operationsFeedback channelsEmailsWebsite	Ongoing
 Induction programmes for new staff Staff training & development Emails and meetings Staff feedback channels Appraisals 	Throughout the year
Regular meetingsConferences and forums	Throughout the year
Outreach programmes	Annually

MATERIALITY MATRIX

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

SUSTAINABILITY REPORT

ECONOMIC VALUE

The Group operates its manufacturing and trading of lubricants at its plants in Singapore and Indonesia, adhering to the industry's best practices, as well as international standards such as ISO 14001:2015.

For companies like United Global, which operate in a fragile environment with limited natural resources, it is in our best interests to have long-term sustainability objectives, policies and risk management strategies.

We therefore view our business performance beyond short-term gains and focus more on delivering value to our stakeholders. We strive to achieve sustained growth for the Group as well as the community that we operate in. We continue to seek organic growth while keeping a close eye for growth opportunities that would take the Group to new, sustainable levels.

For more information on the Group's financial and business performance, please refer to pages 19 to 22 of this Annual Report for FY2018.

CORPORATE GOVERNANCE

The Group firmly believes that its unwavering commitment to the best practices of corporate governance is essential to its long-term sustainability and performance.

Its quest for corporate excellence lies in our belief in developing and maintaining sound, transparent and consistent policies and practices, while complying with the latest versions of Singapore's Code of Corporate Governance. In so doing, we endeavor to achieve our strategic objectives of driving long-term growth and delivering value to our shareholders.

For the full discussion on the Group's corporate governance practices, please refer to pages 33 to 62 of this Annual Report for FY2018.

ENERGY – REDUCTION IN ENERGY CONSUMPTION

There are different types of lubricants used which will lubricate the various parts of engine systems and this will in turn affect the performances and emission characteristics of the fumes emitted by the engines. In meeting growing market demand, the Group has developed a range of environmentally friendly lubricants such as the 5W20, 0W20, 0W30, 10W30 and 5W30 that promote fuel economy and lower emissions

These are synthetic lubricants that have better temperature performance and extended drain intervals. With reduced fluid friction, these formulations reduce drag on internal engine parts, enhanced horsepower and torque, and result in fuel consumption reduction. With lower levels of emissions from lower fuel consumption, they comply with the latest ILSAC GF-5 Standard.

In FY2018, Group sales of these eco-friendly lubricants were lower year-on-year by 13.1% to 2,552MT due to lower market demand.

DIVERSITY AND EQUAL OPPORTUNITY

The Group does not practice employee discrimination and is an advocate of diversity, non-gender biasness, and supports equal opportunity for all. The Group has endeavored to apply these principles equally to recruitment and opportunities for advancement.

As at 31 December 2018, the Group has 78 employees at its Singapore operations, and 92 employees at its Indonesian subsidiary, making it a combined strength of 170 employees.

The Group does not discriminate against any gender as long as the employee has the requisite skillsets for the particular role. In Singapore, 34.6% of the workforce are women (about 1.3 percentage points above that of the previous year), while in Indonesia, 27.2% are women (an improvement of 7.0 percentage points year-on-year).

In terms of age profile, about 83.3% of the Singapore workforce in FY2018 (compared to 85.2% in FY2017) is under the age of 50. This is somewhat similar at our Indonesian subsidiary where 83.7% are under the age of 50 in FY2018 (compared to 87.9% in FY2017).

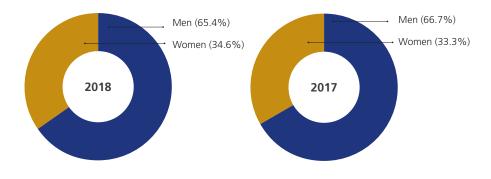
Our Singapore operations employed a multi-national crew – with Malaysians making up the largest group at 53.9% (53.1% in FY2017), Singaporeans at 23.0% (21.0% in FY2017), followed by China at 20.5% (21.0% in FY2017), and Indonesians at 2.6% (3.7% in FY2017). No Myanmar staff was employed in FY2018 (1.2% in FY2017).

Our Indonesian subsidiary, on the contrary, employed all Indonesian staff, except for 1 Singaporean on its payroll.

In Singapore, approximately 40% of headcount are made up of technicians and workers and 60.3% are executives, middle and senior management. With

GENDER DIVERSITY

Singapore Operations



23.1% of the Singapore-based staff having been with the Group for more than 10 years, while 65.4% have spent less than 5 years with the Group.

In Indonesia, some 38% of its staff are technicians and workers, while nearly 62% are executives and above. 42.4% of the staff has been with the Company for more than 10 years, while 43.5% have clocked fewer than 5 years.

OCCUPATIONAL HEALTH AND SAFETY

The Group's occupational health and safety management programme seeks to provide a safe and healthy work environment for our workers by:

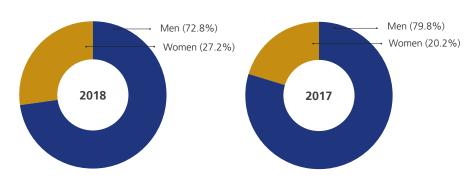
- Anticipating hazards and eliminating them
- Ensuring a high level of compliance with the industry's best practices
- Training and educating employees and contractors to prevent accidents and injuries
- Taking reasonable measures to provide the best possible care of our equipment and facilities.

Its Workplace Safety and Health (WSH) Committee, comprising 14 members from various departments in the Company, assists the Management in training all staff about workplace safety and health issues.

In addition, the Committee 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 on a monthly basis, 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.

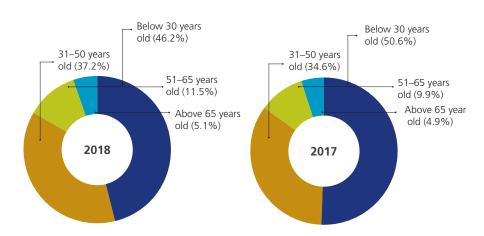
There were no work-related incidents reported from our Singapore operations in FY2017 and FY2018. However, there was one minor incident in FY2018 reported at our plant in Indonesia involving a machine's rotating plate hitting on a worker's finger nails.

Indonesia Operations

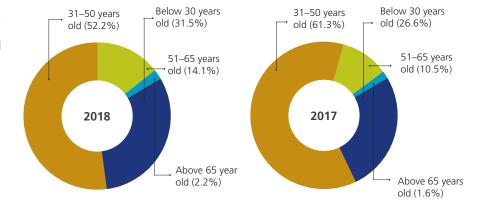


AGE PROFILE

Singapore Operations



Indonesia Operations



SUSTAINABILITY REPORT

Following the safety committee's investigation on the incident, the Company had installed a safety barrier to prevent future similar incidents.

EFFLUENTS AND WASTE DISPOSAL

The Group's environment initiatives are focused on minimizing the material environmental impact of our operations, which include energy, water and waste. We are also actively engaging staff and customers to champion and address some of the environmental impacts together.

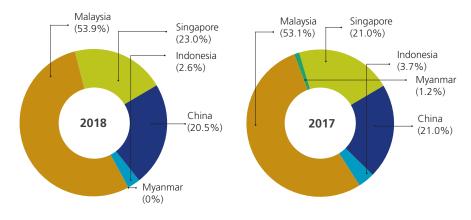
As a business operating in Singapore and Indonesia, we look at ways to mitigate the impact that our operations have on the environment such as reducing emissions, increasing energy efficiency, reduce and recycling waste, and conserving water resources.

With regard to the handling of wastes, our plants in Singapore and Indonesia generated a total of 105,794 kg of waste materials in FY2018. Comprising predominantly cardboard, metal and plastic materials. There was a 60.1% increase in these materials over the previous year, largely due to the higher volume of blending activities in both plants.

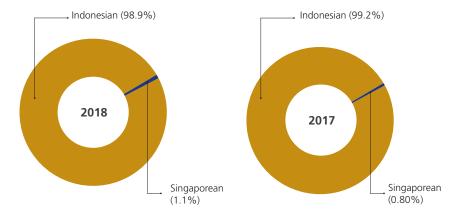
In addition, the Group's blending plants also produced higher amounts of waste materials such as majun cloth and chemical wastes. These are disposed by Singapore-licensed disposal companies such as NSL Oilchem Waste (for waste oil); Ong Kah Hoe (for coolant & slop

BY NATIONALITIES

Singapore Operations

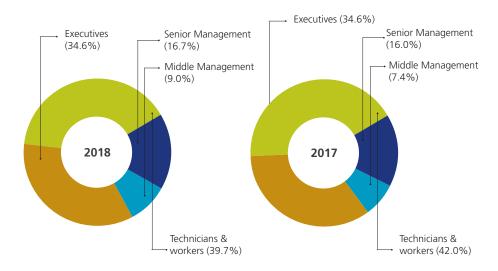


Indonesia Operations

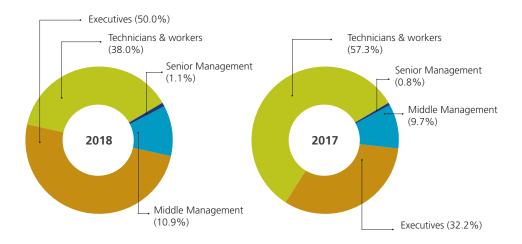


BY RANK

Singapore Operations

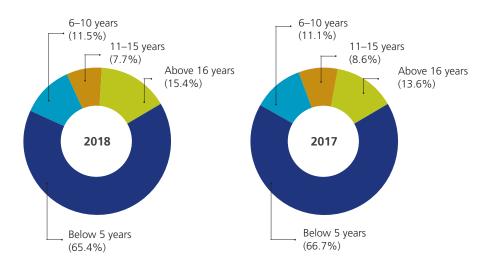


Indonesia Operations

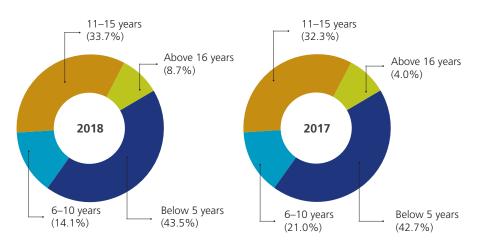


SUSTAINABILITY YEARS OF SERVICE **REPORT**

Singapore Operations



Indonesia operations



	2018	2017	Change (%)
Cardboard (kg)	10,190	13,630	(25.2)
Metals (kg)	73,990	39,573	87.0
Plastics (kg)	21,614	12,896	67.6
Majun Cloth (kg)	4,600	5,060	(9.1)
Chemical Waste (litres)	40	46	(13.0)

wastes); and Chem-Solv Technologies (for hazardous wastes). Our waste collection and disposal vendor in Indonesia is PT Prima Karya Ayu Mandiri.

