UNITED, WE GROW

UNITED GLOBAL LIMITED

Asia`s Global Partner

ANNUAL REPORT **2019**

UNITED, WE GROW

In 2019, we embarked on a partnership with leading oil major Repsol. As part of our collaboration, Repsol now holds 40% ownership in our United Oil Company subsidiary. Additionally, we will take on the manufacturing and distribution of their products in Singapore, Malaysia, Indonesia, and Vietnam. This synergistic relationship is valuable for both companies as it allows us to grow within the region hand in hand. Much more than a financial transaction, this partnership symbolises the meeting of values and philosophies between both companies, with the common goal of creating growth and value together in the long run.

This Annual Report has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This annual report ("**Annual Report**") has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents in this Annual Report, including the correctness of any of the statements or opinions made, or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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OUR VISION

To build sustainable businesses for the common good, and that will continually deliver the maximum possible value to stakeholders

OUR MISSION

- Develop a collaborative mindset and culture
- To be known for our flexibility and adaptability
- Delight our customers and build strong, lasting relationships
- Lead the organisation with a competent & responsive management team

OUR PHILOSOPHY

INNOVATION

CONTINUOUS IMPROVEMENT

FLEXIBILITY

FORM ALLIANCE WITH CUSTOMERS

HIGH QUALITY STANDARDS OF PRODUCTS & SERVICES

TOTAL CUSTOMER SUPPORT

UNITED, WE GROW

2019 marked not only UGL's 20th year in business, but a significant milestone in the company's history as Spanish oil major Repsol officially formalised its investment for a 40% stake in our United Oil Company ("UOC") subsidiary, symbolising a new era of partnership, collaboration, and symbiotic growth.

Repsol is a global market leader in the energy sector with a lubricants sales network spanning more than 90 countries and a daily output of 715,000 barrels of oil equivalent. It is well-known for its high-end products made for passenger cars and motorcycles. As is the case with UOC, Repsol is dedicated towards continually refining its products in order to cater to its customers' evolving needs. This emphasis on building sustainable customer relationships is something both companies have in common.

Here at United Global, we have always emphasised the importance of building strong and close relationships with our business partners, customers, and suppliers. Throughout our long history, this has been a non-negotiable guiding value which has steered our Group in all its business decisions. When encountering potential partners in business, we have always done our due diligence in making sure they

United Global's lubricant blending plant, Singapore

share a similar philosophy. From our discussions with the Repsol team, we are confident that they too share the same regard for building trust and confidence amongst the various stakeholders they encounter.

Our partnership has been a long time in the making. In October 2018, Repsol began conducting a feasibility study to explore the acquisition of UOC. This was extended to October of 2019, during which the Repsol team did their best to truly understand the ins and outs of our Company, as well as how viable and harmonious a long-term business relationship with us could be. Both United Global and Repsol were aware that by entering into this partnership, we would essentially become a part of each other's families, and for that to work, both parties needed to be united in values and philosophy.

Moving forward, this relationship will allow both UGL and Repsol to grow their presence in the region, specifically in Singapore, Indonesia, Malaysia and Vietnam. United Global will support Repsol in the manufacturing and distribution of their products in these four markets, and both brands will progress hand in hand. Indeed, UNITED, WE GROW!

CORPORATE MILESTONES

1999

Incorporation of United Oil Company Pte Ltd.

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

2000

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.

2001

Entered into premium lubricants market in Australia.

2003

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

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.

2008

Became 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.

2009

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

2012

Launched a full range of transmission fluids.

2013

Started a cooperation with UNT Oil, Malaysia.

2014

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

2015

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

Incorporation of United Global Limited.

2016

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.

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.

2018

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.

2019

Celebrated 20 years in business.

Signed an agreement with Repsol S.A. for their 40% acquisition of United Oil Company.

CORPORATE PROFILE

Listed on Catalist of the Singapore Exchange, United Global Limited is an established, independent lubricant manufacturer with a wide range of high quality, well-engineered products under its in-house brands "United Oil", "U Star Lube", "Bell1", "Hydropure" and "Ichiro", as well as a host of third-party brands. It is also engaged in the trading of base oils, additives and lubricants.

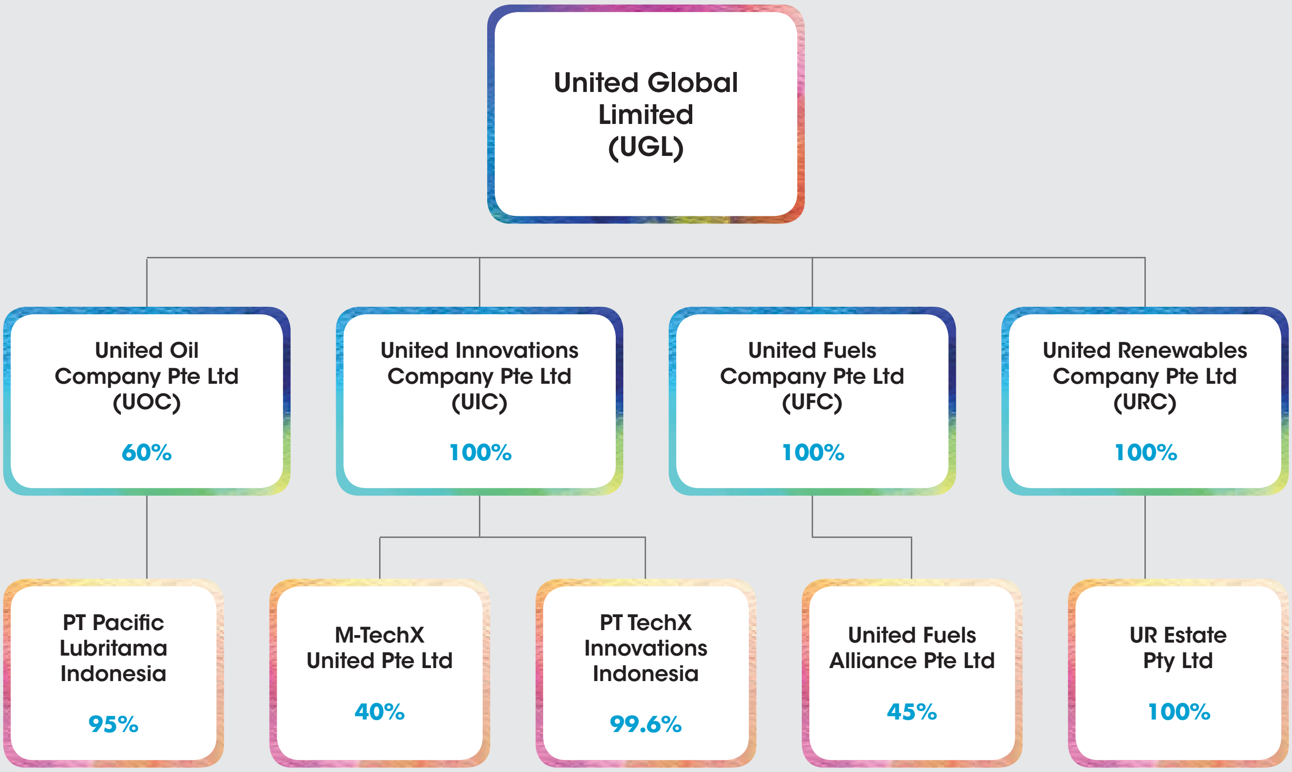
Through United Oil Company, a 60:40 joint venture between the Group and Madrid-listed oil major Repsol, the Group manufactures a wide range of lubricants and specialty fluids for the automotive, industrial and marine applications, which are distributed throughout its extensive network covering more than 30 countries.

An ISO9001-certified company, the Group owns and operates 2 blending facilities in Singapore and Indonesia with a combined capacity of 140,000 MT. Its facility in Indonesia also has storage tanks with a total capacity of 17,000MT and has jetty access for bulk shipments by vessels with cargo capacity of up to 12,000MT.

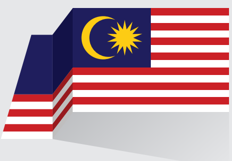
Apart from its core lubricant manufacturing business, the Group is seeking to diversify into three broad areas, in line with its vision to build sustainable businesses for the common good:

- Innovations
- Fuels
- Renewables

GROUP STRUCTURE

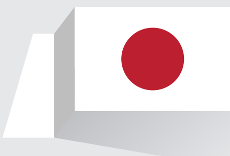


STRATEGIC PARTNERSHIPS & JOINT VENTURES



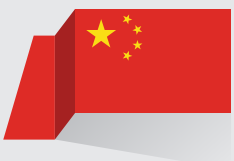
MALAYSIA

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.



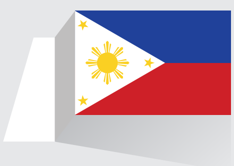
NANO-FIBRE (JAPAN)

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



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.



PHILIPPINES

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

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

BizSAFE level 3#, CultureSAFE# Workplace Safety and Health Council
Workplace safety of our lubricant blending facility and in-house laboratory

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

Society of Automotive Engineers (SAE)*
Viscosity specifications

International Lubricants Standardisation and Approval Committee (ILSAC)*
Gear oils and crankcases performance specifications

European Automobile Manufacturers' Association (ACEA)*
Lubricant products 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

DISTRIBUTION NETWORK

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

Bahrain
Cyprus
Iraq
Kuwait
Lebanon
Libya
Qatar
Yemen
Jordan

Kazakhstan
Kyrgyzstan
Russia

China
Hong Kong
Japan
Korea
Macau
Taiwan

Cameroon
Congo
Gabon
Ghana
Kenya

Bangladesh
India
Mauritius
Pakistan
Afghanistan

Australia
East Timor
Fiji
New Zealand
Papua New Guinea
Samoa
Solomon Islands

Cambodia
Indonesia
Malaysia
Myanmar
Philippines
Singapore
Thailand
Vietnam

OUR COMBINED STRENGTH

	Staff Strength	Blending capacity (mt/year)	Storage Capacity (mt)	Warehouse Space (sqm)	Trucks
Singapore	85	60,000	1,500	>1,300	–
Indonesia	90	80,000	17,000	>4,000	6
Combined	175	140,000	18,500	>5,300	6

FINANCIAL HIGHLIGHTS

REVENUE (US$M)

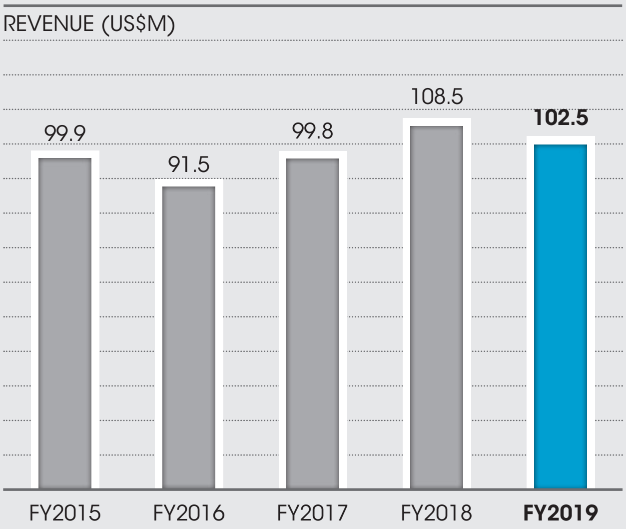
102.5
US$ MILLION

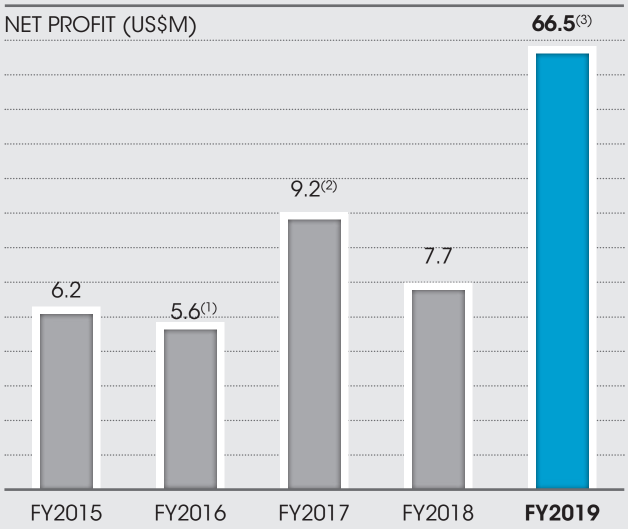
GROSS PROFIT MARGIN (%)

19.2%

NET PROFIT (US$M)

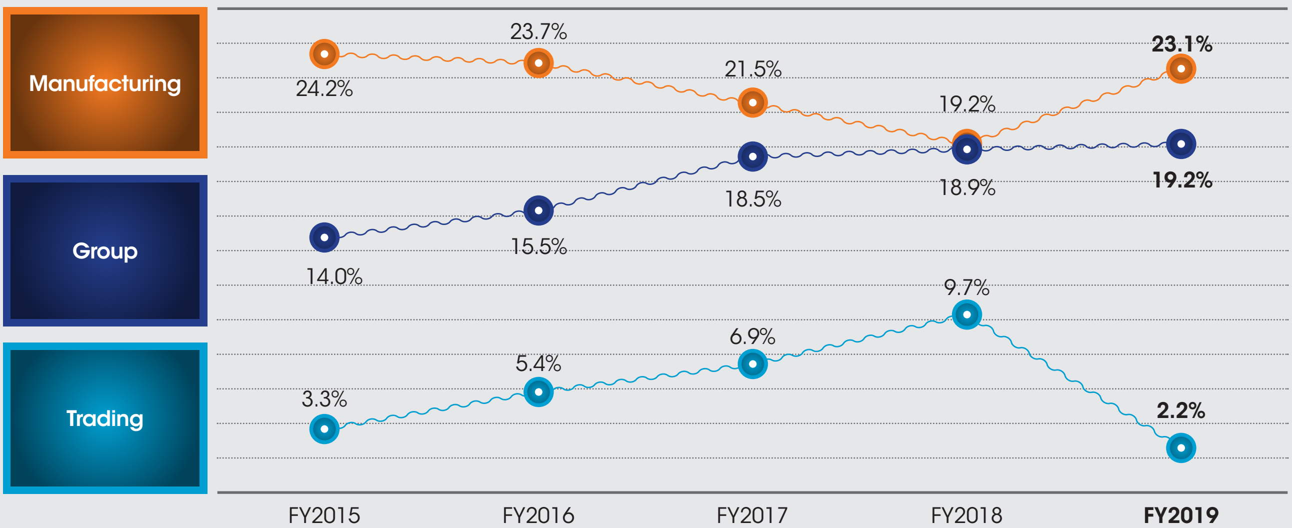
US$**66.5**
MILLION





(1) Inclusive of IPO expenses charged to P&L of US$0.6 million
(2) Inclusive of bargain purchase gain credited to P&L of US$1.4 million arising from the acquisition of subsidiary
(3) Inclusive of gain on de-consolidation of subsidiaries of US$24.8 million, and gain on re-measurement of remaining stake in a joint venture of US$37.2 million

GROSS PROFIT MARGIN



FINANCIAL YEAR US$'000	2015	2016	2017	2018	2019
OPERATING RESULTS					
Revenue	99,860	91,542	99,825	108,472	**102,471**
Gross profit	13,936	14,229	18,507	20,480	**19,703**
Profit before tax[1]	7,549	6,907	10,604	9,418	**68,254**
Tax expenses	(1,308)	(1,261)	(1,353)	(1,738)	**(1,709)**
Profit attributable to equity holders of the Company[1]	6,241	5,646	9,172	7,599	**66,463**
FINANCIAL POSITION					
Total Assets	26,968	34,189	56,675	59,695	**109,824**
Total Liabilities	21,328	16,352	23,018	22,332	**6,557**
Equity	5,640	17,837	33,657	37,363	**103,267**
KEY RATIOS					
Net profit on turnover (%)	6.2	6.2	9.2	7.0	**64.9**
Net assets value per share (US$ cents)[2][3]	2.3	6.3	10.4	11.5	**32.7**
Basic and diluted earnings per share (US$ cents)[2][3]	2.6	2.2	3.1	2.4	**21.0**

Note:

[1] The profit before tax and profit attributable to equity holders of the Company of FY2019 included gain on disposal of subsidiaries of US$24.8 million and gain on re-measurement of remaining stake in a joint venture of US$37.2 million.

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

[3] The net assets value per share and basic and diluted earnings per share of FY2016 was calculated based on the IPO post-placement share capital of 282,812,360 shares.

EARNINGS PER SHARE

21.0
US$ cents

EQUITY

103.3
US$ MILLION

NET ASSETS VALUE PER SHARE

32.7
US$ cents

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The significant highlight for United Global in 2019 was the acquisition of a 40% stake in our subsidiaries, United Oil Company and PT Pacific Lubritama Indonesia (the "**UOC Group**"), by Repsol S.A. (the "**Repsol**"), an international oil and gas company listed on the Madrid Stock Exchange, for an initial cash consideration of US$36.5 million and a potential deferred consideration up to US$10.0 million, if we achieve certain agreed goals in the 2023 financial year.

This transaction was the result of an extensive due diligence and negotiation process which took nearly a year to conclude, and we are excited that Repsol has decided to invest in the vision and growth of UOC Group.

