

Unfolding Possibilities

ANNUAL REPORT 2021



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CORPORATE INFORMATION

Board of Directors

Wee Ee Chao
Chairman and Managing Director

Esmond Choo Liong Gee
Non-Executive Non-Independent Director

Leong Kok Mun, Edmund
Non-Executive Non-Independent Director

Tang Wee Loke
Independent Director

Kuah Boon Wee
Independent Director

Andrew Suckling
Independent Director

David Yeow
Independent Director

Audit Committee

Kuah Boon Wee
Chairman

Tang Wee Loke

David Yeow

Leong Kok Mun, Edmund

Nominating Committee

Tang Wee Loke
Chairman

Esmond Choo Liong Gee

Andrew Suckling

Remuneration Committee

Andrew Suckling
Chairman

Tang Wee Loke

Kuah Boon Wee

Company Secretary

Goh Tse Hwee Josephine

Company Registration No.

200004464C

Registered Office

8 Anthony Road, #01-01
Singapore 229957
Tel : 6535 6868
Fax : 6532 6919

Share Registrar and Share Transfer Office

B.A.C.S. Private Limited
77 Robinson Road #06-03
Robinson 77
Singapore 068896

Auditors

Deloitte & Touche LLP
Public Accountants and Chartered Accountants

6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Partner in charge – Ho Kok Yong
Date of appointment – 24 April 2018

Principal Bankers

DBS Bank Ltd

Oversea-Chinese Banking
Corporation Limited

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Limited

United Overseas Bank Limited

UOB-KAY HIAN HOLDINGS

UOB-Kay Hian is a regional financial services Group headquartered in Singapore. We are a widely-recognised brand in every country in which we have operations, a reputation built on our responsive and discreet service. In Singapore, we are the largest domestic broker based on the number of registered trading representatives employed. In addition to our broking agency services in equities, bonds, CFDs, DLCs, Robo, LFX and commodities, we provide high value-added services in corporate advisory and fund raising, leveraging our wide network of corporate contacts and deep distribution capabilities to execute IPOs, secondary placements and other corporate finance and investment banking activities.

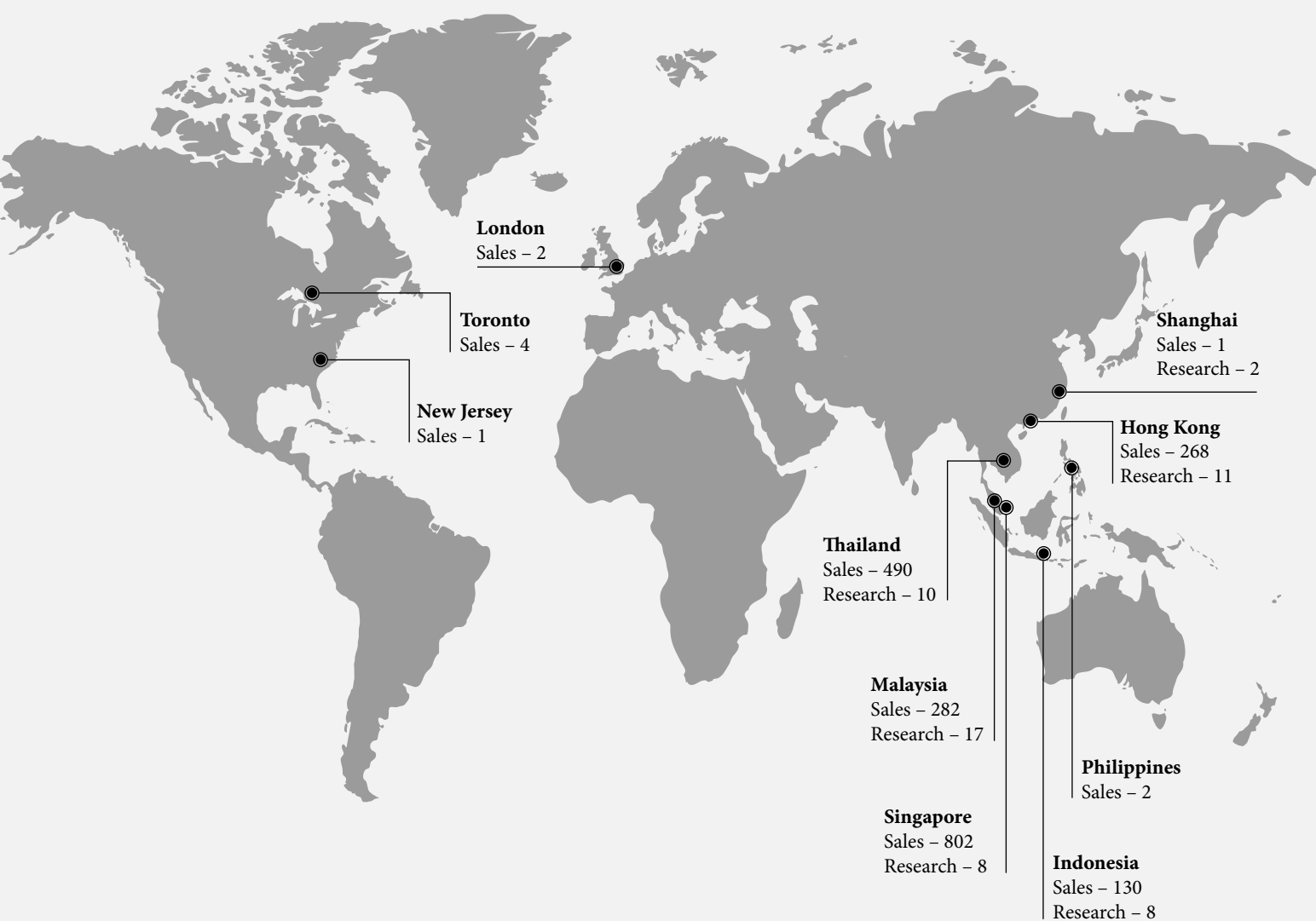
Our regional distribution footprint now spans regional financial centres in Singapore, Hong Kong, Thailand, Malaysia, Indonesia, London, New York and Toronto. In addition, we maintain a research office in Shanghai and an execution presence in the Philippines. We are therefore at the heart of regional economic activities and are well-placed to tap into the deep market knowledge necessary to respond swiftly to our clients.

The Group employs approximately 3,005 professional and support staff globally.

We have gained considerable scale and operational leverage from our synergistic acquisitions. Our defensive business model helps us better weather prevailing volatile trading conditions.

The demand from our institutional and accredited investor clients for incisive and timely equity research and ideas is made more urgent due to rapidly changing global conditions. We therefore continue to invest heavily in our regional institutional sales and research resources, and in expanding our regional network.

OUR GLOBAL PRESENCE



OUR PRODUCTS AND SERVICES

PRODUCTS

Equities

Centred on our sophisticated web and mobile platforms, as well as our full service offline support, our wide range of tools and solutions allow our clients to trade with confidence in multiple products across major markets, including the SGX, Bursa Malaysia, HKEX, HK-Shanghai/Shenzhen Stock Connect, LSE, TSX, TSXV, NASDAQ, NYSE, NYSE ARCA and AMEX. Our award-winning analysts are on hand to impart up-to-date research and insights that can help our clients identify and capitalise on the latest market trends.

Bonds

From emerging markets to developed economies, we support fixed income investors to trade bonds globally on our intuitive platforms. Our dedicated specialists are always available to provide the support and information that clients may need when making key investment decisions or executing orders.

Contracts for Difference (CFDs)

Our clients can utilise our browser-based and mobile platforms to trade CFDs with total peace of mind. Accessing a broad array of counters, clients will be able to tailor trading strategies, monitor and hedge their positions. Using our Direct Market Access model, they also enjoy transparent pricing as every order will participate directly in the underlying exchange without any hidden costs or spreads.

Daily Leverage Certificates (DLCs)

Traded on SGX, DLCs offer investors fixed leverage of 3 to 7 times the daily performance of the underlying securities (market indices or single stocks). Without implied volatility impact, time decay impact or margins, investors have the flexibility to trade in both rising and falling markets.

Exchange Traded Funds (ETFs)

Listed on an exchange, ETFs connect investors to a broad sweep of markets including hard-to-access sectors and asset classes. With the capability to customise watch-lists that can monitor top ETFs, our clients are able to maximise their market exposure with robust instruments that can screen, map and track high-performing funds listed on major global markets.

Futures and Options

Our cutting-edge tools and technology are designed to empower our clients. Providing coverage across asset classes, investors can trade futures across 13 international markets from London to New York while enjoying 24-hour support for quick decision-making in fast-moving markets. Options trading is exclusive to the Hong Kong market and the desktop platform.

Leveraged FX

When it comes to forex trading, the smallest details can make the biggest difference. We offer advanced platforms such as MT4 and Currenex so our investors benefit from sophisticated analytics with no dealing desk intervention. For increased security, client funds are segregated in different accounts. Regular seminars by our in-house experts are also available to our clients.

OUR PRODUCTS AND SERVICES

Structured Products

Our platform has a comprehensive suite of Structured Products for different client needs. From yield enhancement to leveraged payoff, our clients can choose a product that suits their investment objective and risk profile. We adopt an open architecture and have a team of professionals to source products from different manufacturers. We provide timely communications on product ideas and opportunities that emerge from market volatility.

Robo Advisory

A personal digital fund manager, our robo advisor helps our clients realise their financial goals through an intelligent platform and customised portfolio. We draw on the wealth of experience and deep market knowledge of our research analysts and investment professionals to develop the complex algorithms and screen for suitable, low cost ETFs.

Unit Trusts

With unit trusts, investors can lean on the experience of financial experts and diversify across a wide variety of funds. Enjoying low sales commissions with no latent charges, our clients can also keep up with the latest market developments by leveraging the knowledge of our award-winning analysts through in-house commentaries, newsletters, and research articles.

SERVICES

Business Partnerships

We provide various strategic business solutions (e.g. execution, middle and back office) to our B2B partners including robo-advisory, alternative (non-equity) exchanges and IFAs as we create mutually beneficial synergies to serve the ultimate investors.

Corporate Finance / Advisory

We provide a broad and diverse range of corporate finance services, ranging from equity capital markets (i.e. underwriting and placement for both primary and secondary equities), mergers & acquisitions, compliance advisory and financial advisory, spanning the stock exchanges of Singapore, Hong Kong, Malaysia, Thailand and Indonesia.

Investor Education & Corporate Access

Designed to take wealth maximisation to the next level, investors can develop their trading acumen with personal coaching sessions, regular seminars and exclusive curriculum on technical analysis, trading strategies, platforms and markets. Our clients can also attend exclusive in-house networking sessions to connect, exchange ideas and gain insights. We actively organized roadshows and corporate access events to facilitate timely updates and interactions between listed companies and our clients.

Margin Trading

To manage risks and maximise opportunities, our clients can now trade with leverage across our entire portfolio of products and enjoy competitive financing rates for multiple currencies in most major securities markets globally. In addition to transparent pricing, investors appreciate our responsiveness, broad range of qualifying securities and consistent margin policies.

Securities Dealing & Trading

As one of Asia's largest bank-backed brokerage firms, we provide an established and comprehensive platform across all the major securities exchanges in Asia and developed markets to both institutional and retail investors, for a seamless and reliable trading experience. Beyond the traditional stock broking, we offer multiple products and asset classes to meet the needs of the broadest range of investors from the novice to the most sophisticated.

Structured Finance

We offer comprehensive bespoke solutions as lender and arranger to meet the financing needs of promoters, founders and substantial shareholders including acquisition finance, holdco finance, bridge facility, hybrids, illiquids and other structured credits and funding support, in the most timely and discreet manner.

Wealth Management

To protect and grow their portfolios, our clients can rely on our Asia-centric wealth management solutions, which can be tailored for every investment need or objective. Our bespoke services also include asset allocation strategies, discretionary portfolio management, asset manager platforms and external investment products.

GROUP FINANCIAL HIGHLIGHTS

	Group For the Year Ended 31.12.2021 (S\$'000)	Group For the Year Ended 31.12.2020 (S\$'000)	Group For the Year Ended 31.12.2019 (S\$'000)	Group For the Year Ended 31.12.2018 (S\$'000)
Revenue & Foreign Exchange Gain	644,165	603,771	380,619	382,326
Profit from Operations	173,590	183,931	78,442	86,388
Profit Before Tax	173,590	183,931	78,442	86,388
Profit After Tax	153,833	160,710	69,282	75,796
Profit After Tax and Non-controlling Interests	151,881	159,414	69,186	74,832
Shareholders' Equity (excluding non-controlling interests)	1,742,540	1,635,834	1,505,332	1,450,593
Earnings Per Share	17.85 cents	19.21 cents	8.49 cents	9.35 cents
Gross Dividend Per Share ^(Note a)	8.8 cents	9.50 cents	4.20 cents	4.70 cents
Net Assets Per Share ^(Note b)	201.82 cents	195.45 cents	183.20 cents	179.93 cents
Percentage Return on Shareholders' Equity				
Profit Before Tax	10.28%	11.71%	5.31%	6.09%
Profit After Tax	9.11%	10.23%	4.69%	5.34%
Profit After Tax and Non-controlling Interests	8.99%	10.15%	4.68%	5.28%

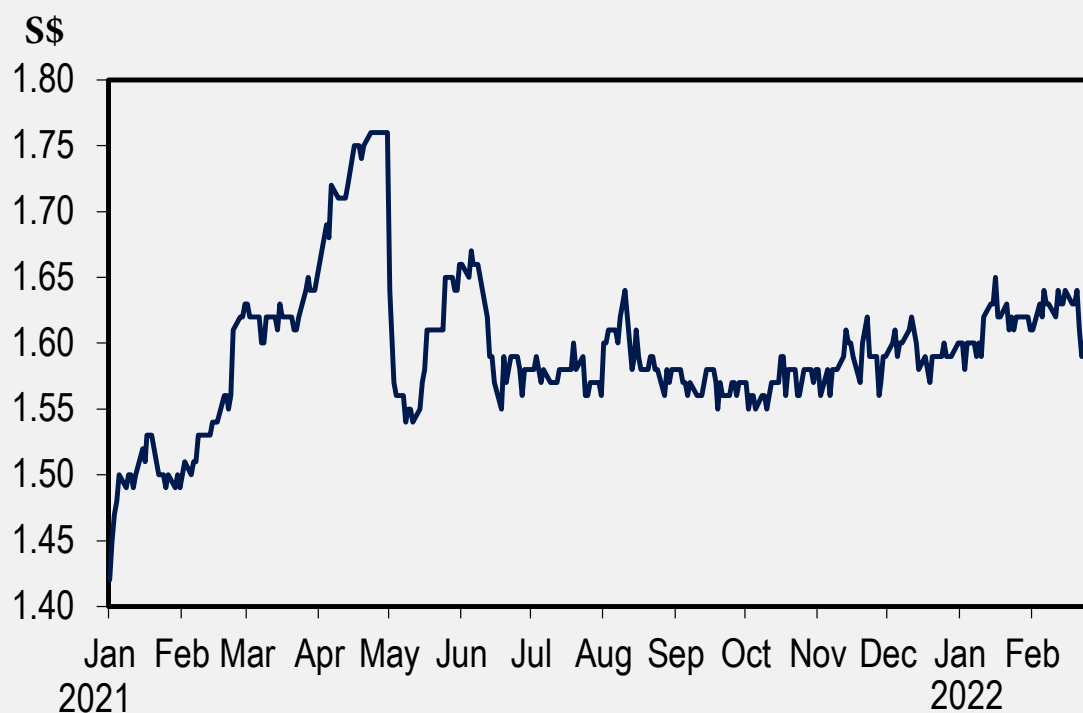
Note

(a) 2021 dividend of 8.8 cents (2020 : dividend of 9.5 cents) is paid/payable on a one-tier tax exempt basis.

(b) Net asset value is derived after deducting 2.3 cents (2020: 2.4 cents) per share attributable to non-controlling interests.

UOB-KAY HIAN HOLDINGS LIMITED SHARE PRICE

From 4 January 2021 to 28 February 2022



LAST CLOSE: S\$1.61
HIGH: S\$1.76
LOW: S\$1.42

CHAIRMAN'S STATEMENT

2021 OPERATING ENVIRONMENT

2021 was meant to be a year of hope and recovery as we entered the second year of battling the COVID-19 pandemic. Though there was an economic rebound amidst widespread vaccination and the easing of lockdowns, progress was interrupted by the emergence of new variants and a surge in infection numbers.

The global economy has still to contend with continued supply chain disruptions, labour shortages, rising inflation and geopolitical tensions dampening investor sentiments.

Global equities markets' performance was mixed in 2021 with developed markets faring much better. The S&P 500 Index posted a strong 28.7% performance and international developed markets represented by the MSCI World ex USA Index rose 12.6%. In contrast, the MSCI Emerging Markets Index fell 2.5%.

Fixed income markets also had an uninspiring year, with the Bloomberg Global Aggregate Bond Index returning -1.4%. Although credit spreads were narrower at the end of 2021 compared to pre-pandemic levels, global yield curves closed the year generally higher and steeper than at the start as US Treasury yields rose across the board.

Whilst UOBKH's business benefitted from the robust US market in 2021, our core markets in Asia recorded varied performances. On a total return basis, our ASEAN equities markets that closed 2021 on a positive note – SET Index +17.7%, Straits Times Index +13.6%, Jakarta Composite Index +12.5% – were overshadowed by poor performances from Hong Kong (Hang Seng Index -11.8%) and, to a lesser extent, Malaysia (FBMKLCI +0.3%). China's new regulatory measures have impacted certain investors' former favourite sectors spanning technology, healthcare, education, property developers and casino operators. In comparison, China's real economy painted quite a different picture, as real GDP expanded 8.1% in 2021, supported by strength in exports (+29.7%).

Against such a divergent backdrop across all the markets we are represented in, 2021 was clearly a challenging year as our management team had to navigate delicately in order to balance business growth and risk mitigation.

2021 OPERATING PERFORMANCE

Our group's 2021 operating revenue grew 6.7% to S\$627.03 million, contributed by the overall 9.6% growth in commission and non-interest income which together represented 80% of total income. In general, our brokerage and commission businesses benefitted from higher market turnover in our represented markets. In view of the market volatility and as a matter of prudence, we have made a provision of S\$19.15 million in relation to our receivables in 2021, resulting in a 4.3% decline in profit after tax to S\$153.83 million.

As part of our continuous improvement journey, we embarked on several initiatives to streamline back office processes, simplify our forms and digitalise our systems during the year, reflecting our focus on the customer journey. The improved processes enabled time savings of more than 1,000 man-hours/month, reduction of overtime, and better ability to process a higher business volume whilst keeping our cost base down. We also noted the positive impact on staff engagement, service quality and customer experience.

DIVIDEND

Our Board of Directors has recommended a first and final tax-exempt (one-tier) dividend of 8.8 cents per share (2020: 9.5 cents per share) representing a pay-out ratio of almost 50%.

As in the previous year, our shareholders can opt to receive their dividends in cash or in shares.

CURRENT YEAR PROSPECTS

Looking ahead, we are optimistic that the real economies would benefit from further relaxation of COVID-19 restrictions in the course of 2022, and the most pandemic-battered sectors would finally see a tangible recovery.

That said, global financial markets are likely to experience significant volatility, as can be seen in the early months of 2022 from the geo-political and macro-economic factors described above.

In such uncertain times, we believe investors, especially our core retail and high net worth segments, would appreciate a more active approach and professional guidance in the management of their personal finances and investment portfolios. We also anticipate a high level of trading and hedging activities as investors react to the elevated volatility at this point of the market cycle.

It is essential that we keep up our discipline and vigilance in monitoring our risks and market exposures and support our clients with relevant, timely and well-researched content.

We remain cautiously optimistic over our business prospects in 2022.

COMMUNITY SERVICE

We have continued to support various community and charity projects with total donations of S\$845,000 during the year 2021.

APPRECIATION

Mr Esmond Choo, our Non-Executive Non-Independent Director, will be retiring and not seek re-election when his term expires on 28 April 2022. I wish to express my appreciation to Mr Choo for his valuable contributions to the group.

I would also like to thank our shareholders and stakeholders for their support, trust and faith in my management team and we pledge to continue to serve you to the best of our abilities.



WEE EE CHAO

Chairman and Managing Director

GREATER CHINA

Review of 2021

China's first-in-first-out advantage contributed to its strong post-pandemic recovery, with real GDP growth expanding to 8.1% yoy in 2021, well above the government's target of "over 6%". But it was not all smooth sailing as the government also implemented a series of policy reforms on the tech sector and maintained efforts to deflate the property bubble which weighed on growth in 2H21. In 4Q21, the economy was also battered by power shortages, mounting debt defaults from property developers, and prolonged flare-ups of COVID-19 outbreaks.

As such, domestic consumption remained under pressure and retail sales growth rebounded to only 12.5% yoy. Moreover, producer price inflation surprised on the upside at 8.1% yoy. On a more positive note, exports posted a strong 29.7% yoy growth.

Outlook for 2022

We believe that inflation peaked in Nov 21, following the sustained decline in global commodity prices based on a six-month rate of change basis. This would give more wriggle room for monetary easing with the PBOC kick-starting the process of a series of policy rate cuts in early-22. Thus our forecast is for real GDP growth to slow to 5.3% yoy; we believe that stagflation fears are overblown.

We also expect a more active use of fiscal support this year, to support a sustainable recovery in consumer spending and fixed asset investment (FAI). Consumers should expect tax rebates and possibly subsidies for rural consumption. FAI will be boosted by the prompt issuance of special purpose bonds in Jan 22 and use of leftover funds from last year.

Exports growth on the other hand may be lower at 6.0% yoy due to a higher base for comparison and a potential slowdown in the pace of global recovery in 2H22 on the back of the Fed's expected rate hike.

Stock Market Review for 2021

Chinese equities started 2021 on a very positive note, boosted by China's economic recovery from the COVID-19-induced slowdown, while global liquidity continued to rise. By Feb 21, the MSCI China index had hit a high of 129.8pt, a 19.5% rise from end-20 levels, which we only expected to be reached in 2Q21. Valuations became stretched at 18.7x 12-month forward PE; the index corrected and has not returned to these levels since. It fell 22.4% in 2021, as policy reset in the education and internet sectors led to higher risk premiums, while earnings were hit by a margin squeeze on the back of higher raw material prices and a significant slowdown in the property sector.

Real estate underperformed (-34.8% yoy), while the best outperformer was utilities which rose 23.6% yoy. But with the PBOC shifting into grow-supportive mode with a 50bp RRR cut in Dec 21, we expect officials to continuously ramp up policy support, especially ahead of the 20th Party Congress in Nov 22.

Stock Market Outlook for 2022

While restructurings are not without risks, we are optimistic that Chinese equities would put in a better performance in 2022. China should now be past the peak of policy tightening for the property sector and regulatory changes for the internet sector. The more supportive macroeconomic policies and improving economic data should lift the MSCI China index to a high of 100pts, or 13.7x FY22F PE, by 2Q22.

We expect upcoming data releases to increasingly surprise on the upside; the recent Dec 21 manufacturing PMI beat may well be the inflection point. With the MSCI China index now trading at 12.0x 2022F PE, valuations are not demanding and offer a good window to accumulate.

We are positive on structural growth themes, ie mass market consumption, electric vehicles, IT hardware and renewables. Other outperformers could also include exporters, auto parts, consumer electronics, apparel and textiles, if the Sino-US negotiations do lead to tariff cuts. Our stock preferences imply a preference for consumer discretionary, consumer staples and utilities.

But market volatility could also pick up again in the later part of 2Q22 as investor focus shifts towards the Fed's rate hike cycle, after the completion of the taper.

INDONESIA

Review of 2021

Indonesia's GDP is expected to grow 3.5% in 2021 after a contraction of 2.1% in 2020. Inflation is likely to be under control at 1.8% in 2021, up from 1.6% in 2020. Interest rates remained low at 3.50% for 2021, falling from 3.75% in 2020.

Meanwhile, the unemployment rate dropped from 7.1% in 2020 to 6.3% in 2021. The USD to IDR exchange rate declined from Rp14,050/US\$1 in EOY 2020 to Rp14,253/US\$1 in EOY 2021.

Infections from the COVID-19 Delta variant spiked in Jul 21. This led to the implementation of strict social restrictions comparable to the lockdowns in 2Q20. In addition, the government aggressively implemented a mass vaccination programme in 2021, with nearly 40% of Indonesians having received two doses of vaccines as of end-21.

2021 was also marked by an increase in commodity prices that caused a spike in raw material costs, but many companies elected not to raise their selling prices nevertheless.

Outlook for 2022

We expect 2022 GDP growth to come in at 5%, propelled by improvements in purchasing power and higher levels of investment. Inflation is likely to rise to 2.8%, driven by price increases across companies in 4Q21. Interest rates are expected to rise from 3.5% in 1Q22 to 4.0% in 3Q22 and 4.5% in 4Q22. With inflation running at 7% in the US in 4Q21, the US Federal Reserve could raise rates in 3Q22, potentially prompting Bank Indonesia to raise the 7-day repo rate. The unemployment rate is expected to decline further to 5.4% while the USD to IDR exchange rate is expected to depreciate to Rp14,850/US\$1 in 2022.

Stock Market Review for 2021

The Jakarta Composite Index (JCI) delivered a total return of 12.53%, including dividends, in 2021. The JCI outperformed the MSCI Asia Pacific ex-Japan (MXASJ) index which delivered a -5.2% return in 2021. The MXASJ's weak performance was due to the weak performance in the China market caused by stringent new regulations on businesses.

Stock Market Outlook for 2022

We expect the JCI to appreciate to 7,400, driven by higher GDP growth. Historically, higher GDP growth has a 91% correlation with a higher level of the JCI.

Stronger purchasing power, lower commodity prices and price increases can bode well for consumer companies in 2022. Retailers could experience large upswings in profit in 2022 as their stores reopen for business.

In 1H22, we foresee banks continuing to perform well. Due to potential interest rate hikes in 2H22, we suggest investors reduce positions in banks and establish positions in consumer, retail and technology.

MALAYSIA

Review of 2021

Malaysia's GDP is expected to recover 4.0% yoy from 2020's 5.6% contraction as the country's COVID-19 pandemic lockdown conditions eased.

The GDP recovery was also supported by robust exports (up 25.7% yoy for 11M21), particularly for electronic components and commodities, the government's various fiscal stimulus programmes, and Bank Negara Malaysia's accommodative overnight policy rate (1.75%). Additionally, the economy benefitted from runaway commodity prices as crude palm oil prices hit all-time highs of above RM5,000/tonne and crude oil prices rose 50%.

Malaysia has clearly emerged as a beneficiary of trade diversion which particularly benefitted electrical and electronics (E&E) exporters, as evidenced by the 51.5% surge in the country's approved foreign direct investment (FDI) through 9M21.