GRIEVANCE MECHANISM FOR ENVIRONMENTAL IMPACT

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 Limitedc/o RHT Corporate Advisory Pte. Ltd.6 Battery Road#10-01Singapore 049909

Attention: Chairman of the Audit Committee

or

(b) By Email to the Company Secretary Email address: lissa.siau@rhtgoc.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 and be represented by the complainant's trade union officer.

HUMAN RIGHTS GRIEVANCE MECHANISMS

This policy 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 Limitedc/o RHT Corporate Advisory Pte. Ltd.6 Battery Road#10-01Singapore 049909

Attention: Chairman of the Audit Committee

or

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

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

REGISTERED OFFICE

14 Tuas Drive 2 Singapore 638647

SPONSOR

SAC Capital Private Limited

1 Robinson Road #21-00 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 United Oil team taking part in the Asia Road Racing Championship 2018

CORPORATE GOVERNANCE REPORT

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.

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "2018 Code"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. In this regard, the Company will endeavor to comply with the 2018 Code once it is effective. For this report, the Group sets out the Group's corporate governance practices with specific reference to the 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 2018 ("**FY2018**"), 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 quarterly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the SGX-ST;

CORPORATE GOVERNANCE REPORT

- 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 quarterly and full year results announcements and press releases;
- 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 authorities and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

CORPORATE GOVERNANCE REPORT

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 4 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 FY2018 are disclosed in the table reflected below:

FY2018 Meeting Attendance	Board	AC	NC	RC	Annual General Meeting
Total Number of Meetings	4	4	1	1	1
Mr Edy Wiranto	4	4*	1*	1*	1
Mr Tan Thuan Hor, Jacky	4	4*	1*	1*	1
Ms Ety Wiranto	4	4*	1*	1*	1
Mr Mah Kah On, Gerald	4	4	1	1	1
Mr Tan Teng Muan	4	4	1	1	1
Mr Leong Koon Weng	4	4	1	1	1

^{*} By invitation

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

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as a Director. New Directors will also be briefed during the orientation program on the overview of the business operations, the latest results announced, the Company's corporate governance practices, regulatory regime, their duties as Directors and the relevant Board Committee's terms of reference. The Director is also introduced to key management personnel and given the opportunity to visit the Group's operational facilities. Pursuant to the amended Rule 406(3)(a) of the Catalist Rules of the SGX-ST (which was revised to be consistent with the 2018 Code), the Company will arrange prescribed training for any Director who has no prior experience as a director of a listed company on SGX-ST, on the roles and responsibilities of being a director of a listed issuer as well as in areas such as accounting, legal and industry specific knowledge.

CORPORATE GOVERNANCE REPORT

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-Independent and 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.

The Chairman is the son of Mr Wiranto (the controlling shareholder of the Company) and brother of Ms Ety Wiranto (an Executive Director and a deemed controlling shareholder of the Company). 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.

CORPORATE GOVERNANCE REPORT

Under Provision 2.2 of the Code 2018, it provides that independent directors make up a majority of the board where the chairman is not independent. As the Code 2018 is only effective for the Company's financial year commencing 1 January 2019, the Board will meanwhile deliberate whether the Company will make any changes to the board composition.

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. Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the Code 2018. In relation to the assessment of the independence of the directors, specific tests of directors' independence have been hardcoded into the listing rules of SGX-ST to clarify that these circumstances which deemed directors not to be independent should be applied without any exceptions. Under Catalist Rule 406(3)(d)(i) and 406(3)(d)(ii) which takes effect on 1 January 2019, it stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company.

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 by Mallal & Namazie 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".

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 Chief Financial Officer 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

The NC was satisfied that in FY2018, 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 5 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 other principal appointment	Past directorships in other listed companies held over the preceding five (5) years
Mr Edy Wiranto ⁽¹⁾	Non-Independent and Non-Executive Chairman	30 April 2018	Nil	Nil
Mr Tan Thuan Hor, Jacky ^(1&2)	Executive Director and Chief Executive Officer	27 April 2017	Nil	Nil
Ms Ety Wiranto ^(1&2)	Executive Director	30 April 2018	Nil	Nil
Mr Mah Kah On, Gerald	Lead Independent Director	30 April 2018	Nil	mDR Limited
Mr Tan Teng Muan	Independent Director	1 June 2016	Independent Director of Overseas Education Limited.	Nil
			Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie	
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.

CORPORATE GOVERNANCE REPORT

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 Regulation 98 of the Constitution of the Company, Mr Tan Teng Muan and Mr Leong Koon Weng shall retire in accordance to Regulation 98. 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. Details of the Directors seeking re-election are found in Table A set out on pages 60 to 62 of this Annual Report.

Mr Tan Teng Muan and Mr Leong Koon Weng 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.

CORPORATE GOVERNANCE REPORT

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 2019 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 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.

CORPORATE GOVERNANCE REPORT

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).

CORPORATE GOVERNANCE REPORT

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

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

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

DISCLOSURE ON REMUNERATION

Principle: 9

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

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

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

The breakdown of remuneration for each Director for FY2018 are as follows:

	Remuneration Bands	Salary (%)	Bonus/ Profit Sharing (%)	Other Benefits ⁽¹⁾ (%)	Fee (%)	Total (%)
Directors						
Mr Edy Wiranto	Below S\$250,000	_	-	_	100	100
Mr Tan Thuan Hor, Jacky	S\$750,000 to S\$1,000,000	47	40	13	_	100
Ms Ety Wiranto	S\$500,000 to S\$750,000	52	37	11	_	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⁾ 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.

Independent and non-executive directors are paid only directors' fees, subject to approval at the AGM. The fees paid to independent and non-executive directors comprise a basic fee, a fee for chairing a committee and a fee for being a member of the committee. For FY2018, total of S\$202,500 was paid to independent and non-executive Directors.

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 FY2018. 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 FY2018 is approximately S\$2,305,000.

CORPORATE GOVERNANCE REPORT

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 FY2018 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 FY2018 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, quarterly 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 quarterly and/or full year financial results announcements as well as any announcements before their release on the SGXNET. Shareholders are provided with the quarterly 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.

CORPORATE GOVERNANCE REPORT

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 internal auditors of the Group, 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 2018.

For FY2018, the Board has received assurances from the CEO and Chief Financial Officer 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.

CORPORATE GOVERNANCE REPORT

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;

CORPORATE GOVERNANCE REPORT

- (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 Chief Financial Officer 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 Chief Financial Officer 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;
- (k) review, on a quarterly basis, the methods and procedures set out under the Shareholders' Mandate (if any), focusing in particular on whether such methods and procedures are adequate and/or commercially practicable to ensure that the Mandated Transactions (if any) 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 Undertaking¹;
- (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.

Note:

Non-Competition Undertakings refer to the undertakings provided by 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.

CORPORATE GOVERNANCE REPORT

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 has interest in.

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 for FY2018 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 and review the overall scope of both external and internal audit. The AC also meets regularly with the Management, the Chief Financial Officer 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 2018. A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 136 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 to tax services. 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.

CORPORATE GOVERNANCE REPORT

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity will be honoured.

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.

Rule 719(3) of the Catalist Rules requires an issuer to establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. 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.

CORPORATE GOVERNANCE REPORT

The internal audit work carried out in FY2018 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. In accordance with Rule 1204(10), the AC is satisfied that in FY2018, the internal audit function is independent, 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.

CORPORATE GOVERNANCE REPORT

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 analysts, investors and shareholders via financial results briefing, shareholders' general meetings 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). The Company takes the view that committing to a fixed dividend policy may jeopardise its financial position in times of adverse changes in market conditions. Hence it does not disclose a dividend policy to its shareholders. Nevertheless, it has been making dividend payments every year since its initial public listing. For FY2018, the Company had paid an interim dividend of 0.5 Singapore cents per share and is recommending a final tax exempt dividend of 0.5 Singapore cents per share, subject to approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

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 Chairpersons of the Board and the 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 Intermediary¹ 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.

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.

CORPORATE GOVERNANCE REPORT

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 two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's 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 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.

CORPORATE GOVERNANCE REPORT

During the FY2018, 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)
US\$'000

Aggregate value
of all interested person
transactions conducted
under Shareholders'
Mandate during the Period
Under Review (excluding
transactions less than
\$\$100,000)
US\$'000

Transactions with Edy Wiranto (Non-executive
Chairman) and his associates, and companies
owned by Edy Wiranto and his associates
Calan of manda assistant and mandal impages

Sales of goods, services and rental income	65	_
Purchase of goods, services and rental cost	345	_

MATERIAL CONTRACTS

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

There were no other non-sponsorship fees paid to the Sponsor, SAC Capital Private Limited, for FY2018.