We believe that by pooling together our facilities, expertise, experience, and network, we, together with Repsol, will be able to take on new growth opportunities that are abound in a high-growth market such as the Southeast Asia region, in particular within Singapore, Malaysia, Indonesia and Vietnam.

UOC Group will take on the manufacturing of Repsol's lubricant products for its APEC regional market at our Indonesia plant, which means a significant upscaling of our manufacturing volume as we will be manufacturing both our own stable of brands, as well as Repsol's. In addition, we have exclusivity in distributing Repsol's products in Singapore, Indonesia, Malaysia and Vietnam as well.

As a 60% shareholder of this joint venture, we believe that this strategic partnership will bring significant economic value to shareholders of United Global.

We are pleased that at an Extraordinary General Meeting held on 12 November, our shareholders unanimously voted for the partial disposal of UOC Group to Repsol S.A., and the partial disposal exercise was completed on 26 November 2019. UOC Group has since ceased to be a wholly-owned subsidiary of the Group, and is now a joint-controlled entity with Repsol.

FINANCIAL HIGHLIGHTS

This year, we are excited to announce that we achieved US$66.5 million in net profit attributable to shareholders for the full year ended 31 December 2019. This was a significant increase from financial year 2018 of US$7.7 million, mainly due to the gain on partial disposal of UOC Group to Repsol.

MOVING AHEAD

While the business outlook remains challenging, we are grateful for the opportunity to join forces with an oil major such as Repsol. As one of the top companies in the oil and gas industry, Repsol is in a strong position to grow together with us. We believe that together, our combined synergies and determination will drive the expansion of our business, brands and network in this region. We stand to benefit from Repsol's enhanced brand development, technology, quality control know-how, and overall management expertise.

The disposal will partially realise the value of investments in the UOC Group, which will in turn allow the Company to diversify into other activities to fund the future expansion of the Group into other sustainable long-term businesses, investments and/or acquisitions.

DIVIDEND

In light of the proceeds gained from the partial disposal of UOC Group, the Directors have recommended a first and final special dividend of 2.0 Singapore cent per ordinary share.

Additionally, the Directors have recommended a first and final ordinary dividend of 1.2 Singapore cent per ordinary share. The distribution of both dividends is subject to shareholders' approval at the upcoming Annual General Meeting. The total dividend payable amounted to S$10.2 million (or US$7.4 million) for FY2019.

United Global – Repsol signing ceremony on 30 September 2019

TOGETHER WITH REPSOL, WE WILL BE ABLE TO TAKE ON NEW GROWTH OPPORTUNITIES THAT ARE ABOUND IN A HIGH-GROWTH MARKET SUCH AS THE SOUTHEAST ASIA REGION, IN PARTICULAR WITHIN SINGAPORE, MALAYSIA, INDONESIA AND VIETNAM.

CONTINUING ON THE FAST TRACK

We are heartened that SGX Regco has continued to place United Global on its Fast Track, which seeks to recognise and reward listed companies like United Global who has a good track record of compliance and corporate governance standards. A key privilege of this programme is faster processing times for submissions such as circulars and share issuance applications to SGX Regco.

APPRECIATION

We could not have achieved such high standards in corporate governance without our fellow directors on the Board who continually spur us towards excellence. We are grateful to them for walking this exciting journey with us. Thank you all for your support and counsel.

We have just concluded a historic collaboration with Repsol, and would like to thank our strategic joint venture partners for their confidence in us, as we take our lubricants business to greater heights together.

To the Group's management team and staff – we deeply appreciate your hard work and unwavering dedication.

And to our shareholders, thank you for being part of our growth journey. Together, we will be united and see our Company grow.

EDY WIRANTO
Non-Executive Chairman

JACKY TAN
Executive Director and CEO

BOARD OF DIRECTORS

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.

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 20 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.

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.

MAH KAH ON, GERALD
Lead Independent Director and
Chairman of our Audit Committee

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

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

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

BOARD OF DIRECTORS

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.

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.

KEY MANAGEMENT

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.

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.

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.

KEY MANAGEMENT

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.

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

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 joining 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 experience in the 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.

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

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.

CHEW PIN SOON

Senior Operations Manager

Mr Chew Pin Soon is our Senior Operations Manager. He is responsible for assisting our General Manager (Operations) 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.

LOH SOOK WAH

Senior Supply Chain Manager

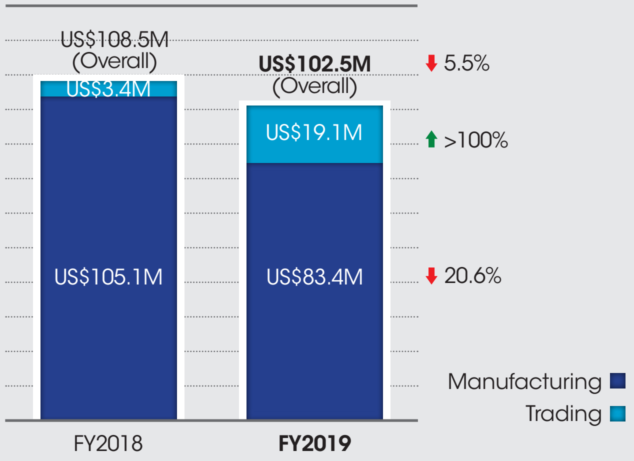
Ms Loh Sook Wah is our Senior Supply Chain Manager, responsible for planning the master production schedule, procurement of raw materials and product formulation support.

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.

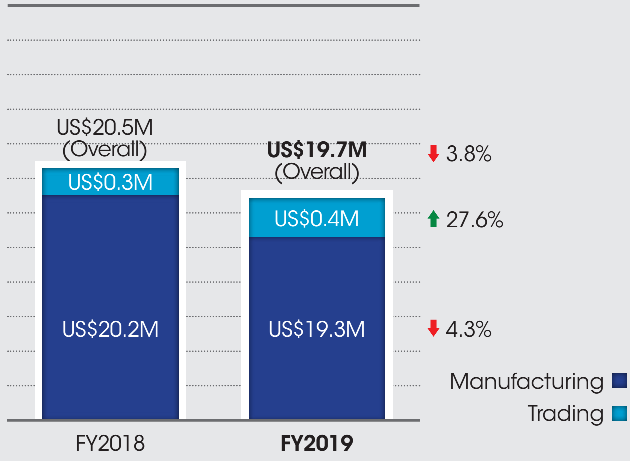
Ms Loh graduated with a Bachelor of Science (Honours) from Universiti Putra Malaysia in 1999 and was awarded a Bachelor of Science (Honours) in Logistics from the University College Dublin, National University of Ireland in 2015. She has also obtained a Diploma in Supply Chain Management from the Singapore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

OPERATIONS REVIEW

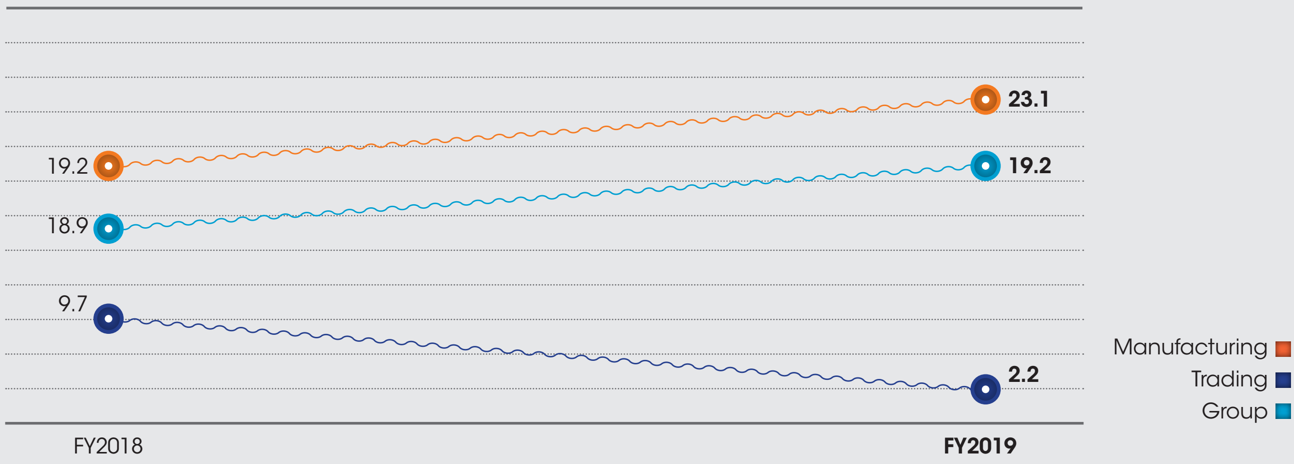
REVENUE BY SEGMENT



GROSS PROFIT



GROSS PROFIT MARGIN % (GPM)



BUSINESS REVIEW

The manufacturing and trading segments accounted for 81.4% and 18.6% of revenue respectively in FY2019 as compared to 96.8% and 3.2% in FY2018.

Full-year revenue from the manufacturing segment slid 20.6% to US$83.4 million, resulting mainly from a decrease in sales volume, which in turn was primarily due to slower business at United Global's Indonesia plant. However, the drop in revenue was partially mitigated by an increase in average selling price.

The manufacturing segment achieved higher gross profit margin year-on-year, up 3.9 percentage points to 23.1%, largely due to lower raw materials cost in FY2019.

For FY2019, revenue from the Group's trading segment jumped to US$19.1 million, from US$3.4 million the previous year. This was due to an increase in sales volume during the year as a result of a one-off arrangement with a joint venture partner. The trading segment's full-year gross profit increased by 27.6% to US$425,000 mainly due to higher sales volume.

United Global's lubricant blending facility, Indonesia

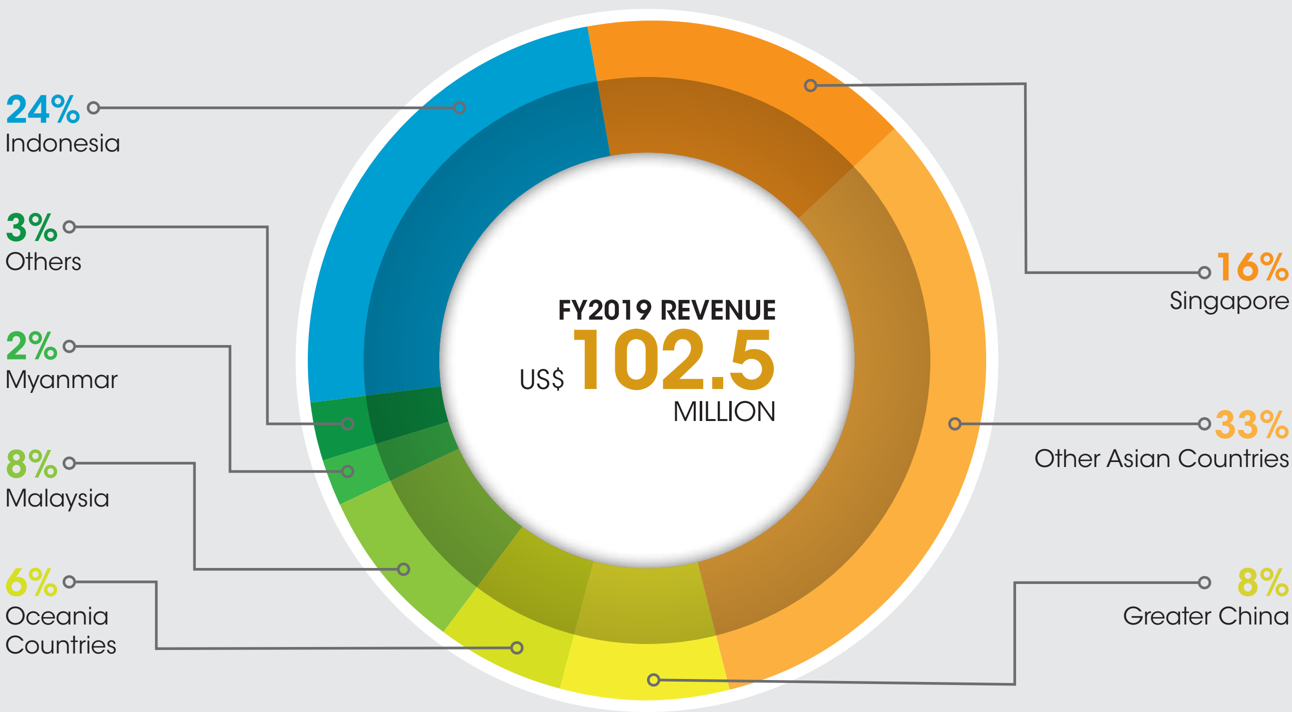
However, the trading segment gross profit margin dipped 7.5 percentage points to 2.2%, largely due to lower average selling price for this business segment during the year.

GEOGRAPHICAL SEGMENT REVIEW

Geographically, the decrease in revenue was mainly attributable to a decrease in revenue contribution from Singapore, Malaysia, Greater China, Oceania countries and Indonesia of US$1.9 million, US$1.6 million, US$4.2 million, US$1.9 million, and US$17.9 million respectively in FY2019.

In FY2019, revenue from Indonesia decreased by US$17.9 million, or 41.7%, mainly due to slower business at our Indonesia plant. Revenue from Greater China decreased by US$4.2 million, or 35.3%, mainly due to a decrease in manufacturing revenue, as a result of lower sales volume.

Revenue from Other Asian countries increased by US$21.1 million, or 163.0%, mainly due to a one-off export trading agreement with a joint venture partner located in the Philippines. For FY2019, the largest contributor geographically was the Other Asian countries segment, at 33%, followed by Indonesia at 24%.



FINANCIAL REVIEW

Group revenue decreased by 5.5%, from US$108.5 million in FY2018 to US$102.5 million in FY2019. This was partially due to the disposal of both United Oil Company Pte. Ltd. ("**UOC**") and PT Pacific Lubritama Indonesia ("**PLI**"), leading to a decrease in revenue for the manufacturing business segment. However, this dip was partially offset by an increase in revenue for the trading business segment.

In FY2019, cost of sales decreased by US$5.2 million, or 5.9%, to US$82.8 million. This was mainly due to a decrease in the cost of raw materials which is in line with the decrease in revenue.

Our overall gross profit decreased by US$0.8 million, or 3.8%, to US$19.7 million.

However, our overall gross profit margin increased by 0.3 percentage points, from 18.9% in FY2018 to 19.2% in FY2019. This was mainly due to higher gross profit margin from our manufacturing business segment, from 19.2% in FY2018 to 23.1% in FY2019, as a result of lower raw materials costs. We recorded a 7.5 percentage point decrease in gross profit margin for the trading business segment, from 9.7% in FY2018 down to 2.2% in FY2019, mainly due to lower average selling prices during the year.

Other income increased by US$62.5 million, from approximately US$0.3 million in FY2018, to US$62.8 million in FY2019. This was mainly due to a gain on the 40% disposal of subsidiaries of US$24.8 million, and a gain on the re-measurement of remaining 60% stake in a joint venture of US$37.2 million.

INCOME STATEMENT

US$'000	FY2019	FY2018	% change Increase/ (Decrease)
REVENUE	**102,471**	**108,472**	**(5.5)**
Cost of sales	(82,768)	(87,992)	(5.9)
GROSS PROFIT	**19,703**	**20,480**	**(3.8)**
Other income	62,828	301	>100
Distribution cost	(2,332)	(2,902)	(19.6)
Administrative expenses	(11,700)	(8,154)	43.5
Other expenses	(61)	(81)	(24.7)
Share of profit of joint ventures	4	38	(89.5)
Finance costs	(188)	(264)	(28.8)
PROFIT BEFORE TAX	**68,254**	**9,418**	**>100**
Tax expense	(1,709)	(1,738)	(1.7)
PROFIT FOR THE YEAR	**66,545**	**7,680**	**>100**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**66,463**	**7,599**	**>100**

Distribution costs decreased by US$0.6 million, or 19.6%, from US$2.9 million in FY2018 to US$2.3 million in FY2019, mainly due to lower freight and transportation costs in line with the decrease in sales volume in the manufacturing segment during the year.

Our administrative expenses increased by US$3.5 million, or 43.5%, to US$11.7 million in FY2019. This was mainly due to higher bonus payouts as a result of higher profit, in addition to allowance for doubtful debt of US$1.1 million due to the uncertainty on the recoverability of other receivables. This increase was partially offset by foreign exchange gain amounting to US$0.2 million (FY2018: loss of US$0.8 million), arising from translation differences from United States Dollars (USD) to the functional currency, for trade and other payables.

Other expenses in FY2019 comprised of the depreciation of investment properties held by our Indonesia plant.

For FY2019, our share of profit from joint ventures included a share of profit from UOC, PLI, and Ichiro Corporation Co., Ltd (collectively known as "**UOC Group**") for the month of December 2019, amounting to US$0.3 million. Following our partial disposal in November 2019, UOC Group was accounted for as a joint venture, and its profit was thus recorded as profit from a joint venture.

Profit before tax increased by US$58.8 million, from US$9.4 million in FY2018 to US$68.3 million in FY2019. This was mainly due to an increase in other income, resulting from a gain on partial disposal of UOC group, as well as a gain on re-measurement of remaining stake in a joint venture.