The ringgit softened by 5% to RM4.20/US\$ which partly reflected the country's protracted high fiscal deficit, despite experiencing net portfolio inflows which helped boost the country's foreign reserves to a seven-year high of US\$116.9b.

Outlook for 2022

Malaysia's GDP is expected to chart a 5.5% real GDP growth in 2022, driven by easing COVID-19 curbs, supportive global demand (partly driven by the thawing of supply chain constraints), recovery in the labour market, and further fiscal support. Budget 2022 features a record total outlay of RM332.1b, or 20.3% of GDP.

We factor in two policy rate hikes to 2.25%, amid moderate inflationary threats (CPI: 2.5%). The ringgit is expected to further slip against the US dollar as global liquidity contracts.

Stock Market Review for 2021

2021 was particularly disappointing for the FBMKLCI, a major regional laggard. A myriad of factors contributed to the index's weak 0.3% rise.

These include the sharp pullback in glove stocks, the ESG agenda which de-rated the plantation and O&G sectors, unstable politics and the introduction of various business dampening policies (eg a one-off prosperity tax), and the discovery of the COVID-19 Omicron variant towards end-21.

Foreign investors remained net sellers of Malaysian equities (RM3.2b outflow), albeit substantially lower than 2020's RM24.6b outflow.

Stock Market Outlook for 2022

The FBMKLCI is expected to make a moderate uplift but remain mostly range-bound in 2022 as the economic thrust from the ongoing global reopening may not significantly overcome the global gravitational pull of inflation and reversal of easy money.

The FBMKLCI's recovery will be guided by a rebound in corporate earnings. Excluding glove stocks, the FBMKLCI's earnings are expected to recover by 8.5% in 2022.

SINGAPORE

Review of 2021

Singapore's GDP grew 7.2% yoy in 2021 according to advanced estimates, and slightly above the Ministry of Trade and Industry's (MTI) guidance of "around 7.0%". The post-COVID-19 rebound had been expected given the economy's 5.4% contraction in 2020. The strong performance in 2021 was the fastest full-year growth since 2010's record 14.5%, which came after a contraction in the prior year.

Importantly, Singapore's GDP grew 5.9% yoy in 4Q21 and above market expectations of 5.1%, showing that growth remains robust, which UOB Global Economics and Market Research (GEMR) believes bodes well for economic growth in 2022. The manufacturing sector remained the star performer in 4Q21, rising 14% yoy supported by expansion in the electronics and precision engineering sectors. On the other hand, the construction sector was hobbled by manpower costs, supply chain disruptions and higher materials prices, thus growing only 2% yoy in 4Q21.

Outlook for 2022

UOB GEMR forecasts that Singapore's 2022 GDP growth to expand 3.5% yoy which is slightly lower than the mid-point of the MTI's forecast of 3-5%. The manufacturing sector is expected to underpin growth in 2022 given the growing demand for semiconductors and related products. In addition, we believe that tourism-related sectors such as retail, transport and hospitality will likely see further recovery, especially as regional and global economies embark on reopening their respective borders on the back of the growing vaccination rates. The latest reading from Singapore's Purchasing Managers' Index of 50.7 in Dec 21 also bodes well for the manufacturing sector. However, the key risk surrounding this recovery momentum will centre on COVID-19, if new variants were to emerge.

In terms of interest rates, UOB GEMR predicts a gradual increase over the course of 2022, with three-month Singapore Interbank Offered Rate expected to increase from 0.45% in 1Q22 to 1.45% in 4Q22.

Stock Market Review for 2021

In 2021, the Straits Times Index (STI) performed strongly, up 9.8% ex-dividends and beaten into third place within the Asia Pacific region by the Thai and Indonesian stock markets. The STI also outperformed the MSCI Singapore index (+7.8% in 2021) and the MSCI Asia ex-Japan index (-4.7%), as well as its Malaysian and Hong Kong counterparts.

At the sector level, the outperformers in 2021 were relatively immune to COVID-19: financials, healthcare and industrials. Notably, corporate actions helped the top performing stocks while REITs were less of a factor in 2021, with only six of the top 20 best performers coming from this sector. The underperforming sectors again were COVID-19-related with consumer and hospitality being the key ones. Outside of the virus factor, companies that had challenging business models as well as those exposed to the China end-market saw significant share price underperformance. In addition, REITs were also more prevalent underperformers than in prior years.

Stock Market Outlook for 2022

For 2022, our forecast year-end target for the STI is 3,500 using a top-down methodology. Our STI target uses a 20% yoy earnings growth for 2022, and a target PE and P/B of just under 14x and 1x respectively – both of these are around 10% discount to the past five-year average for the index, which we believe is fair given moderating earnings growth in 2022, and the potential risks to the economy and thus our forecasts.

We point out that consensus and a bottom-up methodology would result in much higher STI targets of 3,700-3,800.

In our view, the STI's valuations are not stretched at present, trading at 2022F PE and P/B of 13.5x and 1.1x respectively, and paying a yield of over 4%. Compared with emerging market peers and global developed markets, the Singapore stock market is inexpensive on a PE and P/B basis with one of the highest yields.

We continue to recommend an OVERWEIGHT position on consumer, financials, land transport, selected REITs, shipyards & industrials and technology, while we are MARKET WEIGHT on aviation, gaming, healthcare, plantations and telecommunications.

THAILAND

Review of 2021

Thailand reported a GDP growth of 1.6% for 2021, according to advanced estimates, following a contraction of 6.1% in 2020. The improvement was mainly due to an economic recovery underpinned by a vaccine rollout and the absence of the major lockdowns seen in 2020. The recovery was slower than that of most countries as Thailand's economy was dragged by the tourism industry which previously accounted for 15% of GDP. The prolonged use of international travel restrictions due to the emergence of the Omicron variant in late-21 hampered the recovery and led to a lower-than-expected GDP growth in 4Q21.

Outlook for 2022

UOB Global Economics & Market Research forecasts that Thailand's GDP growth would increase 3.5% yoy in 2022 as the economy is recovering from the COVID-19 pandemic. The Bank of Thailand (BOT) expects Thailand's economy to return to its pre-COVID-19 level in 1Q23. The country's growth outlook will depend on three key factors: a) COVID-19 situation; b) tourism recovery, especially international tourism demand; and c) global trade backdrop.

Although Thailand's vaccination rate continues to rise (74% as of 21 Jan 22, based on World in Data), the risk of widespread infections remains and could impede the economic recovery. For the tourism industry, we expect a subdued recovery in 1H22 due to the imposition of international travel restrictions on visitors from many countries, but the growth momentum should accelerate from 2H22 through 2023. Global trade is likely to expand further in 2022, but the growing momentum of Thai exports would shift to agricultural food products from manufacturing, based on the export trend seen in Nov-Dec 21, with exports of agricultural products growing at an accelerating pace.

For the policy rate, we expect the BOT to maintain its benchmark rate at 0.50% throughout 3Q22 but foresee a potential policy rate hike in 4Q22 to 0.75%, in response to higher global interest rates.

Stock Market Review for 2021

The SET Index experienced a roller coaster ride in 2021. It plunged over 6.9% in 3Q21 in response to the third wave of infections which further delayed an economic recovery, then rallied 8.2% for the rest of 2021. Finally, the SET Index finished the year with a 14.4% advance (+17.7% on a total return basis).

In terms of sector performance, the outperformers were telecommunications (41.58%), construction service (34.88%), media (29.70%), automobile (23.93%) and banking (22.99%), which were mostly domestic stocks that benefit from an economic recovery and reopening theme. The worst performers were sectors with lofty valuations. They included transport (+1.04%), electronics (+6.55%), energy (+8.13%) and petrochemical (+10.27%), which were ripe for profit-taking once the pandemic situation eased.

Local institutions and foreign investors heavily sold Bt74.484b and Bt50.553b worth of Thailand stocks respectively. Local investors were net buyers of Bt111.430b in 2021.

Stock Market Outlook for 2022

We are optimistic about the Thai equity market, especially in 1H22, and expect to see fund inflows due to: a) ASEAN economies' stronger growth momentum versus global peers', b) corporate earnings being on an upgrade cycle especially in the services sector, and c) supportive global financial conditions.

We are cautious on 2H22 as the US' sequential rate hike and the Fed's balance sheet reduction may spark risk-off sentiment and lead to a reversal of fund flows, which could negatively affect risk assets including stocks.

Given expectations of accelerating GDP growth in 2022, our weightings are biased towards economically-sensitive stocks and sectors such as banking, construction services, energy, industrial estate, property and telecommunications, which are likely to generate solid earnings growth in the next two years and boast cheap valuations. Meanwhile, high PE stocks are expected to be ripe for profit-taking. We recommend buying leading companies in domestic sectors with solid fundamentals and the ability to weather uncertainties.

Our 2022 target for the SET Index is 1,730, derived from 18.6x forward PE (+0.5SD to five-year average) and EPS of Bt92.8 per share. We are using a slightly higher-than-average multiple to reflect our positive view on the earnings upgrade cycle.

CORPORATE GOVERNANCE REPORT

This report describes UOB-Kay Hian Holdings Limited's corporate governance practices which are in essence in line with the principles and provisions of the Code of Corporate Governance 2018 (the Code). The Company is committed to maintaining a high standard of corporate governance, transparency and disclosure of material information.

The Board of directors is responsible for the corporate governance of the Company and its subsidiaries. The directors of the Company have a duty to act honestly, transparently, diligently, independently and in the best interests of all shareholders, in order to enhance shareholders' interests. The major processes by which the directors meet their duties are described in this report.

Board Of Directors	Principles & Provisions
The Board comprises 7 directors of which 1 is an executive director, 2 are non-executive non-independent directors and 4 are independent directors, with the majority of the Board being independent.	2.2, 2.3
On an ongoing basis, the Board examines its size and, with a view to determining the impact of the number upon effectiveness, decides on what it considers an appropriate size for the Board to facilitate effective decision making taking into account the scope and nature of the Group's operations.	2.4
Our chairman and managing director, Mr. Wee Ee Chao, is a highly regarded veteran in the stockbroking industry and has extensive experience managing this business. The Board considers that his dual role contributes significantly to the objective of managing the Company in a most effective and efficient manner, particularly given the size and nature of our business. Nevertheless, the overall structure and composition of our Board ensures that corporate governance aspects and shareholders' interests are fully addressed. In addition, the Audit, Remuneration and Nominating Committees are chaired by independent directors.	3.1

Independent/Non-Executive Directors

We have 4 independent directors, namely Mr. Tang Wee Loke, Mr. Kuah Boon Wee, Mr. Andrew Suckling and Mr. David Yeow. Mr. Esmond Choo Liong Gee, previously a Senior executive director, was redesignated a non-executive non-independent director on 1 April 2021. We are pleased to welcome Mr. Leong Kok Mun, Edmund to join the Board as a non-executive non-independent director and a member of the Audit Committee with effect from 1 June 2021.

Mr. Tang is the chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr. Kuah is the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Suckling is the chairman of the Remuneration Committee and a member of the Nominating Committee. Mr. Yeow is a member of the Audit Committee. Mr. Choo is a member of the Nominating Committee.

For more information on the directors, please refer to the "Profile of Directors & Key Management Personnel" on pages 37 to 39.

The roles of our independent and non-executive directors are to review and provide input on:

- the business strategy and overall performance of the Board and key management to ensure that they are consistent with the objectives of the shareholders; and
- our overall corporate governance processes to ensure that the interests of the shareholders are adequately protected.

Each independent director is required to provide an annual confirmation of his independence based on the conditions and criteria set out in the Code/listing rules and the independence of the independent directors has been thoroughly assessed and reviewed by the Nominating Committee and the Board. The Board is satisfied that the independent directors are considered independent as each of them has met all the conditions and criteria of independence under the Code and the listing rules. The independent directors also do not have any cross directorships with any of the Group companies. In addition, they do not receive any incentive compensation other than the fixed fees which are approved by shareholders at Annual General Meetings (AGM). The Board is assured that each of them is independent in conduct, character and judgement, objective and fully committed to their role as independent director and that they would continue to exercise independent and valuable judgment.

The independent directors meet and interact regularly without the presence of the other directors and management and provide feedback to the chairman after such meetings. 2.5

Though our chairman and managing director are the same person, we have not appointed a lead independent director as our chairman and managing director is complemented by a strong independent board that is able to engage the chairman and managing director on substantive business issues and corporate governance matters. 3.3

Chairman's Roles

The chairman's roles includes:

- leading the Board to ensure its effectiveness on all aspects of its role;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and management;
- facilitating the effective contribution of independent/non-executive directors in particular; and
- promoting high standards of corporate governance.

The chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda. The Board members are also provided with adequate and timely information for their review and consideration.

To facilitate effective management, certain functions are delegated by the Board to Board Committees, each with its own terms of reference. The Board is assisted by Audit, Remuneration and Nominating Committees. 1.4

The Board comprises directors who as a group provide core competencies such as business, legal, finance, management and strategic planning experience, industry knowledge and customer-based knowledge. 2.4

The Board has not formally adopted a diversity policy although the Board does keep in mind relevant principles as they evolve and emerge and strives to achieve an optimal composition by ensuring that diversity, primarily in terms of complementary skills, core competencies and experience, would benefit the Group and enhance its long term success.

The following is a summary of directors' attendance at meetings of Board and Board Committees and general meetings of shareholders during the financial year 2021:

1.5, 11.3

Board members	Board	Audit Committee	Remuneration Committee	Nominating Committee	Annual General Meeting
Meetings held	2	4	1	1	1
Meetings attended					
Mr. Wee Ee Chao	2	N.A.	N.A.	N.A.	1
Mr. Esmond Choo Liong Gee	2	1*	N.A.	1	1
Mr. Tang Wee Loke	2	4	1	1	1
Mr. Kuah Boon Wee	2	4	1	N.A.	1
Mr. Andrew Suckling	2	N.A.	1	1	1
Mr. David Yeow	2	4	N.A.	N.A.	1
Mr. Leong Kok Mun, Edmund (Appointed on 1 June 2021)	1	2	N.A.	N.A.	N.A.

* Mr. Esmond Choo Liong Gee attended by invitation of the Audit Committee. On 1 April 2021, Mr. Choo was redesignated from Senior executive director to non-executive non-independent director and no longer attends audit committee meetings.

Key information on the directors and their appointments on the various Board Committees and on key management personnel of the Group is given under the section "Profile of Directors & Key Management Personnel" on pages 37 to 39.

Fulfilling the responsibilities and duties of a director requires an individual's time and attention. Competing time commitments may be faced when a director holds multiple Board appointments which may interfere with his performance as a director. Directors are expected to ensure effective commitment and spend sufficient time carrying out their responsibilities. To ensure that directors have sufficient time and attention to devote to the Board, the Company has capped the directors' directorships in other listed companies to 5.

1.5, 4.5

The Board does not encourage the appointment of alternate directors and has not encountered any situation which requires such consideration.

Board Roles

The Board oversees the overall strategy, provides entrepreneurial leadership, sets strategic objectives, establishes a framework of prudent and effective controls, supervises the management, reviews management performance and reviews the affairs and financial position of the Company and the Group. Matters which are specifically reserved for the Board's decision include:

1.1, 1.2, 1.3

- semi-annual and annual results announcements;
- financial statements;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- interested person transactions; and
- major transactions such as material acquisition and disposal of assets, significant investments and funding & corporate guarantees.

The Board in its governance role fulfils the long term economic, moral, legal and social obligations towards their stakeholders to create long term success and sustainability. Key stakeholders are shareholders, customers, employees, regulators and the community.

The Board through its various sub-committees which are in turn governed by their respective terms of reference ensures compliance with legislative and regulatory requirements.

To assist the Board in the discharge of its duties, management provides the Board with periodic accounts of the Company and the Group's performance, position and prospects. Directors receive Board papers in advance of Board and Board Committee meetings and have separate and independent access to the Company's senior management and the Company Secretary. There is a procedure where any director may, in the execution of his duties, seek independent professional advice. However, during the year no professional advice was sought. 1.6, 1.7

To familiarise newly appointed directors with the Group's business and corporate governance practices, directors are provided with relevant materials of the Group's business which explain activities and how the Group's business is managed. 1.2

Upon appointment, each director is given a letter of appointment and is informed of his duties and obligations.

Any newly appointed director who does not have prior experience as a director of an SGX-ST listed company will undergo mandatory training as required under rule 210(5)(a) of the Listing Manual of SGX-ST (the Listing Manual) on the roles and responsibilities of a listed company director.

Mr. Leong Kok Mun, Edmund, who was appointed as a non-executive non-independent director on 1 June 2021, had attended the Listed Entity Director Essentials conducted by Singapore Institute of Directors to equip himself with the knowledge required of directors of listed entities.

The Company was responsible for arranging and funding the training of directors.

All directors are regularly updated with changes in the relevant laws and regulations to assist them in discharging their duties and responsibilities. Directors have opportunities for continuing education in various areas and are kept informed of relevant training courses or talks organised both internally or by external authorities or organisations.

Company Secretary's Roles

The key roles of the Company Secretary are to:

- be primarily responsible for administrative and reporting functions mandated by law;
- ensure Board procedures are followed;
- ensure effective communication between the Board, Board Committees, management and shareholders;
- advise the Board on governance matters; and
- attend all Board and Board Committee meetings.

The appointment and removal of the Company Secretary must be approved by the Board. 1.7

Audit Committee (AC)

The AC comprises 4 members, namely Mr. Kuah Boon Wee (chairman), Mr. Tang Wee Loke, Mr. David Yeow and Mr. Leong Kok Mun, Edmund. Mr. Kuah, Mr. Tang and Mr. Yeow are independent directors and Mr. Leong is a non-executive non-independent director. Mr. Leong was appointed as a member of the AC on 1 June 2021. All 4 members have related financial management expertise or experience. 10.2

The AC met a total of 4 times during the year. An executive director, the heads of internal audit, compliance, finance and the external auditors normally attend the meetings. 10.5

The key terms of reference of the AC are:

10.1

- to review the adequacy and effectiveness of the internal control and risk management systems;
- to review the audit plans and findings of the internal and external auditors;
- to review all announcements of financial results; and
- to review interested person transactions.

The AC:

- has full access to and co-operation from management as well as full discretion to invite any director (executive or non-executive) to attend its meetings;
- has been given reasonable resources to enable it to complete its functions properly; and
- has reviewed findings and evaluations of the system of internal controls with the internal and external auditors.

The AC has reviewed and confirmed that Messrs Deloitte & Touche LLP is a suitable audit firm who satisfies the Company's audit obligations with adequate resources and experience and the assigned audit engagement partner, number and experience of supervisory and professional staff assigned to the audit, given the size and nature of the Group. The AC, having reviewed all non-audit services provided by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. A sum of S\$102,655 was paid to the external auditors for non-audit services versus S\$697,645 for audit services rendered during the year. The AC annually reviews the independence of the external auditors.

10.1

The Company has complied with rules 712, 715 and 716 of the Listing Manual on the appointment of auditors.

The AC has established a whistle-blowing policy where staff may in confidence raise concerns about possible improprieties in matters of financial reporting, fraud or other matters, and to ensure that arrangements are in place for independent investigations of such matters. The Company will treat all information received and the identity of whistleblowers as confidential. It also commits to ensuring that whistleblowers will be treated fairly, and protected against reprisal, detrimental or unfair treatment for whistleblowing in good faith. The AC is empowered to conduct or authorise investigations into any activity within its terms of reference and obtain independent advice where it deems necessary. There were no incidents of concern received by the AC during the financial year 2021.

10.1

The external auditors during their semi-annual meetings with the AC will update the members of the relevant changes to the accounting standards.

None of the members of the AC were at anytime a partner/director of the Company's existing audit firm.

10.3

Internal Control And Risk Management

The Board reviews on a regular basis the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Based on the work carried out by the internal auditor, the review undertaken by the external auditors as part of their statutory audit and certain agreed upon procedures, and the existing management controls in place, the AC and the Board are of the opinion that there are adequate and effective internal controls and a risk management system in place to address risks relating to financial, operational, compliance, information technology controls and risk management systems matters.

9.1, 9.2

The system of internal controls is designed to reasonably manage rather than eliminate the risk of failure to achieve intended objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss, errors, poor judgement, fraud and other irregularities and other unforeseen events.

CORPORATE GOVERNANCE REPORT *continued*

During the year, the AC, on behalf of the Board, has reviewed the adequacy and effectiveness of the Group's material internal controls. The processes used by the AC to review the adequacy and effectiveness of the system of internal control and risk management include:

- discussions with management on risks identified by internal audit;
- the audit processes;
- the review of internal and external audit plans; and
- the review of significant issues arising from internal and external audits.

The Board and AC have also received and reviewed the assurance from the managing director, the finance director, the internal audit manager and other key management personnel who are responsible, that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances and adequate effective risk management and internal control systems have been put in place. To manage the operations, financial and compliance risks, the Company has in place the following structures involving senior management:

- management oversight and control;
- risk recognition and assessment;
- control framework and segregation of duties;
- monitoring, communication and rectification; and
- audit and review.

Internal Audit

Internal audit performs continuous monitoring to ensure compliance with Group policies, internal controls and procedures designed to manage and safeguard the business and assets of the Group. The work of internal audit is focused on areas of greatest risk to the Group as determined through the audit planning process. The formal reports resulting from such reviews are provided to the AC and the chairman of the Board. The Company's external auditors, Deloitte & Touche LLP, contribute a further independent perspective on certain aspects of the internal financial control system arising from their work and annually report their findings to the AC.

The internal auditor's line of functional reporting is to the AC. Administratively, the internal auditor reports to the chairman and managing director of the Company. 10.4

The AC is satisfied that the internal audit function is independent and adequately resourced to carry out its duties effectively and has appropriate standing within the Company. The internal audit department is staffed by suitably qualified and experienced persons. 10.4

The AC regularly reviews the Company's internal audit function and whether the internal audit function meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and it is of the opinion that the Company's internal audit function remains effective. The AC is also satisfied that the internal audit function is independent and are of the opinion that up to date adequate resourcing of internal audit remains challenging even if currently materially adequate. Adequate manpower and technology developments are key areas of focus.

Remuneration Committee (RC)

The RC has 3 members, comprising independent directors, namely Mr. Andrew Suckling (chairman), Mr. Kuah Boon Wee and Mr. Tang Wee Loke. The RC has access to external consultants for expert advice on executive compensation, if necessary. No external consultant was deemed necessary to be engaged during the financial year 2021. 6.2, 6.4

The RC reviews all aspects of directors' and key management's remuneration. The key terms of reference of the RC are: 6.1

- to make recommendations to the Board with regard to the remuneration of directors and key management personnel and to ascertain that they are fairly remunerated; and
- to formulate the framework of remuneration for the directors and key management personnel.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management personnel. 7.1

The RC reviews the remuneration packages of the Company's executive directors and key management personnel, which are based on the performance of the Group and the individual, market conditions and remuneration levels within the industry.

There are no onerous termination clauses in the directors' and key management personnel's contracts of service.

When reviewing the structure of directors' fees, the RC considers their respective roles and responsibilities on the Board and in the Board Committees. All directors' fees are subject to the approval of the shareholders at the AGM. 7.2

The nature of our industry and its considerable dependence on market conditions requires the Board and management to have a remuneration structure which is flexible and addresses short term profitability as well as long term objectives. Focus on long term objectives is ensured through long term retention of key management and staff, and consistent business strategy. As such, we do not see the need for long term incentive plans, which may create inflexibility and impact short term profitability. 8.3

Contractual provisions for reclaiming incentives do not appear relevant and we will consider such policy when the need arises.

Disclosure on Directors' Remuneration

The remuneration of the directors of the Company for the financial year ended 31 December 2021 is as follows: 8.1, 8.2

Directors	Total Remuneration (S\$'000)	Fees (%)	Fixed Salary (%)	Variable Income (%)	Total (%)
Wee Ee Chao	6,279	–	7.73	92.27	100
Esmond Choo Liong Gee	511	5.75	20.92	73.33	100
Tang Wee Loke	58	100	–	–	100
Kuah Boon Wee	69	100	–	–	100
Andrew Suckling	48	100	–	–	100
Chng Seng Hong, Ronny	14	100	–	–	100
David Yeow	45	100	–	–	100
Leong Kok Mun, Edmund	26	100	–	–	100

There are no benefits in kind, stock options, share-based incentives or other long-term incentives.

The Company does not disclose the remuneration of the top five key management personnel (who are not directors) within bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration, as it believes that such disclosure is disadvantageous to its business interests, given the highly competitive human resource environment and for purposes of maintaining confidentiality of staff remuneration matters. Non disclosure does not compromise the ability of the Company to meet the code on good corporate governance as the RC, which comprises solely independent directors, reviews the remuneration package of such key management personnel who are remunerated based on the performance of the Group to ensure that they are fairly remunerated.

The Company and its subsidiaries do not have any employee who is a substantial shareholder of the Company, or is an immediate family member of a director, the managing director or a substantial shareholder of the Company. 8.2

The Company does not have any employee share scheme. Employees may invest in our listed shares and benefit from our Scrip Dividend Scheme.

Nominating Committee (NC)

The NC has 3 members comprising 2 independent directors, namely Mr. Tang Wee Loke (chairman) and Mr. Andrew Suckling and non-executive non-independent director Mr. Esmond Choo Liong Gee. 4.2

The key terms of reference of the NC are: 4.1, 4.3, 4.4

- to review and make recommendations to the Board on all board appointments and re-appointments and to consider the skills and experience required to ensure the Board has the appropriate balance of independent directors with the right expertise, skills, attributes and ability. New directors may be appointed by a Board resolution following which they are subject to re-elections by the shareholders at the next AGM;
- to oversee the composition and balance of the Board and to ensure that they meet the requirements under the Code;
- to ascertain that the independent directors meet the conditions and criteria set out in the Code and the Listing Manual;
- to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by the chairman and each director to the effectiveness of the Board; and
- to review training and professional development programmes for the Board.

The NC, when making recommendations for new appointments to the Board, will consider the nominee's track record, experience, financial literacy, core competencies and ability to commit time and effort to carry out his or her duties and responsibilities effectively.

The NC is also tasked with developing, maintaining and reviewing relevant and appropriate recruitment, development and succession planning processes. The Board recognises that Board and key management personnel renewal is a continuing process and therefore periodically reviews the compositions of the Board and key management personnel to ensure that there are adequate succession plans in place, with the objective of maintaining strong leadership for long-term sustainability of the business.

There is a process for the NC to evaluate the performance of the Board and the Board Committees. Objective performance criteria used to assess the performance of the Board include: 5.1, 5.2

- comparison with industry peers;
- return on assets; and
- return on equity.

The Board reviews the NC processes for assessing the effectiveness of the Board and the various Board Committees. No external facilitator was engaged during the financial year 2021.

On an annual basis, the directors will perform a self-evaluation by completing a director self-evaluation form which would be reviewed by the NC. Where necessary, the chairman will act on the results of the performance evaluation. When new directors need to be appointed or existing directors retired, the chairman will inform and consult the NC. The minutes of the various Board Committee meetings are forwarded to the Board for their review.

