UOBKayHian
Your trusted financial partner

FORGING AHEAD, ADVANCING GROWTH

ANNUAL REPORT 2018

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CORPORATE INFORMATION

Board of Directors

Wee Ee Chao
Chairman and Managing Director

Esmond Choo Liong Gee
Senior Executive Director

Tang Wee Loke
Independent Director

Kuah Boon Wee
Independent Director

Andrew Suckling
Independent Director

Chng Seng Hong, Ronny
Non-Executive Director

Audit Committee

Kuah Boon Wee
Chairman

Tang Wee Loke

Chng Seng Hong, Ronny

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

Mdm Chung Boon Cheow

Company Registration No.

200004464C

Registered Office

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

**Registrar and
Share Transfer Office**

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

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-Apr-18*

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.

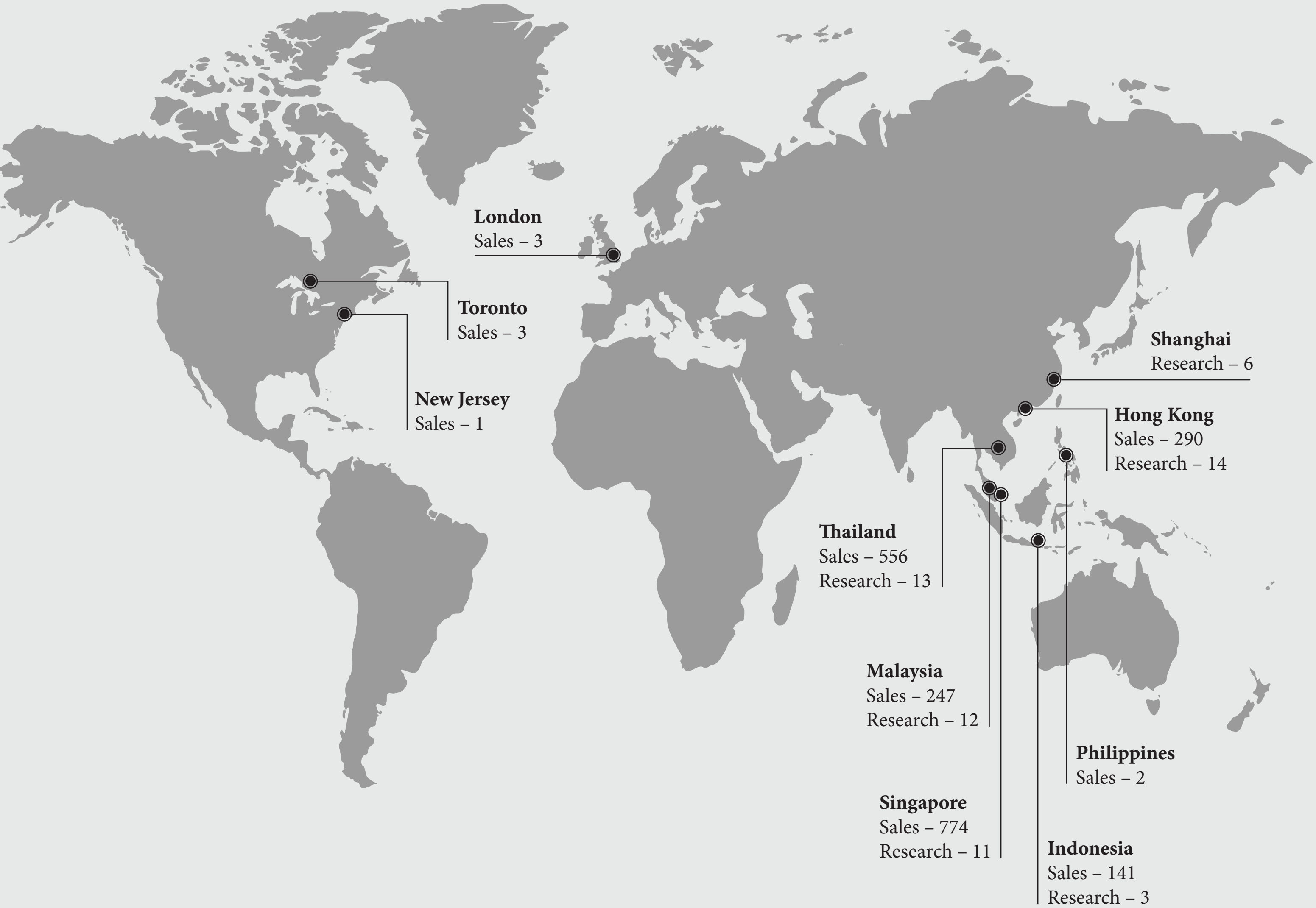
Our regional distribution footprint now spans regional financial centres in Singapore, Hong Kong, Thailand, Malaysia, Indonesia, London, New York and Toronto. In addition, we maintain a research office in Shanghai and an execution presence in the Philippines. We are therefore at the heart of regional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