Income tax expenses for FY2019 were approximately US$1.7 million, comparable to the previous financial year. Despite the increase in our profit before tax, the gain on partial disposal of subsidiaries is considered non-taxable income and hence did not largely affect our income tax expenses.

As a result of the above, net profit attributable to shareholders was US$66.5 million, an increase of more than 100% from the corresponding figure of US$7.6 million for FY2018.

REVIEW OF STATEMENTS OF FINANCIAL POSITION

US$'000	As at 31 December 2019	As at 31 December 2018
Non-current assets	57,076	14,523
Current assets	52,748	45,172
Non-current liabilities	77	931
Current liabilities	6,480	21,401
Shareholders' Equity	103,267	36,452

CURRENT ASSETS

As at 31 December 2019, current assets amounted to US$52.7 million, or 48.0% of total assets, up from US$45.2 million as at 31 December 2018. This increase was mainly due to an increase in cash and bank balances of US$32.2 million and other receivables of US$9.5 million.

The increase of other receivables was mainly due to (i) advances made to a joint venture of US$3.8 million for working capital purposes, with an allowance of US$1.1 million provided for the receivables due to the uncertainty of the recoverability of the receivables; (ii) amount owing from a joint venture partner of US$3.5 million due to the financing of cargos provided by the Group for the business of the joint venture; (iii) additional consideration of US$3.0 million to be received for the disposal of UOC Group arising from the finalisation of the completion accounts; and (iv) the reclassification of US$1.0 million in shareholder's loan to joint venture, from non-current receivables to current receivables.

As a result of the de-consolidation of UOC Group, the increase in cash and bank balances and other receivables was partially offset by a decrease in trade receivables of US$18.5 million and inventories of US$14.9 million.

NON-CURRENT ASSETS

As at 31 December 2019, non-current assets amounted to US$57.1 million, or 52.0% of total assets. This was an increase of US$42.6 million from US$14.5 million as at 31 December 2018. This rise was mainly due to an increase in investment in joint ventures of US$53.7 million, mainly resulting from the re-measurement of our remaining 60% stake in our joint venture, UOC Group, which was previously a subsidiary of the Group. This increase was partially offset by (i) the reclassification of US$1.0 million in shareholder's loan to joint venture, from non-current receivables to current receivables, as well as (ii) a decrease in property, plant and equipment of US$7.5 million, and a decrease in investment properties of US$1.9 million, both as a result of the de-consolidation of subsidiaries.

CURRENT LIABILITIES

As at 31 December 2019, the Group's current liabilities amounted to US$6.5 million, or 98.8% of our total liabilities, which is a decrease of US$14.9 million from the corresponding figure of US$21.4 million as at 31 December 2018. This dip was mainly due to the de-consolidation of subsidiaries resulting in a decrease in (i) bank borrowings of US$7.1million; (ii) tax payables of US$1.3 million; and (iii) trade payables of US$4.8 million. Additionally, there was full repayment of loan from a director of US$2.2 million during the year.

However, this decrease was partially offset by an increase in other payables of US$0.6 million, due to an increase in accrual for bonuses.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by US$854,000, from US$931,000 as at 31 December 2018, to US$77,000 as at 31 December 2019. This decrease was mainly due to the de-consolidation of subsidiaries, resulting in decrease in (i) retirement benefits obligations of US$0.5 million; and (ii) deferred tax liabilities of US$0.3 million.

EQUITY

As at 31 December 2019, shareholders' equity amounted to US$103.3 million, comprising of share capital, reserves, and retained earnings. The increase of US$66.8 million in equity attributable to shareholders was due to recognition of profit of US$66.5 million for FY2019, partially offset by the dividend payment of US$1.2 million.

REVIEW OF STATEMENTS OF CASH FLOWS

US$'000	FY2019	FY2018
Net cash from operating activities	21,175	4,303
Net cash from/(used in) investing activities	22,074	(2,037)
Net cash used in financing activities	(9,650)	(4,721)
Net increase/(decrease) in cash and equivalents	33,599	(2,455)
Effect of exchange rate changes on cash and cash equivalents	96	(584)
Cash and cash equivalent at end of year	39,775	6,080

FINANCIAL REVIEW

In FY2019, the Group generated net cash from operating activities before changes in working capital of US$8.6 million, while net cash generated from working capital amounted to US$14.3 million. This was mainly due to (i) a decrease from trade receivables of US$5.7 million; (ii) an increase from other payables of US$2.9 million; (iii) a decrease from inventories of US$8.8 million; and (iv) partially offset by an increase in other receivables of US$3.0 million. Net cash from operating activities amounted to US$21.2 million in FY2019.

Net cash from investing activities, amounting to US$22.1 million, can mainly be attributed to (i) net cash received from the disposal of subsidiaries of US$24.7 million, and (ii) proceeds from the disposal of investment in joint ventures of US$0.3 million, the disposal of property plant and equipment of US$0.2 million, and the disposal of investment properties of US$0.9 million. This was partially offset by advances to a joint venture of US$3.8 million for working capital purposes.

Net cash used in financing activities, amounting to US$9.7 million, was mainly due to (i) net repayment of bank borrowings of US$6.2 million; (ii) repayment of loan from a director of US$2.2 million; and (iii) dividend of US$1.2 million paid during the year.

As a result of the above, the Group's cash and cash equivalents amounted to US$39.8 million as at 31 December 2019.

INVESTOR RELATIONS

United Global strives to practise prompt and transparent communications with our shareholders, the investment community, and the greater public.

The Group continually ensures that material information and corporate developments are disclosed to the public via the Singapore Exchange's SGXNet, as well as on United Global's corporate website at www.unitedgloballimited.com. The Group is also planning a redesign of the latter in order to display information in a clearer and more effective manner.

During the year, we regularly uploaded results announcements, press releases, and presentation slides on our website and SGXNet on a quarterly basis. We also conducted briefings for analysts and investors at half-year and full-year.

The Company held its Annual General Meeting in April 2019, which provided our management team the opportunity to engage shareholders and vice versa. It also served as a platform for management to share their business strategy and outlook.

We also held an Extraordinary General Meeting on 12 November 2019 to inform shareholders of the material aspects of the proposed partial disposal of 40% of United Oil Company and consequent sale of the stake to Repsol S.A., to address questions and concerns from shareholders, as well as to gain shareholders' approval before proceeding with the deal.

Our CEO and CFO also engaged with analysts, investors, and media via group briefings, interviews, and emails. These avenues allowed the public to directly engage the Company's management, and for management to articulate its business development plans to the greater public.

AWARDS

OUR PEOPLE AND COMMUNITY

Here at United Global, we recognise that our greatest asset is our strong team of dedicated and capable employees. Every year, we will organise activities such as overseas trips and outings in order to show our appreciation to our staff, and to facilitate bonding and teamwork amongst them.

This year, the Company organised a trip in May, to Halong Bay and Hanoi in Vietnam. Over 40 of our staffs were able to explore these tourist destinations together, bonding over new sights and experiences. Additionally, the Company also organised a teambuilding bowling session at Civil Service Club in August 2019, with winning teams walking away with cash prizes.

The Group also remains committed towards contributing to the wider community. In addition to making regular donations, the Company also encourages employee volunteerism by organising activities such as an outing to the Singapore Botanic Gardens in April for beneficiaries of Apex Day Rehabilitation Centre for the Elderly. Over 30 staffs joined our elderly beneficiaries in activities such as group dances and a treasure hunt.

Visiting Ha Long Bay, Vietnam

SUSTAINABILITY REPORT

BOARD STATEMENT

United Global Limited's Board of Directors affirms that it provides strategic direction to the Group and specifically considers sustainability issues as part of its strategic formulation. The Board also acknowledges its responsibility for the Group's sustainability reporting and believes that the following report provides a reasonable and transparent presentation of the Group's strategy and environmental, social and governance (ESG) performance.

SCOPE OF THIS REPORT

The Group's Sustainability Report for FY2019 discusses the development and progress of our sustainability journey in the year under review. The Report references the Global Reporting Initiative (GRI) Core option issued by the Global Sustainability Standards Board, and is guided by the SGX-ST Sustainability Reporting Guide (Practice Note 7.6). In preparing the Report, we continue to focus on communicating value creation through our ESG strategies.

This Report covers the ESG performance for all business divisions within the Group over the reporting period. Information is extracted from primarily internal records to ensure accuracy and presented using internationally accepted measurement units.

REPORTING PROCESS

The Board has assigned the responsibility for monitoring and overseeing the Company's sustainability efforts to the Chief Executive Officer.

STATEMENT OF ASSURANCE

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

AVAILABILITY

The PDF version of the Report, which is part of the Group's Annual Report for FY2019, is available for download at our investor relations section of our website – www.unitedgloballimited.com, or at the SGX website.

SUSTAINABILITY REPORT

FOREWORD BY THE CHAIRMAN

DEAR SHAREHOLDERS,

We believe that a company's operations, regardless of industry, will invariably have an impact on the environmental and socio-economic landscape. It is therefore our responsibility to take purposeful measures and initiatives to lessen any negative impact that our operations may have, and promote positive outcomes for the betterment of all.

We are also of the view that a company's performance should not only be assessed from the financial perspective, but also through the scrutiny of social and governance perspectives as well. It is with this in mind that we submit to you our third Sustainability Report.

The Board recognizes its role in steering the Group's efforts towards sustainability, and through its management committee, oversees the execution of sustainability management which also includes risk governance, daily operations and reporting.

As per our previous Sustainability Reports, this Report is based on the Materiality Matrix that illustrates the Management's strategic priorities vis-à-vis our stakeholders. The Group has referenced the latest GRI Standards and has adopted some of its reporting principles and material topics. As such, our Materiality Matrix has been revised. Preparing a Report in accordance with GRI Standards provides a more balanced picture of the Group's material topics and impacts, as well as how these impacts are managed. By seeking to provide a discussion on each of these factors highlighted in the Matrix, we hope to effectively demonstrate that a sustainable business strategy can indeed be aligned with business profitability and shareholder value.

EDY WIRANTO
Non-Executive Chairman
March 2020

ABOUT THIS REPORT

ORGANISATIONAL STRUCTURE (102-18, 10-19, 102-20, 102-32)

The Group's sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee is led by the Group's CEO, is tasked to develop the sustainability strategy, review its material impacts, considering stakeholder priorities and in setting goals and targets, as well as collecting, verifying, monitoring and reporting performance data for this Sustainability Report.

CONTENTS OF THE REPORT

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

SUSTAINABILITY REPORT

OUR SUSTAINABILITY POLICY

United Global Limited places much emphasis on executing a sustainable business strategy with profitability and shareholder value as foremost priorities. As a responsible corporate citizen operating in Singapore and the Asia-Pacific region, the Group's values are articulated in the following principles:

1 CODE OF CONDUCT AND BUSINESS ETHICS

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

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

2 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

3 EMPLOYEES

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

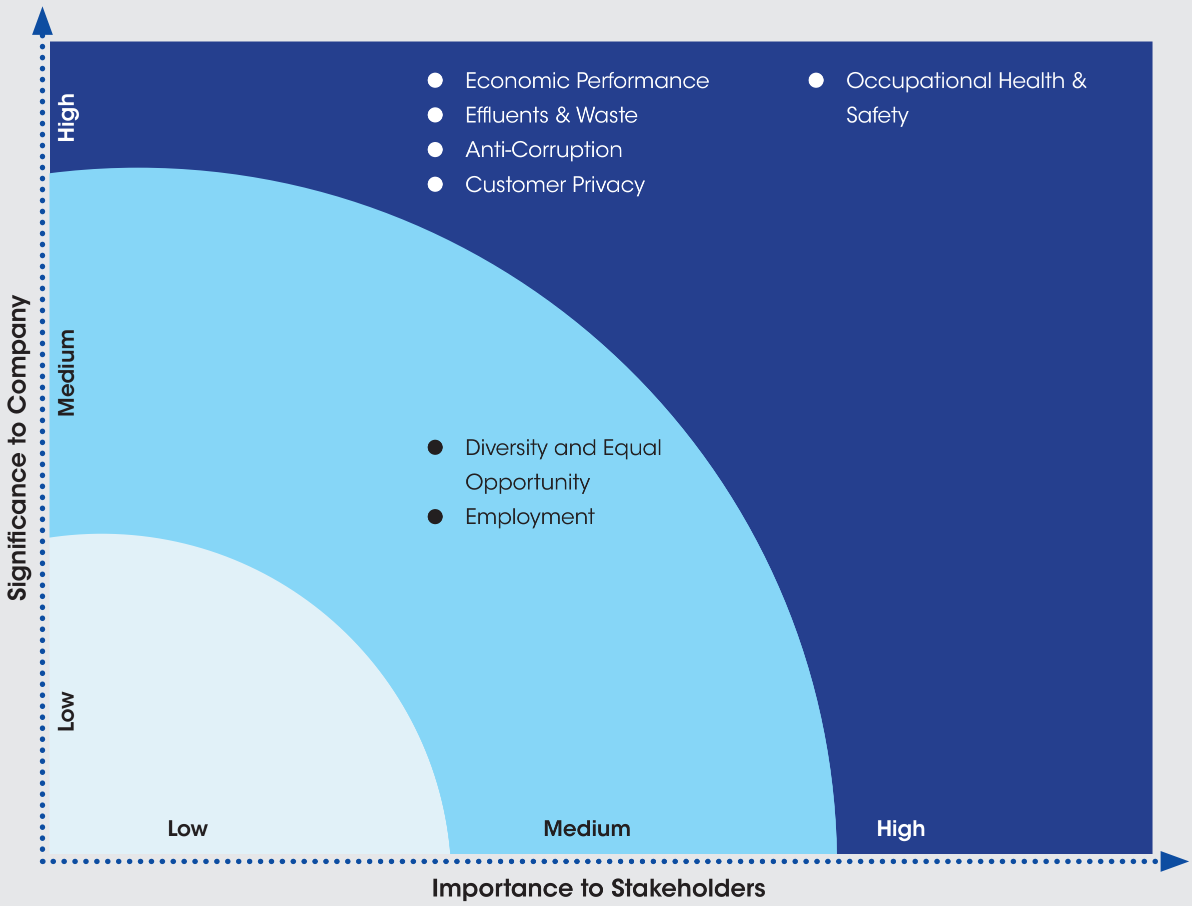
4 COMMUNITY

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

ENGAGEMENT METHOD	FREQUENCY
• Annual General Meeting • IR Website • Emails	Annually/Throughout the year
• Ongoing operations • Feedback channels • Emails • Website	Ongoing
• Induction programmes for new staff • Staff training & development • Emails and meetings • Staff feedback channels • Appraisals	Throughout the year
• Regular meetings • Conferences and forums	Throughout the year
• Outreach programmes	Annually

SUSTAINABILITY REPORT

MATERALITY MATRIX



❖ Economic Performance (201-1, 201-3, 201-4)

United Global is committed to continuously create direct and indirect economic values for our stakeholders – our customers, staff, investors, the community that we operate in, and the environment. Through our operations and corporate policies, we:

- Seek to deliver positive financial returns to our shareholders;
- Support infrastructure through taxes and other payments to the governments where we operate in; and
- Contribute to the local economies and communities through job creation, income generation and transfer of efficiency gains.

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 interest to have long-term sustainability objectives, policies and risk management strategies.

We therefore view our business performance beyond short-term gain and focus more on delivering value to our stakeholders. We strive to achieve sustained growth for the Group as well as the communities 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.

US$'000	FY2019	FY2018
Economic value generated[1]	165,303	108,815
Operating Costs (related to supply chain)	81,158	86,510
Operating Costs (not related to supply chain)	5,282	6,282
Employee benefits expenses	10,231	6,063
Distribution to providers of debt capital[2]	188	264
Distribution to governments/Taxes		
- Singapore	1,155	1,128
- Indonesia	742	871
- Total	1,897	1,999
Distribution to community (donations)	2	16
Distribution to providers of equity capital (dividends)	1,162	2,836

Notes:

1. Economic value is derived by summing revenue, other income, gain on disposal of subsidiary, UOC Group and share of profit of joint ventures
2. Interest paid to the lenders

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

US$'000	FY2019	FY2018
Retirement benefits obligations/pension liabilities	-	476

The Central Provident Fund (CPF) is a key pillar of Singapore's comprehensive social security system, and serves to meet Singaporeans' retirement, housing and healthcare needs.

It is a mandatory social security savings scheme funded by contributions from employers and employees as stipulated by Singapore's CPF Board. The Group contributes 17% of our employees' gross salaries to their CPF accounts, while they contribute 20%, subject to a maximum cap of S$6,000 per employee per month. No contribution is required to be made for gross salaries above S$6,000. The Singapore government also helps to supplement the CPF savings of lower wage workers through schemes such as Workfare and top-ups to MediSave for senior citizens.

Currently, our plan liabilities are provisions for CPF for our Singapore-based employees. Prior to FY2019, we had retirement benefit obligations, however, these were reduced to nil after we de-consolidated our Indonesia subsidiary, PLI. In FY2019, PLI had become a joint venture of the Group following Repsol's investment in United Oil Group.

All of our plan liabilities are met by the Group's general resources and we do not have a separate fund to meet our plan liabilities. The CPF scheme for Singapore-based employees is mandatory as stipulated by the Singapore government.