Retirement and Re-election of Directors

Pursuant to the Company's Constitution and the Listing Manual, at least one-third of the directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company and all directors shall submit themselves for re-nomination and re-appointment at least once every three years. Newly appointed directors submit themselves for re-election at the first AGM following their appointments.

After reviewing and considering the NC's recommendations, the Board would make the decision to propose the re-election of directors for shareholders' approval.

Three directors namely, Mr. Esmond Choo Liong Gee, Mr. Andrew Suckling and Mr. Leong Kok Mun, Edmund, are due for re-election at the forthcoming AGM. Mr. Choo, who is due to retire by rotation at the forthcoming AGM, has decided not to seek re-election.

Communication With Shareholders

The Board regards the AGM as an opportunity to communicate directly with shareholders and to encourage participative dialogue. The members of the Board will attend the AGM and are available to answer questions from the shareholders. External auditors are also present to assist directors in addressing relevant queries by the shareholders. 11.1, 11.3

Separate resolutions are proposed for each issue at the AGM. Minutes of general meetings includes substantive and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and management. The Company will post minutes of general meetings via SGXNET and on the Company's website as soon as practicable and within one month after the general meetings. 11.2, 11.5

The Company treats all its shareholders fairly and equitably, and protects and facilitates the exercise of shareholders' rights.

The Company will continue to conduct voting by poll at the coming AGM for greater transparency in the voting process. Votes cast will be tallied and announced to shareholders at the meeting and the detailed polling results released via SGXNET after the meeting.

To maintain transparency, the Company makes timely disclosures to the public via SGXNET and postings on the Company's website. Information on the Company's corporate financials and stock is available in the investor relations section of the Company's website. Where there is inadvertent disclosure made to a select group, the Company would make the same disclosure publicly to all others as promptly as possible.

The Annual Report 2021. Addendum to Shareholders in relation to the renewal of the Share Buyback Mandate, Notice of AGM and Proxy Form are posted on the Company's website at www.uobkayhian.com and released via SGXNET.

In addition, shareholders and investors are able to contact the Company with questions or access information on the Company through the Company's website at www.uobkayhian.com. 12.1, 13.3

AGM 2022

To minimise physical interactions and COVID-19 transmission risks, the Company's AGM 2022 will be held via electronic means. As shareholders will not be able to attend the AGM in person, they may observe the proceedings of the AGM by live audio-visual webcast or live audio-only stream. Shareholders may appoint the chairman of the AGM as proxy to vote on their behalf at the AGM. Shareholders should submit their written questions related to the resolutions to be tabled at the forthcoming AGM in advance of the lodgment of the proxy forms for the AGM, in accordance with the instructions set out in the Notice of AGM dated 8 April 2022.

The Board and management will address all substantial and relevant questions and will endeavour to publish its responses to those questions on the Company's website and SGXNET 48 hours prior to the closing date and time for the lodgment of proxy forms. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Board and management may address them during the AGM. Please refer to the Notice of the AGM dated 8 April 2022 for more information.

Engagement with Stakeholders

Other than our shareholders, our key stakeholders are our clients, regulators and employees. The Board recognises the need to balance the needs and interests of key stakeholders with those of the Company. We have established channels of communication for clients to provide feedback to management on various client related issues and for employees to communicate with the management on important developments within the Company. There is regular engagement with regulators to keep abreast of and to provide feedback on regulatory developments.

13.2

For more information, please refer to page 28 of the Sustainability Report.

Dealings In Securities

The Group has devised and adopted an internal code of best practices on securities transactions to provide guidance to its directors and officers in relation to dealings in the Company's securities. A system of reporting of securities dealings to the Company Secretary by directors has been established to effectively monitor the dealings of these parties in the securities of the Company. In addition, a circular is issued before the start of each moratorium period to remind officers to refrain from dealing in the Company's securities prior to the release of the Group's financial results. The officers of the Company are also discouraged from dealing in the Company's securities on short-term considerations.

With the adoption of semi-annual reporting from financial year 2020 and in accordance with rule 1207 of the Listing Manual, the Company and its officers should not deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements.

Interested Person Transactions

The Company has established internal procedures to ensure that interested person transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, and are not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the interested persons as defined in Chapter 9 of the Listing Manual, than those extended to or received from unrelated third parties.

Particulars of interested person transactions required to be disclosed under rule 907 of the Listing Manual are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions in FY2021 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to rule 920)	Aggregate value of all interested person transactions conducted in FY2021 under shareholders' mandate pursuant to rule 920 (excluding transactions less than S\$100,000)
Peak Properties Pte Ltd	Company in which the chairman and managing director has an interest of 30% or more	S\$535,536 ⁽¹⁾	Not applicable
PT UOB Property	Subsidiary of the Company's controlling shareholder, United Overseas Bank Limited	S\$292,173 ⁽²⁾	Not applicable

(1) Receipt of rent for lease of 7,438 square feet of office space at 8 Anthony Road #01-02 Singapore.

(2) Payment of rent for lease of 13,983 square feet of office space in Jakarta.

Material Contracts

Except as disclosed in the directors' statement and financial statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of the managing director or any director or controlling shareholder subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

SUSTAINABILITY REPORT

STATEMENT OF THE BOARD

The Board recognises that sustainability is a key component of the UOB Kay Hian Group's long term business strategy. The Board is responsible and committed to building a sustainable business in the interests of its stakeholders while the Management steers and drives UOB Kay Hian's sustainability efforts.

SUSTAINABILITY GOVERNANCE

In today's investment climate, non-tangible financial factors are becoming increasingly important to our stakeholders.

Stakeholders are beginning to look beyond economic and operational factors in evaluating management and corporate accountability. This Sustainability Report is based on economic, environmental, social and governance issues that are material to the UOB Kay Hian Group of companies. Reports on our economic and operational matters are set out in pages 47 to 121 of our annual report.

SCOPE OF REPORT AND PERIOD OF REPORTING

This report focuses on the sustainability practices and strategy of the UOB Kay Hian Group of companies. It seeks to meet the interest of our stakeholders in the non-financial information of the Group and demonstrates our effort to report to our shareholders and other stakeholders the steps we are taking to achieve a more sustainable business model and contribute to a more sustainable environment.

FRAMEWORK

This report is prepared in accordance with the Global Reporting Initiative Standard: Core Option (GRI) and is also in alignment with SGX Sustainability guidelines. The GRI standard is chosen as it is a universally accepted standard for reporting.

ENGAGEMENT OF KEY STAKEHOLDERS

Key Stakeholders	Form of Engagement	Key Topics
Clients	Seminars, workshops, sales engagement, social media platforms e.g. Facebook, WeChat and from 2021 – Telegram, customer service hotline/feedback platforms	Capital markets, corporate news, investment strategy and tools
Regulators	Dialogue and face to face/virtual meetings	Regulations, cyber security, corporate governance
Employees	Face to face/virtual meetings and discussions, electronic communication, corporate events, regular dialogues, updates on COVID-19 and safe distancing measures	Performance, work efficiency, product related, talent retention and attraction, safety and well-being, training, safe work environment
Shareholders	Announcements, semi-annual financial reporting, annual reports including sustainability reports, general meetings, corporate website	Performance, corporate governance, sustainability efforts

Trusted Financial Partner

As a provider of regulated financial services, we position ourselves as a trusted financial partner of our clients. To achieve this, we have identified the following key Environmental, Social and Governance (ESG) factors necessary for the continuing success of our business:

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS

(A) Critical factors

(i) Clients

Our client base comprises financial institutions, fund management companies, corporations, high net worth and mass market retail clients. Each group of clients will have their own investment and trading strategies and will require different types of services and levels of engagement from us. As a trusted financial partner and responsible broker, we see ourselves having an important role sharing our knowledge and helping to develop the capital markets in the region. Over the years, the ease of access to information and technology have enabled our clients to rely less on trading representatives to make informed self-directed investments. We are committed to educating the investment community and providing a robust platform and relevant investment/trading tools to help investors make better investment/trading decisions.

To achieve this, we have:

Trading tools

As part of our continuous efforts to provide better trading experience for our clients, we have revamped our trading platform UTRADE with simpler, better organised widget-like pages and an Interactive Dashboard where key account information may be viewed with ease. Clients are now able to customise their own workspace with widgets to suit their trading style while having the latest key business news and events at their fingertips.

Regular seminars and workshops on trading tools, corporate and market updates on the major regional and global markets are conducted during the evenings and weekends.

Education

Work with SGX in their various education programs for investors.

Presentations

Offer presentations by fund houses and listed companies while taking into consideration the diversified interests of our clients, ranging from those who are looking for more stable but better yield instruments to those who have the appetite for riskier stocks with potentially better capital gains.

Technology and Research

Invest heavily in technology and research to enable our increasingly tech-savvy clients make better investment decisions.

Feedback

Engage our clients actively and solicit feedback on their various investment needs.

(ii) Integrity and Fair Dealing

We strive to develop a corporate culture which will give our clients the confidence that they are dealing with a financial institution where fair dealing is central to the corporate ethos. The confidence clients place in us and their trust in our ability to help them manage and safe-keep their assets is a core ingredient to the success of our business. To achieve this, we:

- (a) Inculcate a corporate culture where our trading representatives and staff apply the highest professional and ethical standards in dealing with our clients. Checks are in place to ensure there is no conflict of interest in handling of client orders;
- (b) Conduct reviews to ensure that our staff and trading representatives satisfy the 'fit and proper' criteria for the role they are engaged in;
- (c) Have procedures in place to ensure that investment products are screened by our product committee and proper client assessments are conducted where necessary;

- (d) Procedures are in place to ensure that there is no conflict of interest in the handling of market sensitive information;
- (e) We have an independent department to handle client complaints. We believe in instilling a culture of doing what is right and fair to the clients in the handling of complaints. Complaints are escalated to senior management; and
- (f) Client feedback and complaints are reviewed by management on a regular basis to enable the Company to improve its service level and client satisfaction.

(iii) Human Capital

Our staff and trading representatives are our key assets. The UOB Kay Hian Group believes in an all-inclusive work environment and we have a multi-cultural and multi-generational workforce. As a regional broker with footprints in the major regional markets, we recognise that we deal with clients and colleagues from diverse cultural backgrounds. In our dealing with our overseas clients and colleagues, we are mindful of the need to be sensitive to the cultural diversity of the clientele of the different countries. We believe it is important that where possible, local talent across all levels are hired in our overseas offices.

We recognise the importance of having an appropriate human capital strategy in a very competitive environment to make sure that we are able to recruit and retain the right talent. We believe in nurturing our talent, managing employee performance, cultivating leadership skills and planning for succession.

We have in place a holistic and sustainable package to attract and incentivise the right talent. We recognise the need to help our colleagues build a meaningful career and provide a physically and professionally conducive environment to help our colleagues achieve their professional goals.

To achieve this:

- (a) In addition to a basic salary, we offer a sustainable performance bonus based on the Company's as well as the employee's performance;
- (b) Identify and promote deserving staff with potential to develop their career in the organisation;
- (c) Regulatory, technical and soft skills training is conducted to help our staff keep abreast of the demands of their jobs. In FY2021, we organised various engagement and training programmes to deepen employees' expertise and capabilities as well as their soft skills; and
- (d) We are dedicated to principles of fair employment in our HR policies, abide by labour laws and are guided by the Tripartite guidelines.

In order to have a sustainable business, we recognise the importance of renewing and refreshing our talent pool and preparing staff with the potential to assume key management and leadership positions.

We recruit graduates and mid-career professionals looking for a career switch from within and outside the industry and groom them to take on various roles within the organisation.

Our clientele includes millennials to those in the pioneer generation age groups. Some clients feel more comfortable having a trading representative to exchange ideas and to assist them in their investment decisions. Our trading representatives' varied age groups enable them to connect, appreciate and assist our clients according to their investment needs.

We are committed to gender equality and equal opportunities. We hire and promote based on suitability and merit.

We believe that staff welfare is an important supplement to the remuneration package offered to our colleagues. In this respect, we provide health and dental care and organise company wide gatherings. As part of staff benefits and welfare, long serving staff and sales personnel are recognised with long service awards.

To ensure that we are working together as a team, we share the Company's vision and strategic developments with our colleagues.

Our workforce which comprises the following remain stable:

AGE PROFILE	2021	2020
35 years and below	29%	28%
36-50	36%	35%
>50	35%	37%
Total	100%	100%

GENDER MIX	2021	2020
Male	46%	43%
Female	54%	57%
Total	100%	100%

COVID-19

In FY2021, while the COVID-19 pandemic continues to be a threat to the well-being and safety of our staff, we stay committed to prioritising their safety and providing them with a healthy working environment.

Our safe management measures committee keeps abreast with the latest health advisories/protocols issued by the relevant government agencies and implements precautions to protect our staff and ensure that we comply with all health regulations regarding COVID-19.

(iv) Technology Risk

As a provider of stockbroking services, we are in possession of client sensitive information, we are mindful that we are exposed and vulnerable to cyber security-related threats prevalent in the digital era. Such threats if not properly addressed could potentially cause disruption to our services and leakage of sensitive information. In protecting and enhancing our information security, we have implemented a two factor authentication process for our Virtual Private Network ("VPN") access by staff who work from home.

We cater to an increasingly technology savvy and sophisticated clientele, reliance on technology to service our clients will increase. We recognise that this will increase our risks and exposure to cyber security threats and it is thus important that we strike the correct balance between having a user-friendly and accessible platform and at the same time ensuring that sufficient security checks and controls are in place to protect sensitive information.

To retain the confidence and trust of our clients, it is critical that we have a robust and reliable trading and back-office system as any disruption can cause financial and reputational damage.

To address this, we conduct regular vulnerability assessments of our networks and systems to ensure that vulnerabilities identified are resolved timely. We continue to invest in security and surveillance systems and at the same time enhance our recovery capabilities in the event unlikely emergencies arise.

We regularly benchmark ourselves against the technology risk management guidelines issued by the regulators to ensure that we meet the standards expected.

(v) Governance and Regulatory Compliance

Our corporate governance report is set out in pages 17 to 27 of our annual report which should be read in conjunction with this section.

As a provider of financial services, we recognise the need for the regulators, in the various jurisdictions that we have a presence, to have strict rules and regulations governing how we conduct our business and how we deal with our client orders and their assets in order to ensure that our business is sustainable and the integrity of the financial systems of these countries are not compromised.

Our organisation structure, operating policies and procedures are designed to ensure that appropriate segregation of duties and controls are in place to meet the high standards set by the regulators. Independent audits and compliance checks are conducted on a regular basis to ensure that our systems and procedures adhere to and comply with the regulatory standards and requirements. The audit committees of the various countries review the audit reports of the internal audit departments to ensure remedial measures are taken to address any regulatory and internal control lapses.

The regulators conduct regular meetings with industry participants on an industry-wide basis and at the company level to help us keep abreast with regulatory changes and for us to provide feedback on the various laws and regulations. Such meetings are a useful platform to ensure that the rules and regulations, our business strategy and practices remain relevant in a fast-changing environment where increasingly sophisticated technology provides both a wealth of opportunities and threats to our business.

As a major financial centre, we appreciate and understand the need of the regulators to combat money laundering and the funding of terrorist activities. We have in place a robust Anti-Money Laundering Policy and framework. We also co-operate with the authorities in not dealing with potential clients who are in the Sanctions list. We have in place robust and appropriate due diligence and 'Know Your Customer' assessment procedures when accepting new accounts. These assessments are conducted using established data providers who are specialists in this area and through publicly available data.

Monitoring procedures are in place to report suspicious transactions to the relevant authorities and these procedures are constantly enhanced to keep abreast with changes.

We promote transparency and have a whistleblowing policy where investors and staff are encouraged to report any improper, illegal or criminal activities.

(B) Important factors

(i) Community and Social Responsibility

As responsible corporate citizens in countries which we operate, we recognise that we have obligations to the investing public and society at large.

In 2021, we made various donations totaling S\$845,000 to 2 tertiary institutes as well as charities such as Thye Hua Kwan Moral Charities and Ren Ci community hospital.

We continually seek to tie up with tertiary institutions to offer internships to their students and sponsor scholarships to deserving students to recognise their scholastic and all-round achievements.

As part of our social engagement, we have also, in 2021, supported Sun-Dac (who supports the mentally disabled) to pack cookies for our Staff Appreciation Day.

(ii) Environmental Policies and Practices

We are committed to playing an active role in preserving our natural environment, reduce the depletion of our natural resources and the minimisation of our carbon footprint. We constantly remind our employees to reduce paper, power consumption and water usage. Electronic devices, lighting and air-conditioning in the office are turned off after office hours where possible.

Power and Water consumption (Singapore)

	2021	2020
Electricity consumption (million)	3,591 kWh	3,615 kWh
Water consumption (cu M)	8.0	9.2

We have been committed towards a paper-less environment since the second half of 2016.

(a) Our shareholders

Since 2018, as part of our sustainability efforts, we no longer send CD-roms or hard copy Annual Reports to shareholders as our Annual Reports are available online at the Company's and the SGX websites.

(b) Our clients

Besides having implemented e-Statements and e-Contract notes to our clients, we now also provide e-Notifications.

The Group has gone cheque-free by ceasing to issue Singapore Dollar cheques for corporate actions and sales transactions payments from 1 October 2021.

(c) Our staff

(i) We have ceased to provide printed trade reports to our trading representatives. Efficiency and reduction in carbon footprint waste have been achieved through the migration of such reports to an electronic platform.

(ii) Circulars, announcements and formal communication with colleagues are currently done through the office intranet and emails.

(iii) Staff are constantly reminded to minimise printing of reports and are encouraged to recycle and reuse paper.

(d) Our services

For our venture into ESG related financial advisory services, we have, in 2021, played the role as placement agent in United Overseas Bank Limited's APAC Green REIT ETF and will seek future opportunities in the ESG related financial advisory services area.

TARGETS FOR FY2022

Clients

As client engagement and education are important factors in our business, we strive to continue to organise seminars, workshops and presentations by fund houses and corporates to keep them abreast of developments in the capital markets and investment opportunities which are relevant to their needs.

Technology Risk

We continuously review and monitor our vulnerability to intruders and hackers and invest in relevant tools to mitigate cybersecurity risks such as the implementation of a two factor authentication process for our VPN access by staff. Cybersecurity awareness online tests and mock exercises continue to be conducted to remind our colleagues to be mindful of the evolving tactics deployed by cyber criminals while emails about cybersecurity are regularly sent to staff.

To ensure business continuity, we will continue to test our operational resilience and incident communication procedures to enhance our preparedness in the event of disruption due to factors beyond our control.

Human Capital

We recognise the contributions of our staff. A Process Improvement competition was organised, to inculcate continuous improvement mindsets, where staff were invited to improve internal work processes that directly impacted our clients' experience, our scalability and enhanced staff work-life balance. Certificates of Commendation and cash prizes were awarded to the winners.

We also share updates about our colleagues such as the birth of a baby or demise of a family member. Staff continue to be encouraged to attend training and upskilling courses in addition to providing funds for staff gatherings and rewarding colleagues for a job well done.

Governance and Regulatory Compliance

This is an on-going process and we shall continue to engage with the regulators on how we can work towards better investor protection and to enhance the reputation of the financial markets in Singapore.

Community and Social Responsibility

We shall continue to seek out opportunities to offer scholarships to students in tertiary education and to engage in community work.

Environmental Policies

Efforts to increase the use of electronic communication with our clients and trading representatives are ongoing as we strive to further reduce our carbon footprint.

In addition to increasing energy efficiency and reducing water wastage, we are in 2022, rolling out a paperless drive, where all clients will be set by default on electronic statements.

General Standard Disclosures

GRI Reference	Disclosure title	Reference: Annual/Sustainability Report 2021
102-1	Name of the organisation	UOB-Kay Hian Holdings Limited
102-2	Activities, brands, products, and services	Please refer to “Our Products and Services” in this Annual Report
102-3	Location of headquarters	8 Anthony Road #01-01 Singapore 229957
102-4	Location of operations	Singapore, Hong Kong, Thailand, Malaysia, Indonesia, Philippines, Shanghai, London, New Jersey and Toronto
102-5	Ownership and legal form	Public Limited company listed on the Singapore Stock Exchange and regulated by the Monetary Authority of Singapore, the Singapore Exchange Securities Trading Limited and the Accounting and Corporate Regulatory Authority
102-6	Markets served	Global
102-7	Scale of the organisation	Please refer to “Group Financial Highlights”
102-8	Information on employees and other workers	Please refer to “Human Capital” in this report
102-9	Supply chain	We work with reliable and reputable suppliers
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Please refer to “Critical factors” in the “Material Environmental, Social and Governance Factors” in this report
102-12	External initiatives	We apply GRI standards
102-13	Membership of associations	Member of Singapore Stock Exchange
102-14	Statement from senior decision-maker	Please refer to “Chairman’s Statement” in this Annual Report
102-16	Values, principles, standards, and norms of behaviour	Please refer to “Material Environmental, Social and Governance Factors” in this report
102-18	Governance structure	Please refer to “Corporate Governance Report” in this Annual Report
102-40	List of stakeholder groups	Please refer to “Engagement of key stakeholders” in this report
102-41	Collective bargaining agreements	Yes
102-42	Identifying and selecting stakeholders	Please refer to “Engagement of key stakeholders” in this report
102-43	Approach to stakeholder engagement	Please refer to “Engagement of key stakeholders” in this report
102-44	Key topics and concerns raised	Please refer to “Engagement of key stakeholders” in this report
102-45	Entities included in the consolidated financial statements	Please refer to “Listing of companies in the Group” in this Annual Report

GRI Reference	Disclosure title	Reference: Annual/Sustainability Report 2021
102-46	Defining report content and topic boundaries	Please refer to “Sustainability Governance” in this report
102-47	List of material topics	Please refer to “Material Environmental, Social and Governance Factors” in this report
102-48	Restatements of information	No
102-49	Changes in reporting	No
102-50	Reporting period	1 January to 31 December 2021
102-51	Date of most recent report	31 December 2020
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	cs@uobkayhian.com
102-54	Claims of reporting in accordance with the GRI Standards	UOBKH had chosen the “in accordance – core” option to focus on the matters most material to our stakeholders
102-55	GRI content index	This is the index
102-56	External assurance	No external assurance for this report

PROFILE OF DIRECTORS & KEY MANAGEMENT PERSONNEL

Directors of UOB-Kay Hian Holdings Limited

Mr. Wee Ee Chao – holds a Bachelor of Business Administration degree from American University (USA). He joined Kay Hian & Co (Pte) in 1981 as Managing Director and became Chairman of Kay Hian Holdings Limited in 1996. He has been closely involved in the management and growth of UOB Kay Hian over the last 40 years. In August 2000 when UOB-Kay Hian Holdings Limited was incorporated with the merger of Kay Hian Holdings Limited and UOB Securities (Pte) Ltd, Mr. Wee was appointed Chairman of UOB-Kay Hian Holdings Limited.

Besides his stockbroking involvement in UOB Kay Hian, Mr. Wee is also involved in investment and real estate development in the region. He serves on the Board of Haw Par Corporation Ltd and UOL Group Limited as a Non-Executive Director and is also a Director of Kheng Leong Co. Pte. Ltd. and Wee Investment Group. He was appointed Chairman of the Singapore Tourism Board from January 2002 to December 2004. He was also the First Vice-President of the Real Estate Developers' Association of Singapore (REDAS) from 2005 to 2006 and continued to serve on the committee of REDAS from 2007 to 2010.

Mr. Esmond Choo Liong Gee – holds a Bachelor of Commerce (Honors) Degree and is a member of the Chartered Accountants Australia and New Zealand. He was first appointed an Executive Director of UOB Kay Hian Private Limited on 1 October 2001 and then as Executive Director of UOB-Kay Hian Holdings Limited on 31 May 2006. He was appointed Senior Executive Director on 1 January 2013. Mr. Choo retired as a Director of UOB Kay Hian Private Limited, UOB Kay Hian Securities (M) Sdn Bhd and UOB Kay Hian (U.K.) Limited on 31 March 2021, following which he stepped down as a member of the Group Executive Committee and various Group Committees and Chairmanship of UOB Kay Hian Securities (M) Sdn Bhd. Mr. Choo remains a member of the nominating committee and is redesignated as a Non-Executive Non-Independent Director on 1 April 2021.

He served as the Chairman of the Stockbrokers Association of Singapore from 2009 to 2012. In recognition of his contribution to the Securities and Futures industry, Mr. Choo was conferred the title IBF Distinguished Fellow in 2014.

Mr. Tang Wee Loke – holds a Bachelor of Business Administration degree. He began his career in Kay Hian & Co (Pte) as an Analyst in 1973 and became a Director in 1977. He was appointed Deputy Managing Director of Kay Hian James Capel Pte Ltd in 1990 and of UOB-Kay Hian Holdings Limited in 2000 following the merger of UOB Securities (Pte) Ltd and Kay Hian Holdings Limited.

He retired from his position as Deputy Managing Director in December 2007 and remained as an Executive Director of UOB-Kay Hian Holdings Limited until 31 December 2011. He was appointed Non-Executive Director from 1 January 2012 and has from 1 January 2015 become an Independent Director. He is Chairman of the Nominating Committee and was appointed a member of the Audit Committee and Remuneration Committee on 1 May 2015.

He was a committee member of the Stock Exchange of Singapore from 1986 to 1999. He served on the SGX board as an Independent Director from December 2002 to September 2007. He was the founder chairman of the Securities Association of Singapore, which represents the interest of securities trading members in Singapore.

Mr. Kuah Boon Wee – was appointed Independent Director of UOB-Kay Hian Holdings Limited, Chairman of Audit Committee and member of Remuneration Committee on 3 May 2016.

Mr. Kuah is the Group Chief Executive Officer of MTQ Corporation, an oil and gas engineering and subsea services company listed on the SGX. Prior to that, he had worked from 2004 to 2010 in PSA International and served as CEO of South East Asia and Singapore Terminals (from 2007 to 2010) and Group Chief Financial Officer (from 2004 to 2007).

He has a Bachelor of Engineering Degree (1st Class Honours) from Imperial College of Science and Technology, London and is also a Fellow of the Institute of Chartered Accountants of England and Wales.

Mr. Kuah serves as Vice-President of the Singapore Chinese Chamber of Commerce & Industry. He has been on the board of The Hour Glass Limited since 1 April 2011. He is a Council Member of the Singapore National Employers Federation.

Mr. Andrew Suckling – holds a Master of Arts (Honours) Degree from Oxford University and is a member of the Institute of Chartered Accountants in England and Wales. He was appointed as an Independent Director of UOB-Kay Hian Holdings Limited on 3 May 2016 and is Chairman of the Remuneration Committee and a member of the Nominating Committee.

Mr. Suckling has more than 30 years of experience in the finance industry, primarily working in investment banking. He is based in Singapore.

