UNITED GLOBAL LIMITED
(Company Registration No. 201534604M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING ("AGM") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("FY2019")

The Board of Directors (the **"Board"** or **"Directors"**) of United Global Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") refer to the publishing of its annual general meeting related documents on the SGXNET on 6 May 2020. As at 10.00 am on 15 May 2020, the Company has received several queries from shareholders which substantively relate to the following, and to which the Company wishes to provide its responses:

Q1. How is the lubricants manufacturing business affected by the Covid-19 pandemic?

We are still assessing the impact of the pandemic on our manufacturing business. Our Singapore plant is classified as essential service, we are able to operate with skeletal staffing while most of our administrative staff work from home. Our Indonesian plant continues to operate as per normal.

In the meantime, we have initiatives in place to respond to such an unprecedented situation that has affected literally the whole world. Such initiatives include having closer communications with our distributors and customers in various countries, so that we can better respond to sales strategies on the ground. In addition, we are closely monitoring our accounts receivables and are extra careful when it comes to capital expenditure. We are also improving our work procedures to further enhance productivity, and have continued to step up our business development efforts since the second half of FY2019.

Once we have a better picture of the market situation on the ground, we will provide an update to shareholders at an appropriate time.

Q2. How has the partnership been with Repsol?

As both Repsol and United Global have different cultures and ways of doing business, our key priority has been on integration, and to achieve a prudent balance and establish common goals. We have established an Integration Committee and are committed to ensuring a smooth transition. We are convinced that by combining our strengths, we can tackle our business challenges together.

Q3. With United Global Limited taking on the manufacturing of Repsol's products, your manufacturing volume should have increased. Can we expect better results from Manufacturing from FY2020?

Theoretically, we should be expecting better performance from Manufacturing because we will be manufacturing Repsol's products for distribution in the region from 2H2020. However, because of the Covid-19 pandemic, our Singapore plant faces supply disruptions from our packaging operations in Malaysia due to the Movement Control Order there. In addition, almost all of our export markets have been in some form of lockdown, and demand has been sluggish. We are expecting some degree of negative impact to the Manufacturing business, the magnitude of which we will not be able to assess at this point in time. As mentioned earlier, we will provide an update to shareholders at an appropriate time, once we have fully assessed the situation on the ground in our various markets.

Q4. How has the oil price plunge affected your lubricants business?

In the lubricants industry, the fluctuations of crude oil prices usually do not have an immediate impact on our raw material prices, such as for base oil, a key ingredient in the blending of lubricants. It also depends on the ability of the oil majors and major distributors to move prices up or down, based on market demand and supply.

Apart from the crude oil situation, the Covid-19 pandemic has exacerbated the business environment to a much higher degree. With lower demand due to lockdowns in various countries, the lubricants market has become even more competitive, and we anticipate that oil majors and distributors would invariably be pressured to lower prices to maintain market share. We may need to be prepared to accept lower profit margin for our Manufacturing segment this year.

We will provide an update to shareholders at an appropriate time, once we have fully assessed the situation on the ground in our various markets.

Q5. Given the challenges of Covid-19 and oil price plunge, and the slow road to recovery, can shareholders continue to expect dividends in the next few years?

Even though we do not have a fixed dividend policy, it has always been our intention to reward our shareholders as evidenced by our consistent dividend track record. However, with the Covid-19 pandemic, we are bracing ourselves for challenging times ahead.

Q6. What does Management intend to do with the proceeds from the partial disposal of United Oil Company Pte Ltd? What is the progress of these plans?

In our communications to shareholders, we had stated that the proceeds from the partial disposal of United Oil Company Pte Ltd would be used to fund future business expansions, investments and acquisition opportunities.

We have been actively pursuing discussions with various potential partners, however, there is nothing conclusive at the moment.

We remain focused on our 3-pronged growth strategy for the Group, namely:

- Transforming our traditional lubricants model to more sustainable businesses;
- Growing with Repsol to expand our business volumes in Singapore, Malaysia, Indonesia and Vietnam; and
- Diversifying into innovations, fuels, and renewables, in line with our vision to build sustainable businesses for the common good.

Q7. Why have the service agreements of the CEO Jacky Tan and Executive Director Ety Wiranto renewed at a much higher percentage than the previous service agreements?

The renewal of these service agreements was deliberated during the Remuneration Committee (RC) and Board meetings on 15 May 2019. The RC and the Board expanded and updated the performance bonus tiers to better reflect and recognise the performance of the Executive Directors and concomitantly further motivate the Executive Directors to grow and expand the business to a higher level.

In the determination of the CEO, Jacky Tan's and Executive Director Ety Wiranto's performance bonus for the financial year ended 31 December 2019, it is important to note that the main key performance index – the Group's profit before tax – is used to compute their performance bonus and included the "realized" gain resulting from the 40% de-consolidation of United Oil Group. The "unrealized" gain on re-measurement of remaining 60% stake of United Oil Group has been excluded for the purpose of performance bonus computation.

Q8. In your full year results, revenue from trading segment jumped significantly due to a one-off arrangement with a joint venture partner. Who is this customer and why is this one-off?

The higher trading volume recorded in FY2019 was the result of an increase in sales volume for goods exported to a third-party partner of our joint venture entity, United Fuels Alliance Pte. Ltd..

This third-party partner is an established petrol retailer on the island of Luzon in the Philippines with a track record of more than 40 years. The Group reviewed and performed all the necessary due diligence and checks on this third-party partner before entering into business with them.

Unfortunately, shortly after the commencement of business, this third-party partner became involved in a dispute with another party. The overdue from this third party partner is included in the balance sheet under Other Receivables, and the amount is secured by deposit of title deeds of land and the personal guarantee from one of the shareholders of the third party partner.

The Group has also extended a loan to United Fuels Alliance Pte. Ltd. for working capital purposes. This loan is included under Other Receivables and is secured in part by collateral from a shareholder of United Fuels Alliance Pte. Ltd..

This was a one-off arrangement because United Fuels Alliance Pte. Ltd. had yet to secure a line with its bank, and it needed goods to be exported to its joint venture partner in the Philippines. This was to be a temporary arrangement until United Fuels Alliance Pte. Ltd. could secure a bank line to handle future transactions.

Q9. Your manufacturing segment revenue was down 20% due to lower sale volume and slower business in Indonesia. Why was this so?

In FY2019, our Indonesia plant lost a key customer who accounted for substantial sales volume. However, as the business to this customer was relatively lower margin, its impact to the Group's bottom line in FY2019 was relatively muted.

Overall, the Group's key lubricants performance in FY2019 was an improvement over the previous year.

Q10. For the last few quarters, you have mentioned about the restructuring of the Indonesian sales team. What is the progress, and when do you expect this team to start producing results?

We started looking at restructuring the sales team in Indonesia before our partial disposal of United Oil to Repsol. With Repsol now in the picture, we together are looking at ways to improve our sales volume and network in Indonesia. The new team has been progressing well since the 2nd half of 2019, and amid the Covid-19 pandemic, we remain hopeful that the new team can contribute positively to the Group.

By Order of the Board

Tan Thuan Hor, Jacky
Executive Director and Chief Executive Officer
19 May 2020

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

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