There is no similar scheme for our Indonesia-based employees.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

US$'000	FY2019	FY2018
Grants from government agencies	119	41

In FY2019, United Global received a total of US$119,000 (FY2018: US$41,000) from largely Singapore government agencies.

These are grants that the Group was eligible for under the relevant government incentives. No government/ government body is present in the Group's shareholding structure.

SUSTAINABILITY REPORT

❖ **Anti-Corruption** (205-1, 205-2)

As part of our commitment to excellence in corporate governance, we are steadfast in our management of our Group's exposure to corruption risk through our policies and internal controls.

The Group's anti-corruption policy, which has been adopted towards the end of FY2019, has yet to be fully implemented and communicated throughout the Group. We intend to commence in FY2020.

United Global rejects all forms of corruption and applies a zero-tolerance approach in respect to any breach of this policy. To prevent corruption, the Group performs all of its operations in accordance with the applicable laws in all areas of our activities and in all the countries that we operate in, respecting both the spirit and purposes of the laws.

We will:

- Not exert any influence on the will or objectiveness of persons in order to obtain a benefit or rewards through practices that are unethical or contrary to the applicable laws

- Not give, promise or offer, directly or indirectly, anything of value (i.e. cash or cash equivalents, gifts, loans, rewards, advantages or benefits of any kind) to any person or entity in order to obtain undue benefits for the Group

- Not allow any facilitating payment (i.e. small payments to a low-level government official that are intended to encourage the official to perform his responsibilities, for example, to gain access to government services, obtain ordinary licenses or business permits, process government papers, provide police protection, or load and/or unload goods.)

- Not finance or support directly or indirectly any political party or its representatives or candidates

- Not use donations to conceal undue payments

- Not request or unduly receive, directly or indirectly, commissions, payments or rewards from third parties as a result of investments, divestments, financing or expenditure made by the Group

- Pay special attention to those cases where there appears to be lack of integrity with any person or entity with whom we deal with, to ensure that the Group establishes business relationships only with qualified and reputable persons or entities

- Accurately record all financial transactions in the Group's books and records

- Promote internal training on preventing and combating corruption

Employees who have evidence, questions or suspicions regarding any form of corruption must report immediately to their supervisor or senior management. Staff and third parties may also raise their questions or concerns through the Group's whistle-blowing channel.

The Group will not tolerate any retaliation against anyone who in good faith asks questions or makes a report of actions that may be inconsistent with this policy.

Staff who act contrary to this policy are subject to discipline, which include termination as well as possible legal proceedings and penalties. Legal consequences imposed under anti-corruption laws can also have a serious impact for both staff and the Group.

The Group reserves the right to adopt the measures it considers appropriate against any business partners who do not comply with this policy.

All employees are responsible for compliance. In addition, all members of senior management, and staff who are involved in procurement and supply chain management are required to make an annual declaration of possible conflicts of interest.

We provide guidelines on suitable staff response to gifts from customers or business associates. These guidelines serve to protect and uphold the reputation, professionalism and integrity of our staff, as well as to avoid corporate obligation to customers or business associates resulting from gifts or favours received.

We conduct annual vendor evaluation to ensure that contractors and suppliers comply to certain performance standards as required by the Group.

WHISTLE-BLOWING

We have a whistle-blowing policy and procedures which enables staff and other persons to raise in-confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls, auditing or other matters, without fear of reprisal in any form.

Under these procedures, arrangements are in place for independent investigation and for appropriate follow-up actions to be taken. To facilitate and encourage reporting, the Whistle-Blowing Policy, together with the dedicated whistle-blowing communication channels such as email and postal address as well as telephone contact numbers are disseminated to the employees and is available on the Company's internal server. All concerns about possible improprieties can be communicated directly to the AC Chairman via hand or by post to

(a) United Global Limited
c/o RHT Corporate Advisory Pte. Ltd.
30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
Attention: Chairman of the Audit Committee

Or

(b) by E-mail to the Company Secretary at E-mail address: lissa.siau@rhtcorporate.com.

Necessary safeguards are taken to protect whistle-blowers.

CORRUPTION RISKS

US$'000	FY2019	FY2018
Costs exposed to corruption risks(i)	81,158	86,510

Note:
1 This cost is in relation to the value of the goods and materials handled by supply chain.

In FY2019, we have assessed the total costs exposed to corruption risks to be in the region of US$81.2 million, some 6.2% lower than the previous year. The risks are mainly in the possible collusion between the supply chain department and suppliers for purchasing of raw materials at a price which may be unfavorable to the Company. The Group seeks to achieve zero corruption incidents.

❖ **Effluents and Waste** (306-2, 306-4)

The Group's initiatives on protecting and conserving the environment are largely centered on minimising the material impact that our operations have on the environment, namely, use of energy, water and disposal of wastes generated by our operations. We are also actively engaging our staff and customers in championing and addressing these impacts together.

With our operations in Singapore and Indonesia, we look at ways to reduce emissions, increasing energy efficiency, reducing and recycling waste and conserving water resources.

In FY2019, our plants in Singapore and Indonesia generated a total of 114.6 tons of waste materials, comprising predominantly cardboard, metal and plastic materials, an 8.3% increase over the previous year. This is in line with the upsurge in blending and manufacturing activities in both plants.

In addition, the plants also produced 190.8% higher amounts of chemical waste materials, amounting to 189 litres. Majun cloth, a cloth used to clean up the waste oil on machines or production floor, however, dropped by 26.1% year-on-year to 3.4 tonnes as the Group's Indonesian plant started using nano fibre absorption materials for its clean-up processes instead.

SUSTAINABILITY REPORT

The Group's wastes are disposed by licensed contractors in Singapore and Indonesia.

	FY2019	FY2018	CHANGE (%)
Cardboard (tonne)	6.4	10.2	(37.2%)
Metals (tonne)	96.9	74.0	30.9%
Plastics (tonne)	11.3	21.6	(47.7%)
Majun Cloth (tonne)	3.4	4.6	(26.1%)
Chemical Waste (litres)	189	65	190.8%

❖ Occupational Health and Safety (403-1, 403-2, 403-4, 403-5, 403-7, 403-8, 403-9)

The Group's occupational health and safety programme, adopting the CultureSAFE guidelines established by WSH Council - the Tripartite Alliance for Workplace Safe, ensures 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

Established on 1 April 2008, the Workplace Safety and Health (WSH) Council comprises leaders appointed from major industry sectors, government, unions, employers as well as professionals from the legal, insurance and academic fields. The Council works closely with the Ministry of Manpower and other government agencies, the tripartite partners, the industry, and professional associations to develop strategies to raise WSH standards in Singapore.

The Council's main functions are:

- Build industry capabilities to better manage WSH
- Promote safety and health at work, and recognise companies with good WSH records
- Implement acceptable WSH practices

The CultureSAFE programme supports organisations in their WSH Culture-building journey by providing a structured platform to cultivate WSH mindsets and attitudes in every employee in the organisation. It covers the commitments of (1) the Organisation, (2) Stakeholders, and six attributes:

1. Governance
2. Work management system
3. Competent and learning organisation
4. Communications and reporting
5. Leadership and commitment
6. Ownership and teamwork

As part of CultureSAFE, an inventory of the workers' activities are logged, and a risk assessment is conducted to identify hazards and implement control measures for those activities considered as high risk. Our risk assessment system, audited every three years, adopts control measures based on a hierarchy of controls such as elimination, substitution, engineering, administrative, and the provision and use of suitable personal protective equipment.

Training and work activities are being reviewed annually by the Group's Safety Committee.

Workers report hazards or situations in the workplace to Line Leaders and Supervisors, and these are highlighted at weekly operations meetings. Related hazards will also be discussed in the Safety Committee's monthly meetings for further investigations.

We highlight regularly to staff the importance of safety in the workplace by way of posters and quizzes. In addition, WSH's safety alerts are placed on notice boards throughout the plants. Apart from Safety Committee's monthly meetings and weekly toolbox meetings, the Company also has a WSH committee chaired by management, and its monthly meetings are attended by representatives from all departments.

Safety training conducted include safety orientation for new employees, occupational first aid course, Community Emergency Response Team (CERT) training for emergency first responders, risk assessment training, forklift operation training, and Global Harmonised System (GHS) training. GHS is a system developed by United Nations for the of classification of chemicals and hazardous materials through standardised labels and safety data sheets.

The implementation of the occupational health and safety (OHS) management system in the Group is voluntary, and not due to legal requirements.

	FY2019		FY2018	
	Singapore	Indonesia	Singapore	Indonesia
Work-related injuries	1 (related to material handling)	0	0	1 (related to material handling)
Recordable work-related injuries	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0	0

In FY2019, only 1 work-related minor incident was reported in Singapore, and this was related to material handling. The Group seeks to achieve zero incidents in all of our operations.

❖ Diversity and Equal Opportunity (405-1)

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 endeavoured to apply these principles equally to recruitment and opportunities for advancement.

As at 31 December 2019, the Group has 85 employees at its Singapore operations, and 90 employees at its subsidiary in Indonesia, making it a combined strength of 175 employees Group-wide.

On a gender diversity basis, the Group had a total of 122 men and 53 women in its employment in both Singapore and Indonesia. This works out to be 70% men and 30% women at the Group level. This is similar to FY2018's 69% men and 31% women. The Group reiterates that it does not discriminate against any gender as long as the employee has the requisite skillsets for the particular role.

During the year in review, about 83% of its workforce is 50 years old and under (FY2018: 84%). In terms of the geographical spread, the Singapore headquarters employed a more multinational team because of the nature of Singapore's talent pool – 58% of its workforce was from Malaysia, 20% from Singapore, 20% from China, 1% from Indonesia and 1% from Spain. At its subsidiary in Indonesia, all of the employees were from Indonesia except for 1 Singaporean.

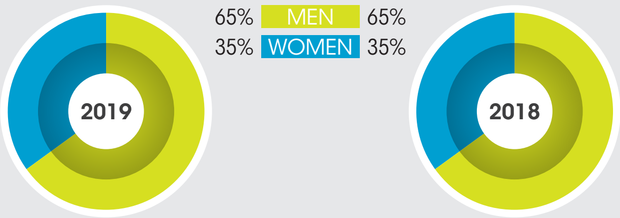
About 36% of the Group's workforce in both locations are technical and non-management (FY2018: 39%), while executives and above made up the remaining 64% (FY2018: 61%).

Nearly 30% of the staff has been with the Group for more than 10 years (FY2018: 34%), while 60% have spent less than 5 years with the Group (FY2018: 54%).

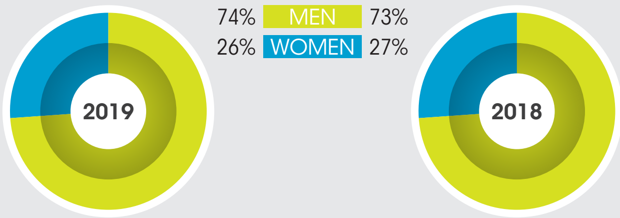
SUSTAINABILITY REPORT

GENDER RATIO

SINGAPORE OPERATIONS

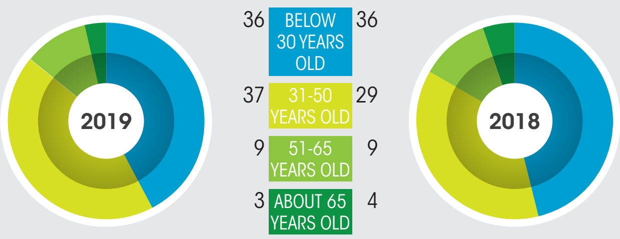


INDONESIA OPERATIONS

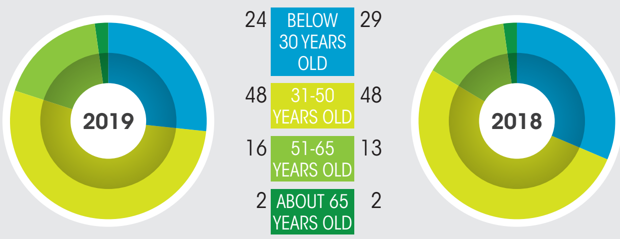


AGE PROFILE

SINGAPORE OPERATIONS

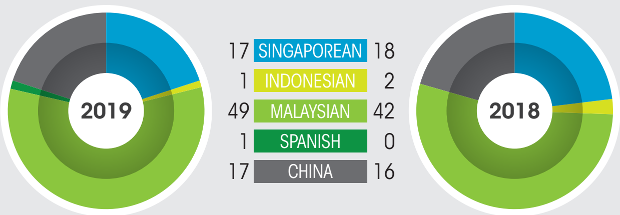


INDONESIA OPERATIONS

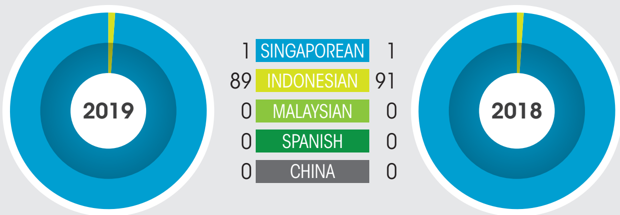


BY NATIONALITIES

SINGAPORE OPERATIONS

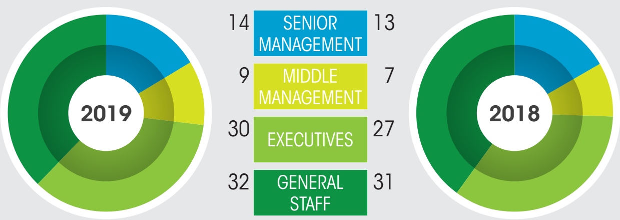


INDONESIA OPERATIONS

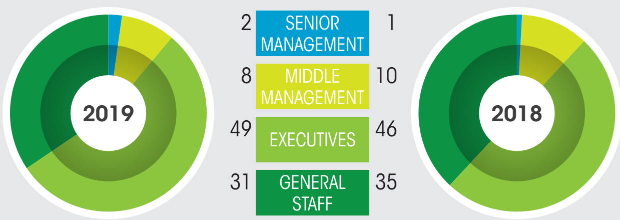


PMET CLASSIFICATION

SINGAPORE OPERATIONS

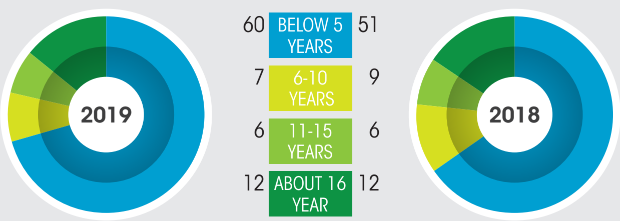


INDONESIA OPERATIONS

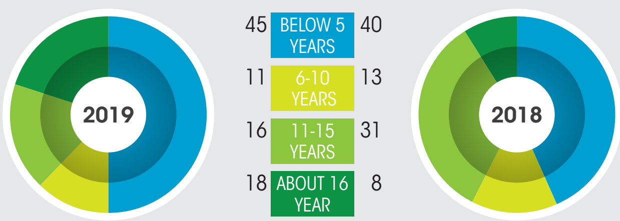


YEARS OF SERVICE

SINGAPORE OPERATIONS



INDONESIA OPERATIONS



SENIOR MANAGEMENT

SINGAPORE OPERATIONS

14 2019

13 2018

INDONESIA OPERATIONS

2 2019

1 2018

At United Global, we have a total of 16 employees (FY2018: 14) at the senior management level – 14 of whom are at our Singapore headquarters and 2 at our joint venture in Indonesia.

The Group's definition of "senior management" is from Senior Manager and above to the C-suite executives.

In Singapore, total of 13 senior management level are all Singapore citizens and permanent residents (i.e. locally sourced).

In Indonesia,the 2 senior management are local Indonesians.

❖ **Employment** (401-2, 401-3)

PARENTAL LEAVE

The Group complies with prevailing laws for matters concerning parental leave:

SINGAPORE

Singapore labour laws prescribe matters concerning maternity, paternity and childcare leave, except leave for abortions.

A female employee is entitled to:
- 16 weeks of maternity leave (4 weeks before and 12 weeks immediately after delivery)

A male employee is entitled to:
- 2 weeks of government-paid paternity leave (to be taken within 16 weeks of child's birth). This also applies to adoptive fathers
- Working fathers are also entitled to share 4 weeks out of the 16 weeks' maternity leave subject to the agreement of the mother

In addition, male or female employees are entitled to 6 days of childcare leave per calendar year if their child is below 7 years old. The first 3 days of childcare leave will be Company-paid and the last 3 days will be paid by the Government (capped at S$500 per day, including CPF). Regardless of the number of children, the total childcare leave entitlement for each parent is capped at 6 days per calendar year. Parents of children who are non-citizens are eligible for 2 days of childcare leave.