Mr. David Yeow – holds a Bachelor of Laws (Honours) degree from the National University of Singapore. He was appointed as an Independent Director of UOB-Kay Hian Holdings Limited and a member of the Audit Committee on 2 January 2020. Mr. Yeow is an Advocate and Solicitor of the Supreme Court of Singapore. He is a Senior Partner (since 1999) and also an ex officio executive committee member of Rajah & Tann LLP; and a member of its Remuneration Committee.

Mr. Yeow was previously also an Independent and Non-Executive Director of Noble Group Limited, a company then listed on the Official List of the Singapore Exchange Securities Trading Limited; and Bund Center Investment Limited, a company listed on the Official List of the Singapore Exchange Securities Trading Limited.

Mr. Leong Kok Mun, Edmund – was appointed a Non-Executive Non-Independent Director of UOB-Kay Hian Holdings Limited and a member of the Audit Committee on 1 June 2021. Mr. Leong is the Managing Director, Head of Group Investment Banking of United Overseas Bank Limited (“UOB”). He is responsible for the investment banking business of UOB spanning capital markets, mergers and acquisitions, leveraged finance, project finance and mezzanine capital. He has more than 23 years of investment banking origination and execution experience. Prior to joining UOB in 2015, he led the debt capital markets team at the investment banking arm of an international financial group. He also held senior roles specialising in capital markets at several international banks.

Mr. Leong holds a Master of Philosophy in Management Studies from University of Cambridge and a Bachelor of Science in Accounting (First Class Honours) from University of Wales, Cardiff. He is also a Chartered Financial Analyst charterholder.

Key Management Personnel of the Group

Singapore

Ms. Amanda Chen (Senior Executive Director) - holds a MBA from the University of Melbourne. She joined UOB Kay Hian Private Limited as part of senior management in July 2021 and is based in Singapore.

Amanda has over 20 years of experience in the private wealth management and investment banking business in South East and North Asia. Prior to joining UOB Kay Hian, she held various positions in global banks including deputy Head of Wealth Management in Nomura for Asia excluding Japan and Head of the Strategic Transaction Group at Morgan Stanley where she collaborated across the firm to deliver integrated services to key strategic clients in the region. During her 14 years tenure there, she held various positions including Head of Private Wealth management for the Singapore office.

She is involved in general management and development of the private wealth management business. She currently sits in various committees overseeing all products and distribution.

Mr. Wilhem Lee (Senior Executive Director) - holds a Bachelor of Business (Accountancy) degree and is a committee member of CPA Australia. He joined UOB Kay Hian Private Limited as part of senior management in 2019. He has over 30 years experience in the securities and investment banking industry spanning South East Asia and North Asia. Prior to joining UOB Kay Hian Private Limited, he held various senior and origination roles in renowned global banks including Head of Coverage - Investment Banking APAC, Head of M&A and Sectors APAC, as well as front line responsibility involving financing, advisory and capital markets.

He currently sits in various committees overseeing regional and structured credit, corporate finance and capital markets, in addition to the Hong Kong and Singapore management committees.

Mr. Lim Seng Bee (Senior Executive Director) – holds a Bachelor of Science degree from the Stern School of Business of New York University. He was appointed Executive Director of UOB Kay Hian Private Limited in June 2005 and Senior Executive Director on 1 January 2013. Mr. Lim is a member of the Group Executive Committee. In addition to being involved in the general management of the Singapore operations, he is also responsible for the management of the regional business in North Asia.

Prior to joining UOB Kay Hian Private Limited, he had extensive experience in managing the securities business in Hong Kong.

Ms. Oh Whee Mian (Senior Executive Director) – holds a Bachelor of Accountancy (Honors) degree from Nanyang Technology University of Singapore. She joined UOB Kay Hian Private Limited in 2001 and was appointed Executive Director in 2013. Ms. Oh was appointed Senior Executive Director on 1 July 2021 and she is involved in the general management of the Singapore office and overseeing the regional offices. Prior to joining UOB Kay Hian Private Limited, she was working for an established international public accounting firm.

Mr. Kok Heng Loong (Executive Director) – holds a Bachelor of Business Administration degree from the National University of Singapore. He has been in the stockbroking industry since 1989 and joined UOB Kay Hian Private Limited in February 2012 as an Executive Director. He is involved in the general management and development of the retail business for the Group.

Mr. Julian Lee Khee Seong (Executive Director) – holds a Master of Science in Accounting and Finance from the London School of Economics and Political Science, United Kingdom.

Mr. Lee joined UOB Kay Hian Private Limited in 2003 and was appointed as an Executive Director in 2017. He is responsible for the Group's financing services, credit risk management and structured finance transactions.

Prior to joining UOB Kay Hian Private Limited, he was working for a global banking group in Singapore.

Mr. Jarod Ong (Executive Director) - holds a Master of Science in Molecular Engineering from the Singapore M.I.T. (Massachusetts Institute of Technology) Alliance. He joined UOB Kay Hian Private Limited as part of senior management in January 2021. He is involved in general management and is Head of Operations of the Group. Mr. Ong brings with him exchange operations experience and process transformational experience across various industries. Prior to joining UOB Kay Hian Private Limited, he held various leadership roles in renowned global banks and market infrastructure operator.

Mr. Gary Tan Kheng Chye (Executive Director) – holds a Bachelor of Business Administration degree from Royal Melbourne Institute of Technology, Australia. He has been in the stockbroking industry since 1997 and was working for an established local bank backed brokerage before joining UOB Kay Hian Private Limited in February 2013 as an Executive Director. He is involved in general management focusing on overseeing the strategic planning and development of the Group's technology platform and online trading business.

Hong Kong

Mr. Karman Hsu (Chief Executive Officer) – holds a degree in Economics and Commerce from the University of Melbourne, qualified as a Chartered Accountant with KPMG Peat Marwick in Australia and as a CPA with KPMG Peat Marwick in Hong Kong. He joined UOB Kay Hian (Hong Kong) Limited as its Chief Executive Officer in January 2012.

Mr. Hsu has more than 29 years of experience in the securities industry with various established financial institutions. Prior to joining the Group, he was Head of Corporate Finance with Cazenove Asia in 1996 and was made Partner at Cazenove & Co PLC in 2001. He was subsequently appointed as Managing Director of JP Morgan Cazenove and Head of Investment Banking for Asia of Cazenove Asia Limited. His last held position before joining the Group was Managing Director, Head of Equity Corporate Finance at Standard Chartered Bank (HK) Ltd in 2009.

Mr. Raymond Lam (Executive Director) – holds a Master of Applied Finance degree from Macquarie University Australia, qualified as a CPA under CPA Australia. He joined UOB Kay Hian (Hong Kong) Limited in 2005 and was appointed Executive Director in 2015. He is involved in the general management of the Hong Kong operations. Mr. Lam has more than 20 years experience in the stockbroking industry in Hong Kong.

Malaysia

Mr. David Lim Meng Hoe (Managing Director) – holds a Bachelor of Economics from Monash University and has over 38 years of experience in the stockbroking industry in Malaysia.

He joined UOB Kay Hian Private Limited in 2011 and was appointed Managing Director of the Group's Malaysian operations in 2012.

Thailand

Mr. Chaipat Nakmontanakum (Chief Executive Officer) – holds a Master Degree in Business Administration from University of La Verne, USA. He has more than 24 years of experience in the stockbroking industry in Thailand. He previously worked for Nava Securities, BNP Paribas Securities and DBS Vickers Securities.

Mr. Chaipat joined UOB Kay Hian Securities (Thailand) Public Company Limited as a Managing Director of Retail Sales in 2003 and was subsequently appointed Chief Executive Officer.

He oversees the Group's Thailand operations and is responsible for the strategic development and management of the equities and derivatives business.

Indonesia

Ms. Yacinta Fabiana Tjang (Chief Executive Officer) - holds a Bachelor of Accountancy from Tarumanagara University. She has more than 20 years of experience in the stockbroking industry. She joined UOB Kay Hian Indonesia in 2018 as a Deputy of Chief Operation Officer and was appointed as a Chief Executive Officer in 2020. She is responsible for the implementation of activities for all operations and marketing (retail and institutions).

Prior to joining UOB Kay Hian, she was working with well recognised multinational securities companies (Yuanta Securities, Korean Investment Indonesia) and Public Accountant Firm (Coopers and Lybrand).

DIRECTORS' STATEMENT

The directors present their statement together with the 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 31 December 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 47 to 121 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 31 December 2021, 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:

Wee Ee-chao
Tang Wee Loke
Esmond Choo Liong Gee
Kuah Boon Wee
Andrew Suckling
David Yeow
Leong Kok Mun, Edmund (Appointed on 1 June 2021)

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.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company 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 1967 except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
<u>The Company</u> <u>(Ordinary shares)</u>				
Wee Ee-chao	–	–	258,070,106	275,371,261
Tang Wee Loke	38,660,797	40,217,504	2,715,911	2,888,494
Andrew Suckling	–	–	24,965	26,552
David Yeow	2,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Wee Ee-chao is deemed to have an interest in all the related corporations of the Company.

There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2022.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group 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 or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Kuah Boon Wee, an independent director, and includes Mr Tang Wee Loke, an independent director, Mr David Yeow, an independent director and Mr Leong Kok Mun, Edmund, an independent director. The Audit Committee has met four times since the last Annual General Meeting (“AGM”) and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- (a) the audit plans and results of the internal auditors’ examination and evaluation of the Group’s systems of internal accounting controls;
- (b) the Group’s financial and operating results and accounting policies;
- (c) the audit plans of the external auditors;
- (d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor’s report on those financial statements;
- (e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (f) the co-operation and assistance given by the management to the Group’s external auditors; and
- (g) the re-appointment of the external auditors of the Group.

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

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

DIRECTORS' STATEMENT *continued*

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

A handwritten signature in black ink, appearing to be 'Wee Ee-chao', with a large, sweeping flourish extending from the end.

Wee Ee-chao

A handwritten signature in black ink, appearing to be 'Esmond Choo Liong Gee', with a large, stylized 'E' and 'C'.

Esmond Choo Liong Gee

Singapore

31 March 2022

INDEPENDENT AUDITOR'S REPORT

To The Members Of UOB-Kay Hian Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UOB-Kay Hian Holdings 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 31 December 2021, 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 47 to 121.

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 1967 (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 31 December 2021 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.

Key audit matters	How the matters were addressed in the audit
Trade and receivables, trade payables and debts issued (a) Allowance for impairment of trade and other receivables <i>Refer to Notes 3(ii)(b), 4(c)(iv)-(v) and 8 to the financial statements respectively.</i> Trade and other receivables, other than those designated as referenced assets in respect of certain debts issued by the Group, comprises customers' portfolio from two key business activities, i.e. stockbroking and money lending. Trade and other receivables arising from money lending activities consist of larger loan financings that are monitored individually by management, and are secured by either marketable or non-marketable assets held by the Group as collaterals. The assessment of allowance for impairment is therefore based on application of judgement on the repayment abilities of the individual borrower, as well as the fair value of the collaterals and other relevant factors.	 We have tested the design and implementation of related key controls to determine that appropriate oversight from management and credit committee had been exercised within the credit review and impairment processes. We have performed credit assessment and assessed the specific allowance for individual impaired customers and loans with significant increase in credit risk from credit lending activities, on a sample basis, by critically assessing the realisation of collateral and other possible sources of repayment. We have also involved our internal credit specialists in evaluating the expected credit losses of selected loans to assess if the estimates are appropriate. We have evaluated the consistency of key assumptions applied by management in the valuation of non-marketable collaterals and subjected these collaterals to our testing, including understanding of the relevant industry trends and macroeconomic factors to assess the validity of the collateral valuations.

INDEPENDENT AUDITOR'S REPORT *continued*

To The Members Of UOB-Kay Hian Holdings Limited

Key audit matters	How the matters were addressed in the audit
<p>(b) Valuation of Level 3 financial instruments designated as at fair value through profit or loss recognised in trade and other receivables, trade and other payables and debts issued</p> <p><i>Refer to Notes 3(ii)(d), 4(c)(vii), 8, 19 and 22 to the financial statements respectively.</i></p> <p>The Group has certain financial instruments designated as at fair value through profit or loss.</p> <p>The valuation of financial instruments involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In particular, the determination of Level 3 prices is considerably more subjective given the lack of availability of observable market-based data. The valuation is sensitive to these key assumptions, hence a small change in the assumptions can have a significant impact to the valuation.</p>	<p>We have tested the design and implementation of related key controls to determine that appropriate oversight from management and finance department had been exercised within the valuation processes, including regular review of valuations provided by external valuation experts, broker quotes or other pricing approach, used to measure the fair value of financial instruments.</p> <p>We have tested the valuation of financial instruments on a sample basis and evaluated the appropriateness of the valuation methodologies used. We have involved our internal valuation specialist to assess the valuation methodologies, valuation assumptions and inputs used by management. The results of our internal valuation analyses are consistent with those of management's analyses.</p> <p>We have considered the adequacy of the disclosures in the financial statements. In particular, the degree of subjectivity and key assumptions used in the estimates, which also include the relationship between the key unobservable inputs and fair value.</p>
<p>Goodwill impairment review</p> <p><i>Refer to Notes 3(ii)(c) and 12 to the financial statements respectively.</i></p> <p>The acquisitions of Merchant Partners Securities Public Company Limited, Country Group Securities Public Company Limited, and AEC Securities Public Company Limited in 2010, 2016 and 2018 respectively resulted in a carrying amount of goodwill of THB300.9 million (approximately \$12.2 million).</p> <p>Under SFRS(I) 1-36 <i>Impairment of Assets</i>, the Group is required to test goodwill for impairment on an annual basis. This assessment of value-in-use requires the exercise of significant judgement about future market conditions, including growth rates and discount rates.</p>	<p>Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included:</p> <ul style="list-style-type: none"> challenging the cash flow forecasts used by management and the key assumptions of future market conditions, including growth rates and discount rates with comparison to recent performance, trend analysis and market expectations used in the value-in-use computation. involving our internal specialists in assessing the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment for goodwill. <p>We have reviewed the carrying amounts of goodwill as at year end and assessed for potential impairment in value, which may require impairment losses to be recognised.</p>

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT *continued*

To The Members Of UOB-Kay Hian Holdings Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 Ho Kok Yong.



Public Accountants and
Chartered Accountants
Singapore

31 March 2022

STATEMENTS OF FINANCIAL POSITION

31 December 2021

	Note	The Group		The Company	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	547,593,513	509,949,072	768,418	761,261
Outstanding contracts receivable	7(a)	568,138,777	1,027,751,581	–	–
Trade and other receivables	8	2,499,187,000	2,524,048,959	–	–
Other financial assets, at fair value through profit or loss	9	439,106,086	121,621,562	–	–
Other current assets	10	67,262,137	116,651,373	234,797,951	262,845,750
Derivative financial instruments	11	48,441,087	54,987,084	–	–
Total current assets		<u>4,169,728,600</u>	<u>4,355,009,631</u>	<u>235,566,369</u>	<u>263,607,011</u>
Non-current assets					
Trade and other receivables	8	299,318,853	223,130,105	202,733	198,315
Other financial assets, at fair value through profit or loss	9	1,512,786	1,276,082	–	–
Goodwill	12	13,338,889	14,700,647	–	–
Other intangible assets	13	–	895,224	–	–
Subsidiaries	14	–	–	363,860,486	363,860,486
Right-of-use assets	15	10,970,498	14,158,509	–	–
Trading rights in Exchanges	16(a)	94,859	95,388	–	–
Memberships in Exchanges	16(b)	217,583	235,648	–	–
Property, plant and equipment	17	24,472,127	31,888,639	–	–
Deferred tax assets	18	1,511,575	1,538,667	–	–
Total non-current assets		<u>351,437,170</u>	<u>287,918,909</u>	<u>364,063,219</u>	<u>364,058,801</u>
Total assets		<u>4,521,165,770</u>	<u>4,642,928,540</u>	<u>599,629,588</u>	<u>627,665,812</u>
LIABILITIES					
Current liabilities					
Outstanding contracts payable	7(b)	553,407,517	964,431,693	–	–
Trade and other payables	19	652,660,977	415,025,607	53,471,632	133,547,369
Borrowings	20	1,191,034,009	1,170,402,424	4,454,650	14,600,000
Lease liabilities	21	5,432,687	5,457,966	–	–
Debts issued	22	260,579,438	314,040,595	–	–
Income tax payable		17,154,658	22,734,405	114,598	138,503
Derivative financial instruments	11	48,460,173	55,008,205	–	–
Total current liabilities		<u>2,728,729,459</u>	<u>2,947,100,895</u>	<u>58,040,880</u>	<u>148,285,872</u>
Non-current liabilities					
Trade and other payables	19	21,856,973	28,011,994	–	–
Lease liabilities	21	5,843,554	9,425,385	–	–
Deferred tax liabilities	18	2,201,299	2,303,722	–	–
Total non-current liabilities		<u>29,901,826</u>	<u>39,741,101</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>2,758,631,285</u>	<u>2,986,841,996</u>	<u>58,040,880</u>	<u>148,285,872</u>

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION *continued*

31 December 2021

	Note	The Group		The Company	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		\$	\$	\$	\$
EQUITY					
Capital, reserves and non-controlling interests					
Share capital	23	257,414,898	217,887,018	257,414,898	217,887,018
Reserves	24	(30,857,887)	(25,583,655)	–	–
Retained earnings		1,515,982,799	1,443,530,620	284,173,810	261,492,922
Equity attributable to owners of the Company		1,742,539,810	1,635,833,983	541,588,708	479,379,940
Non-controlling interests		19,994,675	20,252,561	–	–
Total equity		1,762,534,485	1,656,086,544	541,588,708	479,379,940
Total liabilities and equity		4,521,165,770	4,642,928,540	599,629,588	627,665,812
Clients' trust/segregated accounts					
Bank balances:					
- with related parties		2,306,631,307	2,183,112,670	–	–
- with non-related banks		2,460,260,086	2,248,783,931	–	–
Margin with clearing house		84,144,590	65,730,378	–	–
Investment in government debt securities		64,871,160	6,401,638	–	–
Less: Amounts held in trust		(4,915,907,143)	(4,504,028,617)	–	–
		–	–	–	–

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2021

		The Group	
	Note	2021 \$	2020 \$
Revenue	25	627,027,714	587,593,046
Net foreign exchange gain		17,137,739	16,177,883
Commission expense		(128,007,860)	(115,088,681)
Staff costs	26	(189,798,255)	(165,591,288)
Finance expense	27	(37,420,836)	(50,947,066)
Other operating expenses	28	(115,348,589)	(88,213,267)
Profit before income tax		173,589,913	183,930,627
Income tax expense	29	(19,756,701)	(23,220,227)
Profit for the year		<u>153,833,212</u>	<u>160,710,400</u>
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plans	30,37	111,803	322,759
Income tax relating to items that will not be reclassified subsequently to profit or loss	29	(24,606)	(62,754)
		<u>87,197</u>	<u>260,005</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	30	(7,105,063)	(11,613,882)
Other comprehensive income for the year, net of tax	30	(7,017,866)	(11,353,877)
Total comprehensive income for the year		<u>146,815,346</u>	<u>149,356,523</u>
Profit attributable to:			
Owners of the Company		151,881,004	159,413,509
Non-controlling interests		1,952,208	1,296,891
		<u>153,833,212</u>	<u>160,710,400</u>
Total comprehensive income attributable to:			
Owners of the Company		146,547,127	148,375,593
Non-controlling interests		268,219	980,930
		<u>146,815,346</u>	<u>149,356,523</u>
Earnings per share:			
Basic and diluted	31	<u>17.85 cents</u>	19.21 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2021

	Note	Share capital \$	Equity reserve [Note 24(c)] \$	Foreign currency translation reserves [Note 24(a)] \$
<u>The Group</u>				
Balance as at 1 January 2020		201,500,384	1,577,891	(18,204,991)
<i>Total comprehensive income for the year:</i>				
Profit for the year		-	-	-
Other comprehensive (loss) income for the year		-	-	(11,261,902)
Total		-	-	(11,261,902)
<i>Transactions with owners, recognised directly in equity:</i>				
Final dividend for 2019 paid	32	16,386,634	-	-
Acquisition of additional interest in a subsidiary		-	246,956	-
Payment of dividend by a subsidiary		-	-	-
Balance as at 31 December 2020		217,887,018	1,824,847	(29,466,893)
<i>Total comprehensive income for the year:</i>				
Profit for the year		-	-	-
Other comprehensive (loss) income for the year		-	-	(5,257,760)
Total		-	-	(5,257,760)
<i>Transactions with owners, recognised directly in equity:</i>				
Final dividend for 2020 paid	32	39,527,880	-	-
Acquisition of additional interest in a subsidiary		-	142,740	-
Payment of dividend by a subsidiary		-	-	-
Balance as at 31 December 2021		257,414,898	1,967,587	(34,724,653)

See accompanying notes to financial statements.

Statutory reserve [Note 24(b)] \$	Retained earnings \$	Equity attributable to owners of the Company \$	Non- controlling interests \$	Total \$
2,089,169	1,318,369,068	1,505,331,521	19,690,777	1,525,022,298
–	159,413,509	159,413,509	1,296,891	160,710,400
(36,720)	260,706	(11,037,916)	(315,961)	(11,353,877)
(36,720)	159,674,215	148,375,593	980,930	149,356,523
–	(34,512,663)	(18,126,029)	–	(18,126,029)
5,942	–	252,898	(399,703)	(146,805)
–	–	–	(19,443)	(19,443)
2,058,391	1,443,530,620	1,635,833,983	20,252,561	1,656,086,544
–	151,881,004	151,881,004	1,952,208	153,833,212
(162,442)	86,325	(5,333,877)	(1,683,989)	(7,017,866)
(162,442)	151,967,329	146,547,127	268,219	146,815,346
–	(79,515,150)	(39,987,270)	–	(39,987,270)
3,230	–	145,970	(271,559)	(125,589)
–	–	–	(254,546)	(254,546)
1,899,179	1,515,982,799	1,742,539,810	19,994,675	1,762,534,485

STATEMENTS OF CHANGES IN EQUITY *continued*

Year Ended 31 December 2021

	Note	Share capital \$	Retained earnings \$	Total \$
<u>The Company</u>				
Balance as at 1 January 2020		201,500,384	194,913,601	396,413,985
Profit for the year, representing total comprehensive income for the year		–	101,091,984	101,091,984
Final dividend for 2019 paid	32	16,386,634	(34,512,663)	(18,126,029)
Balance as at 31 December 2020		217,887,018	261,492,922	479,379,940
Profit for the year, representing total comprehensive income for the year		–	102,196,038	102,196,038
Final dividend for 2020 paid	32	39,527,880	(79,515,150)	(39,987,270)
Balance as at 31 December 2021		257,414,898	284,173,810	541,588,708

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Operating activities			
Profit before income tax		173,589,913	183,930,627
Adjustments for:			
Depreciation of property, plant and equipment	17	12,070,580	12,031,100
Depreciation of right-of-use assets	15	6,125,606	6,081,299
Amortisation of other intangible assets	13	895,224	1,193,628
Net loss on disposal of property, plant and equipment		38,634	129,412
Impairment of goodwill	12	240,967	763,591
Dividend income		(2,361,736)	(834,334)
Allowance (Write back of allowance) for trade and other receivables		19,150,270	(44,806)
Interest expense	27	37,420,836	50,947,066
Exchange differences		2,009,657	7,800,754
Operating cash flows before movements in working capital		249,179,951	261,998,337
Changes in operating assets and liabilities:			
Other financial assets, at fair value through profit or loss		(319,600,092)	(51,074,759)
Trade, outstanding contracts and other receivables		442,439,023	(956,626,542)
Trade, outstanding contracts and other payables		(187,104,238)	540,355,599
Debts issued		(53,777,303)	21,476,497
Cash from (used in) operations		131,137,341	(183,870,868)
Interest paid		(36,955,224)	(50,233,511)
Income tax paid		(25,348,276)	(8,717,792)
Net cash from (used in) operating activities		68,833,841	(242,822,171)
Investing activities			
Payments for property, plant and equipment	17	(5,103,586)	(5,547,764)
Acquisition of business	38	–	(1,211,520)
Proceeds from disposal of property, plant and equipment		57,971	47,445
Dividends received from quoted/unquoted securities		2,361,736	834,334
Net cash used in investing activities		(2,683,879)	(5,877,505)
Financing activities			
Payment to non-controlling interests for additional interest in a subsidiary	14	(125,589)	(146,805)
Payment to non-controlling interests for dividend		(254,546)	(19,443)
Repayment of lease liabilities	20	(6,760,044)	(5,353,163)
Net drawdown of short-term bank loans		18,304,114	334,987,365
Dividends paid	32	(39,987,270)	(18,126,029)
Net cash (used in) from financing activities		(28,823,335)	311,341,925
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(2,009,657)	(7,800,754)
Net increase in cash and cash equivalents		35,316,970	54,841,495
Cash and cash equivalents at beginning of the year		503,107,329	448,265,834
Cash and cash equivalents at end of the year	6	538,424,299	503,107,329

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1 GENERAL

The Company (Registration No. 200004464C) is incorporated in Singapore with its principal place of business and registered office at 8 Anthony Road, #01-01, Singapore 229957. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are stockbroking, futures broking, structured lending, investment trading, margin financing, investment holding and provision of nominee and research services, which are disclosed in Note 36 to the financial statements.

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 31 December 2021 were authorised for issue by the Board of Directors on 31 March 2022.

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 Payment*, 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 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.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2021, 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 disclosures or on the amounts reported for the current or prior years, except as discussed below.

Impact of the initial application of Interest Rate Benchmark Reform

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform: Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates ('IBOR') to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. The amendments have been applied retrospectively with no impact on the opening equity balances as at 1 January 2021.

As a result of the Phase 2 amendments:

- when the contractual terms of the Group's financial assets and liabilities are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of SFRS(I) 9 are applied to the other changes.
- when a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

The following table summarises the significant IBOR-related exposures of the Group as of 31 December 2021:

Financial instrument	Maturing in	Notional (\$)	Transition
Trade and other receivables	September 2022 to May 2024	165,711,791	Fallback clauses have been incorporated
Trade and other receivables - Structured loan receivables	August 2035 to February 2039	29,432,401	In discussion for the fallback clauses
Debts issued	August 2035 to February 2039	29,432,401	In discussion for the fallback clauses

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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, the results of subsidiaries 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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control 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 Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss 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), less 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 required/permitted by applicable SFRS(I) Standards). 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 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

BUSINESS COMBINATIONS - Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities 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 arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with 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.

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value 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.

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.

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

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Classification of financial assets

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

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

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

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

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

Despite the foregoing, 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.

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.

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. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in Note 25 to the financial statements.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in Note 28 to the financial statements. Fair value is determined in the manner described in Note 4(c)(vii).

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. These are recognised in the consolidated statement of profit or loss and other comprehensive income in the “Net foreign exchange gain” line item.