CORPORATE GOVERNANCE REPORT

TABLE A

Mr Tan Teng Muan and Mr Leong Koon Weng are the Directors seeking re-election at the forthcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"). The key information relating to the Retiring Directors are as follows:—

	Mr Tan Teng Muan	Mr Leong Koon Weng
Date of appointment	1 June 2016	1 June 2016
Date of last re-appointment (if applicable)	Not Applicable	Not Applicable
Age	57	59
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Tan Teng Muan ("Mr Tan") as an Independent Director of the Company, after taking into consideration of Mr Tan's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Tan to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Leong Koon Weng ("Mr Leong") as an Independent Director of the Company, after taking into consideration of Mr Leong's performance since he was appointed as an Independent Director of the Company. The Board considers Mr Leong to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title	Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.	Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

CORPORATE GOVERNANCE REPORT

	Mr Tan Teng Muan	Mr Leong Koon Weng
Professional qualifications	Bachelor of Laws (Hons) from the National University of Singapore A member of the Law Society of	Bachelor of Social Sciences (Honours in Economics) degree from the National University of Singapore
	Singapore and the Singapore Academy of Law	A member of the Singapore Institute of Directors
Working experience, occupation(s) during the past 10 years and Principal Commitments Including Directorships	Since 1987 to Present – A Commissioner for Oaths and a partner in the civil and commercial litigation practice of Mallal & Namazie	From 2014 to present – Director of Business Development, ValueMax Group Limited and Executive Director, VM Credit Pte. Ltd.
	Past Directorship (for the last 5 years) N/A	From 2013 to 2014 – Executive Director, Windsor Management Pte. Ltd.
	Present Directorship and Other Principal Commitments Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie	From 2011 to 2013 – Senior Audit Manager, Oversea-Chinese Banking Corporation Limited
	Independent Director of Overseas Education Limited	From 2009 to 2011 – Chief Financial Officer, Oceanus Group Limited
	Independent Director of United Global Limited	Past Directorship (for the last 5 years) Executive Director, Windsor Management Pte. Ltd.
		Present Directorship VM Credit Pte. Ltd.
		Independent Director of United Global Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None

CORPORATE GOVERNANCE REPORT

The Retiring Directors had no interests in the share capital of the Company and its subsidiaries.

The Group had procured the undertaking of the Retiring Directors in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules of SGX-ST.

The Retiring Directors had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules of SGX-ST except for Mr Tan on item (k) in which was disclosed on page 158 of the Offer Document, that he has had six (6) complaints lodged against him with the Law Society of Singapore ("Law Society") in the course of his legal practice spanning 31 years. These complaints arose from acrimonious litigation matters and for three (3) of them in the context of contested discovery of documents. In 1992, a complaint was lodged against Mr Tan alleging that he was rude towards a director of the opposing party during the inspection of documents pursuant to a discovery order. The complaint did not proceed after investigations by the Inquiry Committee of the Law Society ("Inquiry Committee"). In 1994, a complaint was lodged against Mr Tan alleging that he had disclosed privileged information. The complaint was dismissed after investigations by the Inquiry Committee. In 2004, two (2) complaints were lodged against Mr Tan in the same suit relating to the alleged irregular attestation of an affidavit for discovery and purported breach of an alleged undertaking for a discovered tape recording. The complaints were dismissed after investigations by the Inquiry Committee. In August 2011, a complaint was lodged against Mr Tan for not applying for Grant of Probate relating to an estate matter (a matter upon which Mr Tan had no instruction from client to act) and not giving any reply to the complainant or his son (both of whom were not clients of Mr Tan). The complaint was dismissed after investigations by the Inquiry Committee. In April 2015, a fellow solicitor complained that Mr Tan had filed an affidavit on behalf of his client in an injunction application to restrain that solicitor and his firm from further acting in the matter without first allowing that solicitor or his firm to respond. The complaint was dismissed after investigations by the Inquiry Committee.

DIRECTORS' STATEMENT

The directors present their statement together with audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

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 pages 73 to 144 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, 2018, 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
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.

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 name of	•	Shareholdings in which director is deemed to have an interest		
	As at	As at	As at	As at	
	January 1,	December 31,	January 1,	December 31,	
	2018	2018	2018	2018	
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	98,166,250	12,714,200 ⁽²⁾	12,714,200 ⁽²⁾	
Ms. Ety Wiranto	12,714,200	12,714,200	97,816,250 ⁽³⁾	98,166,250 ⁽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 98,166,250 shares held by her spouse, Mr Tan Thuan Hor.

Mr Tan Thuan Hor and Ms Ety Wiranto are deemed to have an interest in the shares of the Company's subsidiary companies 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, 2019 were the same at December 31, 2018.

DIRECTORS' STATEMENT

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.

United Global Performance Share Plan 2016

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

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

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.

DIRECTORS' STATEMENT

5 **AUDIT COMMITTEE** (Continued)

In 2018, 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, 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.

DIRECTORS' STATEMENT

		RS

	The auditors	. Deloitte &	Touche LLP	. have expres	sed their willing	ness to	accept re-a	appointmen
--	--------------	--------------	------------	---------------	-------------------	---------	-------------	------------

ON BEHALF OF THE DIRECTORS		
Tan Thuan Hor		
Ety Wiranto		

March 29, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

Report on the Audit of 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, 2018, 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 73 to 144.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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, 2018, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED GLOBAL LIMITED

Key Audit Matters (Continued)

Key Audit Matter

How the audit matter was addressed in the audit

Recoverability of trade 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 expected credit losses (ECL), and where required, adjusts the level of impairment allowance. In respect of the Group's aged trade 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 ECL 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 ECL, including aging analysis of individual receivables by reference to their past default experience, factors that are specific to debtors and the general economic conditions of the industry the debtors operate in.

The Group has made disclosures on trade receivables in Note 6 to the financial statements.

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

- We obtained an understanding of the Group's control over the credit and collection process of its trade receivables; and
- For third party trade receivables overdue for more than 60 days, we evaluated management's loss allowance based on lifetime ECL. The ECL on trade receivables are estimated using the specific identification method by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

We have validated and are satisfied that the assumptions are within a reasonable range of our expectations and key management estimates adopted in setting up the allowance for doubtful debts at December 31, 2018.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED GLOBAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

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 corporations 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, 2019

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018

	Note	Dec 31, 2018 US\$'000	Group Dec 31, 2017 US\$'000	Jan 1, 2017 US\$'000	Dec 31, 2018 US\$'000	Company Dec 31, 2017 US\$'000	Jan 1, 2017 US\$'000
ASSETS							
Current assets							
Cash and bank balances	5	7,536	10,555	14,275	530	62	849
Trade receivables	6	18,531	19,064	12,761	-	_	_
Other receivables	7	3,319	586	319	9,134	10,181	8,517
Tax recoverable		713	239	_	-	-	_
Inventories	8	15,073	13,064	4,452			
Total current assets		45,172	43,508	31,807	9,664	10,243	9,366
Non-current assets							
Other receivables	7	1,000	2,000	_	_	_	_
Property, plant and equipment	9	10,328	8,135	2,243	271	296	_
Investment properties	10	1,855	1,936	_	_	_	_
Intangible assets	11	653	758	61	_	_	_
Investment in subsidiaries	23	_	_	_	14,251	13,831	5,640
Investment in joint ventures	12	569	179	78	_	_	_
Deferred tax assets	19	118	159	_	-	_	_
Total non-current assets		14,523	13,167	2,382	14,522	14,127	5,640
TOTAL ASSETS		59,695	56,675	34,189	24,186	24,370	15,006
LIABILITIES AND EQUITY							
Current liabilities							
Bank borrowings	13	7,145	8,930	2,986	-	_	_
Finance leases	14	37	57	_	33	32	_
Trade payables	15	4,818	6,659	7,575	-	_	_
Other payables	16	5,835	2,905	2,070	742	778	461
Amount due to director	17	2,240	2,240	2,240	-	_	_
Current tax payable		1,326	1,387	1,351	16	161	34
Total current liabilities		21,401	22,178	_16,222_	791_	971_	495
Non-current liabilities							
Bank borrowings	13	-	21	_	_	_	_
Finance leases	14	111	152	_	111	148	_
Retirement benefits obligations	18	476	437	_	_	_	_
Deferred tax liabilities	19	344	230	130	6	9	
Total non-current liabilities		931	840	130	117	157	

STATEMENTS OF FINANCIAL POSITION As at December 31, 2018

			Group			Company	
	Note	Dec 31, 2018 US\$'000	Dec 31, 2017 US\$'000	Jan 1, 2017 US\$'000	Dec 31, 2018 US\$'000	Dec 31, 2017 US\$'000	Jan 1, 2017 US\$'000
Equity							
Share capital	20	21,425	21,425	13,233	21,425	21,425	13,233
Merger reserve	21	(3,156)	(3,156)	(3,156)	-	_	_
Pension reserve	18	(7)	7	_	-	_	_
Translation reserve		(1,332)	(264)	_	-	_	_
Retained earnings		19,522	14,758	7,760	1,853	1,817	1,278
Equity attributable to owners							
of the Company		36,452	32,770	17,837	23,278	23,242	14,511
Non-controlling interests		911	887_				
Total equity		37,363	33,657	17,837	23,278	23,242	14,511
TOTAL LIABILITIES AND EQUITY		59,695	56,675	34,189	24,186	24,370	15,006