INDONESIA

IIndonesian labour laws prescribe the following:
- Maternity leave of 3 months (miscarriage leave 1.5 months)
- Childcare leave – 6 days
- Paternity 2 days

SUSTAINABILITY REPORT

	FY2019		FY2018	
	Singapore	Indonesia	Singapore	Indonesia
Staff entitled to parental leave by gender:				
Male	25	53	23	52
Female	11	19	12	22
Staff that took parental leave by gender				
Male	8	2	8	0
Female	8	4	9	3
Staff that returned to work in the reporting period after parental leave ended by gender				
Male	8	2	8	0
Female	8	4	9	3

	FY2019		FY2018	
	Singapore	Indonesia	Singapore	Indonesia
Staff that returned to work after parental leave ended that were still employed 12 months after they return to work, by gender				
Male	8	2	8	0
Female	8	4	9	3
Return to work rate of staff that took parental leave by gender and retention rates of staff that took parental leave, by gender				
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Retention rate of staff that took parental leave, by gender				
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%

Notes:

- *Return to work rate = total number of staff that did return to work after parental leave divided by the total number of staff due to return to work after taking parental leave x100*
- *Retention rate = total number of staff retained 12 months after returning to work following a period of parental leave divided by the total no of staff returning from parental leave in the prior reporting period x 100*

❖ Customer Privacy (418-1)

The Group has a Personal Data Privacy ("**PDP**") policy in place since 19 November 2018, and its Data Breach Management Team, comprising the Data Protection Officer, heads of departments as well as representatives from Information Technology, Human Resource, Customer Service, Legal and Personnel Relations departments – oversee the implementation and adherence of this policy.

Its PDP policy, which is distributed to all directors, heads of departments and employees, sets out guidance on how the Group handles and protects the personal data of its customers, business partners, vendors, and employees.

All department heads are responsible for ensuring compliance, and any staff found to have breached the policy may be subjected to disciplinary procedure or prosecution.

The Group has reasonable technology in place, as well as an operational security policy, to govern the privacy and confidentiality of personal data within the organisation. We employ a range of technological, physical and administrative security measures to protect against accidental or unauthorized access, collection, use, disclosure, copying, modification, disposal, deletion and other similar risks to the personal data.

In addition, all employees who handle personal data are trained to respect the confidentiality of the data, and the Group regards breaches of all applicable data protection laws very seriously. Data intermediaries who process and maintain personal data on behalf of the Group are bound by contractual data protection arrangements.

No complaint was received in FY2019 with regard to breach of customer privacy, leaks, thefts or losses of customer data.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Edy Wiranto
(Non-Independent and 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 On, Gerald *(Chairman)*
Tan Teng Muan
Leong Koon Weng

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Leong Koon Weng *(Chairman)*
Mah Kah On, 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
DBS Bank Ltd

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 issued on 6 August 2018 (the "Code"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The Code is effective for annual reports covering financial years commencing from 1 January 2019. This is the first corporate governance report of the Group, setting out our corporate governance practices with specific reference to the Principles and Provisions of the Code, its accompanying Practice Guidance and other applicable laws, rules and regulations, including the Catalist Rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Catalist Rules").

Pursuant to Rule 710 of the Catalist Rules, the Board confirms that for the financial year ended 31 December 2019 ("FY2019"), the Company has adhered to the Principles as outlined in the Code and where there are deviations from the Provisions of the Code, explanations for the deviations from the Provisions of the Code and how the Group's practices are consistent with the intent of the relevant Principle are provided in the sections below:

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1: Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

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;

CORPORATE GOVERNANCE REPORT

- 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;

- 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.

The Board adopted a Code of Conduct for the Group which establishes the fundamental principles of professional and ethical conduct expected of the Group in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned employee/Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Provision 1.2: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

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 to familiarise himself with the business and operations. Pursuant to the amended Rule 406(3)(a) of the Catalist Rules of the SGX-ST (which was revised to be consistent with the Code), the Company will arrange prescribed trainings 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 ("ACRA"), 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 as well as the key amendments and impact of the Code and listing manual of the SGX-ST. The external auditors would update the AC and the Board on new and revised financial reporting standards annually.

Provision 1.3: The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

Provision 1.4: Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual 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.

Provision 1.5: Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

During FY2019, the full Board meets at least 4 times 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.

CORPORATE GOVERNANCE REPORT

The frequency of meetings and the attendance of each Director at every Board and Board Committee meeting for FY2019 are disclosed in the table reflected below:

FY2019 Meeting Attendance	Board	AC	NC	RC	Annual/ Extra-ordinary General Meeting
Total Number of Meetings	**4**	**4**	**1**	**1**	**2**
Mr Edy Wiranto	4	4*	1*	1*	2
Mr Tan Thuan Hor, Jacky	4	4*	1*	1*	2
Ms Ety Wiranto	4	4*	1*	1*	2
Mr Mah Kah On, Gerald	4	4	1	1	2
Mr Tan Teng Muan	4	4	1	1	2
Mr Leong Koon Weng	4	4	1	1	2

* 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. Information and assessment on Directors who have multiple board representations and other principal commitments can be found under Principle 4 of this report.

Following the amendments to Rule 705 of the Catalist Rules, the Company is not required to release its financial statements on a quarterly basis. The Board has, after due deliberation and consideration, decided not to continue with quarterly reporting of its financial results. In this regard, the Board will meet at least two times a year and convenes at other times as warranted by particular circumstances to discuss and review the Group's key activities.

Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and 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.

CORPORATE GOVERNANCE REPORT

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.

Provision 1.7: Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

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.

BOARD COMPOSITION AND GUIDANCE

Principle 2
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1: An "independent" director" is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Provision 2.2: Independent directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3: Non-executive directors make up a majority of the Board.

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

CORPORATE GOVERNANCE REPORT

The Company maintains an appropriate level of 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 substantial 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 substantial shareholders.

The Chairman is the son of Mr. Wiranto (the controlling shareholder of the Company), brother of Ms. Ety Wiranto (an Executive Director and a deemed controlling shareholder of the Company) and brother-in-law of Mr. Tan Thuan Hor, Jacky (Executive Director, Chief Executive Officer and controlling shareholder of the Company). As the Chairman is not an Independent Director, the current Board composition which only makes up of half of the Board of Independent Directors, does not satisfy Provision 2.2 of the Code. However, taking into consideration the following factors, the Board and NC are of the view that the current composition of the Board is consistent with the intent of Principle 2 of the Code:

(i) The Non-Executive Directors, i.e. four (4) out of six (6) Directors, make up a majority of the Board. This satisfies the requirement of Provision 2.3 of the Code. Further, the current Board composition is also in compliance with Rule 406(3)(c) of the Catalist Rules, which require the independent directors to make up at least one-third of the Board.

(ii) As Independent Directors make up half of the Board, there is substantial independent element on the Board to ensure that objective judgment is exercised on corporate affairs and no individual or groups of individuals dominate the Board's decision-making process.

(iii) The Board has a Lead Independent Director who plays an additional facilitative role within the Board, and where necessary, he also facilitates communication between the Board and shareholders or other stakeholders of the Company.

Nonetheless, the Board and NC remain committed to continuously review the adequacy of the composition of Independent Directors on the Board, including reviewing the independence of each Independent Director annually and as and when circumstances require, and ensure that at all times, the Board will be in compliance with the intent of Principle 2 of the Code.

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 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interest of the Company. The independence of each Director is reviewed annually by the NC.

The Board 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. The NC has considered and concluded Mr Tan Teng Muan to be independent as he is not the partner acting for the Group and the billings for the services rendered by Mallal & Namazie did not exceed the threshold provided in Practice Guidance 2 of the Code. Based on the assessment, the NC is of the view that Mr Tan Teng Muan is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities.

Under Catalist Rule 406(3)(d)(i) and 406(3)(d)(ii), 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.

CORPORATE GOVERNANCE REPORT

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.

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

Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

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.

Although there is no diversity policy adopted, the Board and NC are 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, customer-based experience and knowledge, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. Together, the Board members possess a balanced field of core competencies to lead the Company. The Board currently has one female Director. This diversity facilitates constructive debate on the business activities of the Company and enables management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. Details of the Board members' qualifications and experience are presented in this Annual Report under the section entitled "Board of Directors".

Provision 2.5: Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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, led by the Lead Independent Director, are encouraged to meet, without the presence of Management in order to facilitate a more effective check on Management. The Lead Independent Director will then, where necessary, provide the feedback to the Board.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1: The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision 3.2: The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

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

The Chairman's duties and responsibilities include:

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

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

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

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

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

(f) ensuring effective communication with Shareholders;

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

(h) promoting high standards of corporate governance.

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

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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 is sufficient strong independent element on the Board and adequate safeguards are in place to check against an uneven concentration of power and authority in a single individual.

Provision 3.3: The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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

Provision 4.1: The Board establishes a NC to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

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Provision 4.2: The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

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 and procedures relating to changes in the NC's terms of reference.

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

(a) recommending the appointment of new Directors and the re-nomination of our existing Directors (including Independent Directors) taking into consideration each Director's contribution and performance;

(b) determining annually whether a Director is independent;

(c) deciding whether a Director is able to and has been adequately carrying out his duties as a Director; notwithstanding that the Director has multiple board representations;

(d) reviewing and approving any employment of persons who are immediate family members of our Directors and Substantial Shareholders and the proposed terms of their employment;

(e) in respect of a Director who has multiple board representations on various companies, reviewing and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

(f) development of a process for evaluation of the performance of the Board, its Board Committees and individual Directors;

(g) reviewing of board succession plans for Directors, CEO and key management personnel;

(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.

CORPORATE GOVERNANCE REPORT

Provision 4.3: The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

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.

Provision 4.4: The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

Provision 4.5: The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

The NC reviews annually the independence declarations made by the Company's Independent Directors based on the criterion of independence under the guidelines provided in the Code and the applicable Catalist Rules. The Board has also reviewed the number of years served by each Independent 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 Directors.

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

The NC was satisfied that in FY2019, 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

CORPORATE GOVERNANCE REPORT

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	01 August 2017/30 April 2018	Commissioner of various companies in Indonesia	Nil
Mr Tan Thuan Hor, Jacky(1&2)	Executive Director and Chief Executive Officer	15 September 2015/27 April 2017	Nil	Nil
Ms Ety Wiranto(1&2)	Executive Director	15 September 2015/30 April 2018	Nil	Nil
Mr Mah Kah On, Gerald	Lead Independent Director	01 June 2016/30 April 2018	Nil	mDR Limited
Mr Tan Teng Muan	Independent Director	01 June 2016/ 30 April 2019	Independent Director of Overseas Education Limited. Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie	Nil
Mr Leong Koon Weng	Independent Director	01 June 2016/ 30 April 2019	Director of Business Development, ValueMax Group Limited and Executive Directors of VM Credit Pte Ltd	Imperium Crown Limited

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

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

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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.

Mr Tan Thuan Hor, Jacky and Mr Mah Kah On, Gerald are nominated for re-election in accordance to Regulation 98 of the Constitution of the Company at the forthcoming AGM. In this regard, the NC, having considered the Directors' overall contributions and performance as well as the attendance and participation of these Directors at the Board and Board Committee Meetings, has recommended their re-election. Mr Mah Kah On, Gerald, being the NC member had abstained from deliberation in respect of his own nomination and assessment. The retiring Directors, being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation. Mr Tan Thuan Hor, Jacky will upon re-election as Director, remain as Executive Director and CEO of the Company. Mr Mah Kah On, Gerald will, upon re-election remain as Lead Independent Director and the Chairman of the AC and a member of the NC and RC. The Board considers Mr Mah Kah On, Gerald, to be independent for the purposes of Catalist Rule 704(7). To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal operating entities, which is based in Singapore and Indonesia.

Details of the Directors seeking re-election are found in Table A set out on pages 73 to 74 of this Annual Report.

BOARD PERFORMANCE

Principle 5
The Board undertakes a formal annual assessment of its the effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Provision 5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

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.

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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 2020 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.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as director. Accordingly, Mr Mah Kah On, Gerald, as member of the NC has abstained from voting on any resolution in respect of the assessment of his performance and re-nomination as a Director.

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REMUNERATION MATTERS
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1: The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.

Provision 6.2: The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Provision 6.4: The Company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

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 and key management personnel. 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;

CORPORATE GOVERNANCE REPORT

(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.

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. In addition, the RC also reviews the remuneration of senior key management personnel and the remuneration of employees who are immediate family members of our Directors and Substantial Shareholders on an annual basis 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 7
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Provision 7.2: The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

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Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

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 in 2016. During this financial year, the Service Agreements have been renewed for another 3 years.

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 a tiered annual performance bonus payout ("Performance Bonus") in respect of each financial year, which is calculated based on a certain percentage, ranging from 1.0% to 5.75% of the Group's audited consolidated profit before income tax for the financial year, before payment of the Performance Bonus to 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 more than US$25.0 million, Mr Tan Thuan Hor, Jacky will be entitled to 5.75% of the amount of the Consolidated PBT and Ms Ety Wiranto will be entitled to 5.25% of the amount of the Consolidated PBT. For FY2019, both Executive Directors are entitled to receive the said amount of the Performance Bonus.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration 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 8
The Company is transparent on its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1: The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

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Provision 8.2: The Company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Provision 8.3: The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

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

Remuneration of Directors

The breakdown of remuneration for each Director for FY2019 are as follows:

Directors	Remuneration Bands	Salary (%)	Bonus/ Profit Sharing (%)	Other Benefits[(1)] (%)	Fee (%)	Total (%)
Mr Edy Wiranto	Below S$250,000	–	–	–	100	100
Mr Tan Thuan Hor, Jacky	S$3,250,000 to S$3,500,000	14	82	4	–	100
Ms Ety Wiranto	S$3,000,000 to S$3,250,000	13	85	2	–	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 FY2019, a total of S$214,000 directors' fees were paid to Independent and Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

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 8 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 8 key management personnel during FY2019. 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 8 key management personnel (who are not Directors or the CEO) for FY2019 is approximately S$2,551,000.

Save for the Executive Directors, and Mr Wiranto who has been a director of one of the Group's subsidiary and subsequently during FY2019 resigned as director of the subsidiary, there are no employees who were substantial shareholders of the Company in FY2019.

Mr Tan Thuan Hor, Jacky and Mr Shawn Tan are brothers. Save for Mr Shawn Tan who is one of the top 8 key management personnel of the Group, no employee of the Group was an immediate family member of any Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 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 FY2019 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 FY2019 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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROL

Principle 9
The Board is responsible for the governance of the risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interest of the company and its shareholders.

Provision 9.1: The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

Provision 9.2: The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

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, information technology controls and risk management systems.

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 2019.

CORPORATE GOVERNANCE REPORT

For FY2019, the Board has received assurances from the CEO, CFO and other key management personnel 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 adequate and operating effectively.

AUDIT COMMITTEE

Principle 10
The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

Provision 10.2: The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

CORPORATE GOVERNANCE REPORT

Provision 10.4: The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

Provision 10.5: The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

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 Management where necessary);

CORPORATE GOVERNANCE REPORT

(e) review the adequacy, effectiveness, independence, scope and results of the external audit, and the company's internal audit function;

(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 CFO 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 CFO 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 ensure that assurance has been received from the CEO (or equivalent) and the CFO (or equivalent) on the financial records and financial statements;

(k) review and approve interested person transactions and transactions falling within the scope of Chapter 9 of the Catalist Rules;

(l) 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;

(m) 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 Undertaking[1];

(n) review and approve all hedging policies and instruments (if any) to be implemented by the Group;

(o) 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;

(p) 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

(q) 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.

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 FY2019 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 or auditing corporation 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 2019. A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 144 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. Details of the whistle-blowing policy are disseminated to the employees of the Group.

CORPORATE GOVERNANCE REPORT

All concerns about possible improprieties can be communicated directly to the AC via company secretary of the Company. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about fraud and for whistle-blowing in good faith.

The 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.

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, and has appropriate standing within the Company.

The primary reporting line of the internal audit function is to the AC. The AC also decides on the appointment, termination and the remuneration of the 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 FY2019 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 FY2019, 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 ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

Provision 11.2: The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

Provision 11.3: All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.

Provision 11.4: The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

Provision 11.5: The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

Provision 11.6: The company has a dividend policy and communicates it to shareholders.

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.

CORPORATE GOVERNANCE REPORT

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. 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.

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

All Directors, including the chairpersons of various Board Committees, and the Executive Officers attended general meetings to address shareholders' queries and receive feedback from shareholders. 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 external auditor is invited to attend general meetings and are present to address queries from the shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the Executive Officers will be available to shareholders upon their written request.

The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to

CORPORATE GOVERNANCE REPORT

be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

The Company's Constitution allows corporations and members of the Company to appoint up to 2 proxies to attend and vote at general meetings. A Relevant Intermediary[1] may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the general meeting in person. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

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.

Presently, the Company's Constitution does not allow a shareholder to vote in absentia, such as via mail, electronic mail or facsimile. This is not in line with Provision 11.4 of the Code, where the Company's Constitution should allow for absentia voting at general meetings of shareholders. The Company has decided, for the time being, not to implement voting in absentia until careful study has been done to ensure the integrity of the information and authentication of shareholders' identities through the web or other means are not compromised.

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 listing. For FY2019, the Company is recommending a final tax exempt ordinary and special dividend total of 3.2 Singapore cents per share, subject to approval at the forthcoming AGM.

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[1] A Relevant Intermediary is

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12
The company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Provision 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

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 has in place an investor relations policy which promotes the timely dissemination of relevant information to the Company's shareholders and prospective investors to enable them to make well-informed investment decisions and to ensure a level playing field.

Shareholders and the investment community can contact the Company's Investor Relations team by telephone at +65 6958 8002 or email at *seekim@waterbrooks.com.sg*.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1: The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provision 13.2: The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Provision 13.3: The Company maintains a current corporate website to communicate and engage with stakeholders.