Impairment of financial assets

For trade and other receivables, the expected credit losses (“ECL”) are estimated using a provision matrix 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.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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-month (“12m”) 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, 12m 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 considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- 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;
- significant increases in credit risk on other financial instruments of the same 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 foregoing, 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 the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

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 financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; 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 90 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;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

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 and loan commitments, 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.

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.

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date except for assets for which the simplified approach was used.

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.

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

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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The principal category of financial liabilities designated as at FVTPL is the credit-linked notes issued by the Group. These credit-linked notes are designated as at fair value through profit or loss to better reflect the underlying intention of the Group to manage and evaluate its performance on a fair value basis.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4(c)(vii).

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.

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to meet principal or interest payments when due in accordance with the terms of their borrowings.

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 “Net foreign exchange gain” line item in the consolidated statement of profit or loss.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 11 to the financial statements.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

LEASES

The Group as lessor

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

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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).

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 in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- 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 based by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

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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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use 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 presented as a separate line in the consolidated statement of financial position.

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

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	Over the terms of lease from 5% to $6\frac{2}{3}\%$
Leasehold land	Over the terms of lease of $6\frac{2}{3}\%$
Leasehold improvements	16 to $33\frac{1}{3}\%$
Furniture, fittings and office equipment	20 to $33\frac{1}{3}\%$
Computer equipment and software	20 to $33\frac{1}{3}\%$
Communication equipment	20 to $33\frac{1}{3}\%$
Motor vehicles	18 to $33\frac{1}{3}\%$

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, 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.

GOODWILL - Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro-rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets acquired separately

Customer portfolio database acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Customer portfolio database have a definite useful lives and are amortised on a straight-line basis over their estimated useful lives of 2 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

MEMBERSHIPS IN EXCHANGES - Memberships in The Stock Exchange of Thailand and Jakarta Stock Exchange are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the memberships are assessed and written down immediately to its recoverable amount.

TRADING RIGHTS IN EXCHANGES - Trading rights in The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange and the Philippine Stock Exchange are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the trading rights is assessed and written down immediately to its recoverable amount.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

NOTES TO FINANCIAL STATEMENTS *continued*

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SECURITIES BORROWED AND LENT - Securities borrowed and lent are accounted for as collateralised borrowings. The amounts of cash collaterals advanced for securities borrowed and cash collaterals received for securities lent are recorded in the statement of financial position under "Other current assets - Amounts deposited with lenders of securities" and "Trade and other payables - Cash collaterals held for securities lent to clients" respectively.

Market value of securities is determined by reference to the quoted prices of the respective Stock Exchanges at the close of business at the end of the reporting period.

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 the effect of time value of money is not material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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 that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured based on the consideration to which the Group expected to be entitled 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 or service to a customer. Revenue is reduced for goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

Revenue from contracts with customers - at a point in time

Commission income

Commission income is recognised as earned on the date the contracts are entered into.

Fee income

Fee income from custodian, management, shares withdrawal and arrangement fees are recognised during the year in which the services are rendered.

Revenue from contracts with customers - over time

Advisory fees

Advisory fees are recognised over time, based on the various performance obligations stated in the individual contracts.

Other income

Interest income

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

Trading income

Trading income relates mainly to proprietary trading entered into by the Group and is recognised on a mark-to-market or realisation basis.

Dividend income

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

BORROWING COSTS - 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 recognised 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 accounted for 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 benefit 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 annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Curtailment gains and losses are accounted for as past service costs.

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 net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. 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 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

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

The carrying amount of deferred tax assets is reviewed at each reporting date 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 is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore 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 transactions. At each reporting date, monetary assets and liabilities items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at 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 are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items 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 foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign currency translation reserve in respect of that operation attributable to the owners of 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.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is 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.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Managing Director ("MD") and the Board of Directors ("BOD"), who are the Group's chief operating decision makers. All operating segments' operating results are reviewed regularly by the Group's MD and BOD to make decision about resources to be allocated to the segment and assess its performance.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 2, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

(i) *Critical judgements in applying the Group's accounting policies*

Management is of the opinion that any instances of application of judgements are not expected to have a significant impact on the amounts recognised in the financial statements.

(ii) *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.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Details of income taxes are provided in Notes 18 and 29 to the financial statements. The income tax expense for the year ended 31 December 2021 is \$19,756,701 (2020 : \$23,220,227). Deferred tax assets and deferred tax liabilities as at 31 December 2021 amounted to \$1,511,575 (31 December 2020 : \$1,538,667) and \$2,201,299 (31 December 2020 : \$2,303,722) respectively. Income tax payable as at 31 December 2021 is \$17,154,658 (31 December 2020 : \$22,734,405).

(b) Impairment of trade and other receivables

Management reviews its trade and other receivables for ECL at least quarterly. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. In determining these, management makes judgements as to whether there is observable data indicating that there has been a significant change in the ability of the debtor to repay amounts owing to the Group, or whether there have been significant changes with adverse effect in the economic or legal environment in which the debtor operates in.

As at 31 December 2021, the carrying amount of trade and other receivables is \$2,798,505,853 (31 December 2020 : \$2,747,179,064) net of allowance for impairment of \$20,304,145 (31 December 2020 : \$2,403,569).

Management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate and growth rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was \$13,338,889 (31 December 2020 : \$14,700,647) after an impairment loss of \$240,967 (31 December 2020 : \$763,591) was recognised during the year. Details of the impairment loss calculation are provided in Note 12 to the financial statements.

(d) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Management and finance department, in consultation with external experts, determine the appropriate valuation techniques and inputs for fair value measurements.

The Regional Finance and Operations Director reports to the Board of Directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. These valuations will be approved by the Board of Directors. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Note	The Group \$	The Company \$
At 31 December 2021			
Financial assets			
At fair value through profit or loss (FVTPL):			
Mandatorily measured at FVTPL	9	440,618,872	–
Designated as at FVTPL	8	267,954,268	–
At amortised cost (including cash and cash equivalents)		3,709,935,766	235,764,602
Derivative financial instruments	11	48,441,087	–
Financial liabilities			
At FVTPL:			
Designated as at FVTPL	19, 22	270,378,896	–
At amortised cost		2,409,160,018	57,926,282
Lease liabilities (i)	21	11,276,241	–
Derivative financial instruments	11	48,460,173	–
At 31 December 2020			
Financial assets			
At fair value through profit or loss (FVTPL):			
Mandatorily measured at FVTPL	9	122,897,644	–
Designated as at FVTPL	8	322,916,738	–
At amortised cost (including cash and cash equivalents)		4,074,396,587	263,800,826
Derivative financial instruments	11	54,987,084	–
Financial liabilities			
At FVTPL:			
Designated as at FVTPL	19, 22	325,529,963	–
At amortised cost		2,566,382,353	148,147,369
Lease liabilities (i)	21	14,883,351	–
Derivative financial instruments	11	55,008,205	–

(i) Lease liabilities are financial instruments, although they are outside the scope of certain parts of SFRS(I) 7/SFRS(I) 9. Lease liabilities are within scope for SFRS(I) 7 disclosure (except for disclosure of fair value) and within the scope of SFRS(I) 9 de-recognition.

(i) Trade and other receivables designated as at FVTPL

At the end of the reporting period, there are no significant concentrations of credit risk for trade and other receivables designated as at FVTPL.

The carrying amount reflected above represents the Group's maximum exposure to credit risk for such trade and other receivables.

As at 31 December 2021, the change in fair value attributable to changes in credit risk amounted to a positive of \$22,819,731 (31 December 2020 : a positive of \$11,683,128).

(ii) Credit derivatives over trade and other receivables at fair value

There are no credit derivatives over trade and other receivables designated as at fair value.

(iii) Financial liabilities designated as at FVTPL

As at 31 December 2021, the change in fair value attributable to changes in credit risk amounted to a positive of \$22,819,731 (31 December 2020 : a positive of \$11,683,128).

The carrying amounts of financial liabilities designated as at FVTPL approximate their maturity amounts.

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements that are in scope of the offsetting disclosure.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Group's activities undertaken by its subsidiaries in each country of operations expose it to a range of financial risks. These include market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group has a system of controls in place to manage these risks to an acceptable level without stifling its business. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses financial instruments such as foreign currency borrowings, foreign exchange contracts and interest rate swaps to manage certain risk exposures.

Financial risk management of the Group is carried out by the Credit Committee and finance department of the Company and its respective subsidiaries. The Credit Committee approves the financial risk management policies of the Company and its subsidiaries. Management will review and approve inputs used in the valuation of these financial instruments carried at fair value. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures and these are reported to the Credit Committee.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures the risk. Market risks exposures are measured using sensitivity analysis indicated below.

(i) *Foreign exchange risk management*

Exposures to foreign currencies are monitored closely to ensure that there are no significant adverse financial effects to the Group from changes in the exchange rates. The Group manages significant net exposures in each of the foreign currencies through foreign currency borrowings and foreign exchange contracts.

The Group as a policy hedges all trade receivables and trade payables denominated in foreign currencies although it may from time to time have some short term exposures due to timing differences. The Group enters into forward foreign exchange contracts and foreign currencies borrowings to hedge its foreign currency risk.

The Group's exposure to foreign exchange risks arises from:

- dealing in securities denominated in foreign currencies;
- having assets and liabilities denominated in non-functional currencies;
- holding non-local currencies (primarily in United States dollar, Hong Kong dollar, Malaysian ringgit and Thai baht) for working capital purposes; and

- investments in foreign subsidiaries primarily in Hong Kong dollar, Malaysian ringgit and Thai baht, whose net assets are exposed to foreign exchange risk at the end of the reporting period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Singapore dollar \$	United States dollar \$	Hong Kong dollar \$	Malaysian ringgit \$	Thai baht \$	Others* \$
At 31 December 2021						
Non-derivative financial assets						
Cash and cash equivalents	7,900,662	75,757,370	35,686,287	51,230,433	102,517,148	196,059,116
Outstanding contracts receivable	2,546	73,629,321	251,962,849	37,647,033	105,130,440	43,310,366
Trade and other receivables	1,448,921	1,134,627,436	894,033,169	71,534,061	76,079,162	217,308,350
Other financial assets, at fair value through profit or loss	–	156,535,730	–	22,428,516	44,522,836	90,117,047
Other current assets	159,346	9,209,097	25,907,314	7,586,855	6,820,059	3,933,057
	<u>9,511,475</u>	<u>1,449,758,954</u>	<u>1,207,589,619</u>	<u>190,426,898</u>	<u>335,069,645</u>	<u>550,727,936</u>
At 31 December 2021						
Non-derivative financial liabilities						
Outstanding contracts payable	553,764	74,468,841	227,491,109	34,002,606	101,241,109	44,006,660
Trade and other payables	40,027	241,591,647	18,012,094	32,124,422	66,821,598	106,100,535
Borrowings	1,998,912	726,017,951	399,055,026	6,472,900	–	35,590,113
Debts issued	–	183,942,017	–	–	–	76,637,421
	<u>2,592,703</u>	<u>1,226,020,456</u>	<u>644,558,229</u>	<u>72,599,928</u>	<u>168,062,707</u>	<u>262,334,729</u>
Net financial assets	<u>6,918,772</u>	<u>223,738,498</u>	<u>563,031,390</u>	<u>117,826,970</u>	<u>167,006,938</u>	<u>288,393,207</u>
Less: Net financial assets denominated in the respective entities' functional currencies	–	(1,211,331)	(462,338,488)	(144,206,295)	(147,378,247)	(36,603,544)
Intercompany balances	–	(189,378)	(24,970,951)	51,524,647	(1,232,321)	(16,519,657)
Currency forwards	6,996	3,253,666	(5,343,527)	(11,327,575)	417,866	(13,651,817)
Foreign currencies trust balances	–	(86,772,165)	(70,756,558)	(1,484,693)	(18,850,373)	(225,643,514)
Currency exposures	<u>6,925,768</u>	<u>138,819,290</u>	<u>(378,134)</u>	<u>12,333,054</u>	<u>(36,137)</u>	<u>(4,025,325)</u>

* The Group's exposures to other currencies include exposures to Indonesian Rupiah, Australian Dollar, Sterling Pound and others.

	Singapore dollar \$	United States dollar \$	Hong Kong dollar \$	Malaysian ringgit \$	Thai baht \$	Others* \$
At 31 December 2020						
Non-derivative financial assets						
Cash and cash equivalents	4,942,220	76,170,947	9,032,298	19,471,951	145,108,631	204,327,063
Outstanding contracts receivable	2,508,041	127,718,796	536,044,273	69,263,855	107,107,222	68,164,048
Trade and other receivables	3,708,080	1,230,069,694	731,620,030	81,885,168	57,113,679	160,257,334
Other financial assets, at fair value through profit or loss	–	25,226,798	270	18,482,743	41,071,978	21,713,950
Other current assets	44,435	8,688,446	27,613,325	5,984,672	7,101,868	53,651,147
	<u>11,202,776</u>	<u>1,467,874,681</u>	<u>1,304,310,196</u>	<u>195,088,389</u>	<u>357,503,378</u>	<u>508,113,542</u>

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31 December 2021

	Singapore dollar \$	United States dollar \$	Hong Kong dollar \$	Malaysian ringgit \$	Thai baht \$	Others*
At 31 December 2020						
Non-derivative financial liabilities						
Outstanding contracts payable	1,357,822	110,879,398	516,531,805	49,678,484	107,664,931	67,877,068
Trade and other payables	1,400,368	50,171,981	30,781,715	27,660,472	69,220,099	179,758,184
Borrowings	4,500,857	755,065,000	275,703,915	21,414,250	–	45,128,390
Debts issued	–	237,402,702	–	–	–	76,637,894
	<u>7,259,047</u>	<u>1,153,519,081</u>	<u>823,017,435</u>	<u>98,753,206</u>	<u>176,885,030</u>	<u>369,401,536</u>
Net financial assets	3,943,729	314,355,600	481,292,761	96,335,183	180,618,348	138,712,006
Less: Net financial assets denominated in the respective entities' functional currencies	–	(867,986)	(407,223,819)	(122,920,297)	(141,496,126)	(34,674,826)
Intercompany balances	–	(136,931)	(13,140,219)	57,466,827	(3,500,786)	(139,253)
Currency forwards	56,115	3,048,155	8,889,965	658,900	2,675,709	1,199,466
Foreign currencies trust balances	–	(96,140,738)	(58,651,025)	(5,454,942)	(26,914,110)	(180,671,541)
Currency exposures	<u>3,999,844</u>	<u>220,258,100</u>	<u>11,167,663</u>	<u>26,085,671</u>	<u>11,383,035</u>	<u>(75,574,148)</u>

* The Group's exposures to other currencies include exposures to Indonesian Rupiah, Australian Dollar, Sterling Pound and others.

Foreign currencies trust balances are monies held on behalf of clients and they do not form a part of the statement of financial position of the Group.

The Company's exposures to foreign currency are as follows:

	Malaysian ringgit \$	United States dollar \$
At 31 December 2021		
Financial assets		
Cash and cash equivalents, representing net currency exposure	<u>1,381</u>	<u>325,183</u>
At 31 December 2020		
Financial assets		
Cash and cash equivalents, representing net currency exposure	<u>1,422</u>	<u>611,040</u>

Foreign currency sensitivity

A 5% strengthening of the relevant foreign currencies against the functional currency of each Group entity at the end of the reporting period would increase (decrease) profit after tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2021 Profit after tax \$	31 December 2020 Profit after tax \$
<u>The Group</u>		
Singapore dollar	287,419	165,994
United States dollar	5,761,001	9,140,711
Hong Kong dollar	(15,693)	463,458
Malaysian ringgit	511,822	1,082,555
Thai baht	<u>(1,500)</u>	<u>472,396</u>
<u>The Company</u>		
United States dollar	13,495	25,358
Malaysian ringgit	<u>57</u>	<u>59</u>

A 5% weakening of the relevant foreign currencies against the functional currency of each Group entity would have had the equal but opposite effect on profit after tax to the amounts shown above, on the basis that all other variables remain constant.

In determining the percentage of the currencies fluctuation, the Group has considered the economic environment in which it operates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. Trading activity in foreign currency denominated securities is subject to fluctuations that are cyclical in nature, resulting in uneven foreign currency exposure over the year.

(ii) *Equity price risk management*

The Group is exposed to market risk because of fluctuation in prices in the equity markets of Singapore, Taiwan, Hong Kong, Philippines, Malaysia, Indonesia, Thailand and others. Its exposure arises from:

- any equity positions that its subsidiaries may have taken that offer the Group the opportunity for return through dividend income and fair value gains, but not including quoted equity securities that are held by the Group for the purpose of hedging clients' open positions;
- falling value of collateral to support financing its subsidiaries provide to their clients; and
- inability of its subsidiaries' clients to pay for the losses which may arise from the force-selling of clients' positions.

The Group has adequate policies and control procedures in place to ensure that its exposure are within the Group's policies and there are sufficient collateral to cover clients' exposures. The Group will only have exposures to securities which are liquid and readily convertible to cash.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

The Group's exposure is primarily in the Singapore market. If listed security prices increase by 5% in the Singapore market and other exchanges, the impact on profit after tax, with all other variables including tax rate being held constant will be:

	31 December 2021 Profit after tax \$	31 December 2020 Profit after tax \$
<u>The Group</u>		
Listed in Singapore	9,884,050	3,997
Listed on other exchanges	<u>1,746,266</u>	<u>2,266,693</u>

In determining the percentage of the market fluctuation, the Group has considered the economic environments in which it operates.

A 5% decrease in listed security prices would have had the equal but opposite effect on profit after tax and equity to the amounts shown above, on the basis that all other variables remain constant.

(iii) *Cash flow and fair value interest rate risk management*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest income and interest expense are exposed to changes in market interest rates. Interest rate risk arises from financial assets such as receivables from share financing, overdue trade receivables, short-term deposits with banks and interest on borrowings from banks. The Group's bank deposits and borrowings are generally short-term. The interest expenses for short-term borrowings are at market rates which are generally fixed at the inception of the borrowings. Interest income from share financing and on overdue trade debts are generally pegged to the respective currencies' prime rates.

To manage the impact of IBOR reform on the Group, management is closely monitoring the market and the updates from the various industry working groups managing the transition to new benchmark interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by \$3,563,023 (31 December 2020 : \$3,397,942).

The tables below set out the Group and the Company's exposure to interest rate risks. Included in the tables are assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable rates less than 6 months \$	Fixed rates less than 6 months \$	Fixed rates more than 6 months \$	Non-interest bearing \$	Total \$
<u>The Group</u>					
<u>At 31 December 2021</u>					
<u>Financial assets</u>					
Cash and cash equivalents	365,471,539	3,003,135	–	179,118,839	547,593,513
Trade and other receivables	–	2,271,779,156	465,577,830	61,148,867	2,798,505,853
Other financial assets	–	35,556,176	–	1,085,294,451	1,120,850,627
Total financial assets	<u>365,471,539</u>	<u>2,310,338,467</u>	<u>465,577,830</u>	<u>1,325,562,157</u>	<u>4,466,949,993</u>
<u>Financial liabilities</u>					
Borrowings	9,169,214	1,181,864,795	–	–	1,191,034,009
Debts issued	–	94,327,756	166,251,682	–	260,579,438
Lease liabilities	–	2,716,344	8,559,897	–	11,276,241
Other financial liabilities	–	33,287,197	22,463,857	1,220,634,586	1,276,385,640
Total financial liabilities	<u>9,169,214</u>	<u>1,312,196,092</u>	<u>197,275,436</u>	<u>1,220,634,586</u>	<u>2,739,275,328</u>
<u>At 31 December 2020</u>					
<u>Financial assets</u>					
Cash and cash equivalents	346,635,948	17,080	–	163,296,044	509,949,072
Trade and other receivables	–	2,270,797,810	387,436,383	88,944,871	2,747,179,064
Other financial assets	–	38,700,949	–	1,279,368,968	1,318,069,917
Total financial assets	<u>346,635,948</u>	<u>2,309,515,839</u>	<u>387,436,383</u>	<u>1,531,609,883</u>	<u>4,575,198,053</u>
<u>Financial liabilities</u>					
Borrowings	6,841,743	1,163,560,681	–	–	1,170,402,424
Debts issued	–	149,740,060	164,300,535	–	314,040,595
Lease liabilities	–	2,728,983	12,154,368	–	14,883,351
Other financial liabilities	–	30,345,336	28,011,997	1,404,120,169	1,462,477,502
Total financial liabilities	<u>6,841,743</u>	<u>1,346,375,060</u>	<u>204,466,900</u>	<u>1,404,120,169</u>	<u>2,961,803,872</u>
<u>The Company</u>					
<u>At 31 December 2021</u>					
<u>Assets</u>					
Cash and cash equivalents	325,183	–	–	443,235	768,418
Other assets	–	–	202,733	234,793,451	234,996,184
Total financial assets	<u>325,183</u>	<u>–</u>	<u>202,733</u>	<u>235,236,686</u>	<u>235,764,602</u>
Total financial liabilities	<u>–</u>	<u>4,454,650</u>	<u>–</u>	<u>53,471,632</u>	<u>57,926,282</u>
<u>At 31 December 2020</u>					
<u>Assets</u>					
Cash and cash equivalents	611,040	–	–	150,221	761,261
Other assets	–	–	198,315	262,841,250	263,039,565
Total financial assets	<u>611,040</u>	<u>–</u>	<u>198,315</u>	<u>262,991,471</u>	<u>263,800,826</u>
Total financial liabilities	<u>–</u>	<u>14,600,000</u>	<u>–</u>	<u>133,547,369</u>	<u>148,147,369</u>

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following table contains an analysis of the Group's credit risk exposure of recognised and unrecognised financial instruments, subject to ECL, based on the following internal credit rating grades:

Category	Description
Investment grade	AAA-BBB
Non-investment grade	BB-CCC
Default	D

Internal credit rating derived using methodologies are generally consistent with those used by external agencies.

The tables below detail the credit quality of the Group's financial assets and other items:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
Group							
<u>31 December 2021</u>							
Cash and cash equivalents	6	A1-aa2	Investment grade	12m ECL	547,593,513	–	547,593,513
Outstanding contracts receivable	7(a)	n.a.	(i)	(i)	568,138,777	–	568,138,777
Trade and other receivables	8	n.a.	(ii)	(ii)	2,550,855,730	(20,304,145)	2,530,551,585
Other current assets	10	n.a.	Investment grade	12m ECL	63,651,891	–	63,651,891
						<u>(20,304,145)</u>	
<u>31 December 2020</u>							
Cash and cash equivalents	6	A1-aa2	Investment grade	12m ECL	509,949,072	–	509,949,072
Outstanding contracts receivable	7(a)	n.a.	(i)	(i)	1,027,751,581	–	1,027,751,581
Trade and other receivables	8	n.a.	(ii)	(ii)	2,426,665,895	(2,403,569)	2,424,262,326
Other current assets	10	n.a.	Investment grade	12m ECL	112,433,608	–	112,433,608
						<u>(2,403,569)</u>	

- (i) For outstanding contracts receivable, practical expedients have been employed to calculate the ECLs, where applicable. ECLs have been estimated to be immaterial, reflecting the short term nature of the portfolio and the benefit of collateral or other credit enhancements.
- (ii) For trade and other receivables, the Group determines the expected credit losses on these items by using a provision matrix, 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 the provision matrix. The Group may also determine that certain loan receivables included within trade and other receivables require separate assessment. In these cases, the Group applies expert credit judgment in assessing whether significant increase in credit risk has occurred and in the determination of loss rates.

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 these financial assets.

(v) *Credit risk management*

The Group has policies and controls in place to limit its exposure to single clients and single securities. These will also reduce its concentration risks. Some of the Company's subsidiaries have to comply with the rules of Singapore Exchange Securities Trading Ltd ("SGX-ST") and other Exchange rules to ensure that these subsidiaries conduct their businesses prudently.

The Credit Department monitors the Group's exposure to ensure compliance with the guidelines set by the Credit Committee. Trading limits are set for each client and each trading representative. In addition, limits are also set for each counter. The trading limits and outstanding trade positions are monitored daily and follow-up actions are taken promptly. The Credit Committee also meets regularly to review clients' and trading representatives' limits and trade positions.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 34(b), if the full guaranteed amount is claimed by the counterparty to the guarantee is \$857,712,043 (31 December 2020 : \$515,789,988). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses [Note 34(b)].

The Group employs a range of policies and practices to mitigate credit risk, the most common being the acceptance of collateral for trade receivables. The collateral held are predominantly quoted securities. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. There has been no change in the collateral policy of the Group during the year.

During the financial year, the value of marketable and non-marketable collaterals held as security for trade receivables are as follows:

	31 December 2021 \$	31 December 2020 \$
Quoted securities	27,434,702,148	22,698,889,513
Cash	399,478	9,318,556
Bankers' guarantees	–	590,000
Others	464,389,461	1,029,568,038
	<u>27,899,491,087</u>	<u>23,738,366,107</u>

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31 December 2021

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Certain loan receivables have been designated as the referenced assets for certain debts issued by the Group. The credit-linked clauses in the debts issued allow the Group to deliver the underlying referenced assets to the noteholders as full and final settlement upon the occurrence of a credit event (Note 22).

The carrying amount of financial assets recorded in the financial statements, less collateral held as security for trade receivables, represents the Group's net exposure to credit risk.

The Group establishes an allowance for impairment that represents its estimate of receivables from clients which may not be recoverable. The allowance is determined after taking into consideration the collaterals and trading representatives' ability to make payment for their clients' debts.

The allowance account in respect of outstanding contracts receivable, trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with reputable banks and financial institutions. Consequently, management does not expect any of these institutions to fail to meet its obligations.

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The table below is an analysis of trade and other receivables measured at amortised cost as at the end of the respective reporting periods:

As at 31 December 2021

	The Group			
	Not past due	1-30 days past due	More than 30 days past due	Total
Expected loss rate	<0.02%	<1%	100% based on net exposure	
Gross carrying amount - Financial assets subject to expected credit loss provision	2,155,798,972	317,007,765	4,507,313	2,477,314,050
Loss allowance	–	–	1,918,725	1,918,725

As at 31 December 2020

	The Group			
	Not past due	1-30 days past due	More than 30 days past due	Total
Expected loss rate	<0.02%	<1%	100% based on net exposure	
Gross carrying amount - Financial assets subject to expected credit loss provision	2,071,688,572	350,297,681	4,679,642	2,426,665,895
Loss allowance	–	–	2,403,569	2,403,569

Certain loan receivables within trade and other receivables have been determined by management as requiring further assessment for expected credit losses. In 2021, loan receivables amounting to \$73,541,680 (2020: \$nil) have been determined to have been subject to significant increase in credit risk since initial recognition, and an amount of \$18,385,420 (2020: \$nil) have been provided under lifetime ECL for these loan receivables.