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the financial year ended December 31, 2018

			oup	
	Note	2018 US\$'000	2017 US\$'000	
Revenue	24	108,472	99,825	
Cost of sales		(87,992)	(81,318)	
Gross profit		20,480	18,507	
Other income	25	301	1,714	
Distribution cost		(2,902)	(2,470)	
Administrative expenses		(8,154)	(6,837)	
Other expenses	26	(81)	(40)	
Share of profit of joint ventures		38	7	
Finance costs	27	(264)	(277)	
Profit before tax	28	9,418	10,604	
Income tax expense	29	(1,738)	(1,353)	
Profit for the year		7,680	9,251	
Other comprehensive (loss) income: Item that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit obligations		(14)	4	
Item that may be reclassified subsequently to profit or loss Currency translation differences arising from consolidation		(1,125)	(272)	
Other comprehensive loss, net of tax		(1,139)	(268)	
Total comprehensive income for the year		6,541	8,983	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended December 31, 2018

		Group			
ľ	lote	2018	2017		
		US\$'000	US\$'000		
Profit attributable to:					
Equity holders of the Company		7,599	9,172		
Non-controlling interests		81	79		
		7,680	9,251		
Total comprehensive income attributable to:					
Equity holders of the Company		6,517	8,915		
Non-controlling interests		24	68		
		6,541	8,983		
Basic and diluted earnings per share (US\$ cents)	32	2.4	3.1		

STATEMENTS OF CHANGES IN EQUITY For the financial year ended December 31, 2018

	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
Balance at January 1, 2017		13,233	(3,156)		_	7,760	17,837	-	17,837
Profit for the year		_	_	_	_	9,172	9,172	79	9,251
Other comprehensive income (loss)				7	(264)		(257)	(11)	(268)
Total comprehensive income for the year				7	(264)	9,172	8,915	68	8,983
for the year					(204)	9,172			0,963
Transaction with owners, recognised directly in equity: Dividends paid to owners									
of the Company	22	_	_	_	_	(2,174)	(2,174)	_	(2,174)
Arising from acquisition									
of subsidiary	33	_	_	_	-	-	-	819	819
Issue of shares pursuant to acquisition of subsidiary	20	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
Balance at January 1, 2018		21,425	(3,156)	7	(264)	14,758	32,770	887	33,657
Profit for the year		_	_	_	_	7,599	7,599	81	7,680
Other comprehensive income (loss)				(14)	(1,068)		(1,082)	(57)	(1,139)
Total comprehensive income for the year				(14)	(1,068)_	7,599	6,517	24	6,541
Transaction with owners, recognised directly in equity:									
Dividends paid to owners of the Company	22					(2,835)	(2,835)		(2,835)
Balance as at December 31, 2018		21,425	(3,156)	(7)	(1,332)	19,522	36,452	911	37,363

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY For the financial year ended December 31, 2018

	Note	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Company				
Balance at January 1, 2017		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 Issue of shares pursuant to acquisition of subsidiary	22 20	 8,192	(2,174)	(2,174) 8,192
Balance at December 31, 2017		21,425	1,817	23,242
Balance at January 1, 2018		21,425	1,817	23,242
Profit for the year, representing total comprehensive income for the year		-	2,871	2,871
Transaction with owners, recognised directly in equity:				
Dividends paid to owners of the Company	22		(2,835)	(2,835)
Balance at December 31, 2018		21,425	1,853	23,278

CONSOLIDATED STATEMENT OF CASH FLOWS For the financial year ended December 31, 2018

	2018 US\$'000	2017 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,418	10,604
Adjustments for:		
Share of profit of joint ventures	(38)	(7)
Depreciation of property, plant and equipment	774	404
Depreciation of investment properties	62	40
Gain on disposal of property, plant and equipment	(13)	(4)
Amortisation of intangible assets	105	52
Gain on bargain purchase	_	(1,358)
Interest expense	264	277
Interest income	(52)	(79)
Impairment loss recognised on trade receivables	50	
Operating cash flows before movements in working capital	10,570	9,929
Trade receivables	482	2,388
Other receivables	(733)	368
Trade payables	(1,842)	(10,744)
Other payables (Note A)	164	432
Inventories	(2,009)	4,108
Eash generated from operations	6,632	6,481
ncome tax paid	(2,117)	(1,738)
nterest received	52	79
nterest paid	(264)	(277)
let cash from operating activities	4,303	4,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	_	(14)
Proceeds from disposal of property, plant and equipment	115	72
rurchase of property, plant and equipment (Note A)	(693)	(853)
Purchase of investment properties	(107)	(5)
Acquisition of subsidiary	-	(3,288)
Acquisition of investment in joint venture	(352)	(94)
Advances to joint venture	(1,000)	(2,000)
Net cash used in investing activities	(2,037)	(6,182)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended December 31, 2018

	2018 US\$'000	2017 US\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	30,809	31,457
Repayment of bank borrowings	(32,614)	(31,231)
Repayments of obligation under finance leases	(61)	(10)
(Increase) Decrease in pledged fixed deposits	(20)	611
Dividends paid	(2,835)	(2,174)
Net cash used in financing activities	(4,721)	(1,347)
Net decrease in cash and cash equivalents	(2,455)	(2,984)
Effect of exchange rate changes on cash and cash equivalents	(584)	(125)
Cash and cash equivalents at beginning of year	9,119	12,228
Cash and cash equivalents at end of year (Note 5)	6,080	9,119

Note A

In 2018, the Group acquired plant and equipment with an aggregate cost of US\$3,460,000 (2017: US\$1,031,000) of which US\$2,767,000 (2017: US\$178,000) is unpaid at the end of the year. Cash payments of US\$693,000 (2017: US\$853,000) were made to purchase plant and equipment.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

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 23.

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, 2018 were authorised for issue by the Board of Directors on March 29, 2019.

2 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s"). 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 SFRS(I) 2 Share-based Payments, leasing transactions that are within the scope of SFRS(I) 1-17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value in use in SFRS(I) 1-36 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADOPTION OF NEW AND REVISED STANDARDS — The Group and the Company adopted the new financial reporting framework — Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards* (*International*) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at the 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. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are not presented for equity as at the date of transition (January 1, 2017) and as at the end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017) as there were no changes compared to amounts previously reported.

There is no change to the Group's and the Company's previous accounting policies under Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15, which are effective at the same time.

Standards issued but not effective

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

- SFRS(I) 16 Leases¹
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments¹
- Applies to annual periods beginning on or after January 1, 2019

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective (Continued)

SFRS(I) 16 Leases (Continued)

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 31). 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.

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 19). 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.

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

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective (Continued)

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

- 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective (Continued)

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 SFRS(I) 9, 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 ventures 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective (Continued)

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

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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) 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 SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 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 SFRS(I) 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 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 SFRS(I).

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 INSTRUMENTS — Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective (Continued)

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'administrative expenses' line item.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using the specific identification method based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate, and consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Definition of default

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

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

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

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

The Group as lessee (Continued)

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.

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 properties
Machinery and equipment
Motor vehicles
Office equipment
Renovation

Over its lease period 10 10 5 to 10 10

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

The Group as lessee (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

The Group as lessee (Continued)

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

The Group as lessee (Continued)

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.

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 SFRS(I) 9 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 SFRS(I) 1-36 *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 SFRS(I) 1-36 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

The Group as lessee (Continued)

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.

Government grants whose primary condition is that the group should purchase, construct or otherwise acquire noncurrent assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

REVENUE RECOGNITION — Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Sale of goods

The Group manufactures and sells lubricants, petroleum, oil based products, base oils and additives to customers. Revenue is recognised when control of the goods has transferred, in accordance with the shipping terms agreed with customers. Payment of the transaction price is due based on the agreed credit terms at the point the customer purchases the goods.

Under the Group's standard contract terms, customers do not have a right of return of the goods.

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.

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Sale of goods (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Sale of goods (Continued)

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, 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 impairment loss on trade receivables

Management monitors and assesses the Group's expected credit losses (ECL), and where required, adjusts the level of impairment allowance. In respect of the Group's aged trade 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 ECL requires the use of significant amount of estimates by management based on the general market conditions and profiles of the individual customers by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

If there is objective evidence that a loss allowance on aged trade receivables should be recognised, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. Details of the allowance for loss allowance on aged trade receivables are disclosed in Note 6 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 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:

	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Financial assets Amortised cost	29,152	31,645	27,165
Financial liabilities Amortised cost	19,893	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) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

- (b) Financial risk management policies and objectives (Continued)
 - (i) Overview of the Group's exposure to credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(i) Overview of the Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount ⁽ⁱ⁾ US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Group							
December 31, 2018							
Cash and bank balances	5	n.a	Performing	12m ECL	7,536	-	7,536
Trade receivables	6	n.a	(i)	Lifetime ECL	18,631	(100)	18,531
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	3,085	-	3,085
December 31, 2017							
Cash and bank balances	5	n.a	Performing	12m ECL	10,555	-	10,555
Trade receivables	6	n.a	(i)	Lifetime ECL	19,245	(181)	19,064
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	2,027	-	2,027
January 1, 2017							
Cash and bank balances	5	n.a	Performing	12m ECL	14,275	-	14,275
Trade receivables	6	n.a	(i)	Lifetime ECL	12,811	(50)	12,761
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	129	-	129

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(i) Overview of the Group's exposure to credit risk (Continued)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount ⁽ⁱ⁾ US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Company							
December 31, 2018							
Cash and bank balances	5	n.a	Performing	12m ECL	530	-	530
Trade receivables	6	n.a	(i)	Lifetime ECL	_	_	_
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	9,075	-	9,075
December 31, 2017							
Cash and bank balances	5	n.a	Performing	12m ECL	62	-	62
Trade receivables	6	n.a	(i)	Lifetime ECL	_	_	_
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	10,123	-	10,123
January 1, 2017							
Cash and bank balances	5	n.a	Performing	12m ECL	849	_	849
Trade receivables	6	n.a	(i)	Lifetime ECL	_	-	_
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	8,495	-	8,495

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a using specific identification, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of specific identification.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(i) Overview of the Group's exposure to credit risk (Continued)

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. Three debtors (2017: Two debtors), accounted for approximately 32% (2017: 37%) of total trade receivables as at December 31, 2018. The internal credit risk rating for all three debtors (2017: Two debtors) are "Performing" (2017: "Performing"). 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 6 and 7 respectively.