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

The Group seizes opportunities to engage our stakeholders and welcomes feedback on our sustainability report. The Company's sustainability team can be contacted via email (*seekim@waterbrooks.com.sg*).

Stakeholders who wish to know more about the Group and our business and governance practices can visit our website (*www.unitedgloballimited.com*). Our website includes an investor relations section containing the Company's financial highlights, annual report and corporate announcements.

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.

Following the cessation of quarterly reporting of its financial results with effect from 7 February 2020, the Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial statements.

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

CORPORATE GOVERNANCE REPORT

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.

During the FY2019, IPT exceeding S$100,000 in aggregate under review are disclosed as follows:

	Aggregate value of all interested person transactions (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 (excluding transactions less than S$100,000) (US$'000)**
Transactions with Edy Wiranto (Non-executive Chairman) and his associates, and companies owned by Edy Wiranto and his associates		
Sales of goods, services and rental income	82	–
Purchases of goods, service and rental cost	146	–

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 FY2019.

CORPORATE GOVERNANCE REPORT

TABLE A

Mr Tan Thuan Hor, Jacky and Mr Mah Kah On, Gerald 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 Thuan Hor, Jacky	**Mr Mah Kah On, Gerald**
Date of appointment	15 September 2015	1 June 2016
Date of last re-appointment (if applicable)	Not Applicable	Not Applicable
Age	55	70
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 Thuan Hor, Jacky ("Mr Tan") as an Executive Director of the Company, after taking into consideration of Mr Tan's performance since he was appointed as an Executive Director and Chief Executive Officer of the Company.	The Board of Directors of the Company has accepted the NC's recommendation to re-elect Mr Mah Kah On, Gerald ("Mr Mah") as an Independent Director of the Company, after taking into consideration of Mr Mah's performance since he was appointed as a Lead Independent Director of the Company. The Board considers Mr Mah 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	Executive. Responsible for the overall strategic, management and business development of our Group.	Non-Executive.
Job Title	Executive Director and Chief Executive Officer	Lead Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee.
Professional qualifications	University of Canberra with a Bachelor of Applied Science in Building in 1991.	Institute of Chartered Accountants in England and Wales.

CORPORATE GOVERNANCE REPORT

	Mr Tan Thuan Hor, Jacky	Mr Mah Kah On, Gerald
Working experience, occupation(s) during the past 10 years and Principal Commitments Including Directorships	Since 1999 to Present: Co-Founder, Director and Chief Executive Officer of the Group Past Directorship (for the last 5 years) None Present Directorship and Other Principal Commitments As a Director of the subsidiaries, associate and joint venture companies of the Group.	Mr Mah has retired as a Chief Executive Officer and Consultant of UMF (Singapore) Limited since 2006. Past Directorship (for the last 5 years) mDR Limited Present Directorship and Other Principal Commitments None
Shareholding interest in the share capital of the Company and its subsidiaries	104,166,250 (direct interests) and 12,714,200 (deemed interest)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	Nil
Conflict of interest (including any competing business)	None	None

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.

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, 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on page 85 to 154 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, 2019, 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 and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies' Act, Chapter 50 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	As at January 1, 2019	As at December 31, 2019	As at January 1, 2019	As at December 31, 2019
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	98,166,250	101,166,250	12,714,200[2]	12,714,200[2]
Ms. Ety Wiranto	12,714,200	12,714,200	98,166,250 [3]	101,166,250[3]
PT TechX Innovations Indonesia (Ordinary Shares)				
Mr. Edy Wiranto	-	10	-	-

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 101,166,250 (2018: 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, 2020 were the same at December 31, 2019.

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.

DIRECTORS' STATEMENT

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.

In 2019, 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.

DIRECTORS' STATEMENT

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
Tan Thuan Hor

....
Ety Wiranto

March 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2019, 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 85 to 154.

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, 2019, 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 *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	How the audit matter was addressed in the audit
Recoverability of receivables	
During the year, a previously held subsidiary of the Group and a joint venture entered into sales transactions totalling US$22,408,000 with a third party and as at December 31, 2019, the Group and the joint venture has amount outstanding from this customer of US$3,502,000 and US$2,222,000 respectively. The Company also extended a loan of US$3,009,000 to the joint venture for working capital purposes and as at December 31, 2019, the Group has US$3,937,000 due from the joint venture. The third party customer is currently in dispute with other parties and accordingly, receipts from the customer to the Group and to the joint venture has been slow. Management monitors and assesses the Group's expected credit losses (ECL), and where required, adjusts the level of impairment loss allowance. The determination of ECL requires the use of judgement by management based on the general market conditions, the security on the receivables and profiles of the respective debtors including its joint venture. Based on management's assessment, an allowance for impairment loss of US$1,056,000 has been set up against the amount due from its joint venture. The Group has made disclosures on trade and other receivables in Notes 6 and 7 to the financial statements respectively.	Our audit approach included the performance of walkthrough of the relevant controls and substantive procedures as follows: • We obtained an understanding of the Group's relevant controls over the credit and collection process of its receivables, and we evaluated management's loss allowance based on lifetime ECL and 12-month ECL respectively; • Specifically to the amounts due from the third party customer, we have also performed the following: a) Reviewed the repayment schedule as agreed with the customer and the receipts thereon; and b) Obtained supporting documents relating to the security on the outstanding receivables. • For the amounts due from the joint venture, we have performed the following: a) Obtained supporting documents relating to the security provided by the joint venture partner for its share of the financing; and b) Reviewed the financial information of the joint venture at December 31, 2019. We have validated and are satisfied that the assumptions and key management estimates adopted in setting up the allowance for impairment loss at December 31, 2019 are reasonable.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

Key Audit Matters	How the audit matter was addressed in the audit
Partial disposal of subsidiaries	
The Company had in September 2019 entered into a share purchase agreement ("SPA") with the purchaser, Repsol Downstream Internacional S.A. ("Repsol") for the disposal of 14,959,600 shares in its subsidiary, United Oil Company Pte Ltd ("UOC") representing 40% of the Group's interest in UOC. The transaction was completed in November 2019. Following the completion of the disposal, the Company has accounted for UOC as a joint venture as it is considered as an entity that is jointly controlled by the Company and Repsol. In accordance with the terms and conditions set out in the SPA, management has determined the total consideration for the sale shares to be US$35,862,000. In addition, subject to UOC and its subsidiary meeting certain conditions as disclosed in Note 3 to the financial statements, the Company may receive additional contingent consideration of up to US$10,000,000. The Group has made disclosures on investment in joint venture, gain on disposal of subsidiary and gain on remeasurement of remaining stake in a joint venture in Notes 12 and 33 to the financial statements.	Our audit approach included the following key procedures: • We obtained and reviewed the terms and conditions of the share purchase agreement and shareholder's agreement; • We reviewed management's bases of computation on the financial impact arising from the partial disposal of UOC, and evaluate the appropriateness of the accounting treatment of partial disposal of UOC and its classification in accordance with SFRS(I) 10 *Consolidated Financial Statements*; and • We reviewed management's assessment of the probability of UOC meeting the conditions set out in the SPA for the additional contingent consideration, and the resultant accounting required. We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED GLOBAL LIMITED

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary 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 30, 2020

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Group		Company	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	5	39,775	7,536	39,656	530
Trade receivables	6	2	18,531	-	-
Other receivables	7	12,786	3,319	13,385	9,134
Tax recoverable		-	713	-	-
Inventories	8	185	15,073	-	-
Total current assets		52,748	45,172	53,041	9,664
Non-current assets					
Other receivables	7	-	1,000	-	-
Property, plant and equipment	9	2,822	10,328	360	271
Investment properties	10	-	1,855	-	-
Intangible assets	11	-	653	-	-
Investment in subsidiaries	23	-	-	420	14,251
Investment in joint ventures	12	54,248	569	8,299	-
Deferred tax assets	19	6	118	-	-
Total non-current assets		57,076	14,523	9,079	14,522
TOTAL ASSETS		109,824	59,695	62,120	24,186
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	13	-	7,145	-	-
Lease liabilities	14	36	37	36	33
Trade payables	15	6	4,818	-	-
Other payables	16	6,437	5,835	4,209	742
Amount due to director	17	-	2,240	-	-
Current tax payable		1	1,326	1	16
Total current liabilities		6,480	21,401	4,246	791
Non-current liabilities					
Lease liabilities	14	77	111	77	111
Retirement benefits obligations	18	-	476	-	-
Deferred tax liabilities	19	-	344	-	6
Total non-current liabilities		77	931	77	117
Equity					
Share capital	20	21,425	21,425	21,425	21,425
Merger reserve	21	(3,156)	(3,156)	-	-
Pension reserve	18	5	(7)	-	-
Translation reserve		163	(1,332)	-	-
Retained earnings		84,830	19,522	36,372	1,853
Equity attributable to owners of the Company		103,267	36,452	57,797	23,278
Non-controlling interests		#	911	-	-
Total equity		103,267	37,363	57,797	23,278
TOTAL LIABILITIES AND EQUITY		109,824	59,695	62,120	24,186

#: Denotes less than US$1,000.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

	Note	Group 2019 US$'000	Group 2018 US$'000
Revenue	24	102,471	108,472
Cost of sales		(82,768)	(87,992)
Gross profit		19,703	20,480
Other income	25	62,828	301
Distribution cost		(2,332)	(2,902)
Administrative expenses		(11,700)	(8,154)
Other expenses	26	(61)	(81)
Share of profit of joint ventures		4	38
Finance costs	27	(188)	(264)
Profit before tax	28	68,254	9,418
Income tax expense	29	(1,709)	(1,738)
Profit for the year		66,545	7,680
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations		14	(14)
Share of remeasurement of defined benefit obligations from joint ventures		5	-
		19	(14)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		479	(1,125)
Reclassification of currency translation reserve upon de-consolidation of subsidiaries		872	-
Share of currency translation differences from joint ventures		163	-
		1,514	(1,125)
Other comprehensive income (loss), net of tax		1,533	(1,139)
Total comprehensive income for the year		68,078	6,541

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

	Note	Group 2019	Group 2018
		US$'000	US$'000
Profit attributable to:			
Equity holders of the Company		66,463	7,599
Non-controlling interests		82	81
		66,545	7,680
Total comprehensive income attributable to:			
Equity holders of the Company		67,977	6,517
Non-controlling interests		101	24
		68,078	6,541
Basic and diluted earnings per share (US$ cents)	32	21.0	2.4

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

Group	Note	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
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 loss		-	-	(14)	(1,068)	-	(1,082)	(57)	(1,139)
Total comprehensive (loss) 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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

Group	Note	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at January 1, 2019		21,425	(3,156)	(7)	(1,332)	19,522	36,452	911	37,363
Profit for the year		-	-	-	-	66,463	66,463	82	66,545
Other comprehensive income		-	-	19	1,495	-	1,514	19	1,533
Total comprehensive income for the year		-	-	19	1,495	66,463	67,977	101	68,078
Transactions with owners, recognised directly in equity:									
Dividends paid to owners of the Company	22	-	-	-	-	(1,162)	(1,162)	-	(1,162)
Cash subscripted by non-controlling shareholder of subsidiary		-	-	-	-	-	-	1	1
Disposal of ownership interest in subsidiaries		-	-	-	-	-	-	(1,013)	(1,013)
Reclassification of pension reserve to retained earnings upon de-consolidation of subsidiaries		-	-	(7)	-	7	-	-	-
Total		-	-	(7)	-	(1,155)	(1,162)	(1,012)	(2,174)
Balance as at December 31, 2019		21,425	(3,156)	5	163	84,830	103,267	#	103,267

#: Denotes less than US$1,000.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

	Note	Share capital US$'000	Retained earnings US$'000	Total US$'000
Company				
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
Profit for the year, representing total comprehensive income for the year		-	35,681	35,681
Transaction with owners, recognised directly in equity:				
Dividends paid to owners of the Company	22	-	(1,162)	(1,162)
Balance at December 31, 2019		21,425	36,372	57,797

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

	2019	2018
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	68,254	9,418
Adjustments for:		
Share of profit of joint ventures	(4)	(38)
Bad debts written off	96	-
Depreciation of property, plant and equipment	988	774
Depreciation of investment properties	61	62
Property, plant and equipment written off	12	-
Loss (Gain) on disposal of property, plant and equipment	6	(13)
Loss on disposal of investment properties	12	-
Amortisation of intangible assets	96	105
Gain on disposal of joint ventures	(13)	-
Gain on de-consolidation of subsidiaries	(24,803)	-
Gain on remeasurement of remaining stake in a joint venture	(37,205)	-
Interest expense	188	264
Interest income	(84)	(52)
Reversal of impairment loss (Impairment loss) recognised on trade receivables	(47)	50
Impairment loss recognised on other receivables	1,056	-
Operating cash flows before movements in working capital	8,613	10,570
Trade receivables	5,732	482
Other receivables	(2,961)	(733)
Trade payables	(120)	(1,842)
Other payables (Note A)	2,898	164
Inventories	8,783	(2,009)
Cash generated from operations	22,945	6,632
Income tax paid	(1,666)	(2,117)
Interest received	84	52
Interest paid	(188)	(264)
Net cash from operating activities	21,175	4,303

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

	2019	2018
	US$'000	US$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	226	115
Proceeds from disposal of investment properties	879	-
Purchase of property, plant and equipment (Note A)	(246)	(693)
Purchase of investment properties	-	(107)
Net proceeds from disposal of subsidiaries	24,746	-
Acquisition of investment in joint venture	-	(352)
Proceeds from disposal of investment in a joint venture	298	-
Advances to joint venture	(3,829)	(1,000)
Net cash from (used in) investing activities	22,074	(2,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	39,726	30,809
Repayment of bank borrowings	(45,909)	(32,614)
Repayments of obligation under lease liabilities	(36)	(61)
Increase in pledged fixed deposits	(29)	(20)
Repayment of loan from a director	(2,240)	-
Dividends paid	(1,162)	(2,835)
Net cash used in financing activities	(9,650)	(4,721)
Net increase (decrease) in cash and cash equivalents	33,599	(2,455)
Effect of exchange rate changes on cash and cash equivalents	96	(584)
Cash and cash equivalents at beginning of year	6,080	9,119
Cash and cash equivalents at end of year (Note 5)	39,775	6,080

Note A

In 2018, the Group acquired plant and equipment with an aggregate cost of US$3,460,000 of which US$2,767,000 is unpaid at the end of the year. Cash payments of US$693,000 were made to purchase plant and equipment.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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, 2019 were authorised for issue by the Board of Directors on March 30, 2020.

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) 16 *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, 2019

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/ revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

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Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from January 1, 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on January 1, 2019 is 5.06%.

During the year, property, plant and equipment previously held under finance lease applying SFRS(I) 1-17, which amounted to US$271,000 as at December 31, 2018, have been reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application of January 1, 2019.

The finance lease liabilities previously recognised under SFRS(I) 1-17 which amounted to US$148,000 as at December 31, 2018, have been reclassified to 'lease liabilities' under SFRS(I) 16 at date of initial application of January 1, 2019.

The operating lease commitments recognised at December 31, 2018 amounted to US$3,774,000 for which the entire amount relates to United Oil Company Pte Ltd and its subsidiaries and is accounted for as a joint venture of the Group as at December 31, 2019.

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:

- 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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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.

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AS AT DECEMBER 31, 2019

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.

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.

NOTES TO FINANCIAL STATEMENTS
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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. 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.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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).

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.

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.

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; and

- 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 30 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.

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.

Definition of default

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).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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; or

b) a breach of contract, such as a default or past due event; or

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; or

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.

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 financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases*.

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.

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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.

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.

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.

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.

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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 (Before January 1, 2019)

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy in borrowing costs (see below).

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

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

LEASES (from January 1, 2019)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the property, plant and equipment.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the statement of profit or loss.

<u>The Group as lessor</u>

The Group enters into lease agreements as a lessor with respect to its investment property.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

NOTES TO FINANCIAL STATEMENTS
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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	Over its lease period
Machinery and equipment	10
Motor vehicles	10
Office equipment	5 to 10
Renovation	10

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

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.

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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.

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. 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) 1-28 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.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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

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

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

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

Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current 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. Remeasurement comprising actuarial gains and losses is 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. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. 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.

Defined benefit costs are categorised as service cost and remeasurement. The Group presents the first service cost of defined benefit costs in profit or loss in the line 'Administrative expenses'.

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

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

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

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

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

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

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

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

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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

NOTES TO FINANCIAL STATEMENTS

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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.

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCESOF 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

The following are the critical judgements, 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.

Joint control over United Oil Company Pte Ltd

Note 12 describes that United Oil Company Pte Ltd is a joint venture of the Group although the Group owns a 60% ownership interest in United Oil Company Pte Ltd. Based on the contractual arrangement between the Company and Repsol, various key business decisions which direct the relevant activities of United Oil Company Pte Ltd require unanimous consent from all directors and shareholders of United Oil Company Pte Ltd.

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 and other 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 and other 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 and other 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 and other receivables are disclosed in Notes 6 and 7 to the financial statements respectively.