The movement of loss allowance is determined to be as follows:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
At beginning of the year	2,403,569	7,415,319
Currency translation difference	(4,724)	95,946
Allowance (Write back of allowance) for trade and other receivables	19,150,270	(44,806)
Amount written off during the year	(1,244,970)	(5,062,890)
At end of the year	20,304,145	2,403,569

The above reconciliation is arising primarily from credit-impaired financial assets and loan receivables with significant increase in credit risk.

(vi) *Liquidity risk management*

Prudent liquidity risk management entails maintaining sufficient cash and marketable securities, adequate committed banking credit facilities and the ability to close out market positions. The Group aims to maintain sufficient cash internally for working capital purposes and from time to time may utilise excess cash of related companies. The Group also aims at maintaining flexibility in funding by keeping committed banking credit facilities. The Group primarily carries out dealing in and financing of listed securities and accepts only marketable securities which are readily convertible into cash as collateral. In addition, the Group ensures that exposures to a single client and to a single security comply with the Group's credit policies and the relevant regulations.

The Group's current financial liabilities will all mature within one year. The Group's non-current financial liabilities have maturities of 3 years.

(vii) *Fair value of financial assets and financial liabilities*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

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31 December 2021

Financial assets/ liabilities	Fair value as at (\$)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2021		31 December 2020				
	Assets	Liabilities	Assets	Liabilities			
Other financial assets, at fair value through profit or loss (see Note 9)							
Quoted equity securities	132,291,206	-	46,594,182	-	Level 1	Quoted bid prices of an active market.	N/A
Quoted debt securities	23,953,894	-	24,885,624	-	Level 1	Quoted bid prices of an active market.	N/A
Unquoted equity securities	190,789	-	207,773	-	Level 2	Discounted cash flow. Future cash flows are estimated based on contractual terms, discounted at rates based upon market-related rates for similar instruments as at the end of the reporting period.	N/A
Unquoted debt securities	28,865,863	-	33,204,565	-	Level 2	Discounted cash flow. Future cash flows are estimated based on contractual terms, discounted at rates based upon market-related rates for similar instruments as at the end of the reporting period.	N/A
Unit Trusts	237,074,620	-	-	-	Level 1	Published bid values.	N/A
Unquoted investment in private fund	18,242,500	-	18,005,500	-	Level 3	Recent transaction price/NAV.	N/A
Derivative financial instruments (see Note 11)							
Foreign currency forward contracts	9,775	28,861	12,328	33,449	Level 2	Broker quotations.	N/A
Equity derivatives	48,431,312	48,431,312	54,974,756	54,974,756	Level 2	Broker quotations.	N/A
Trade and other receivables (see Note 8)							
Loan receivables designated as at fair value through profit or loss	267,954,268	-	322,916,738	-	Level 3	Discounted cash flow model/Transaction pricing including recent acquisition or transactions/non-binding broker quotation (Price-based [Note (a)]).	Comparable bond price/Broker quoted price, ranging from \$33 to \$75 per \$100 par value (31 December 2020 : \$4.3 to \$100 per \$100 par value).

Financial assets/ liabilities	Fair value as at (\$)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2021		31 December 2020				
	Assets	Liabilities	Assets	Liabilities			
Debts issued (see Note 22)							
Notes issued, designated as at fair value through profit or loss	-	232,197,023	-	284,875,280	Level 3	Fair value of underlying referenced assets.	Fair value of underlying referenced assets.
Trade and other payables (see Note 19)							
Trade payables, designated as at fair value through profit or loss	-	38,181,873	-	40,654,683	Level 3	Fair value of underlying referenced assets.	Fair value of underlying referenced assets.

- (a) The Group may also apply a price-based methodology, which utilises, where available, quoted prices or other market information obtained from recent trading activity in positions with the same or similar characteristics to the position being valued. The market activity and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the observability of prices from those markets. When less liquidity exists for a security or loan, the “price” inputs are considered unobservable and the fair value measurements are classified as Level 3 (see below).

A significant increase (decrease) in each of the unobservable input would result in a significantly higher (lower) fair value measurement.

Significant assumptions in determining fair value of financial assets and liabilities

Derivative financial instruments - at fair value through profit or loss

The Group uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. For equity derivative contracts, the Group measures their fair values based on broker quotations provided by external parties. These broker quotations are developed by independent external parties, which utilises observable market inputs such as volatility and exchange traded price of the underlying equity security. For these financial instruments, inputs used to derive the valuations are market observable and are therefore included within Level 2.

Financial assets/liabilities designated as at fair value through profit or loss

Loan receivables and structured liabilities which were designated as at fair value through profit or loss are categorised in Level 3 of the fair value hierarchy. The fair value of the loan receivables may be estimated from the market price on a similar recently executed transaction that the Group has entered into, valuations provided by an external valuation specialist or non-binding broker quotations obtained from an independent external party. Valuations provided by external valuation specialists and non-binding broker quotation are used as the primary basis for valuation when there is limited, or no, relevant market activity for a specific instrument or for other instruments that share similar characteristic. These valuations and non-binding broker quotations are developed by independent external parties, which are based on discounted cash flow model or inputs such as the last transaction price of illiquid quoted securities and recently executed transactions of similar assets to which the Group is not a party of. Broker quotations are typically used for the Group's structuring of any new structured transactions and also used by the Finance Department on a quarterly basis in determining if the fair value of these loan receivables is reasonable. On a periodic basis, the Group will obtain an understanding from the independent external valuation specialist and broker on the valuation techniques used in deriving the valuations and will also challenge any significant inputs or methods used. In addition, the Group will also assess for any changes in the underlying credit worthiness of these loan receivables using public information which will be used to validate the movement and consider for any adjustments to be made to the underlying loan receivables. Any adjustment to the fair value of the trade receivables would also result in an adjustment to the debts issued and trade payables with no resulting impact to the profit and loss. The fair value of the loan receivables will be adjusted for all changes in risks and information since that transaction date or non-binding broker quotations based on publicly available information if necessary. In 2021 and 2020, there has been no adjustment made to the external specialist valuations and non-binding broker quotations for determining the fair value of these loan receivables.

Debts issued comprise credit-linked notes underpinned by certain loan receivables designated as referenced assets. The credit-linked clauses in these notes allow the Group to deliver the underlying referenced assets to the noteholders as full and final settlement upon the occurrence of a credit event. The notes will be redeemed at carrying amount on the maturity date provided that there is no occurrence of a credit event. These notes can also be redeemed prior to maturity date, which are repayable on demand at the option of either the noteholder or the Group, through physical delivery of the underlying referenced assets. Trade payables to third parties designated as at fair value through profit or loss are fully funded loan participation and equity participation amounts that were received by the Group. Included in the loan participation and equity participation agreements are credit-linked clauses or delivery options that allow the Group to deliver the underlying referenced assets to the participants as full and final settlement at the Group's discretion. These notes and participation arrangements are designed to mitigate the Group's exposure to credit risk on the underlying referenced assets, and their fair values are determined with reference to the fair value of the underlying loan receivables held as assets.

The Company

The Company had no financial assets or liabilities carried at fair value in 2021 and 2020.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Reconciliation of Level 3 fair value measurements

	Financial assets mandatorily measured/ designated as at fair value through profit or loss \$	Financial liabilities designated as at fair value through profit or loss \$
<u>The Group</u>		
<u>2021</u>		
Opening balance	340,922,238	325,529,963
Disposals/settlements during the year	(84,963,640)	(85,006,563)
Additions during the year	1,197,966	1,244,605
Fair value changes recognised in profit or loss	29,040,204	28,610,891
Ending balance	<u>286,196,768</u>	<u>270,378,896</u>
<u>2020</u>		
Opening balance	343,263,628	346,441,143
Disposals/settlements during the year	(127,414,525)	(127,569,461)
Additions during the year	116,259,624	98,708,322
Fair value changes recognised in profit or loss	8,813,511	7,949,959
Ending balance	<u>340,922,238</u>	<u>325,529,963</u>

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity or frequent repricing of these financial instruments. The carrying amount of debts issued and the assets underpinning them approximate their respective fair values due to their relatively short-term maturity or frequent repricing. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(d) Capital risk management policies and objectives

The Group's main objective when managing capital is to maximise shareholders' returns and at the same time conduct its business within prudent guidelines. Management strives to maintain an optimal capital structure so as to maximise shareholder value. To achieve this, the Group may adjust the amount of dividend payment and source for borrowings from banks which provide facilities that best meet its needs at competitive rates.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

The Group's overall strategy remains unchanged from 2020.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) The Group in the normal course of business acts as brokers in securities for certain related companies, directors of the Company and its subsidiaries and their connected persons. During the year, the Group has entered into the following trading transactions:

	The Group	
	2021	2020
	\$	\$
Commission income received from directors	92,735	93,699

In addition to the above and the related party transactions disclosed elsewhere in the financial statements, significant related party transactions during the year were as follows:

	The Group	
	2021	2020
	\$	\$
Rental of premises paid/payable to a related party	(292,173)	(257,262)
Rental of premises received/receivable from a related party	535,536	535,536

Related party transactions were made on terms agreed between the parties concerned.

No expense has been recognised in the year for expected credit losses in respect of the amounts owed by the related party.

- (b) Key management personnel compensation is as follows:

	The Group	
	2021	2020
	\$	\$
Salaries and other short-term employee benefits	22,562,541	23,877,350
Employer's contribution to defined contribution plans, including Central Provident Fund	190,213	143,567
	22,752,754	24,020,917

- (c) The Group has banking facilities from United Overseas Bank Limited Group (which is defined in the SGX-ST listing manual as a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company) in the normal course of business. The outstanding borrowings as at 31 December 2021 and 31 December 2020 are disclosed in Note 20 to the financial statements.

6 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$
Bank balances with:				
- Related parties [Note 5(c)]	132,282,905	153,575,981	768,418	761,261
- Non-related banks	412,282,082	356,326,568	-	-
Cash on hand	25,391	29,443	-	-
	<u>544,590,378</u>	<u>509,931,992</u>	<u>768,418</u>	<u>761,261</u>
Fixed deposits with:				
- Non-related banks	3,003,135	17,080	-	-
	<u>3,003,135</u>	<u>17,080</u>	<u>-</u>	<u>-</u>
Cash and bank balances	<u>547,593,513</u>	<u>509,949,072</u>	<u>768,418</u>	<u>761,261</u>

At the end of the reporting period, the carrying amounts of cash and bank balances approximate their fair values. Included in cash and bank balances are uninvested monies in a segregated account amounting to \$8,107,348 (31 December 2020 : \$nil) held by the Group as part of its “cash management service” product activities.

Fixed deposits bear average effective interest rates of 0.001% (31 December 2020 : 0.13%) per annum and are for a tenure of approximately 5 days (31 December 2020 : 26 days).

Cash and cash equivalents do not include trust bank balances that represent monies held on behalf of clients and segregated in accordance with the requirements of the SGX-ST Rules and the local regulations in the respective countries. Accordingly, they do not form part of the statement of financial position of the Group.

For the purpose of presenting the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Cash and bank balances (as above)	547,593,513	509,949,072
Less: Bank overdrafts (Note 20)	(9,169,214)	(6,841,743)
Cash and cash equivalents per consolidated statement of cash flows	<u>538,424,299</u>	<u>503,107,329</u>

7 OUTSTANDING CONTRACTS RECEIVABLE/PAYABLE

Outstanding contracts receivable and payable represent amounts receivable or payable in respect of trades which have been executed on an exchange prior to the end of the reporting period and have not been settled as at the end of the reporting period.

(a) Outstanding contracts receivable comprises the following:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Due from third parties	<u>568,138,777</u>	<u>1,027,751,581</u>

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

(b) Outstanding contracts payable comprises the following:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Due to third parties	553,407,517	964,431,693

The carrying amounts of outstanding contracts receivable and payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$
Trade receivables from third parties [Note 8(a)]	1,916,425,118	1,681,891,521	–	–
Other loan receivables:				
At amortised cost [Note 8(b)]	634,430,612	744,774,374	–	–
Designated as at fair value through profit or loss [Note 8(c)]	267,954,268	322,916,738	–	–
Less: Allowance for impairment of trade and other receivables individually assessed	(20,304,145)	(2,403,569)	–	–
	2,798,505,853	2,747,179,064	–	–
Other receivables from subsidiary:				
At amortised cost	–	–	202,733	198,315
	2,798,505,853	2,747,179,064	202,733	198,315
Current trade and other receivables (recoverable within 12 months)	2,499,187,000	2,524,048,959	–	–
Non-current trade and other receivables (recoverable after 12 months)	299,318,853	223,130,105	202,733	198,315
	2,798,505,853	2,747,179,064	202,733	198,315

(a) Trade receivables include margin loans.

(b) Other loan receivables at amortised cost comprise of loan assets from the Group's lending business.

Included in these other loan receivables are structured loans receivables amounting to \$47,334,201 (31 December 2020 : \$49,410,390) with maturity dates ranging from June 2022 to January 2025 (31 December 2020 : March 2021 to January 2025) and bear effective interest rates ranging from 1.00% to 6.26% per annum (31 December 2020 : 1.37% to 6.26% per annum). These structured loan receivables have been designated as the referenced assets for certain debts issued by the Group (Note 22), or are subject to fully funded loan participation agreements where the related participation payables are recorded under trade payables to third parties at amortised cost (Note 19).

- (c) Included in these loan receivables designated as at fair value through profit or loss are:
- (i) medium term notes and distressed debts purchased at a deep discount amounting to \$232,204,320 (31 December 2020 : \$284,881,023) with maturities ranging from March 2024 to February 2039 (31 December 2020 : from March 2024 to February 2039). These medium term notes bear effective interest rates ranging from 2.12% to 13.33% per annum (31 December 2020 : 2.12% to 12.00% per annum). The effective interest rate realised for distressed debts is 8.84% per annum (31 December 2020 : 15.73% per annum). These medium term notes and distressed debts have been designated as the referenced assets for certain debts issued by the Group (Note 22) under certain structured transactions entered into by the Group, which have the carrying amount of \$232,197,023 (31 December 2020 : \$284,875,280) and maturities ranging from March 2024 to February 2039 (31 December 2020 : from March 2024 to February 2039).
 - (ii) structured loan receivables amounting to \$35,749,948 (31 December 2020 : \$38,035,715) with maturities ranging from March 2022 to December 2024 (31 December 2020 : from April 2021 to December 2024) that are subject to fully funded loan participation agreements. These structured loan receivables bear fixed interest rates ranging from 3.0% to 6.0% per annum (31 December 2020 : 3.0% to 6.0% per annum). The related participation payables are recorded under trade payables to third parties designated at fair value through profit or loss (Note 19), which have the carrying amount of \$35,748,422 (31 December 2020 : \$38,033,140) and maturities ranging from March 2022 to December 2024 (31 December 2020 : from April 2021 to December 2024).

The net exposure to credit risk from these loan receivables designated as the referenced assets or subject to participation is mitigated through the credit-linked clauses in the credit-linked notes and fully funded loan participation agreements. The notes and structured loan receivables will be redeemed at carrying amount on the maturity date provided that there is no occurrence of a credit event. They can also be redeemed prior to maturity date through physical delivery of the underlying referenced assets at the option of either the noteholder or the Group and are designed to mitigate the Group's exposure to credit risk on the underlying referenced assets. Given that the loan receivables have been designated as referenced assets, they have been classified as current assets consistent with the underlying liabilities.

Concentration of credit risk with respect to trade receivables is limited due to the Group's diversified customer base. Management believes that there is no anticipated additional credit risk beyond amount of allowance for impairment made in the Group's trade receivables. Trade receivables from third parties bear interest at market rates. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix 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.

At the end of the reporting period, the carrying amounts of trade and other receivables carried at amortised cost approximate their fair value due to the relatively short-term maturity or frequent repricing of the financial instruments. The exposure to interest rate risks of trade and other receivables is disclosed in Note 4(c)(iii).

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

9 OTHER FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	31 December	31 December
	2021	2020
	\$	\$
Quoted securities:		
- Debt securities	23,953,894	24,885,624
- Equity securities	132,291,206	46,594,182
Unquoted securities:		
- Debt securities	28,865,863	33,204,565
- Equity securities	190,789	207,773
Unit trusts	237,074,620	–
Investment in private fund	18,242,500	18,005,500
	440,618,872	122,897,644
Current financial assets, at fair value through profit or loss	439,106,086	121,621,562
Non-current financial assets, at fair value through profit or loss	1,512,786	1,276,082
	440,618,872	122,897,644

Other financial assets, at fair value through profit or loss include certain quoted equity securities that are held by the Group for the purpose of hedging clients' open positions, unit trusts in segregated accounts which are held by the Group as part of its "cash management service" product activities and investments that offer the Group the opportunity for return through dividend income and fair value gains.

Except for the investments in quoted and unquoted debt securities, they have no fixed maturity or coupon rate. The fair values of the quoted equity securities and debt securities are based on closing market prices on the last market day of the financial year.

The fair values of the unquoted debt securities are computed on the discounted cash flow basis using discount rates based upon market-related rates for similar instruments as at the end of the reporting period. The investments in unquoted debt securities of \$28,865,863 (31 December 2020 : \$33,204,565), represents investments in debt securities of private sectors in Thailand. In 2021, the unquoted equity securities amounting to \$190,789 (31 December 2020 : \$207,773) in Thailand represent an overseas subsidiary's subscription to shares in a non-listed company set up by an overseas exchange in 1996. The fair value of the investment in private fund is based on its recent net asset value (2020: its recent transaction price.)

10 OTHER CURRENT ASSETS

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	\$	\$	\$	\$
Amounts due from subsidiaries [Note 10(a)]	–	–	234,733,427	262,781,226
Deposits [Note 10(b)]	46,327,723	40,835,187	–	–
Prepayments	3,610,246	4,217,765	4,500	4,500
Amounts deposited with lenders of securities [Note 10(c)]	4,273,701	3,146,711	–	–
Other receivables	13,050,467	68,451,710	60,024	60,024
	67,262,137	116,651,373	234,797,951	262,845,750

(a) The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

- (b) Included in deposits is an amount of \$2,416,612 (31 December 2020 : \$2,349,673) placed by a subsidiary as collateral with The Central Depository (Pte) Limited by virtue of the subsidiary being a clearing member of the Singapore Exchange Securities Trading Limited (Note 33).
- (c) Securities borrowing and lending contracts

		The Group	
		31 December 2021	31 December 2020
		\$	\$
<u>Securities borrowed</u>			
Securities borrowed from lenders, at fair value:			
- Lent to clients		1,048,871	1,201,123
<u>Securities lent</u>			
Securities lent to clients, at fair value:			
- Borrowed from lenders		1,048,871	1,201,123

The carrying amounts of other current assets approximate their fair values.

11 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group			
	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Forward foreign exchange contracts	9,775	28,861	12,328	33,449
Equity derivatives	48,431,312	48,431,312	54,974,756	54,974,756
	48,441,087	48,460,173	54,987,084	55,008,205

Forward foreign exchange contracts

In order to manage the risks arising from fluctuations in currency exchange rates, the Group utilises forward foreign exchange contracts with settlement dates ranging between 4 to 6 days (31 December 2020 : between 4 to 6 days).

Forward foreign exchange contracts are entered into from time to time to manage exposure to fluctuations in foreign currency exchange rates on trade receivables and payables.

The following table details the forward foreign exchange contracts outstanding at the end of the reporting period:

	Contract or underlying principal amount		Gross positive fair value		Gross negative fair value		Settlement dates of open contracts	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$	\$	\$		
<u>The Group</u>								
Forward foreign exchange contracts	39,887,291	18,276,222	9,775	12,328	28,861	33,449	Within one week after end of the reporting period.	Within one week after end of the reporting period.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

Equity derivatives

Equity derivative financial instruments arises from customer transactions and are covered back-to-back by offsetting transactions with third party issuers.

The contractual or underlying principal amounts of these equity derivative financial instruments and their corresponding gross fair values at the end of the reporting period are shown below:

	Contract or underlying principal amount		Gross positive fair value		Gross negative fair value		Settlement dates of open contracts	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$		
<u>The Group</u>								
							Within 2 years after end of the reporting period.	Within 2 years after end of the reporting period.
Equity derivatives	521,769,930	568,543,485	48,431,312	54,974,756	48,431,312	54,974,756		

12 GOODWILL

	The Group \$
Cost:	
At 1 January 2020	23,184,163
Goodwill arising from acquisition of business (Note 38)	1,144,700
Exchange differences	(296,231)
At 31 December 2020	24,032,632
Exchange differences	(1,120,791)
At 31 December 2021	22,911,841
Impairment:	
At 1 January 2020	(8,568,394)
Impairment loss (Note 28)	(763,591)
At 31 December 2020	(9,331,985)
Impairment loss (Note 28)	(240,967)
At 31 December 2021	(9,572,952)
Carrying amount:	
At 31 December 2021	13,338,889
At 31 December 2020	14,700,647

Goodwill arose in the acquisitions entered into by the Group in prior and current years because the cost of combination included the benefits of a larger client base, future market developments and revenue growth. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	The Group	
	31 December	31 December
	2021	2020
	\$	\$
Thailand [Note 12(a)]	18,086,664	19,187,285
Malaysia [Note 12(b)]	4,825,177	4,845,347
	<u>22,911,841</u>	<u>24,032,632</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value-in-use calculations.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management. The key assumptions used in the calculation of value-in-use are operating profit margins, growth rates and discount rates.

- (a) Cash flow forecasts from the Thailand CGU are based on an estimated profit margin of 32.48% (31 December 2020 : 33.35%), estimated growth rate of 1.50% (31 December 2020 : 1.50%) and weighted average cost of capital of 9.00% (31 December 2020 : weighted average cost of capital of 8.50%) per annum.

As at 31 December 2021 and 31 December 2020, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

As at 31 December 2021, before impairment testing, goodwill of \$18.1 million (31 December 2020 : \$19.2 million) was allocated to the Thailand CGU. Accumulated impairment loss as of 31 December 2021 was \$5.9 million (31 December 2020 : \$5.6 million).

In 2021 and 2020, due to resignation of marketing officers transferred from the previous acquisitions, the Group has revised its cash flow forecasts for this CGU. The Thailand CGU has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of \$0.2 million (31 December 2020 : \$0.8 million).

- (b) Goodwill allocated to the Malaysia CGU includes the business of a financial advisory company in Malaysia which is licensed under both Bank Negara Malaysia and Securities Commission of Malaysia that was acquired in 2020.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

13 OTHER INTANGIBLE ASSETS

	Customer portfolio database \$
<u>The Group</u>	
Cost:	
At 1 January 2020, 31 December 2020 and 31 December 2021	2,277,314
Amortisation:	
At 1 January 2020	(188,462)
Amortisation for the year (Note 28)	(1,193,628)
At 31 December 2020	(1,382,090)
Amortisation for the year (Note 28)	(895,224)
At 31 December 2021	(2,277,314)
Carrying amount:	
At 31 December 2021	-
At 31 December 2020	895,224

14 SUBSIDIARIES

	The Company	
	31 December 2021	31 December 2020
	\$	\$
<u>Equity investments at cost</u>		
At beginning of the year	363,860,486	364,867,820
Disposals during the year	-	(1,007,334)
At end of the year	<u>363,860,486</u>	<u>363,860,486</u>

Details of subsidiaries are included in Note 36 to the financial statements. Disposal in 2020 represented liquidation of UOB Kay Hian (Australia) Pty Ltd.

The following schedule shows the effect of changes in the Group's ownership interest in a subsidiary, UOB Kay Hian Securities (Thailand) Public Company Limited, that did not result in a change of control on the equity attributable to owners of the parent.

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Amounts paid to acquire additional interest in a subsidiary	125,589	146,805
Non-controlling interest acquired	(271,559)	(399,703)
Statutory reserve transferred from non-controlling interest	3,230	5,942
Difference recognised in equity reserve	(142,740)	(246,956)
Total movement in equity reserve (Note 24)	<u>(142,740)</u>	<u>(246,956)</u>

15 RIGHT-OF-USE ASSETS

The Group leases several assets including buildings, office space and motor vehicles. The average lease term is 3 years (2020 : 3 years).

	Buildings and office space \$	Motor Vehicles \$	Total \$
<u>The Group</u>			
Cost:			
At 1 January 2020	21,822,432	225,500	22,047,932
Additions	2,536,529	–	2,536,529
Currency translation differences	(379,081)	(4,500)	(383,581)
At 31 December 2020	23,979,880	221,000	24,200,880
Additions	3,037,472	28,005	3,065,477
Currency translation differences	(335,628)	(18,065)	(353,693)
At 31 December 2021	26,681,724	230,940	26,912,664
Accumulated depreciation:			
At 1 January 2020	(4,062,328)	(50,287)	(4,112,615)
Depreciation	(6,027,256)	(54,043)	(6,081,299)
Currency translation differences	150,862	681	151,543
At 31 December 2020	(9,938,722)	(103,649)	(10,042,371)
Depreciation	(6,072,160)	(53,446)	(6,125,606)
Currency translation differences	215,682	10,129	225,811
At 31 December 2021	(15,795,200)	(146,966)	(15,942,166)
Carrying amount:			
At 31 December 2021	10,886,524	83,974	10,970,498
At 31 December 2020	14,041,158	117,351	14,158,509

During the year ended 31 December 2021 and 2020, certain leases for buildings and office space expired. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of \$3,065,477 (31 December 2020 : \$2,536,529).

16 TRADING RIGHTS IN EXCHANGES/MEMBERSHIPS IN EXCHANGES

(a) Trading rights in Exchanges

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Trading rights in The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and Philippine Stock Exchange, Inc. at cost less accumulated impairment losses	94,859	95,388

There is no impairment loss recognised for the year ended 31 December 2021 and 31 December 2020.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

The following is a reconciliation of the carrying amount of trading rights in Exchanges at the beginning and end of the reporting period:

<u>The Group</u>	\$
At 1 January 2020	94,842
Currency translation differences	546
At 31 December 2020	95,388
Currency translation differences	(529)
At 31 December 2021	94,859

(b) Memberships in Exchanges

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Memberships in The Stock Exchange of Thailand and Jakarta Stock Exchange, at amortised cost less accumulated impairment losses	217,583	235,648

There is no impairment loss recognised for the year ended 31 December 2021 and 31 December 2020.