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

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

Interest rate sensitivity

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

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended December 31, 2018 would increase/decrease by US\$36,000 (2017: US\$45,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(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:

	December 31, 2018 US\$'000	Assets December 31, 2017 US\$'000	January 1, 2017 US\$'000
Singapore dollars	737	786	3,375
United States dollars Malaysian ringgit	1,348 132	413 73	88
	December 31, 2018 US\$'000	Liabilities December 31, 2017 US\$'000	January 1, 2017 US\$'000
Singapore dollars United States dollars	5,909 15,258	5,836 13,154	3,877
Malaysian ringgit	52	69	22

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(iii) Foreign currency risk management (Continued)

	Group		
	2018 US\$'000	2017 US\$'000	
Profit before tax – increase (decrease)			
Singapore dollars – strengthened by 5% – weakened by 5%	(259) 259	(252) 252	
United States dollars – strengthened by 5% – weakened by 5%	(695) 695	(637) 637	
Malaysian ringgit – strengthened by 20% – weakened by 20%	16 (16)	1 (1)	

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) <u>Liquidity risk management</u>

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(iv) Liquidity risk management (Continued)

Non-derivative financial assets (Continued)

	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, 2018					
Non-interest bearing Variable interest rate Total	1.48	26,627 1,548 28,175	1,000	(23) (23)	27,627 1,525 29,152
December 31, 2017					
Non-interest bearing Variable interest rate Total	_ 0.75	28,135 1,521 29,656	2,000	(11)	30,135 1,510 31,645
January 1, 2017					
Non-interest bearing Variable interest rate Total	_ 0.77	20,615 6,600 27,215		(50) (50)	20,615 6,550 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

(iv) Liquidity risk management (Continued)

Non-derivative financial liabilities (Continued)

	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, 2018					
Non-interest bearing Variable interest rate Fixed interest rate Total	- 3.06 2.77	12,600 7,364 37 20,001	_ 115 115	(219) (4) (223)	12,600 7,145 148 19,893
<u>December 31, 2017</u>					
Non-interest bearing Variable interest rate Fixed interest rate Total	- 1.88 3.13	11,317 9,098 59 20,474	21 157 178	(168) (7) (175)	11,317 8,951 209 20,477
January 1, 2017					
Non-interest bearing Variable interest rate Total	- 1.88	11,330 3,042 14,372	- - -	– (56) (56)	11,330 2,986 14,316

(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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(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, 2018 and 2017.

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

5 CASH AND BANK BALANCES

		Group			Company	
	December 31,	•	January 1,	December 31,	•	January 1,
	2018 US\$'000	2017 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2017 US\$'000
Cash and bank balances	6,011	9,045	7,725	530	62	849
Fixed deposits	1,525	1,510	6,550			
	7,536	10,555	14,275	530	62	849
Less: Restricted cash	(1,456)	(1,436)	(2,047)			
Cash and cash equivalents per consolidated statements						
of cash flows	6,080	9,119	12,228	530	62	849

Fixed deposits placed with banks bore interest at weighted effective interest rate of 1.48% (2017: 0.75%) per annum and maturity dates ranging from 90 to 365 days (2017: 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 13).

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

6 TRADE RECEIVABLES

	Group				
	December 31,	December 31,	January 1,		
	2018	2017	2017		
	US\$'000	US\$'000	US\$'000		
Third parties Related parties ⁽¹⁾ (Note 30)	18,034	19,079	9,418		
	597	166	3,393		
Less: Impairment loss recognised on trade receivable	18,631	19,245	12,811		
	(100)	(181)	(50)		
	18,531	19,064	12,761		

⁽¹⁾ Included amounts due from joint ventures, Taiwan United Oil Co., Ltd, United Oil Australia Pty Ltd and M-TechX United Pte Ltd of US\$597,000 (2017: US\$166,000).

The credit period on revenue on sales of goods is 14 to 90 days (2017: 14 to 90 days). No interest is charged on outstanding receivables. Loss allowance for trade receivables are estimated using specific identification by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change to the estimation techniques or significant assumptions made during the current reporting period.

A trade receivables is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

6 TRADE RECEIVABLES (Continued)

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

		Group	
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Not past due nor impaired ⁽¹⁾	13,106	14,660	11,814
Past due but not impaired ⁽²⁾	5,425	4,404	947
	18,531	19,064	12,761
Impaired receivables ⁽³⁾	100	181	50
Less: Impairment loss recognised on trade receivable	(100)	(181)	(50)
Total trade receivables, net	18,531	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:

		Group				
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000			
< 3 months	4,423	4,100	808			
4 month to 6 months	428	26	-			
> 6 months	574	278	139			
	5,425	4,404	947			

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

As at December 31, 2018, the Group recognised an impairment loss on trade receivable of US\$100,000 (2017 : US\$181,000) through specific identification method of ECL on the entire outstanding receivables.

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

6 TRADE RECEIVABLES (Continued)

Movement of impairment loss recognised on trade receivable:

	Group				
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000		
Balance at beginning of the year	181	50	_		
Charge to profit or loss during the year	50	_	50		
Amount arising from acquisition of subsidiary(a)	_	131	_		
Amount written off during the year	(124)	_	_		
Translation difference	(7)				
Balance at end of the year	100	181	50		

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

7 **OTHER RECEIVABLES**

	Group			Company			
	December 31,	December 31,	January 1,	December 31,	December 31,	January 1,	
	2018	2017	2017	2018	2017	2017	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Current							
Advance payment to suppliers	589	474	157	_	_	_	
Advance due from subsidiary	-	_	_	9,075	10,123	8,495	
Government grant	-	_	124	_	_	_	
Loan receivable ^(a)	2,000	_	_	_	_	_	
Other receivable	68	15	2	_	_	_	
Prepayments	105	85	33	59	58	22	
Deposits	17	12	3	-	-	_	
Non-corporate tax							
recoverable	540						
	3,319	586	319	9,134	10,181	8,517	
Non-current							
Loan receivable ^(a)	1,000	2,000	_			_	

The loan receivable is due from a joint venture company, M-TechX United Pte Ltd. The loan is interest free, repayable in 2019 (current) and (a) 2020 (non-current), and secured by personal guarantee of one of the shareholders of the joint venture's holding company.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

7 OTHER RECEIVABLES (Continued)

For purpose of impairment assessment, the other receivables are considered to have low credit risk as the Company is able to exert its influence over the timing of repayment and there has been no significant increase in the risk of default on the amounts due from related parties since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

8 INVENTORIES

Group				
December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000		
11,952	9,775	3,939		
94	229	115		
3,027	3,060	398		
15,073	13,064	4,452		
	2018 US\$'000 11,952 94 3,027	December 31, December 31, 2018 2017 US\$'000 US\$'000 11,952 9,775 94 229 3,027 3,060		

The cost of inventories recognised as expense and included in profit or loss amounted to US\$84,524,000 (2017: US\$78,825,000).

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

		Machinery					
	Leasehold	and	Motor	Office		Construction	
	properties US\$′000	equipment US\$′000	vehicles US\$'000	equipment US\$'000	Renovation US\$'000	in progress US\$′000	Total US\$'000
ost:							
At January 1, 2017	1,500	970	865	159	443	307	4,244
Additions	79	420	340	48	9	138	1,031
Acquisition of subsidiary	5,707	755	896	141	I	_	7,567
Disposals	I	(4)	(292)	I	I	I	(596)
Exchange differences	(117)	(13)	(16)	(2)	ı	(1)	(149)
At December 31, 2017	7,169	2,128	1,860	346	449	445	12,397
Additions	427	2,753	110	112	7	51	3,460
Disposals	(70)	(9)	(78)	(4)	I	I	(158)
Written-off	I	(25)	I	(2)	(69)	I	(68)
Reclassification	(302)	735	28	(2)	23	(476)	I
Exchange differences	(366)	(96)	(62)	(11)	1	(7)	(542)
At December 31, 2018	6,855	5,489	1,858	433	420	13	15,068

6

PROPERTY, PLANT AND EQUIPMENT

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

		Machinery					
	Leasehold	and	Motor	Office		Construction	
	properties US\$′000	equipment US\$'000	vehicles US\$′000	equipment US\$'000	Renovation US\$'000	in progress US\$'000	Total US\$'000
Accumulated depreciation:							
At January 1, 2017	499	675	541	126	160	I	2,001
Depreciation	152	104	100	13	35	I	404
Disposals	I	(4)	(224)	I	I	I	(228)
Acquisition of subsidiary	1,110	460	474	9/	I	I	2,120
Exchange differences	(19)	(7)	(8)	(1)	1	I	(32)
At December 31, 2017	1,742	1,228	883	214	195	I	4,262
Depreciation	246	325	136	30	37	I	774
Disposals	(4)	(9)	(46)	#	I	I	(26)
Written-off	I	(25)	I	(5)	(69)	I	(68)
Reclassification	(17)	89	(20)	(1)	I	I	I
Exchange differences	(81)	(33)	(32)	(5)	1	1	(151)
At December 31, 2018	1,886	1,557	891	233	173	1	4,740
Carrying amount:							
At December 31, 2018	4,969	3,932	296	200	247	13	10,328
At December 31, 2017	5,427	006	977	132	254	445	8,135
At January 1, 2017	1,001	295	324	33	283	307	2,243

Denotes less than US\$1,000.

Group (Continued)

PROPERTY, PLANT AND EQUIPMENT (Continued)

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

The leasehold property, with carrying amount of US\$940,000 (2017: US\$971,000) is under legal mortgage to secure banking facilities granted to the Group (Note 13).