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Purchase consideration of the partial disposal of United Oil Company Pte Ltd

During the year, the Company had disposed 40% of the issued share capital of United Oil Company Pte Ltd ("UOC"). In accordance with the terms and conditions set out in the share purchase agreement, management has determined the total consideration for the sale shares to be US$35,862,000. The Company may receive additional contingent consideration of up to US$10,000,000 if the final earnout contribution margin achieved by UOC and its subsidiaries is near to or exceeds US$34,200,000, being the earnout contribution margin target during the earnout period from January 1, 2023 to December 31, 2023. As at December 31, 2019, management has assessed the probability of the conditions set out in the share purchase agreement and has not accounted for the additional contingent consideration in the purchase consideration. Details of the disposal of UOC and its subsidiaries are disclosed in Note 33 to the financial statements.

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:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Amortised cost	52,208	29,152	52,981	9,605
Financial liabilities				
Amortised cost	6,556	19,893	4,322	886

(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.

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.	Trade receivables: Lifetime ECL Other receivables: 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

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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)]	Loss allowance	Net carrying amount
					US$'000	US$'000	US$'000
Group							
2019							
Cash and bank balances	5	n.a	Performing	12m ECL	39,775	-	39,775
Trade receivables	6	n.a	(i)	Lifetime ECL	2	-	2
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	13,487	(1,056)	12,431
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
Company							
2019							
Cash and bank balances	5	n.a	Performing	12m ECL	39,656	-	39,656
Trade receivables	6	n.a	(i)	Lifetime ECL	-	-	-
Other receivables (excluding prepayment, advances and non-corporate tax receivable)	7	n.a	Performing	12m ECL	14,381	(1,056)	13,325
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

(i) 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.

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. Four debtors (2018: Four debtors), accounted for approximately 97% (2018: 39%) of total trade and other receivables as at December 31, 2019. The internal credit risk rating for all four debtors (2018: Four debtors) are "Performing" (2018: "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 and is subject to immaterial credit loss.

Further details of credit risks on trade and other receivables are disclosed in Notes 6 and 7 respectively.

(ii) Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Note 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. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company's profit before tax and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

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(iii) Foreign currency risk management

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

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

	Assets	
	2019	2018
	US$'000	US$'000
Singapore dollars	265	737
United States dollars	104	1,348
Malaysian ringgit	-	132

	Liabilities	
	2019	2018
	US$'000	US$'000
Singapore dollars	212	5,909
United States dollars	2,407	15,258
Malaysian ringgit	-	52

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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

	Group	
	2019	2018
	US$'000	US$'000
Profit before tax		
- increase (decrease)		
Singapore dollars		
- strengthened by 5%	3	(259)
- weakened by 5%	(3)	259
United States dollars		
- strengthened by 5%	(115)	(695)
- weakened by 5%	115	695
Malaysian ringgit		
- strengthened by 20%	-	16
- weakened by 20%	-	(16)

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

(iv) Liquidity risk management

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

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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.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
2019					
Non-interest bearing	-	13,682	-	-	13,682
Variable interest rate	1.85	39,239	-	(713)	38,526
Total		52,921	-	(713)	52,208
2018					
Non-interest bearing	-	26,627	1,000	-	27,627
Variable interest rate	1.48	1,548	-	(23)	1,525
Total		28,175	1,000	(23)	29,152

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.

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	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
2019					
Non-interest bearing	-	6,443	-	-	6,443
Fixed interest rate	5.06	40	81	(8)	113
Total		6,483	81	(8)	6,556
2018					
Non-interest bearing	-	12,600	-	-	12,600
Variable interest rate	3.06	7,364	-	(219)	7,145
Fixed interest rate	2.77	37	115	(4)	148
Total		20,001	115	(223)	19,893

(v) Fair value of financial assets and financial liabilities

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

(c) Capital management policies and objectives

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

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

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

The Group complied with externally imposed capital requirements for the year ended December 31, 2018.

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

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5 CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	1,249	6,011	1,130	530
Fixed deposits	38,526	1,525	38,526	-
	39,775	7,536	39,656	530
Less: Restricted cash	-	(1,456)	-	-
Cash and cash equivalents per consolidated statements of cash flows	39,775	6,080	39,656	530

Fixed deposits placed with banks bore interest at weighted effective interest rate of 1.85% (2018 : 1.48%) per annum and maturity dates ranging from 30 to 60 days (2018 : 90 to 365 days) from the end of the reporting period.

In 2018, restricted cash relates to fixed deposits pledged to a bank for trust receipts and revolving loan granted to the Group (Note 13).

6 TRADE RECEIVABLES

	Group	
	2019	2018
	US$'000	US$'000
Third parties	-	18,034
Related parties[1] (Note 30)	2	597
	2	18,631
Less: Impairment loss recognised on trade receivable	-	(100)
	2	18,531

[1] At December 31, 2018, 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.

The credit period on revenue on sales of goods is 14 to 90 days (2018: 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 receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

	Group	
	2019	2018
	US$'000	US$'000
Not past due nor impaired[(1)]	2	13,106
Past due but not impaired[(2)]	-	5,425
	2	18,531
Impaired receivables[(3)]	-	100
Less: Impairment loss recognised on trade receivable	-	(100)
	-	-
Total trade receivables, net	2	18,531

(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	
	2019	2018
	US$'000	US$'000
< 3 months	-	4,423
4 month to 6 months	-	428
> 6 months	-	574
	-	5,425

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

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

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Movement of impairment loss recognised on trade receivables:

	Group	
	2019	2018
	US$'000	US$'000
Balance at beginning of the year	100	181
(Credit) Charge to profit or loss during the year	(47)	50
Amount written off during the year	(54)	(124)
Translation difference	1	(7)
Balance at end of the year	-	100

7 OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Current				
Advance payment to suppliers	-	589	-	-
Advance due from subsidiaries	-	-	8,358	9,075
Loan receivable[(a)]	3,000	2,000	-	-
Other receivables from third parties[(b)]	6,477	68	2,962	-
Other receivables from related parties[(c)]	4,010	-	3,061	-
Prepayments	65	105	60	59
Deposits	#	17	-	-
Non-corporate tax recoverable	290	540	-	-
	13,842	3,319	14,441	9,134
Less: Impairment loss recognised on other receivables	(1,056)	-	(1,056)	-
	12,786	3,319	13,385	9,134
Non-current				
Loan receivable [(a)]	-	1,000	-	-

#: Denotes less than US$1,000.

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

(b) Included amounts due from third parties for which some are secured by deposit of original land title deeds and residential property of one of the shareholders of the joint venture company.

(c) Included amounts due from joint venture company, United Fuels Alliance Pte Ltd, for which an impairment loss of US$1,056,000 was recognised.

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.

Movement of impairment loss recognised on other receivables:

	Group	
	2019	2018
	US$'000	US$'000
Balance at beginning of the year	-	-
Charge to profit or loss during the year	1,056	-
Balance at end of the year	1,056	-

8 INVENTORIES

	Group	
	2019	2018
	US$'000	US$'000
At cost:		
Raw materials	159	11,952
Work-in-progress	-	94
Finished products	26	3,027
	185	15,073

The cost of inventories recognised as expense and included in profit or loss amounted to US$79,813,000 prior to the completion of the disposal in November 2019 (2018 : US$84,524,000).

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9 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold properties	Machinery and equipment	Motor vehicles	Office equipment	Renovation	Construction in progress	Right-of-use assets - Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:								
At January 1, 2018	7,169	2,128	1,860	346	449	445	-	12,397
Additions	427	2,753	110	112	7	51	-	3,460
Disposals	(70)	(6)	(78)	(4)	-	-	-	(158)
Written-off	-	(25)	-	(5)	(59)	-	-	(89)
Reclassification	(305)	735	28	(5)	23	(476)	-	-
Exchange differences	(366)	(96)	(62)	(11)	-	(7)	-	(542)
At December 31, 2018	6,855	5,489	1,858	433	420	13	-	15,068
Adoption of SFRS(I) 16 (Note 2)	-	-	(298)	-	-	-	298	-
At January 1, 2019 (Restated)	6,855	5,489	1,560	433	420	13	298	15,068
Additions	3	142	48	34	18	1	-	246
Disposals	(16)	(104)	(329)	(36)	-	-	-	(485)
Disposal of subsidiaries (Note 33)	(6,986)	(2,729)	(840)	(358)	(438)	-	-	(11,351)
Written-off	-	-	-	-	-	(12)	-	(12)
Reclassification	-	-	-	2	-	(2)	-	-
Exchange differences	144	135	25	6	-	-	-	310
At December 31, 2019	-	2,933	464	81	-	-	298	3,776

	Leasehold properties US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Renovation US$'000	Construction in progress US$'000	Right-of-use assets - Motor vehicles US$'000	Total US$'000
Accumulated depreciation:								
At January 1, 2018	1,742	1,228	883	214	195	-	-	4,262
Depreciation	246	325	136	30	37	-	-	774
Disposals	(4)	(6)	(46)	#	-	-	-	(56)
Written-off	-	(25)	-	(5)	(59)	-	-	(89)
Reclassification	(17)	68	(50)	(1)	-	-	-	-
Exchange differences	(81)	(33)	(32)	(5)	-	-	-	(151)
At December 31, 2018	1,886	1,557	891	233	173	-	-	4,740
Adoption of SFRS(I) 16 (Note 2)	-	-	(27)	-	-	-	27	-
At January 1, 2019 (Restated)	1,886	1,557	864	233	173	-	27	4,740
Depreciation	238	551	104	36	35	-	24	988
Disposals	(8)	(26)	(210)	(9)	-	-	-	(253)
Disposal of subsidiaries (Note 33)	(2,152)	(1,567)	(419)	(248)	(208)	-	-	(4,594)
Exchange differences	36	23	12	2	-	-	-	73
At December 31, 2019	-	538	351	14	-	-	51	954
Carrying amount:								
At December 31, 2019	-	2,395	113	67	-	-	247	2,822
At December 31, 2018	4,969	3,932	967	200	247	13	-	10,328

#: Denotes less than US$1,000.

NOTES TO FINANCIAL STATEMENTS

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In 2018, the leasehold property, with carrying amount of US$940,000 is under legal mortgage to secure banking facilities granted to the Group (Note 13).

Motor vehicles with carrying amount of US$247,000 (2018: US$271,000) are secured under lease arrangements (Note 14) and has been classified as right-of-use assets – motor vehicles within property, plant and equipment.

Motor vehicles with carrying amount of US$360,000 (2018: US$403,000) are registered and held in the names of directors, in trust for the Group.

Company	Motor vehicles	Right-of-use assets - Motor vehicles	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2018 and December 31, 2018	298	-	298
Adoption of SFRS(I) 16 (Note 2)	(298)	298	-
At January 1, 2019 (Restated)	-	298	298
Additions	124	-	124
At December 31, 2019	124	298	422
Accumulated depreciation:			
At January 1, 2018	2	-	2
Depreciation	25	-	25
At December 31, 2018	27	-	27
Adoption of SFRS(I) 16 (Note 2)	(27)	27	-
At January 1, 2019 (Restated)	-	27	27
Depreciation	11	24	35
At December 31, 2019	11	51	62
Carrying amount:			
At December 31, 2019	113	247	360
At December 31, 2018	271	-	271

10 INVESTMENT PROPERTIES

Group	Leasehold land	Office commercial buildings	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2018	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
Disposals	(656)	(308)	(964)
Disposal of subsidiaries (Note 33)	-	(1,151)	(1,151)
Exchange differences	15	37	52
At December 31, 2019	-	-	-
Accumulated depreciation:			
At January 1, 2018	15	142	157
Depreciation	27	35	62
Reclassification	(14)	14	-
Exchange differences	#	(11)	(11)
At December 31, 2018	28	180	208
Depreciation	4	57	61
Disposals	(33)	(40)	(73)
Disposal of subsidiaries (Note 33)	-	(201)	(201)
Exchange differences	1	4	5
At December 31, 2019	-	-	-
Carrying amount:			
At December 31, 2019	-	-	-
At December 31, 2018	613	1,242	1,855

#: Denotes less than US$1,000.

As at December 31, 2018, the Group's investment property with a carrying amount of US$689,000 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 year ended December 31, 2018.

The fair value of the investment properties approximates to US$1,880,000 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.

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The property rental income from the Group's investment properties which are leased out under operating leases, amounted to US$243,000 (2018: US$187,000). Direct operating expenses arising from the rental-generating investment properties amounted to US$61,000 (2018: US$81,000).

11 INTANGIBLE ASSETS

	Club membership	Customer relationships	Total
	US$'000	US$'000	US$'000
Group			
Cost:			
At January 1, 2018 and December 31, 2018	75	735	810
Disposal of subsidiaries (Note 33)	(75)	(735)	(810)
At December 31, 2019	-	-	-
Accumulated amortisation:			
At January 1, 2018	-	52	52
Additions	-	105	105
At December 31, 2018	-	157	157
Additions	-	96	96
Disposal of subsidiaries (Note 33)	-	(253)	(253)
At December 31, 2019	-	-	-
Carrying amount:			
At December 31, 2019	-	-	-
At December 31, 2018	75	578	653

The Group carries out review 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.

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12 INVESTMENT IN JOINT VENTURES

	Group 2019 US$'000	Group 2018 US$'000
Cost of investment in joint ventures	54,022	524
Share of post-acquisition profit, net dividend received	226	45
	54,248	569

Details of the Group's joint ventures at December 31, 2019 are as follow:

Name of joint ventures	Principal activity	Country of incorporation and operation	Proportion of effective ownership interest and voting power held 2019 %	2018 %
United Oil Company Pte. Ltd. (1)(5)	Manufacturing and distribution of petroleum and oil-based products	Singapore	60	-
PT Pacific Lubritama Indonesia(2)(6)	Manufacturing and process of base oils, additives and lubricants	Indonesia	57	-
Ichiro Corporation Co. Ltd(2)(4)	Manufacturing and distribution of petroleum and oil-based products	Japan	60	-
Taiwan United Oil Co., Ltd (3)	Distributing lubricants	Republic of China ("Taiwan")	-	35
Lighthouse United Oil Joint Operation (3)	Distributing lubricants	Myanmar	-	50
M-TechX United Pte Ltd (4)	Manufacturing and distributing nano-fibre products	Singapore	40	40
United Oil Australia Pty Ltd (3)	Distributing lubricants	Australia	-	35
United Fuels Alliance Pte Ltd (4)	Trading of fuels and related products	Singapore	45	45

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(1) The entity ceased to be a subsidiary and is considered a joint venture of the Group as a result of partial disposal by the Group during the financial year (Note 33). The joint venture is accounted for using the equity method in these consolidated financial statements.

(2) The entity ceased to be a subsidiary as a result of partial disposal by the Group during the financial year (Note 33) and is considered a subsidiary of United Oil Company Pte Ltd and hence the effective ownership interest is reflected above. The entity is accounted for using the equity method in these consolidated financial statements.

(3) Not audited as the investment is insignificant during the year. The Group has disposed these joint ventures during the financial year.

(4) Not audited as the investment is insignificant during the year. The joint venture is accounted for using the equity method in these consolidated financial statements.

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

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

Summarised financial information in respect of the Group's material joint venture on a 100% basis is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I)s.

United Oil Company Pte. Ltd. and its subsidiaries ("UOC group")

	2019 US$'000
Current assets	32,322
Non-current assets	11,284
Current liabilities	14,201
Non-current liabilities	826

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	9,146
Current financial liabilities (excluding trade and other payables and provisions)	5,425

	2019
	US$'000
Revenue	109,604
Profit for the year	9,921
Other comprehensive income for the year	794
Total comprehensive income for the year	10,715
Dividends received from the joint venture during the year	10,000

The above profit for the year include the following:

Depreciation and amortisation	1,060
Interest income	72
Interest expense	370
Income tax expense	1,903

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	2019
	US$'000
Net assets of the joint venture	27,532
Proportion of the group's ownership interest in the joint venture	60%
Goodwill	37,729
Carrying amount of the group's interest in the joint venture	54,248

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

	2019	2018
	US$'000	US$'000
The Group's share of (loss) profit	(284)	38
The Group's share of total comprehensive (loss) income	(284)	38
Aggregate carrying amount of the Group's interests in these joint ventures	-	569

Unrecognised share of losses of a joint venture:

	2019
	US$'000
Current year and cumulative share of losses of a joint venture	336

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13 BANK BORROWINGS

	Group	
	2019	2018
	US$'000	US$'000
Trust receipts	-	4,161
Revolving loan	-	2,965
Term loan	-	19
	-	7,145
Payable:		
Within one year	-	7,145

In 2018, trust receipts are secured by fixed deposits with the bank (Note 5), bore interest at rates ranging from 3.4% to 3.5% per annum and are repayable within 2 months.

In 2018, 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% per annum and the loan may be rolled over for terms ranging from 1 to 6 months.

In 2018, 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 was fully repaid at February 2019.