The following is a reconciliation of the carrying amount of memberships in Exchanges at the beginning and end of the reporting period:

<u>The Group</u>	\$
At 1 January 2020	240,458
Currency translation differences	(4,810)
At 31 December 2020	235,648
Currency translation differences	(18,065)
At 31 December 2021	217,583

17 PROPERTY, PLANT AND EQUIPMENT

The Group									
Cost:									
At 1 January 2020	35,075,484	35,835,551	14,224,688	9,439,474	42,865,874	1,549,131	2,268,551	141,258,753	
Additions	-	-	328,612	206,894	4,902,894	23,707	85,657	5,547,764	
Disposals	-	-	(783,240)	(138,434)	(1,777,788)	-	(85,739)	(2,785,201)	
Currency translation differences	2,833	858	(136,897)	(41,734)	(353,124)	(10,269)	(30,398)	(568,731)	
Acquisition of business (Note 38)	-	-	10,272	20,908	35,640	-	-	66,820	
At 31 December 2020	35,078,317	35,836,409	13,643,435	9,487,108	45,673,496	1,562,569	2,238,071	143,519,405	
Additions	-	-	1,402,779	206,406	3,320,230	8,364	165,807	5,103,586	
Disposals	-	-	(177,453)	(19,429)	(1,304,874)	(93,500)	(40,071)	(1,635,327)	
Currency translation differences	(46,983)	(14,223)	(322,134)	(119,263)	(917,171)	4,876	(116,690)	(1,531,588)	
At 31 December 2021	35,031,334	35,822,186	14,546,627	9,554,822	46,771,681	1,482,309	2,247,117	145,456,076	
Accumulated depreciation:									
At 1 January 2020	25,579,889	25,907,367	9,425,893	7,917,230	30,804,016	1,506,749	1,473,430	102,614,574	
Depreciation charge	2,411,003	2,548,482	1,280,374	493,736	4,999,662	17,277	280,566	12,031,100	
Disposals	-	-	(650,310)	(111,906)	(1,760,389)	-	(85,739)	(2,608,344)	
Currency translation differences	1,889	10	(79,186)	(38,887)	(263,945)	(9,686)	(16,759)	(406,564)	
At 31 December 2020	27,992,781	28,455,859	9,976,771	8,260,173	33,779,344	1,514,340	1,651,498	111,630,766	
Depreciation charge	2,405,379	2,548,470	1,213,237	480,864	5,160,848	18,143	243,639	12,070,580	
Disposals	-	-	(111,913)	(19,271)	(1,273,967)	(93,500)	(40,071)	(1,538,722)	
Currency translation differences	(29,607)	(140)	(256,724)	(105,787)	(700,277)	4,910	(91,050)	(1,178,675)	
At 31 December 2021	30,368,553	31,004,189	10,821,371	8,615,979	36,965,948	1,443,893	1,764,016	120,983,949	
Carrying amount:									
At 31 December 2021	4,662,781	4,817,997	3,725,256	938,843	9,805,733	38,416	483,101	24,472,127	
At 31 December 2020	7,085,536	7,380,550	3,666,664	1,226,935	11,894,152	48,229	586,573	31,888,639	

The Group has pledged property, plant and equipment having a carrying amount of approximately \$6.5 million (31 December 2020 : \$8.5 million) to secure banking facilities granted to the Group (Note 20).

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

18 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Deferred tax assets	1,511,575	1,538,667
Deferred tax liabilities	(2,201,299)	(2,303,722)

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

	Fair value losses/ Actuarial losses	Tax losses	Total
	\$	\$	\$
<u>The Group</u>			
<i>Deferred tax assets</i>			
At 1 January 2020	120,629	1,357,145	1,477,774
Credited to profit or loss (Note 29)	–	152,542	152,542
Currency translation differences	(28,765)	(130)	(28,895)
Defined benefit plans (Note 29)	(62,754)	–	(62,754)
At 31 December 2020	29,110	1,509,557	1,538,667
Credited to profit or loss (Note 29)	–	87,654	87,654
Currency translation differences	(282)	(89,858)	(90,140)
Defined benefit plans (Note 29)	(24,606)	–	(24,606)
At 31 December 2021	4,222	1,507,353	1,511,575

	Fair value (gains) losses	Accelerated tax depreciation	Total
	\$	\$	\$
<u>The Group</u>			
<i>Deferred tax liabilities</i>			
At 1 January 2020	(342,950)	(1,850,399)	(2,193,349)
Charged to profit or loss (Note 29)	–	(122,192)	(122,192)
Currency translation differences	(118,002)	129,821	11,819
At 31 December 2020	(460,952)	(1,842,770)	(2,303,722)
Credited to profit or loss (Note 29)	–	13,004	13,004
Currency translation differences	17,111	72,308	89,419
At 31 December 2021	(443,841)	(1,757,458)	(2,201,299)

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits are probable. The Group has unrecognised tax losses of \$29.2 million (31 December 2020 : \$57.9 million) at the end of the reporting period, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses and capital allowances in their respective countries of incorporation. Included in unrecognised tax losses are losses of \$26.7 million (31 December 2020 : \$55.1 million) that will expire in 2027. Other losses have no expiry date. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately \$43.8 million (31 December 2020 : \$37.5 million). No 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.

19 TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$
Trade payables to third parties:				
At amortised cost	507,645,057	257,981,408	–	–
Participation trade payables:				
At amortised cost	20,002,632	20,324,190	–	–
Designated as at fair value through profit or loss	38,181,873	40,654,683	–	–
Accrued operating expenses	86,556,787	99,065,688	6,390,674	6,509,659
Amount due to subsidiaries	–	–	47,080,958	127,037,710
Other payables	22,131,601	25,011,632	–	–
	674,517,950	443,037,601	53,471,632	133,547,369
Analysed as:				
Current	652,660,977	415,025,607	53,471,632	133,547,369
Non-current	21,856,973	28,011,994	–	–
	674,517,950	443,037,601	53,471,632	133,547,369

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Participation trade payables comprise of fully funded loan participation and equity participation amounts that were received by the Group. The related loan participation and equity participation agreements include credit-linked clauses or delivery options that allow the Group to deliver the underlying referenced assets to the participants as full and final settlement at the Group's discretion. The loan participation agreements will be terminated on the maturity date. The referenced assets underpinning these participation trade payables have carrying amount of \$54,701,599 (31 December 2020 : \$58,359,905) in trade and other receivables (Note 8), and \$2,433,451 (31 December 2020 : \$2,621,543) in other financial assets, at FVTPL (Note 9). The carrying amounts of these participation trade payables, which are repayable on demand, approximate the fair values of the underlying referenced assets.

Accrued operating expenses include the employee benefit obligations amounting to \$5,283,939 (31 December 2020 : \$5,354,189) and \$1,180,774 (31 December 2020 : \$1,354,203) arising from post-employment benefit plans operated under Thailand Labour Protection Act and Indonesia Labour Law respectively by subsidiaries of the Company. Details of the relevant information of employee benefit obligations are set out in Note 37 to the financial statements.

The carrying amounts of trade and other payables approximate their fair values.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

20 BORROWINGS

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$
<i>Current</i>				
Bank overdrafts:				
- with related parties [Note 5(c)]	4,798,311	6,841,743	-	-
- with non-related banks	4,370,903	-	-	-
	<u>9,169,214</u>	<u>6,841,743</u>	<u>-</u>	<u>-</u>
Short-term bank loans:				
- with related parties [Note 5(c)]	541,364,216	675,516,257	4,454,650	14,600,000
- with non-related banks	640,500,579	488,044,424	-	-
	<u>1,181,864,795</u>	<u>1,163,560,681</u>	<u>4,454,650</u>	<u>14,600,000</u>
Total borrowings	<u>1,191,034,009</u>	<u>1,170,402,424</u>	<u>4,454,650</u>	<u>14,600,000</u>

The carrying amounts of borrowings approximate their fair values.

Short-term bank loan of the Company with a related party bears effective interest rate of 0.69% per annum (31 December 2020 : 1.08% per annum). It is secured with a fixed charge over immovable fixed assets and a floating charge over all assets of the Company, and is due within 1 month (31 December 2020 : 1 month) from the end of the reporting period.

The terms of bank overdrafts and short-term bank loans of the Group at the end of the reporting period are as follows:

31 December 2021

Short-term bank loans

\$	Weighted average effective interest rates	Security, if any	Maturity
Balances with related parties			
<u>541,364,216</u>	0.81% per annum	A fixed charge over immovable fixed assets and a floating charge over all assets of a subsidiary.	Due within 1 month from the end of the reporting period.
Balances with non-related banks			
<u>634,027,679</u>	0.76% per annum	A fixed charge over immovable fixed assets and a floating charge over all assets of a subsidiary.	Due within 1 month from the end of the reporting period.
<u>6,472,900</u>	2.55% per annum	Unsecured	Due within 1 month from the end of the reporting period.

31 December 2020

Short-term bank loans

\$	Weighted average effective interest rates	Security, if any	Maturity
Balances with related parties			
<u>668,927,257</u>	0.82% per annum	A fixed charge over immovable fixed assets and a floating charge over all assets of a subsidiary.	Due within 1 month from the end of the reporting period.
<u>6,589,000</u>	2.59% per annum	Unsecured	Due within 2 months from the end of the reporting period.
Balances with non-related banks			
<u>473,219,174</u>	1.01% per annum	A fixed charge over immovable fixed assets and a floating charge over all assets of a subsidiary.	Due within 1 month from the end of the reporting period.
<u>14,825,250</u>	2.69% per annum	Unsecured	Due within 1 month from the end of the reporting period.

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					
	1 January 2021	Financing cash flows	New lease liabilities	Foreign exchange movement	Other changes (i)	31 December 2021
	\$	\$	\$	\$	\$	\$
<u>The Group</u>						
Short-term bank loans:						
- with related parties [Note 5(c)]	675,516,257	(134,152,041)	-	-	-	541,364,216
- with non-related banks	488,044,424	152,456,155	-	-	-	640,500,579
	<u>1,163,560,681</u>	<u>18,304,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,181,864,795</u>
Lease liabilities (Note 21)	14,883,351	(6,760,044)	3,065,477	(378,155)	465,612	11,276,241
	<u>1,178,444,032</u>	<u>11,544,070</u>	<u>3,065,477</u>	<u>(378,155)</u>	<u>465,612</u>	<u>1,193,141,036</u>

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

	Non-cash changes					
	1 January 2020	Financing cash flows	New lease liabilities	Foreign exchange movement	Other changes (i)	31 December 2020
	\$	\$	\$	\$	\$	\$
<u>The Group</u>						
Short-term bank loans:						
- with related parties [Note 5(c)]	775,913,827	(100,397,570)	–	–	–	675,516,257
- with non-related banks	52,659,489	435,384,935	–	–	–	488,044,424
	828,573,316	334,987,365	–	–	–	1,163,560,681
Lease liabilities (Note 21)	18,486,970	(5,353,163)	2,536,529	(1,500,540)	713,555	14,883,351
	847,060,286	329,634,202	2,536,529	(1,500,540)	713,555	1,178,444,032

(i) Other changes include interest accruals.

21 LEASE LIABILITIES

	The Group	
	31 December 2021	31 December 2020
	\$	\$
<u>Maturity analysis:</u>		
Year 1	5,811,612	6,128,346
Year 2	3,866,096	4,854,650
Year 3	2,184,303	3,094,146
Year 4	5,601	1,874,686
Year 5	3,734	–
	11,871,346	15,951,828
Less: Unearned interest	(595,105)	(1,068,477)
	11,276,241	14,883,351
Analysed as:		
Current	5,432,687	5,457,966
Non-current	5,843,554	9,425,385
	11,276,241	14,883,351

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's Finance function.

22 DEBTS ISSUED

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Notes issued:		
At amortised cost	28,382,415	29,165,315
Designated as at fair value through profit or loss	232,197,023	284,875,280
	<u>260,579,438</u>	<u>314,040,595</u>

In 2010, the Group established a USD1,000,000,000 multi-currency structured note programme arranged by a related party in which the Group may raise funds through the issuance of notes from time to time under the programme. The terms and conditions of notes issued, have taken into consideration the terms and conditions of the corresponding underlying referenced assets (Note 8).

These notes were issued at par with maturities ranging from March 2024 to February 2039 (31 December 2020 : from March 2024 to February 2039) under certain structured transactions entered into by the Group. The credit-linked clauses in the notes allow the Group to deliver the underlying referenced assets [Note 8(b) and 8(c)] to the noteholders as full and final settlement upon the occurrence of a credit event. The notes will be redeemed at carrying amount on the maturity date provided that there is no occurrence of a credit event. These notes can also be redeemed prior to maturity date through physical delivery of the underlying referenced assets at the option of either the noteholder or the Group and are designed to mitigate the Group's exposure to credit risk on the underlying referenced assets. The referenced assets underpinning these notes have carrying amount of \$260,586,870 (31 December 2020 : \$313,967,223) and maturities ranging from March 2024 to February 2039 (31 December 2020 : from March 2024 to February 2039).

The notes with medium term notes as their underlying referenced assets bear effective interest rate ranging from 2.12% to 11.50% per annum in 2021 (31 December 2020 : 2.12% to 11.50% per annum). The effective interest rates realised for the notes with distressed debts as their underlying referenced assets is 7.93% per annum (31 December 2020 : 18.21% per annum).

The carrying amounts of debts issued, which are repayable on demand, approximate the fair values of the underlying referenced assets (Note 8).

23 SHARE CAPITAL

	The Group and The Company			
	2021	2020	2021	2020
	Number of ordinary shares		\$	\$
Issued and paid up:				
At beginning of the year	836,966,171	821,680,133	217,887,018	201,500,384
Issue of shares pursuant to Scrip Dividend Scheme (Note 32)	26,440,054	15,286,038	39,527,880	16,386,634
At end of the year	<u>863,406,225</u>	<u>836,966,171</u>	<u>257,414,898</u>	<u>217,887,018</u>

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

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

24 RESERVES

	The Group	
	31 December 2021	31 December 2020
	\$	\$
Foreign currency translation reserves [Note 24(a)]	(34,724,653)	(29,466,893)
Statutory reserve [Note 24(b)]	1,899,179	2,058,391
Equity reserve [Note 24(c)]	1,967,587	1,824,847
	<u>(30,857,887)</u>	<u>(25,583,655)</u>

(a) Foreign currency translation reserves

Foreign currency translation reserves represent exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserves.

(b) Statutory reserve

Under the Public Limited Company Act B.E. 2535 of Thailand, a subsidiary, UOB Kay Hian Securities (Thailand) Public Company Limited is required to set aside a statutory reserve of at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The reserve is non-distributable.

In accordance with the Securities Regulation Code of the Philippines, a subsidiary, UOB Kay Hian Securities (Philippines), Inc. is required to set aside a certain minimum percentage of its profit after tax annually and transfer the same amount to a reserve fund.

(c) Equity reserve

The equity reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control.

25 REVENUE

	The Group	
	2021	2020
	\$	\$
Commission income	450,467,732	400,534,080
Trading income	11,350,780	7,949,410
Interest income:		
- fixed deposits with related parties [Note 5(c)]	3,690,822	4,990,855
- fixed deposits with non-related banks	3,363,740	22,038,526
- clients	91,956,331	71,280,782
- others	5,069,491	2,440,895
	104,080,384	100,751,058
Interest income from financial instruments designated as at fair value through profit or loss	19,555,836	27,531,581
Dividend income from quoted/unquoted securities	2,361,736	834,334
Facility, shares withdrawal and arrangement fees	20,486,473	27,910,422
Advisory fees	6,794,798	7,620,278
Other operating revenue	11,929,975	14,461,883
	<u>627,027,714</u>	<u>587,593,046</u>

26 STAFF COSTS

	The Group	
	2021	2020
	\$	\$
Wages, salaries and other staff costs	183,079,799	169,058,351
Less: Wage support from Government grant	(169,926)	(10,333,534)
Employers' contribution to employee benefit plans including Central Provident Fund	6,888,382	6,866,471
	189,798,255	165,591,288

In 2021 and 2020, the Group received wage support for Singapore and Hong Kong employees under Jobs Support Scheme from the Singapore Government and Anti-Epidemic Fund from the Hong Kong Government as part of the Governments' measures to support businesses during the period of economic uncertainty impacted by COVID-19. Government grant income of \$169,926 (2020: \$10,333,534) was recognised during the year and is presented net against the related salary costs.

27 FINANCE EXPENSE

	The Group	
	2021	2020
	\$	\$
Interest expense:		
- borrowings from related parties [Note 5(c)]	7,301,192	10,729,555
- borrowings from non-related banks	7,173,120	2,412,085
- debts issued	17,655,969	28,265,679
- lease liabilities	465,612	713,555
- others	4,824,943	8,826,192
	37,420,836	50,947,066

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

28 OTHER OPERATING EXPENSES

	The Group	
	2021	2020
	\$	\$
Net fair value loss on other financial assets, at fair value through profit or loss	3,060,682	3,047,289
Expense relating to short-term leases and low value assets	1,951,902	1,907,140
Marketing and business promotions	6,861,577	4,620,296
Communication expenses	26,315,095	23,594,080
Contract processing charges	1,247,740	1,396,379
Information services	9,610,287	9,231,269
Depreciation expenses:		
- property, plant and equipment (Note 17)	12,070,580	12,031,100
- right-of-use asset (Note 15)	6,125,606	6,081,299
Net loss on disposal of property, plant and equipment	38,634	129,412
Amortisation of other intangible assets (Note 13)	895,224	1,193,628
Impairment of goodwill (Note 12)	240,967	763,591
Audit fees:		
- paid to auditor of the Company	201,656	184,387
- paid to other auditors	616,108	553,626
Non-audit fees:		
- paid to auditor of the Company	54,373	88,999
- paid to other auditors	11,428	15,406
Maintenance and rental of office equipment	2,059,813	2,152,898
Printing and stationery	893,149	1,030,627
Allowance (Write back of allowance) for trade and other receivables	19,150,270	(44,806)
Other staff cost	10,242,279	7,338,919
General administrative expenses	13,701,219	12,897,728
	115,348,589	88,213,267

29 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	The Group	
	2021	2020
	\$	\$
Tax expense comprises:		
Current income tax:		
- Singapore	14,312,627	18,154,809
- Foreign	6,858,004	5,098,578
	21,170,631	23,253,387
Deferred income tax (Note 18)	(100,658)	(30,350)
	21,069,973	23,223,037
Over provision in prior years:		
- current income tax	(1,311,610)	-
- deferred income tax	(1,662)	(2,810)
	19,756,701	23,220,227

Domestic income tax is calculated at 17% (2020 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	The Group	
	2021	2020
	\$	\$
Profit before income tax	173,589,913	183,930,627
Income tax expense calculated at 17% (2020 : 17%)	29,510,285	31,268,207
Effects of:		
- Singapore statutory stepped income exemption and tax rebate	(69,700)	(129,700)
- Income not subject to tax	(10,451,651)	(8,282,656)
- Expenses not deductible for tax purposes	6,130,627	3,555,755
- Utilisation of previously unused tax losses	(4,921,843)	(5,020,565)
- Tax benefits on tax losses and other temporary differences not recognised	95,089	63,370
- Different tax rates of subsidiaries operating in other jurisdictions	2,063,306	1,704,997
- Others	(2,599,412)	60,819
	19,756,701	23,220,227

Income tax relating to each component of other comprehensive income:

	The Group	
	2021	2020
	\$	\$
Deferred income tax:		
Actuarial movements on defined benefit plans (Note 18)	(24,606)	(62,754)

30 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	The Group	
	2021	2020
	\$	\$
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain on defined benefit plans	111,803	322,759
Deferred tax liability arising on actuarial loss	(24,606)	(62,754)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(7,105,063)	(11,613,882)
Other comprehensive loss for the year, net of tax	(7,017,866)	(11,353,877)

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

31 EARNINGS PER SHARE

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

	2021	2020
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>\$151,881,004</u>	<u>\$159,413,509</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>851,019,241</u>	<u>829,657,273</u>
Basic earnings per share	<u>17.85 cents</u>	<u>19.21 cents</u>

Diluted earnings per share is equal to basic earnings per share as there are no potential ordinary shares outstanding as at 31 December 2021 and 31 December 2020.

32 DIVIDENDS

	The Group and The Company	
	2021	2020
	\$	\$
One-tier tax-exempt final dividend in respect of the year ended 31 December 2020 of 9.5 cents per ordinary share paid (31 December 2019 : 4.2 cents per ordinary share paid)	<u>79,515,150</u>	<u>34,512,663</u>
Dividend paid in cash	39,987,270	18,126,029
Dividend paid through issuance of new shares under the Scrip Dividend Scheme (Note 23)	<u>39,527,880</u>	<u>16,386,634</u>
	<u>79,515,150</u>	<u>34,512,663</u>

At the Annual General Meeting on 28 April 2022, a one-tier tax-exempt final dividend of 8.8 cents per ordinary share in respect of year ended 31 December 2021 amounting to a total of \$75,979,748 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2022.

33 CONTINGENT LIABILITIES

- (a) Obligations by virtue of a subsidiary being a clearing member of Singapore Exchange Securities Trading Limited ("SGX-ST") - secured

At the end of the reporting period, there are contingent liabilities of \$2,208,935 (31 December 2020 : \$2,422,986) in respect of the obligations of a subsidiary to The Central Depository (Pte) Limited ("CDP") by virtue of the subsidiary being a clearing member of the SGX-ST. The contingent liabilities are secured against deposits amounting to \$2,416,612 (31 December 2020 : \$2,349,673) placed by the subsidiary with CDP as disclosed in Note 10(b) to the financial statements.

34 COMMITMENTS

(a) Operating lease arrangements

The Group as a lessor

The Group rents out its property in Singapore under operating leases.

Disclosure required by SFRS(I) 16

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with average lease terms of 3 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	The Group	
	2021	2020
	\$	\$
Within one year	564,679	547,536
In the second to fifth year inclusive	337,629	844,096
Total	902,308	1,391,632

(b) Financial guarantees

The Company has issued corporate guarantees [(Note 4(c)(v))] to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

35 SEGMENT INFORMATION

The Group is organised on a geographical basis, namely Singapore, Hong Kong, Thailand, Malaysia and other countries. The Group provides securities and futures broking and other related services. There is no single external customer that contributes more than 10% of the consolidated revenue.

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2. The information below is also reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

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

	Singapore \$	Hong Kong \$	Thailand \$	Malaysia \$	Others \$	Elimination \$	Total \$
<u>The Group</u>							
<u>2021</u>							
<u>Revenue</u>							
- External sales	252,820,140	118,149,351	62,605,055	60,615,507	9,201,441	-	503,391,494
- Interest income	66,419,619	44,525,350	4,544,976	5,046,723	3,099,552	-	123,636,220
- Inter-segment sales	11,014,983	(302,818)	2,006,602	2,704,662	1,856,506	(17,279,935)	-
	<u>330,254,742</u>	<u>162,371,883</u>	<u>69,156,633</u>	<u>68,366,892</u>	<u>14,157,499</u>	<u>(17,279,935)</u>	<u>627,027,714</u>
Segment results	79,478,496	51,619,878	20,241,520	21,301,445	2,445,606	(1,497,032)	173,589,913
Profit before tax							173,589,913
Income tax expense							(19,756,701)
Profit after tax							<u>153,833,212</u>
Segment assets							
(Note A)	3,015,076,168	1,385,792,194	279,477,547	211,921,171	91,470,447	(464,083,332)	4,519,654,195
Deferred tax assets							<u>1,511,575</u>
Consolidated total assets							<u>4,521,165,770</u>
Segment liabilities							
(Note A)	1,896,829,194	835,801,428	114,471,203	61,717,981	54,276,404	(223,820,882)	2,739,275,328
Income tax payable							17,154,658
Deferred tax liabilities							<u>2,201,299</u>
Consolidated total liabilities							<u>2,758,631,285</u>
<u>Other segment items</u>							
Capital expenditure	821,188	1,301,386	1,331,706	1,516,481	132,825	-	5,103,586
Goodwill	-	-	12,214,359	1,124,530	-	-	13,338,889
Impairment loss of goodwill	-	-	240,967	-	-	-	240,967
Depreciation and amortisation expense	8,290,502	4,526,595	4,281,049	1,429,300	563,964	-	19,091,410
Finance expense	<u>27,540,364</u>	<u>9,535,053</u>	<u>395,945</u>	<u>928,334</u>	<u>397,040</u>	<u>(1,375,900)</u>	<u>37,420,836</u>

	Singapore \$	Hong Kong \$	Thailand \$	Malaysia \$	Others \$	Elimination \$	Total \$
<u>The Group</u>							
<u>2020</u>							
<u>Revenue</u>							
- External sales	230,633,742	108,000,909	52,417,877	62,802,747	5,455,132	-	459,310,407
- Interest income	67,589,674	48,473,672	5,083,759	4,819,667	2,315,867	-	128,282,639
- Inter-segment sales	20,115,635	(2,135,709)	2,375,832	3,354,189	1,735,920	(25,445,867)	-
	<u>318,339,051</u>	<u>154,338,872</u>	<u>59,877,468</u>	<u>70,976,603</u>	<u>9,506,919</u>	<u>(25,445,867)</u>	<u>587,593,046</u>
Segment results	102,937,363	45,785,706	13,259,469	21,003,610	910,479	34,000	183,930,627
Profit before tax							183,930,627
Income tax expense							(23,220,227)
Profit after tax							160,710,400
Segment assets							
(Note A)	2,964,873,996	1,669,193,891	286,617,734	245,653,364	89,468,919	(614,418,031)	4,641,389,873
Deferred tax assets							1,538,667
Consolidated total assets							4,642,928,540
Segment liabilities							
(Note A)	1,812,391,668	1,173,901,161	122,599,020	113,898,927	56,521,802	(317,508,709)	2,961,803,869
Income tax payable							22,734,405
Deferred tax liabilities							2,303,722
Consolidated total liabilities							2,986,841,996
<u>Other segment items</u>							
Capital expenditure	2,410,463	640,699	646,066	1,192,303	658,233	-	5,547,764
Goodwill	-	-	13,555,947	1,144,700	-	-	14,700,647
Impairment loss of goodwill	-	-	763,591	-	-	-	763,591
Depreciation and amortisation expense	8,601,654	4,369,460	4,908,710	1,156,443	269,760	-	19,306,027
Finance expense	<u>38,444,736</u>	<u>14,665,291</u>	<u>610,688</u>	<u>983,197</u>	<u>347,496</u>	<u>(4,104,342)</u>	<u>50,947,066</u>

Note A

The Group operates mainly in the securities/futures broking and structured lending business. There are no other business segments that contribute more than 10% of the combined revenue, net profit or assets of all operating segments.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

36 LISTING OF COMPANIES IN THE GROUP

Name of company	Principal activities	Country of incorporation	Proportion of ownership and voting power			
			Company		Subsidiaries	
			2021	2020	2021	2020
			%	%	%	%
Subsidiaries						
PT UOB Kay Hian Sekuritas ^(c)	Stockbroking	Indonesia	99.0	99.0	–	–
UOB Kay Hian Securities (Philippines), Inc. ^(c)	Stockbroking	Philippines	100	100	–	–
UOB Kay Hian Securities (Thailand) Public Company Limited ^(b)	Stockbroking	Thailand	70.7	70.7	17.2	17.1
UOB Kay Hian (U.K.) Limited ^(c)	Arranger	United Kingdom	100	100	–	–
UOB Kay Hian (U.S.) Inc. ^(c)	Stockbroking	United States of America	100	100	–	–
UOB Kay Hian Private Limited ^(a)	Stockbroking	Singapore	100	100	–	–
UOB Kay Hian Trading Pte Ltd ^(a)	Investment trading	Singapore	100	100	–	–
UOB Kay Hian (Malaysia) Holdings Sdn Bhd ^(b)	Under member’s voluntary liquidation	Malaysia	100	100	–	–
UOB Kay Hian Overseas Limited ^(b)	Investment holding	Hong Kong, SAR	100	100	–	–
UOB Kay Hian Credit Pte Ltd ^(a)	Money lending	Singapore	100	100	–	–
Trans-Pacific Credit Private Limited ^(a)	Margin financing	Singapore	100	100	–	–
UOB Kay Hian Properties Pte Ltd ^(a)	Investment in Group office premises	Singapore	100	100	–	–
UOB Kay Hian Securities (M) Sdn Bhd ^(b)	Stockbroking	Malaysia	100	100	–	–
A.A. Anthony Securities Sdn Bhd ^(b)	Dormant	Malaysia	100	100	–	–
UOB Kay Hian Credit (M) Sdn Bhd ^(b)	Money lending	Malaysia	100	100	–	–

Name of company	Principal activities	Country of incorporation	Proportion of ownership and voting power			
			Company		Subsidiaries	
			2021 %	2020 %	2021 %	2020 %

Subsidiaries

Held by UOB Kay Hian Private Limited

UOB Kay Hian Nominees Pte Ltd ^(a)	Nominee services	Singapore	–	–	100	100
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Held by UOB Kay Hian Overseas Limited

UOB Kay Hian (Hong Kong) Limited ^(b)	Stockbroking	Hong Kong, SAR	–	–	100	100
UOB Kay Hian Futures (Hong Kong) Limited ^(b)	Futures broking	Hong Kong, SAR	–	–	100	100
UOB Kay Hian Finance Limited ^(b)	Money lending	Hong Kong, SAR	–	–	100	100
UOB Kay Hian (BVI) Limited ^(d)	Investment holding	British Virgin Islands	–	–	100	100
UOB Kay Hian Investment Consulting (Shanghai) Company Limited ^(b)	Investment consulting and research services	People's Republic of China	–	–	100	100

Held by UOB Kay Hian Securities (M) Sdn Bhd

UOB Kay Hian Nominees (Asing) Sdn Bhd ^(b)	Nominee services	Malaysia	–	–	100	100
UOB Kay Hian Nominees (Tempatan) Sdn Bhd ^(b)	Nominee services	Malaysia	–	–	100	100
UOB Kay Hian Wealth Advisors Sdn. Bhd. ^(b)	Wealth management	Malaysia	–	–	100	100

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

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

(c) Audited by other auditors.