Motor vehicles with carrying amount of US\$271,000 (2017: US\$296,000) are secured for finance leases granted to the Group (Note 14).

Motor vehicles with carrying amount of US\$403,000 (2017: US\$446,000) are registered and held in the names of directors, in trust for the Group.

Particulars of the leasehold properties are as follows:

	Tenure of	Term of				
Address of properties	properties	leases	Existing use		arrying val	
				Dec 31, 2018	Dec 31, 2017	Jan 1,
				US\$'000	US\$'000	2017 US\$'000
Property, plant and equipment					·	<u> </u>
14 Tuas Drive 2, Singapore 638647	Leasehold	60 years from 1990 to 2050	Manufacturing of oil-based products	940	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	4,029	4,456	-
Investment properties (Note 10)						
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	20 years from 2016 to 2036	Investment properties, Warehouse	192	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	30 years from 2015 until 2045	Investment properties	689	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	974	1,057	-

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Motor vehicles US\$'000
Cost:	
At January 1, 2017	_
Additions	298
At December 31, 2017 and December 31, 2018	298
Accumulated depreciation:	
At January 1, 2017	_
Depreciation	2
At December 31, 2017	2
Depreciation	25
At December 31, 2018	27
Carrying amount:	
At December 31, 2018	271
At December 31, 2017	296
At January 1, 2017	

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

10 **INVESTMENT PROPERTIES**

Group	Leasehold land US\$'000	Office commercial buildings US\$'000	Total US\$'000
Cost:			
At January 1, 2017	-	-	-
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
Additions	107	_	107
Reclassification	126	(126)	_
Exchange differences	(31)	(106)	(137)
At December 31, 2018	641	1,422	2,063
Accumulated depreciation:			
At January 1, 2017	_	_	_
Depreciation	4	36	40
Acquisition of subsidiary	11	107	118
Exchange differences		(1)	(1)
At December 31, 2017	15	142	157
Depreciation	27	35	62
Reclassification	(14)	14	_
Exchange differences	#	(11)	(11)
At December 31, 2018	28	180	208
Carrying amount:			
At December 31, 2018	613	1,242	1,855
At December 31, 2017	424	1,512	1,936
At January 1, 2017			_

Denotes less than US\$1,000.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

10 INVESTMENT PROPERTIES (Continued)

The Group's investment property with a carrying amount of US\$689,000 (2017: US\$685,000) is mortgaged to secure the Group's bank loans (Note 13).

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\$1,880,000 (2017: US\$2,005,000) as of December 31, 2018, 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 US\$187,000 (2017: US\$88,000). Direct operating expenses arising from the rental-generating investment properties amounted to US\$81,000 (2017: US\$40,000).

Particulars of the investment properties are disclosed in Note 9.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

11 INTANGIBLE ASSETS

	Club membership US\$'000	Customer relationships US\$'000	Total US\$'000
Group			
Cost:			
At January 1, 2017	61	_	61
Additions	14	_	14
Acquisition of subsidiary		735	735
At December 31, 2017 and 2018	75	735	810
Accumulated amortisation:			
At January 1, 2017	_	_	_
Additions		52	52
At December 31, 2017	_	52	52
Additions		105	105
At December 31, 2018		157	157
Carrying amount:			
At December 31, 2018	75	578	653
At December 31, 2017	75	683	758
At January 1, 2017	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.

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

INVESTMENT IN JOINT VENTURES 12

Group

	December 31,	December 31,	January 1,
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost Share of post-acquisition profit, net dividend received	524	172	78
	45	7	-
	569	179	78

Details of the Group's joint ventures at December 31, 2018 are as follow:

Name of joint ventures/ Place of incorporation and operation	Principal activity	owne	ective It and eld	
		Dec 31, 2018 %	Dec 31, 2017 %	Jan 1, 2017 %
Joint ventures				
Taiwan United Oil Co., Ltd ⁽¹⁾ , Republic of China ("Taiwan")	Distributing lubricants	35	35	35
Lighthouse United Oil Joint Operation ⁽¹⁾ , Myanmar	Distributing lubricants	50	50	-
M-TechX United Pte Ltd ⁽¹⁾ , Singapore	Manufacturing and distributing nano-fibre products	40	40	-
United Oil Australia Pty Ltd ⁽¹⁾ , Australia	Distributing lubricants	35	_	-
United Fuels Alliance Pte Ltd ⁽²⁾ , Singapore	Trading of fuels and related products	45	-	-

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

⁽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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

12 INVESTMENT IN JOINT VENTURES (Continued)

Summarised of aggregate information of joint ventures that are not individually material are set out below:

		Group	
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
The Group's share of profit	38	7	_
The Group's share of total comprehensive income	38	7	_
Aggregate carrying amount of the Group's interests			
in these joint ventures	569	179	78

13 BANK BORROWINGS

		Group	
	December 31,	December 31,	January 1,
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Bills payable	-	1,283	626
Trust receipts	4,161	4,529	960
Revolving loan	2,965	2,995	1,400
Term loan	19	144	
	7,145	8,951	2,986
Payable:			
Within one year	7,145	8,930	2,986
In the second year		21	
	7,145	8,951	2,986

In 2017, bills payable are secured by the first legal mortgage on the Group's leasehold properties (Note 9), bore interest at rates ranging from 1.9% to 2.7% per annum and are repayable within 2 months.

Trust receipts are secured by fixed deposits with the bank (Note 5), bore interest at rates ranging from 3.4% to 3.5% (2017: 2.0% to 2.4%) per annum and are repayable within 2 months (2017: 2 months).

Revolving loan is secured by the existing charge on fixed deposits with the bank (Note 5). It bore interest at rates ranging from 2.7% to 3.3% (2017: 1.9% to 2.5%) 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 10). 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, 2018, the Group had available US\$22 million (2017: US\$15 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

There is no non-cash changes in the Group's liabilities arising from financing activities.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

14 FINANCE LEASES

	Mini	laasa nau			Present value of	
		mum lease paym December 31, 2017 US\$'000	January 1, 2017 US\$'000		mum lease paym December 31, 2017 US\$'000	January 1, 2017 US\$'000
Group						
Amounts payable under finance leases: Within one year	44	68	_	37	57	_
In the second to fifth years inclusive	120	167		111	152	
Less: Future finance	164	235	-	148	209	-
charges	(16)	(26)		N/A	N/A	
Present value of lease obligations	148	209		148	209	_
Less: Amounts due for settlement within 12 months (shown under current liabilities)				(37)	(57)	
Amount due for settlement after 12 months (shown under				(37)	(57)	
non-current liabilities)				111	152	

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

14 FINANCE LEASES (Continued)

				I	Present value of	
	Minii	mum lease paym	ents	miniı	mum lease paym	ents
	December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
	2018	2017	2017	2018	2017	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company						
Amounts payable under						
finance leases:						
Within one year	40	41	_	33	32	-
In the second to						
fifth years inclusive	120	163		111	148	
	160	204	_	144	180	_
Less: Future finance						
charges	(16)	(24)		N/A	N/A	
Present value of						
lease obligations	144	180	_	144	180	_
J						
Less: Amounts due for settlement within 12 months (shown under current liabilities)				(33)	(32)	
				(55)	(32)	
Amount due for settlement after 12 months (shown under						
non-current liabilities)				111	148	

The Group and Company has finance leases for certain items of machinery and equipment and motor vehicles (Note 9). These leases have no terms of renewal, purchase options and escalation clauses.

For the year ended December 31, 2018, the average effective borrowing rates for the Group and Company were 2.77% and 2.68% per annum (2017: 3.13% and 2.30%), respectively. The finance leases mature between 2020 to 2022.

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.

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

15 **TRADE PAYABLES**

		Group	
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Third parties	4,775	6,659	6,326
Related parties (Note 30)	43		1,249
	4,818	6,659	7,575

The credit period granted by third parties are 30 to 60 days (2017: 30 to 60 days).

OTHER PAYABLES 16

		Group			Company	
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Accruals	2,181	2,027	1,351	520	725	369
Advance payment						
from customers	197	384	452	-	_	_
Amount due to						
subsidiaries	-	_	_	185	_	_
Amount due to a						
related party ⁽¹⁾	2,766	_	_	-	_	_
Deferred grant income	96	103	103	-	_	_
Deposit received	18	10	5	-	_	_
Other payables	577	381	159	37	53	92
	5,835	2,905	2,070	742	778	461

Included an amount due to joint venture, M-TechX United Pte Ltd of US\$2,766,000 (2017: Nil).

17 **AMOUNT DUE TO DIRECTOR**

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

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

18 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 were calculated using the following assumptions:

	Gro	Group		
	2018	2017		
Pension age	55 years	55 years		
Salary increment rate	10% per annum	10% per annum		
Discount rate	8% per year	7% per year		
Working period	Assumed that all	employees work		
	until retire	until retirement age		

The Group provided an allowance for estimated liabilities for employees' benefits amounting to US\$476,000 (2017: US\$437,000) as of December 31, 2018. 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 charge or credit recognised in other comprehensive income in the period in which they occur.