In 2018, the Group had available US$22 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Reconciliation of liabilities arising from financing activities

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

					Non-cash changes		
	December 31, 2018	Adoption of SFRS(I) 16	January 1, 2019	Financing cash flows (i)	Disposal of subsidiaries	Foreign exchange	December 31, 2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings (Note 13)	7,145	-	7,145	(6,183)	(964)	2	-
Lease liabilities (Note 14)	-	148	148	(36)	-	1	113
Finance lease (Note 14)	148	(148)	-	-	-	-	-
	7,293	-	7,293	(6,219)	(964)	3	113

There is no non-cash changes in the Group's liabilities arising from financing activities during year 2018.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

14 LEASES LIABILITIES

	Group	
	2019	2018
	US$'000	US$'000
Maturity analysis:		
Group		
Year 1	40	44
Year 2	40	40
Year 3	41	40
Year 4	-	40
	121	164
Less: Unearned interest	(8)	(16)
	113	148
Analysed as:		
Current	36	37
Non-current	77	111
	113	148
Company		
Year 1	40	40
Year 2	40	40
Year 3	41	40
Year 4	-	40
	121	160
Less: Unearned interest	(8)	(16)
	113	144
Analysed as:		
Current	36	33
Non-current	77	111
	113	144

The Group and Company has secured lease arrangements for motor vehicles (Note 9). These leases have no terms of renewal, purchase options and escalation clauses.

For the year ended December 31, 2019, the average effective borrowing rates for the Group and Company were 5.06% per annum (2018: 2.77% and 2.68% respectively). The lease arrangements mature on 2022.

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

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

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

15 TRADE PAYABLES

	Group	
	2019	2018
	US$'000	US$'000
Third parties	6	4,775
Related parties (Note 30)	-	43
	6	4,818

The credit period granted by third parties are 30 to 60 days (2018: 30 to 60 days).

16 OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Accruals	3,959	2,181	3,956	520
Advance payment from customers	-	197	-	-
Amount due to subsidiaries		-	185	185
Amount due to a related party[1]	2,407	2,766	-	-
Deferred grant income	-	96	-	-
Deposit received	-	18	-	-
Other payables	71	577	68	37
	6,437	5,835	4,209	742

(1) Included an amount due to joint venture, M-TechX United Pte Ltd of US$2,407,000 (2018: US$2,766,000).

17 AMOUNT DUE TO DIRECTOR

In 2018, this non-trade amount was unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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:

	Group	
	2019	2018
Pension age	55 years	55 years
Salary increment rate	10% per annum	10% per annum
Discount rate	7%	8% per year
Working period	Assumed that all employees work until retirement age	

The Group provided an allowance for estimated liabilities for employees' benefits amounting to US$476,000 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	
	2019	2018
	US$'000	US$'000
Retirement benefits obligations at beginning of the year	476	437
Disposal of subsidiaries (Note 33)	(527)	-
Service cost charged for the year	97	80
Expected benefit payment	(39)	(30)
Actuarial (gains) loss during the year	(14)	14
Translation difference	7	(25)
Retirement benefits obligations at end of the year	-	476

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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:

	Unremitted earnings	Accelerated tax depreciation	Fair valuation of intangible assets	Unutilised tax benefits	Retirement benefits obligations	Provision and others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
At January 1, 2018	55	195	166	(203)	(109)	(33)	71
Charged (Credited) to profit or loss	57	54	(26)	48	(10)	32	155
At December 31, 2018	112	249	140	(155)	(119)	(1)	226
Disposal of subsidiaries (Note 33)	(170)	(235)	(117)	252	131	51	(88)
Charged (Credited) to profit or loss	58	(20)	(23)	(97)	(9)	(50)	(141)
Translation difference	-	#	-	-	(3)	-	(3)
At December 31, 2019	-	(6)	-	-	-	-	(6)
Company							
At January 1, 2018	-	-	-	-	-	9	9
Credited to profit or loss	-	-	-	-	-	(3)	(3)
At December 31, 2018	-	-	-	-	-	6	6
Credited to profit or loss	-	-	-	-	-	(6)	(6)
At December 31, 2019	-	-	-	-	-	-	-

#: Denotes less than US$1,000.

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	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Deferred tax liabilities	-	344	-	6
Deferred tax assets	(6)	(118)	-	-
	(6)	226	-	6

At the end of the reporting period, the group has unutilised tax losses of US$3.3 million (2018: $Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

In 2018, 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. 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.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

20 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	US$'000
Issued and paid up:		
At December 31, 2018 and December 31, 2019	316,211,360	21,425

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.

22 DIVIDENDS

	Group and Company	
	2019	2018
	US$'000	US$'000
Paid final tax exempt (one-tier) dividend 0.5 Singapore cents (2017 : 0.7 Singapore cents) per ordinary share in respect of the financial year ended December 31, 2018	1,162	1,676
Paid interim tax exempt (one-tier) dividend of Nil Singapore cents (2018 : 0.5 Singapore cents) per ordinary share in respect of the financial year ended December 31, 2019 (2018)	-	1,159
	1,162	2,835

Subsequent to the end of the reporting period, the directors of the Company proposed a final tax exempt (one-tier) ordinary dividend of 1.2 Singapore cent per ordinary share and special dividend of 2.0 Singapore cent per ordinary share amounting to approximately US$2,800,000 and US$4,600,000 respectively for the year ended December 31, 2019. 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	
	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	420	14,251

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

Details of the Group's subsidiaries at December 31, 2019 are as follows:

Name of Subsidiaries	Principal activity	Country of incorporation and operation	Effective equity interest of the Group	
			2019	2018
			%	%
United Oil Company Pte. Ltd.[a][c]	Manufacturing and distribution of petroleum and oil-based products	Singapore	-	100
PT Pacific Lubritama Indonesia[b][d]	Manufacturing and process of base oils, additives and lubricants	Indonesia	-	95
United Innovations Company Pte Ltd[c]	Investment holding	Singapore	100	100
United Fuels Company Pte Ltd[c]	Investment holding	Singapore	100	100
United Renewables Company Pte Ltd[c]	Investment holding	Singapore	100	100
Ichiro Corporation Co., Ltd[b][e]	Manufacturing and distribution of petroleum and oil-based products	Japan	-	100
PT TechX Innovations Indonesia[e][f]	Manufacture and trade in nano-fibres oil absorbent	Indonesia	99.6	-
UR Estate Pty Ltd[e][f]	Investment holding and principally engaged in tyre recycling business	Australia	100	-

Notes:

[a] The entity ceased to be a subsidiary and is considered a joint venture of the Group (Note 12) as a result of partial disposal by the Group during the financial year (Note 33).

[b] The entity ceased to be a subsidiary as a result of partial disposal by the Group during the financial year (Note 33) and is considered a subsidiary of United Oil Company Pte Ltd for which the effective equity interest of the Group has been disclosed in Note 12.

[c] Audited by Deloitte & Touche LLP, Singapore.

[d] Audited by overseas practice of Deloitte Touche Tohmatsu Limited.

[e] Not audited as not considered material.

[f] Incorporated during the financial year in 2019.

24 REVENUE

	Group	
	2019	2018
	US$'000	US$'000
Manufacturing	83,380	105,032
Trading	19,091	3,440
Sale of goods – At a point in time	102,471	108,472

25 OTHER INCOME

	Group	
	2019	2018
	US$'000	US$'000
Interest income	84	52
Government grants	397	41
Gain on disposal of joint ventures	13	-
Gain on de-consolidation of subsidiaries (Note 33)	24,803	-
Gain on re-measurement of remaining stake in a joint venture (Note 33)	37,205	-
Management fee income	50	-
Rental income (Note 10)	243	187
Others	33	21
	62,828	301

26 OTHER EXPENSES

Other expenses comprise of mainly depreciation of investment properties.

27 FINANCE COSTS

	Group	
	2019	2018
	US$'000	US$'000
Interest on hire purchases	7	8
Interest on term loans and revolving credits	46	87
Interest on bills payables and trust receipts	135	169
	188	264

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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	
	2019	2018
	US$'000	US$'000
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	192	281
Director fee	197	150
Salaries and bonus	4,605	3,925
Other employee benefits	250	445
Directors' remuneration	4,890	1,182
Post-employment benefits	97	80
Total employee benefits expense	10,231	6,063
Reversal of impairment loss (Impairment loss) recognised on trade receivable	(47)	50
Impairment loss recognised on other receivable	1,056	-
Bad debts written off	96	-
Audit fee paid to auditors of the Group	100	97
Non-audit fee paid to auditors of the Group	63	6
Property, plant and equipment written off	12	-
Loss (gain) on disposal of plant and equipment	6	(13)
Loss on disposal of investment properties	12	-
Foreign exchange (gain) loss, net	(235)	788
Depreciation of property, plant and equipment	988	774
Depreciation of investment properties	61	62
Amortisation of intangible assets	96	105

29 INCOME TAX EXPENSE

	Group	
	2019	2018
	US$'000	US$'000
Current tax	1,890	1,517
(Over) Under provision of current tax in prior years	(40)	66
Deferred tax	(136)	155
Overprovision of deferred tax in prior years	(5)	-
Total tax expense	1,709	1,738

Domestic income tax is calculated at 17% (2018: 17%) of the estimated assessable income for the year.

	Group	
	2019	2018
	US$'000	US$'000
Profit before income tax	68,254	9,418
Income tax expense calculated at 17%	11,603	1,601
(Over) Under provision of current tax in prior years	(40)	66
Non-deductible expenses	363	100
Non-taxable income	(10,720)	-
Tax incentive	(64)	(128)
Tax exemption	(20)	(56)
Unused investment tax credit	(178)	(101)
Underprovision of deferred tax in prior years	(5)	-
Effect of unused tax losses not recognised as deferred tax assets	562	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	148	177
Others	60	79
	1,709	1,738

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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:

	2019	2018
	US$'000	US$'000
Management fee income	50	-
Transactions with companies in which directors have significant influence over:		
Sales of goods, services and rental income	82	65
Purchases of goods, services and rental cost	(148)	(345)
Purchases of plant and machinery	-	(2,766)
Professional fee paid/payable to affiliates of an independent director	(132)	(18)

Compensation of directors and key management personnel

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

	2019	2018
	US$'000	US$'000
Short term benefits	6,492	2,963
Post-employment benefits	113	93
Total	6,605	3,056

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
Within one year	213
Within two to five years	488
	701

The Group as lessee

At December 31, 2019, the Group is not committed to any short-term leases.

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

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
Within one year	116
Within two to five years	473
After five years	3,185
	3,774

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, 2019

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:

	2019	2018
	US$'000	US$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	66,463	7,599
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	316,211,000	316,211,000
Earnings per share, US$ (cents) - basic	21.0	2.4

There were no dilutive potential ordinary shares outstanding for 2019 and 2018.

33 DISPOSAL OF SUBSIDIARIES

In 2019, the Group disposed 40% of the issued share capital of United Oil Company Pte. Ltd. ("UOC") for a total consideration of US$35,862,000. The purchase consideration was satisfied fully by cash consideration.

There is a deferred consideration with payment of up to US$10,000,000, if the UOC Group (UOC together with its subsidiaries, PT Pacific Lubritama Indonesia and Ichiro Corporation Co., Ltd), achieves a contribution margin near to or exceeding US$34,200,000 for the financial period between January 1, 2023 to December 31, 2023.

As at completion of disposal on November 30, 2019, UOC Group ceased to be a subsidiary and is considered a joint venture of the Group in accordance with SFRS (I) 11 *Joint Arrangements*.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

Assets disposed and liabilities discharged at the date of disposal

	US$'000
Current assets	
Cash and cash equivalents	8,154
Restricted cash	1,485
Trade receivables	13,028
Other receivables	255
Inventories	6,391
Tax recoverable	554
Non-current assets	
Property, plant and equipment	6,757
Investment properties	950
Intangible assets	557
Deferred tax assets	199
Current liabilities	
Bank borrowings	(964)
Trade payables	(4,997)
Other payables	(2,436)
Current tax payable	(1,332)
Non-current liabilities	
Retirement benefit obligations	(527)
Deferred tax liabilities	(287)
Net assets disposed and liabilities discharged	27,787

Total consideration	35,862
Net assets derecognised	(27,787)
Non-controlling interests derecognised	1,013
Fair value of retained interest	53,792
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(872)
Gain on disposal	62,008

Aggregate of gain on disposal

Gain on de-consolidation of subsidiaries (Note 25)	24,803
Gain on re-measurement of remaining stake in a joint venture (Note 25)	37,205
Gain on disposal	62,008

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

Net cash inflow on disposal of subsidiaries

	US$'000
Total consideration	35,862
Less: Cash and cash equivalent balances disposed	(8,154)
Less: Final consideration to be received	(2,962)
Net cash inflow on disposal of subsidiaries	24,746

In addition, the results of the UOC group for the period from January 1, 2019 to the date of disposal is as follows:

	US$'000
Revenue	102,460
Cost of sales	(82,520)
Other income	750
Distribution cost	(2,330)
Administrative expenses	(6,964)
Other expenses	(61)
Share of loss of joint ventures	(4)
Finance costs	(181)
Profit before tax	11,150
Income tax expense	(1,729)
Profit for the year	9,421
Profit attributable to:	
Equity holders of the UOC group	9,338
Non-controlling interests	83
	9,421

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.

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.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

Segment revenues and results

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

	Manufacturing	Trading	Total
	2019	2019	2019
	US$'000	US$'000	US$'000
Total revenue	83,380	19,091	102,471
Gross profit	19,278	425	19,703
Share of profit of joint ventures			
- UOC Group	288	-	288
- Others	(4)	(280)	(284)
	284	(280)	4
Segment results	19,562	145	19,707
Reversal of impairment loss (Impairment loss) recognised on trade receivable			47
Impairment loss recognised on other receivable			(1,056)
Amortisation of intangible assets			(96)
Bad debts written off			(96)
Depreciation of plant and equipment (excluding machinery)			(164)
Gain on disposal of subsidiaries			24,803
Gain on re-measurement of remaining stake in a joint venture			37,205
Interest income			84
Finance costs			(188)
Other unallocated expenses			(11,992)
Profit before tax			68,254
Income tax expense			(1,709)
Profit for the year			66,545

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

	Manufacturing	Trading	Total
	2018	2018	2018
	US$'000	US$'000	US$'000
Total revenue	105,032	3,440	108,472
Gross profit	20,147	333	20,480
Share of profit of joint ventures			
- UOC Group	-	-	-
- Others	(13)	51	38
	(13)	51	38
Segment results	20,134	384	20,518
Reversal of impairment loss (Impairment loss) recognised on trade receivable			(50)
Amortisation of intangible assets			(105)
Depreciation of plant and equipment (excluding machinery)			(166)
Interest income			52
Finance costs			(264)
Other unallocated expenses			(10,567)
Profit before tax			9,418
Income tax expense			(1,738)
Profit for the year			7,680

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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:

	2019	2018
	US$'000	US$'000
Based on location of customers		
Indonesia	24,976	42,834
Singapore	16,080	18,018
Other Asian countries	34,197	13,004
Greater China	7,653	11,832
Oceania countries	6,297	8,175
Malaysia	7,897	9,462
Myanmar	2,185	1,935
Others	3,186	3,212
	102,471	108,472

Information about major customers

In 2019, there was a single external customer (2018: Nil) that had contributed more than 10 percent to the revenue of the Group.

35 CONTINGENT LIABILITIES

	2019
	US$'000
Guarantees given to banks in respect of bank facilities of joint ventures to the extent of the Group's interests	41,877

The amount disclosed represents the aggregate amount of the contingent liabilities for the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of the other venturers in its joint ventures.

SHAREHOLDINGS STATISTICS
AS AT 18 MARCH 2020

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	316,211,360	One vote per share
Treasury Shares	Nil	Nil
Subsidiary Holdings	Nil	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	15	8.72	6,400	0.00
1,001 – 10,000	41	23.84	239,300	0.07
10,001 – 1,000,000	103	59.88	14,943,200	4.73
1,000,001 and above	13	7.56	301,022,460	95.20
TOTAL	**172**	**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)	104,166,250	32.94	12,714,200	4.02
Ety Wiranto(2)	12,714,200	4.02	104,166,250	32.94

Notes:

(1) Mr Tan Thuan Hor holds 104,166,250 shares directly, of which 6,350,000 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 104,166,250 shares held by her spouse, Mr Tan Thuan Hor.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 18 March 2020, approximately 13.87% 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 18 MARCH 2020

	TOP TWENTY SHAREHOLDERS AS AT 18 MARCH 2020	NO. OF SHARES	%
1	WIRANTO	126,007,410	39.85
2	TAN THUAN HOR	97,816,250	30.93
3	RAFFLES NOMINEES (PTE) LIMITED	28,578,000	9.04
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	26,780,100	8.47
5	CITIBANK NOMINEES SINGAPORE PTE LTD	4,175,300	1.32
6	DBS NOMINEES PTE LTD	3,843,500	1.22
7	NG SIEW FAH	3,029,500	0.96
8	LIM CHUN SHENG JACKSON	2,908,200	0.92
9	UOB KAY HIAN PTE LTD	2,155,200	0.68
10	NG HOI MING	1,930,700	0.61
11	DB NOMINEES (SINGAPORE) PTE LTD	1,740,700	0.55
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,052,000	0.33
13	YANN LING BUDIDHARMA	1,005,800	0.32
14	HSBC (SINGAPORE) NOMINEES PTE LTD	933,200	0.30
15	PHILLIP SECURITIES PTE LTD	797,500	0.25
16	AARON ONG GUANG XIONG	774,500	0.24
17	MAYBANK KIM ENG SECURITIES PTE. LTD	740,400	0.23
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	**306,326,360**	**96.87**

UNITED GLOBAL LIMITED
Asia`s Global Partner

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

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