(d) Audit not required under the laws of the country of incorporation.

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

Information about the composition of the Group at the end of the financial year is as follows:

(a) Wholly-owned subsidiaries

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		31 December 2021	31 December 2020
Stockbroking	Singapore	1	1
Stockbroking	Malaysia	1	1
Stockbroking	Philippines	1	1
Stockbroking	Hong Kong	1	1
Stockbroking	U.S.A	1	1
Arranger	U.K.	1	1
Investment Trading	Singapore	1	1
Investment Holding	BVI	1	1
Investment Holding	Hong Kong	1	1
Investment in Group office premises	Singapore	1	1
Investment Consulting and Research Services	China	1	1
Money Lending	Singapore	1	1
Money Lending	Hong Kong	1	1
Money Lending	Malaysia	1	1
Margin Financing	Singapore	1	1
Nominee Services	Singapore	1	1
Nominee Services	Malaysia	2	2
Futures Broking	Hong Kong	1	1
Wealth Management	Malaysia	1	1
Under Member's Voluntary Liquidation	Malaysia	1	1
Dormant	Malaysia	1	1
		22	22

(b) Non wholly-owned subsidiaries that have material non-controlling interests

Principal activity	Place of incorporation and operation	Proportion of ownership interests and voting right held by non-controlling interests		Number of non wholly-owned subsidiaries	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Stockbroking	Thailand	12.1%	12.2%	1	1

Summarised financial information in respect of UOB Kay Hian Securities (Thailand) Public Company Limited, a subsidiary that has material non-controlling interest, is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	UOB Kay Hian Securities (Thailand) Public Company Limited	
	31 December 2021	31 December 2020
	\$	\$
Current assets	261,658,854	263,887,573
Non-current assets	18,875,403	23,800,999
Current liabilities	(116,064,983)	(121,722,448)
Non-current liabilities	(1,241,298)	(2,829,190)
Equity attributable to owners of the company	143,493,714	143,185,287
Non-controlling interests	19,734,262	19,951,647
Revenue	69,156,963	59,881,656
Expenses	(53,196,692)	(49,352,201)
Profit for the year	15,960,271	10,529,455
Profit attributable to owners of the company	14,030,674	9,241,703
Profit attributable to the non-controlling interests	1,929,597	1,287,752
Profit for the year	15,960,271	10,529,455
Other comprehensive loss attributable to owners of the company	(11,965,483)	(2,310,850)
Other comprehensive loss attributable to the non-controlling interests	(1,656,424)	(326,562)
Other comprehensive loss for the year	(13,621,907)	(2,637,412)
Total comprehensive income attributable to owners of the company	2,065,191	6,930,853
Total comprehensive income attributable to the non-controlling interests	273,173	961,190
Total comprehensive income for the year	2,338,364	7,892,043
Dividends paid to non-controlling interests	(254,757)	(19,443)
Net cash (outflow) inflow from operating activities	(13,470,695)	26,776,296
Net cash outflow from investing activities	(1,373,528)	(635,247)
Net cash outflow from financing activities	(4,371,556)	(2,714,381)
Net cash (outflow) inflow	(19,215,779)	23,426,668

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

37 EMPLOYEE BENEFIT OBLIGATIONS

The subsidiaries of the Group operate post-employment benefit plans under their respective local legislations, which are considered as unfunded defined benefit plans.

Amounts recognised in accrued operating expenses (Note 19) in respect of the Group's defined benefit plans are as follows:

	The Group	
	31 December	31 December
	2021	2020
	\$	\$
Present value of unfunded obligations	6,464,713	6,708,391
Net liability recognised in statement of financial position	6,464,713	6,708,391

Amounts recognised in statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	The Group	
	2021	2020
	\$	\$
Service cost:		
Current service cost	925,486	984,181
Past service cost	(310,750)	–
Net interest expense	136,713	206,678
Components of employee benefit costs recognised in profit or loss	751,449	1,190,859
Remeasurement on the net defined benefit liability:		
Actuarial (gains) losses arising from changes in financial assumptions	(23,762)	250,998
Actuarial losses arising from changes in demographic assumptions	–	206,090
Actuarial gains arising from changes in experience adjustments	(88,041)	(779,847)
Components of defined benefit costs recognised in other comprehensive income	(111,803)	(322,759)
Exchange differences on foreign plans	(450,464)	(132,792)
Total	189,182	735,308

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

	The Group	
	31 December	31 December
	2021	2020
	\$	\$
Opening defined benefit obligation	6,708,391	6,562,136
Current service cost	925,486	984,181
Past service cost, including gain on curtailments	(310,750)	–
Net interest expense	136,713	206,678
Remeasurement on the net defined benefit liability	(111,803)	(322,759)
Exchange differences on foreign plans	(450,464)	(132,792)
Benefits paid	(432,860)	(589,053)
Closing defined benefit obligation	6,464,713	6,708,391

The principal assumptions used for the purpose of actuarial valuations are as follows:

	The Group	
	31 December 2021	31 December 2020
	\$	\$
<u>Financial assumptions</u>		
Discount rates	1.02% - 7.30%	1.02% - 7.00%
Expected rates of salary increase	0.00% - 7.00%	3.00% - 6.75%
Retirement ages	55 to 60 years	55 to 60 years
Turnover rates	0% to 23%	0% to 23%

Significant actuarial assumptions for the determination of the defined obligation are discount rates, expected rates of salary increase and turnover rates. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate increases (decreases) by 1%, the defined benefit obligation would decrease by \$421,776 or increase by \$480,671 (31 December 2020 : decrease by \$424,551 or increase by \$484,699).
- If the expected rate of salary increases (decreases) by 1%, the defined benefit obligation would increase by \$517,647 or decrease by \$346,733 (31 December 2020 : increase by \$464,253 or decrease by \$309,842).
- If the turnover rate increases (decreases) by 1%, the defined benefit obligation would decrease by \$437,438 or increase by \$259,165 (31 December 2020 : decrease by \$441,169 or increase by \$267,882).
- If the life expectancy increases (decreases) by 1%, the defined benefit obligation would increase by \$17,960 or decrease by \$17,885 (31 December 2020 : increase by \$17,831 or decrease by \$17,757).

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

38 ACQUISITION OF BUSINESS

On 2 August 2019, UOB Kay Hian Securities (M) Sdn Bhd entered into an agreement to acquire the business of a financial advisory company in Malaysia which is licensed under both Bank Negara Malaysia and the Securities Commission of Malaysia for a total consideration of MYR 3.67 million (approximately \$1.21 million). The transaction was completed on 4 May 2020.

- (i) Consideration transferred (at acquisition date fair values)

	2020
	\$
Cash	<u>1,211,520</u>

NOTES TO FINANCIAL STATEMENTS *continued*

31 December 2021

- (ii) Assets acquired and liabilities assumed (at acquisition date fair values)

2020
\$

Non-current assets

Property, plant and equipment

66,820

Net assets acquired

66,820

The gross carrying amount of these property, plant and equipment acquired in the transaction equals their net book values and the fair value of these property, plant and equipment acquired approximate their carrying amounts.

- (iii) Goodwill arising on acquisition

2020
\$

Consideration transferred

1,211,520

Less: Fair value of identifiable net assets acquired

(66,820)

Goodwill arising on acquisition

1,144,700

Goodwill arose in the acquisitions entered into by the Group because the cost of combination included the benefits of a larger client base, future market developments and revenue growth. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from the acquisition was expected to be deductible for tax purposes.

- (iv) Net cash outflow on acquisition of business

2020
\$

Consideration paid in cash, representing net cash outflow

1,211,520

- (v) Impact of acquisition on the results of the Group

Included in the profit for 2020 was \$42,189 attributable to the business unit purchased from Standard Financial Adviser Sdn. Bhd. Revenue for 2020 generated from the business unit acquired amounted to \$2,690,859.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and the Company were issued but not effective.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts - Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

ANALYSIS OF SHAREHOLDINGS

As At 15 March 2022

No. of issued shares	:	863,406,225 ordinary shares
No. of treasury shares	:	Nil
No. of subsidiary holdings	:	Nil
Voting rights	:	One vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	224	2.25	9,392	0.00
100 - 1,000	988	9.95	684,459	0.08
1,001 - 10,000	6,484	65.28	28,481,156	3.30
10,001 - 1,000,000	2,210	22.25	92,299,055	10.69
1,000,001 & above	27	0.27	741,932,163	85.93
Total	9,933	100.00	863,406,225	100.00

TOP TWENTY SHAREHOLDERS

	Name	No. of Shares	%
1	Tye Hua Nominees Private Limited	313,360,043	36.29
2	U.I.P. Holdings Limited	177,229,502	20.53
3	UOB Kay Hian Private Limited	99,914,545	11.57
4	Tang Wee Loke	40,217,504	4.66
5	Citibank Nominees Singapore Pte. Ltd.	22,371,573	2.59
6	Raffles Nominees (Pte) Limited	15,503,999	1.80
7	DBS Nominees Pte Ltd	14,418,727	1.67
8	United Overseas Bank Nominees Pte. Ltd.	10,767,689	1.25
9	Lim And Tan Securities Pte Ltd	9,124,624	1.06
10	OCBC Nominees Singapore Pte Ltd	5,438,960	0.63
11	Phillip Securities Pte Ltd	4,143,893	0.48
12	Ang Jwee Herng	3,209,181	0.37
13	Lau Mei Lea	2,888,494	0.33
14	Maybank Securities Pte. Ltd.	2,700,739	0.31
15	Tung Tau Chyr Walter	2,542,422	0.30
16	Lai Choy Kuen	2,426,400	0.28
17	Chen Chun Nan	2,190,417	0.25
18	Hai Sia Seafood Pte Ltd	2,167,149	0.25
19	Jinli Investment Pte Ltd	1,747,428	0.20
20	Chang Wee Lin	1,632,024	0.19
		733,995,313	85.01

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
United Overseas Bank Limited	–	–	313,360,043 ⁽¹⁾	36.29
U.I.P. Holdings Limited	177,229,502	20.53	–	–
Wee Ee Chao	–	–	275,371,261 ⁽²⁾	31.89
K.I.P. Inc	–	–	98,141,759 ⁽³⁾	11.37

Notes: (1) United Overseas Bank Limited's deemed interest arises from 313,360,043 shares held by Tye Hua Nominees Private Limited
(2) Mr. Wee Ee Chao's deemed interest arises from 177,229,502 shares held by U.I.P. Holdings Limited and 98,141,759 shares held by UOB Kay Hian Private Limited - K.I.P. Inc
(3) K.I.P. Inc's deemed interest arises from 98,141,759 shares registered in the name of UOB Kay Hian Private Limited

PUBLIC FLOAT

Based on available information as at 15 March 2022, approximately 26.71% of issued shares of the Company are held by the public and Rule 723 of the SGX-ST Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be convened and held by way of electronic means on Thursday, 28 April 2022 at 5.30 p.m. to transact the business as set out below.

This notice has been made available on SGXNET and the Company's website at www.uobkayhian.com. Printed copies of this notice will not be despatched to members.

Routine Business

- 1 To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2021 and the auditors' report thereon.
- 2 To declare a first and final one-tier tax exempt dividend of 8.8 cents per ordinary share for the year ended 31 December 2021.
- 3 To approve the sum of S\$289,322 as directors' fees for the year ended 31 December 2021. (2020: S\$265,000)
- 4(a) To re-elect Mr Andrew Suckling, a director who will retire by rotation pursuant to Regulation 91 of the Company's Constitution and who, being eligible, will offer himself for re-election.

Note: Mr Andrew Suckling is an independent director, the chairman of the remuneration committee and a member of the nominating committee. Upon his re-election as a director, he will continue in the said capacities. Detailed information on Mr Suckling is set out in the "Corporate Information" and "Profile of Directors & Key Management Personnel" sections in the Annual Report and "Additional Information on Directors Seeking Re-election" in this notice.

- 4(b) To re-elect Mr Leong Kok Mun, Edmund, a director who will cease to hold office pursuant to Regulation 97 of the Company's Constitution and who, being eligible, will offer himself for re-election.

Note: Mr Leong Kok Mun, Edmund is a non-executive non-independent director and a member of the audit committee. Upon his re-election as a director, he will continue in the said capacities. Detailed information on Mr Leong is set out in the "Corporate Information" and "Profile of Directors & Key Management Personnel" sections in the Annual Report and "Additional Information on Directors Seeking Re-election" in this notice.

- 4(c) To record the retirement of Mr Esmond Choo Liong Gee, a director who will be due for re-election pursuant to Regulation 91 of the Company's Constitution and who will not be seeking re-election.

Note: Upon the retirement of Mr Esmond Choo Liong Gee as a director, he will cease to be a member of the nominating committee. Mr Choo is a non-executive non-independent director.

- 5 To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

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

- 6 Authority to allot and issue shares and convertible securities

That pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total

NOTICE OF ANNUAL GENERAL MEETING *continued*

number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

7 Authority to allot and issue shares pursuant to the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme

That pursuant to Section 161 of the Companies Act 1967, the directors of the Company be empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme.

8 Renewal of Share Buyback Mandate

All capitalised terms in this resolution which are not defined herein shall have the same meanings ascribed to them in the Addendum to Shareholders dated 8 April 2022.

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares or which comprise subsidiary holdings, if any, as at that date) (the "**Maximum Percentage**"), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price, whether by way of:
 - (i) on-market purchases, transacted on the Singapore Exchange Securities Trading Limited through the ready market, and which may be transacted through the Company's subsidiary, a licensed stockbroker, or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases, otherwise than on an approved exchange as defined in the Companies Act, in accordance with an equal access scheme(s) as may be determined or formulated by the directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual,

on the terms set out in the Addendum, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:
 - (i) the date on which the next annual general meeting is held or required by law to be held; or
 - (ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in general meeting, whichever is earlier; or
 - (iii) the date on which the share buybacks are carried out to the full extent mandated; and
- (c) the directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this resolution.

- 9 To transact such other business as can be transacted at an annual general meeting of the Company.

By Order of the Board

Josephine Goh
Company Secretary
Singapore, 8 April 2022

Explanatory notes and statements pursuant to Regulation 54 of the Company's Constitution

Resolution 2 if passed, will give the members the option to participate in the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme to receive new shares in lieu of all of the cash amount of the said dividend pursuant to the terms and conditions as set out in the Scrip Dividend Scheme Statement dated 6 February 2014.

Resolution 6 is to authorise the directors from the date of this meeting until the date of the next annual general meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares and convertible securities which the directors may allot and issue under this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

Resolution 7 is to empower the directors to allot and issue new shares in the Company from time to time, as may be required pursuant to the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme.

Resolution 8 is to renew the Share Buyback Mandate. In the event the Company were to purchase or acquire its Shares, the Company will use internal cash resources and/or external borrowings to finance the purchase or acquisition of those Shares. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the directors of the Company will, principally, consider the availability of internal resources. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this notice as these will depend on whether the Shares are purchased or acquired out of capital or profits, the number of Shares purchased or acquired, the price at which such Shares are purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

An illustration of the total number of Shares which may be purchased or acquired by the Company up to the Maximum Percentage, pursuant to the Share Buyback Mandate, is contained in section 2.3.1 of the Addendum.

An illustration of the maximum amount of financing or funds required for the purchase or acquisition of Shares up to the Maximum Percentage at the relevant Maximum Price in the case of on-market purchases and an illustration of the maximum amount of financing or funds required for the purchase or acquisition of Shares up to the Maximum Percentage at the relevant Maximum Price in the case of off-market purchases, pursuant to the Share Buyback Mandate, are contained in section 2.7.3 of the Addendum.

An illustration of the financial effects of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Company and its subsidiaries, for the year ended 31 December 2021 is set out in section 2.7 of the Addendum.

Notes

- 1 The annual general meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- 2 To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the annual general meeting in person. Members will be able to watch the proceedings of the annual general meeting through a live webcast via their mobile phones, tablets or computers or listen to these proceedings through a live audio feed via telephone. In order to do so, members who wish to watch the live webcast or listen to the live audio feed must pre-register by 5.30 p.m. on 25 April 2022 at <https://attendee.gotowebinar.com/register/4304000205579797518>. Following which members will receive email instructions on how to access the webcast and audio feed of the proceedings of the annual general meeting by 3.00 p.m. on 27 April 2022. Members who do not receive an email by 3.00 p.m. on 27 April 2022 should contact Ms Josephine Goh, by email at AGM2022@uobkayhian.com.
- 3 Members may submit questions relating to the resolutions to be tabled for approval at the annual general meeting. To do so, all questions must be submitted by 5.30 p.m. on 18 April 2022:
 - (a) by email to: AGM2022@uobkayhian.com; or
 - (b) via the Company's website at <https://www.uobkayhian.com/agm.html>; or
 - (c) in hard copy by post to 8 Anthony Road, #01-01, Singapore 229957.

Please note that members will not be able to ask questions at the annual general meeting "live" during the live webcast or live audio feed. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the annual general meeting as received from members no later than 5.30 p.m. on 23 April 2022 via SGXNET and the Company's website at www.uobkayhian.com. In the event that subsequent questions are received after 5.30 p.m. on 18 April 2022, such questions may be addressed at the annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING *continued*

- 4 Members (whether individuals or corporates) who wish to exercise their voting rights at the annual general meeting must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the annual general meeting. In appointing the Chairman of the Meeting as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least 7 working days before the date of the meeting (i.e. by 5.00 p.m. on 18 April 2022).

- 5 The Chairman of the Meeting, as proxy, need not be a member of the Company.

- 6 The instrument appointing the Chairman of the Meeting as proxy must:

- (a) if submitted by email, be received by the Company at ProxyForms2022@uobkayhian.com; or
- (b) if sent by post, be lodged at the registered office of the Company at 8 Anthony Road, #01-01, Singapore 229957,

in either case, by no later than 5.30 p.m. on 25 April 2022, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms via email.

- 7 The Annual Report for the financial year ended 31 December 2021 and the Addendum to Shareholders dated 8 April 2022 in relation to the proposed renewal of the Share Buyback Mandate have been made available on SGXNET and may be accessed at the Company's website as follows:

- (a) the Annual Report at <https://ir2.chartnexus.com/uobkh/doc/AR/ar2021.pdf>; and
- (b) the Addendum to Shareholders at <https://ir2.chartnexus.com/uobkh/doc/ADD/2022.pdf>.

IMPORTANT REMINDER

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its annual general meeting arrangements at short notice. Members are advised to check the Company's website or announcements released on SGXNET for the latest updates on the annual general meeting.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the annual general meeting and/or any adjournment thereof, (b) completing the pre-registration in accordance with this notice, or (c) submitting any question(s) prior to the annual general meeting in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the annual general meeting (including any adjournment thereof);
- (ii) processing of the pre-registration for purposes of granting access to members to the live webcast or live audio feed of the annual general meeting proceedings and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from members received before the annual general meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Andrew Suckling and Mr Leong Kok Mun, Edmund, both of whom are seeking re-election as directors at the annual general meeting, is to be read in conjunction with their respective key information as set out in the “Corporate Information” and “Profile of Directors & Key Management Personnel” sections of the annual report on pages 2 and 37 to 39.

	Andrew Suckling Non-Executive Independent Director	Leong Kok Mun, Edmund Non-Executive Non-Independent Director
Date of appointment	3 May 2016	1 June 2021
Date of last re-appointment	26 April 2019	N.A.
Age	52	46
Country of principal residence	Singapore	Singapore
The Board’s comments on this re-election	The Board has considered the Nominating Committee’s recommendation and assessment of Mr Suckling’s performance, experience, contributions and suitability for re-election as a Non-Executive Independent Director. The Board is satisfied that Mr Suckling will continue to contribute to the effectiveness of the Board.	The Board has considered the Nominating Committee’s recommendation and assessment of Mr Leong’s performance, experience, contributions and suitability for re-election as a Non-Executive Non-Independent Director. The Board is satisfied that Mr Leong will continue to contribute to the effectiveness of the Board.
Working experience and occupation(s) during the past 10 years	<p>2016 to present – Non-Executive Independent Director of UOB-Kay Hian Holdings Limited</p> <p>2006 to 2015 Standard Chartered Bank, Singapore Roles (latest to earliest):</p> <ul style="list-style-type: none"> - Global Head of M&A - Head of Asia M&A - Co-head of Metals & Mining Corporate Advisory - Head of SE Asia M&A and Equity Corporate Finance - Head of SE Asia M&A 	<p>2021 to present – Non-Executive Non-Independent Director of UOB-Kay Hian Holdings Limited</p> <p>2015 to present – Managing Director, Head of Group Investment Banking of United Overseas Bank Limited</p> <p>2013 to 2015 – Managing Director, Head of Asia Debt Capital Markets, Macquarie Capital (Hong Kong)</p> <p>2006 to 2013 – Director, Asia Debt Capital Markets, Bank of America Merrill Lynch (Hong Kong)</p>
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 26,552 ordinary shares held in UOB-Kay Hian Holdings Limited	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	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

NOTICE OF ANNUAL GENERAL MEETING *continued*

	Andrew Suckling Non-Executive Independent Director	Leong Kok Mun, Edmund Non-Executive Non-Independent Director
Other Principal Commitments Including Directorships	Nil	<p>United Overseas Bank Limited – Managing Director, Head of Group Investment Banking</p> <p>Directorships in the following companies:</p> <ul style="list-style-type: none"> • UOB Asset Management Ltd • UOB Asia (Hong Kong) Ltd • United Orient Capital Pte Ltd • UOC SPVI Pte Ltd • United Orient Capital GP Ltd

	Andrew Suckling	Leong Kok Mun, Edmund
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

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PROXY FORM

UOB-KAY HIAN HOLDINGS LIMITED

(Incorporated In The Republic Of Singapore)
Company Registration No. 200004464C

ANNUAL GENERAL MEETING PROXY FORM

This form of proxy has been made available on SGXNET and the Company's website at www.uobkayhian.com. Printed copies of this form of proxy will not be despatched to members.

IMPORTANT

- 1 The annual general meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- 2 To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the annual general meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the annual general meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the annual general meeting.
- 3 For CPF/SRS investors who have used their CPF/SRS moneys to buy shares in UOB-Kay Hian Holdings Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least 7 working days before the date of the meeting (i.e. by 5.00 p.m. on 18 April 2022).
- 4 By submitting an instrument appointing the Chairman of the Meeting as proxy, a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 8 April 2022.

I/We _____ NRIC/Passport/Co. Reg. No. _____

of _____

being a member/members of UOB-Kay Hian Holdings Limited hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held by way of electronic means on Thursday, 28 April 2022 at 5.30 p.m. and at any adjournment thereof. I/We direct the Chairman of the Meeting as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the annual general meeting as indicated hereunder. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as my/our proxy for that resolution will be treated as invalid.

No.	Resolutions	No. of Votes For*	No. of Votes Against*	No. of Votes Abstaining*
Routine Business				
1	To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2021 and the auditors' report thereon			
2	To declare a first and final one-tier tax exempt dividend			
3	To approve directors' fees			
4(a)	To re-elect Mr Andrew Suckling as director			
4(b)	To re-elect Mr Leong Kok Mun, Edmund as director			
5	To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to fix their remuneration			
Special Business				
6	To authorise the directors to allot and issue shares and convertible securities			
7	To authorise the directors to allot and issue shares pursuant to the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme			
8	To approve the proposed renewal of the Share Buyback Mandate			

*Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish the Chairman of the Meeting as your proxy to exercise some of your votes "For" and some of your votes "Against" the relevant resolution and/or to abstain from voting on the relevant resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the relevant boxes provided.

Dated this _____ day of _____ 2022

Total Number Of Ordinary Shares Held

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM

- 1 If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- 2 To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the annual general meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the annual general meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the annual general meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument of proxy, failing which the appointment of the Chairman of the Meeting for that resolution will be treated as invalid.
- 3 The Chairman of the Meeting, as proxy, need not be a member of the Company.
- 4 The instrument appointing the Chairman of the Meeting as proxy must:
 - (a) if submitted by email, be received by the Company at ProxyForms2022@uobkayhian.com; or
 - (b) if sent by post, be lodged at the registered office of the Company at 8 Anthony Road, #01-01, Singapore 229957,in either case, by no later than 5.30 p.m. on 25 April 2022, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms via email.
- 5 The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney. Where the instrument is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.
- 6 Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

UOBKayHian
Your trusted financial partner