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

		Group	
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017
Retirement benefits obligations at beginning of the year	437	_	_
Arising from acquisition of subsidiary	-	417	_
Service cost charged for the year	80	24	_
Expected benefit payment	(30)	_	_
Actuarial gains during the year	14	(4)	_
Translation difference	(25)		
Retirement benefits obligations at end of the year	476	437	_

NOTES TO FINANCIAL STATEMENTS

As at December 31 2018

19 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:

			Fair				
		Accelerated	valuation of		Retirement		
	Unremitted	tax	intangible	Unutilised	benefits	Provision	
	earnings	depreciation	assets	tax benefits	obligations	and others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
At January 1, 2017	_	130	_	_	_	_	130
Acquisition of a subsidiary Charged (Credited) to	-	_	179	_	-	(85)	94
profit or loss	55	65	(13)	(203)	(109)	52	(153)
At December 31, 2017 Charged (Credited) to	55	195	166	(203)	(109)	(33)	71
profit or loss	57	54	(26)	48	(10)	32	155
At December 31, 2018	112	249	140	(155)	(119)	(1)	226
Company							
At January 1, 2017	-	-	_	-	_	_	_
Charged to profit or loss						9	9
At December 31, 2017	_	_	_	_	_	9	9
Credited to profit or loss						(3)	(3)
At December 31, 2018						6	6

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	
		December 31,	January 1,			January 1,
	2018 US\$'000	2017 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2017 US\$'000
Deferred tax liabilities	344	230	130	6	9	_
Deferred tax assets	(118)	(159)				
	226	71	130	6	9	

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

19 **DEFERRED TAXATION** (Continued)

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\$2,075,000 (2017: 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.

20 SHARE CAPITAL

	Group and Company Number of		
	ordinary shares	US\$'000	
Issued and paid up:			
At January 1, 2017	282,812,360	13,233	
Issue of shares pursuant to acquisition of subsidiary(i)	33,399,000	8,192	
At December 31, 2017 and December 31, 2018	316,211,360	21,425	

⁽i) In 2017, 33,399,000 of new ordinary shares were issued for the acquisition of subsidiary (Note 33), 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.

21 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

22 DIVIDENDS

	Group and	Group and Company		
	2018	2017		
	US\$'000	US\$'000		
Paid final tax exempt (one-tier) dividend 0.7 Singapore				
cents (2016: 0.5 Singapore cents) per ordinary share in respect				
of the financial year ended December 31, 2017	1,676	1,013		
Paid interim tax exempt (one-tier) dividend of				
0.5 Singapore cents (2017: 0.5 Singapore cents)				
per ordinary share in respect of the financial year				
ended December 31, 2018 (2017)	1,159	1,161		
	2,835	2,174		

Subsequent to the end of the reporting period, the directors of the Company proposed a final tax exempt (one-tier) dividend of 0.5 Singapore cent per ordinary share amounting to approximately US\$1,159,000 for the year ended December 31, 2018. The dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 1-10 Events After the Reporting Period.

23 INVESTMENT IN SUBSIDIARIES

		Company	
	December 31,	December 31,	January 1,
	2018	2017	2017
	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost	14,251	13,831	5,640

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

23 **INVESTMENT IN SUBSIDIARIES** (Continued)

Details of the Group's subsidiaries at December 31, 2018 are as follows:

Name of Subsidiaries	Principal activity	Country of incorporation and operation		ffective equity nterest of the Group Dec 31, 2017 %	
United Oil Company Pte.Ltd. ^(a)	Manufacturing and distribution of petroleum and oil-based products	Singapore	100	100	100
PT Pacific Lubritama Indonesia ^(b)	Manufacturing and process of base oils, additives and lubricants	Indonesia	95	95	-
United Innovations Company Pte Ltd ^{(a)(d)}	Investment holding	Singapore	100	-	-
United Fuels Company Pte Ltd ^{(a)(d)}	Investment holding	Singapore	100	-	_
United Renewables Company Pte Ltd ^{(a)(d)}	Investment holding	Singapore	100	-	-
Ichiro Corporation Co., Ltd ^{(c)(d)}	Manufacturing and distribution of petroleum and oil-based products	Japan	100	-	-

Notes:

- Audited by Deloitte & Touche LLP, Singapore. (a)
- (b) Audited by overseas practice of Deloitte Touche Tohmatsu Limited.
- (c) Not audited as not considered material.
- Incorporated during the year in 2018. (d)

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

24 REVENUE

	Gr	Group		
	2018	2017		
	US\$'000	US\$'000		
Manufacturing	105,032	79,477		
Trading	3,440	20,348		
Sale of goods, at a point in time	108,472	99,825		

25 OTHER INCOME

	Gro	Group		
	2018	2017		
	US\$'000	US\$'000		
Interest income	52	79		
Government grants	41	61		
Gain on bargain purchase (Note 33)	-	1,358		
Rental income (Note 10)	187	88		
Others	21	128		
	301	1,714		

26 OTHER EXPENSES

Other expenses comprise of depreciation of investment properties.

27 FINANCE COSTS

	Group	
	2018 US\$'000	2017 US\$'000
Interest on hire purchases	8	-
Interest on term loans and revolving credits	87	145
Interest on bills payables and trust receipts	169	132
	264	277

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

28 PROFIT BEFORE TAX

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

	Group	
	2018	2017
	US\$'000	US\$'000
Employee benefits expense		
(including directors' remuneration):		
Defined contribution plans	281	282
Director fee	150	171
Salaries and bonus	3,925	3,438
Other employee benefits	445	494
Directors' remuneration	1,182	1,391
Post-employment benefits	80	24
Total employee benefits expense	6,063	5,800
Impairment loss recognised on trade receivable	50	_
Audit fee paid to auditors of the Group	97	98
Non-audit fee paid to auditors of the Group	6	11
Gain on disposal of plant and equipment	(13)	(4)
Foreign exchange loss, net	788	293
Depreciation of property, plant and equipment	774	404
Depreciation of investment properties	62	40
Amortisation of intangible assets	105	52

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

29 INCOME TAX EXPENSE

	Gro	Group	
	2018 US\$'000	2017 US\$'000	
Current tax	1,517	1,612	
Under/(over) provision of current tax in prior years	66	(106)	
Deferred tax	155	(167)	
Under provision of deferred tax in prior years		14	
Total tax expense	1,738	1,353	

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year.

	Gro	Group	
	2018 US\$'000	2017 US\$'000	
Profit before income tax	9,418	10,604	
1.	4.504	4.000	
Income tax expense calculated at 17%	1,601	1,803	
Under/(over) provision of current tax in prior years	66	(106)	
Non-deductible expenses	100	64	
Non-taxable income	-	(156)	
Tax incentive	(128)	(229)	
Tax exemption	(56)	(39)	
Unused investment tax credit	(101)	(203)	
Underprovision of deferred tax in prior years	-	14	
Effect of different tax rates of subsidiaries operating			
in other jurisdictions	177	167	
Others	79	38	
	1,738	1,353	

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

30 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:

	2018 US\$'000	2017 US\$'000
Transactions with companies in which		
directors have significant influence over:		
Sales of goods, services and rental income	65	17,319
Purchases of goods, services and rental cost	(345)	(2,273)
Purchases of plant and machinery from a joint venture	2,766	_
Professional fee paid/payable to affiliates of		
an independent director	(18)	(35)

In 2017, the Group also acquired a subsidiary from related parties (Note 33).

Compensation of directors and key management personnel

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

	2018 U\$\$'000	2017 US\$'000
Short term benefits	2,963	2,803
Post-employment benefits	93	90
Total	3,056	2,893

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

31 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:

	2018 US\$'000	2017 US\$'000
Within one year	213	148
Within two to five years	488	352
	701	500

The Group as lessee

	2018 US\$'000	2017 US\$'000
Minimum lease payments under operating leases recognised as an expense during the year	185	393

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

	2018 US\$'000	2017 US\$'000
Within one year	116	169
Within two to five years	473	487
After five years	3,185	3,513
	3,774	4,169

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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

32 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:

	2018 US\$'000	2017 US\$'000
<u>Earnings</u>		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	7,599	9,172
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share ⁽ⁱ⁾	316,211,000	297,911,000
Earnings per share, US\$ (cents) – basic	2.4	3.1

⁽i) The weighted average number of ordinary shares of the Group for the year ended December 31, 2017 and 2018 is based on weighted average number of new shares issued pursuant to the acquisition of subsidiary in 2017.

There were no dilutive potential ordinary shares outstanding for 2018 and 2017.

33 ACQUISITION OF SUBSIDIARY

In 2017, 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 20)	8,192
	14,211

NOTES TO FINANCIAL STATEMENTS As at December 31, 2018

ACQUISITION OF SUBSIDIARY (Continued) 33

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 obligations	(417)
Deferred tax liabilities	(94)
Net assets acquired and liabilities assumed	16,388
Less: Non-controlling interests ^(a) Less: Gain on bargain purchase arising from acquisition, recognised in the	(819)
Consolidated Statement of Profit or Loss and Other Comprehensive Income ^(b)	(1,358)
Consideration transferred	14,211

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

33 ACQUISITION OF SUBSIDIARY (Continued)

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.

34 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 2 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.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

34 SEGMENT INFORMATION (Continued)

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

Based on the management reporting to CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information. Segment information about the Group's reportable segment is presented on the next page.

Segment revenues and results

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

	Manufacturing Trading		То	tal		
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Total revenue	105,032	79,477	3,440	20,348	108,472	99,825
Segment results	20,147	17,097	333	1,410	20,480	18,507
Impairment loss recognised on trade receivable Amortisation of					(50)	-
intangible assets					(105)	(52)
Depreciation of plant and equipment (excluding						
machinery)					(166)	(113)
Gain on disposal of plant and equipment					13	4
Gain on bargain purchase					15	1,358
Interest income					52	79
Finance costs					(264)	(277)
Other unallocated expenses					(10,542)	(8,902)
Profit before tax					9,418	10,604
Income tax expense					(1,738)	(1,353)
Profit for the year					7,680	9,251

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2018

34 SEGMENT INFORMATION (Continued)

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:

	2018	2017
	US\$'000	US\$'000
Based on location of customers		
Indonesia	42,834	41,171
Singapore	18,018	14,939
Other Asian countries	13,004	11,964
Greater China	11,832	11,818
Oceania countries	8,175	8,074
Malaysia	9,462	7,763
Myanmar	1,935	2,058
Others	3,212	2,038
	108,472	99,825

Information about major customers

In 2018, there was no single external customer (2017: one) that had contributed more than 10 percent to the revenue of the Group.

SHAREHOLDINGS STATISTICS

As at 19 March 2019

Class of equity securitiesNumber of equity securitiesVoting RightsOrdinary Shares316,211,360One vote per shareTreasury SharesNilNilSubsidiary HoldingsNilNil

DISTRIBUTION OF SHAREHOLDINGS

	NO. OF		NO. OF	
SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	16	9.14	8,900	0.00
1,001 - 10,000	44	25.14	284,600	0.09
10,001 - 1,000,000	102	58.29	15,239,000	4.82
1,000,001 and above	13	7.43	300,678,860	95.09
TOTAL	175	100.00	316,211,360	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wiranto	126,007,410	39.85	_	_
Tan Thuan Hor ⁽¹⁾	98,166,250	31.04	12,714,200	4.02
Ety Wiranto ⁽²⁾	12,714,200	4.02	98,166,250	31.04

Notes:

- (1) Mr Tan Thuan Hor holds 98,166,250 shares directly, of which 350,000 shares are held in his nominee account with Raffles Nominees (Pte) Limited. 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 holds 12,714,200 shares directly in her nominee account with Raffles Nominees (Pte) Limited. Ms Ety Wiranto is deemed to be interested in 98,166,250 shares held by her spouse, Mr Tan Thuan Hor.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 19 March 2019, approximately 15.76% 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.

SHAREHOLDINGS STATISTICS As at 19 March 2019

	TOP TWENTY SHAREHOLDERS AS AT 19 MARCH 2019	NO. OF SHARES	%
1	WIRANTO	126,007,410	39.85
2	TAN THUAN HOR	97,816,250	30.93
3	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	26,922,600	8.51
4	RAFFLES NOMINEES (PTE) LIMITED	22,980,600	7.27
5	CITIBANK NOMINEES SINGAPORE PTE LTD	6,753,600	2.14
6	DBS NOMINEES PTE LTD	4,599,200	1.45
7	DB NOMINEES (SINGAPORE) PTE LTD	3,740,700	1.18
8	NG SIEW FAH	2,782,800	0.88
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,143,200	0.68
10	UOB KAY HIAN PTE LTD	2,110,000	0.67
11	NG HOI MING	1,930,700	0.61
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,520,000	0.48
13	LIM CHUN SHENG JACKSON	1,371,800	0.43
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	959,500	0.30
15	PHILLIP SECURITIES PTE LTD	888,500	0.28
16	YANN LING BUDIDHARMA	870,700	0.28
17	AARON ONG GUANG XIONG	774,500	0.24
18	LIM CHUN LAN	730,800	0.23
19	YAP WEE KEE	687,500	0.22
20	SALLY HOW YA XIU	640,000	0.20
	TOTAL	306,230,360	96.83

NOTICE OF ANNUAL GENERAL MEETING

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 328, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593, on Tuesday, 30 April 2019 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 2018 together with the Auditor's Report thereon. (Resolution 1)
- 2. To declare final dividend (tax exempt one-tier) of S\$0.005 per ordinary share for the financial year ended 31 December 2018. (Resolution 2)
- 3. To approve the payment of Directors' fees of S\$214,000 for the financial year ending 31 December 2019, to be paid quarterly in advance. (Resolution 3)
- 4. To re-elect the following Directors of the Company retiring pursuant to Regulations 98 of the Constitution of the Company:

Mr Tan Teng Muan (Resolution 4)
Mr Leong Koon Weng (Resolution 5)

[See Explanatory Note (i)]

- 5. 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 6)
- 6. 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:

7. 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,

NOTICE OF ANNUAL GENERAL MEETING

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 7)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

8. 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 8)

[See Explanatory Note (iii)]

By Order of the Board

Siau Kuei Lian Secretary Singapore, 15 April 2019

Explanatory Notes:

(i) Mr Tan Teng Muan will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr Tan Teng Muan will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 60 to 62 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr Leong Koon Weng will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Leong Koon Weng will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table A of the Corporate Governance Report on pages 60 to 62 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

(ii) The Ordinary Resolution 7, 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.

(iii) The Ordinary Resolution 8 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.

NOTICE OF ANNUAL GENERAL MEETING

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 ANNUAL GENERAL MEETING

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 2019 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on **8 May 2019** for the purpose of determining shareholders' ("**Members**") entitlements to the final dividend of S\$0.005 per ordinary share (tax exempt one-tier) (the "**Dividend**").

Duly completed and stamped registrable transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Limited ("CDP"), together with all relevant documents of title thereto, received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on **7 May** 2019 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 **7 May 2019** 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 2019.

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 #21-00 AIA Tower, Singapore 048542, telephone (65) 6532 3210.



UNITED GLOBAL LIMITED

Company Registration No. 201534604M

(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

- PORTANT:

 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.
- This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

/We,_		(Name)		(N	IRIC/Passport No
,				`	
	a member/members of UNITED GLOBAL LIMIT		reby appo	int:	
Name		NRIC/Passport No.	Propo	Proportion of Shareholdings	
			No. of	Shares	%
Addr	ess				
and/o	r (delete as appropriate)	<u> </u>			
Name	e	NRIC/Passport No.	Propo	rtion of S	hareholdings
			No. of	Shares	%
Addr	ess				
	adjournment thereof. I/We* direct my/our* proxy/pro		he Resolutio	ns propose	d at the Meeting a
ndicat		xies to vote for or against t ren or in the event of any oth	he Resolutioner matter and discretion.	ns propose	d at the Meeting a
ndicat adjourr	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is givnment thereof, the proxy/proxies* will vote or abstain	xies to vote for or against t ren or in the event of any oth	he Resolutioner matter and discretion.	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
ndicat adjourr	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is giv nment thereof, the proxy/proxies* will vote or abstain Resolutions relating to:	xies to vote for or against t en or in the event of any oth from voting at his/her/their*	he Resolutioner matter and discretion.	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
ndicato adjourn No.	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is giv ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme	xies to vote for or against to en or in the event of any oth from voting at his/her/their* nts for the financial year en	he Resolutioner matter and discretion. No.,	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
ndicate adjourn	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinary in the proxy/proxies in the pr	xies to vote for or against to en or in the event of any oth from voting at his/her/their* Ints for the financial year en ary share for the financial year	he Resolutioner matter and discretion. No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No.	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinal ended 31 December 2018 Approval of Directors' fees amounting to \$\$214,000	xies to vote for or against to en or in the event of any oth from voting at his/her/their* Ints for the financial year en ary share for the financial year	he Resolutioner matter and discretion. No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated and December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance	xies to vote for or against to en or in the event of any oth from voting at his/her/their* Ints for the financial year en ary share for the financial year	he Resolutioner matter and discretion. No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2 3	adjournment thereof. I/We* direct my/our* proxy/pro ed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director	xies to vote for or against to en or in the event of any oth from voting at his/her/their* Ints for the financial year en ary share for the financial year ending	No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2 3 4 5	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated and addited Financial Stateme 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP and the results of the service of the servi	xies to vote for or against to en or in the event of any oth from voting at his/her/their* Ints for the financial year en ary share for the financial year ending	No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2 3 4 5	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated and addited Financial Stateme 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP at their remuneration Special Business Authority to issue shares	nts for the financial year en ary share for the financial year ending for the financial year ending as Auditors and authority to	No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2 3 4 5 6	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP at their remuneration Special Business	nts for the financial year en ary share for the financial year ending for the financial year ending as Auditors and authority to	No., ded	ns proposerising at the	d at the Meeting a Meeting and at ar No. of votes
No. 1 2 3 4 5 6	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated and addited Financial Stateme 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP at their remuneration Special Business Authority to issue shares	erformance Share Plan 2016	he Resolutioner matter and discretion. No., ded /ear / fix	ns proposerising at the	No. of votes 'Against'*
No. 1 2 3 4 5 6	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP at their remuneration Special Business Authority to issue shares Authority to issue shares under the United Global Peters of the process of the service of th	nts for the financial year enary share for the financial year ending for the financial year ending as Auditors and authority to erformance Share Plan 2016 tick (\(\frac{1}{2}\)) within the box provided.	he Resolutioner matter and discretion. No., ded /ear / fix	ns proposerising at the	No. of votes 'Against'*
No. 1 2 3 4 5 6	adjournment thereof. I/We* direct my/our* proxy/proed hereunder. If no specific direction as to voting is given ment thereof, the proxy/proxies* will vote or abstain Resolutions relating to: Ordinary Business Directors' Statement and Audited Financial Stateme 31 December 2018 Declaration of final dividend of \$\$0.005 per ordinated 31 December 2018 Approval of Directors' fees amounting to \$\$214,000 December 2019, to be paid quarterly in advance Re-election of Mr Tan Teng Muan as a Director Re-election of Mr Leong Koon Weng as a Director Re-appointment of Messrs Deloitte & Touche LLP at their remuneration Special Business Authority to issue shares Authority to issue shares under the United Global Pelas as appropriate.	nts for the financial year enary share for the financial year ending for the financial year ending as Auditors and authority to erformance Share Plan 2016 tick (\(\frac{1}{2}\)) within the box provided.	he Resolutioner matter and discretion. No., ded /ear j 31 Alternatively,	of votes For'*	No. of votes 'Against'*



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 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 15 April 2019.

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.







(Company Registration No.: 201534604M) (Incorporated in the Republic of Singapore on 15 September 2015) Main Office & Singapore Blending Plant 14, Tuas Drive 2 | Singapore 638647

Tel: +65 6861 1157 | Fax: +65 6861 3101

www.unitedgloballimited.com