The Group employs approximately 3,036 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 BUSINESS DIVISIONS

Acquisition Finance

We act as financers and arrangers for principals acquiring strategic stakes in regional listed companies. Our key differentiator is our highly-responsive, innovative and discreet service.

Contract for Difference (CFD)

Our CFD products business offers a large inventory of shares traded on major exchanges. Our Direct Market Access platform provides clients with price transparency at a competitive cost. Our extensive inventory of available counters for covering short positions will soon be expanded to enable trading on global indices.

Corporate Advisory/Finance

We have a dedicated and experienced research team covering the Singapore, Malaysia, Thailand, Indonesia and Greater China markets. As a market leader in Singapore, we provide a full range of corporate finance services ranging from financial advisory and investment banking to underwriting and placement services in both primary and secondary listings.

Internet Trading

Our online customer base and transactions are growing on the back of increased internet trading activity across key global markets. In Singapore, our UTRADE internet platform is a market leader and is trusted and well-regarded for its content and ease of use.

Leveraged Foreign Exchange (LFX)

Our Leveraged Foreign Exchange business allows institutional and retail investors to access the deep liquidity of the global currency market at a competitive cost.

Margin Trading

Our margin trading business complements our sales and distribution capabilities. It is part of a suite of services that we provide as a one-stop service centre for our corporate and high net worth clientele.

Retail and Institutional Sales

UOB-Kay Hian is the largest stockbroker in Singapore, with 774 retail and institutional sales personnel. In addition, we have 1,243 sales executives covering Thailand, Hong Kong, China, the Philippines, Malaysia, Indonesia, the UK, the US and Canada. Supported by our regional research coverage, we are able to provide regional sales distribution services that have both width and depth.

Wealth Management

We have a team of dedicated sales personnel providing wealth management services in Singapore and Hong Kong. Leveraging our knowledge of global markets, we are able to provide bespoke and differentiated advisory services that meet our clients' financial needs.

GROUP FINANCIAL HIGHLIGHTS

	Group For the Year Ended 31.12.2018 (S$'000)	Group For the Year Ended 31.12.2017 (S$'000)	Group For the Year Ended 31.12.2016 (S$'000)	Group For the Year Ended 31.12.2015 (S$'000)
Revenue & Foreign Exchange Gain	**382,326**	379,521	338,113	386,445
Profit from Operations	**86,388**	90,061	70,069	84,903
Profit Before Tax	**86,388**	90,061	70,069	84,903
Profit After Tax	**75,796**	77,524	58,112	72,984
Profit After Tax and Non-controlling Interests	**74,832**	76,249	56,620	71,450
Shareholders' Equity (excluding non-controlling interests)	**1,450,593**	1,386,335	1,358,997	1,310,307
Earnings Per Share	**9.35 cents**	9.67 cents	7.28 cents	9.38 cents
Gross Dividend Per Share[(Note a)]	**4.70 cents**	4.80 cents	3.50 cents	4.50 cents
Net Assets Per Share[(Note b)]	**179.93 cents**	174.86 cents	173.46 cents	169.69 cents
Percentage Return on Shareholders' Equity				
Profit Before Tax	**6.09%**	6.56%	5.25%	6.68%
Profit After Tax	**5.34%**	5.65%	4.35%	5.75%
Profit After Tax and Non-controlling Interests	**5.28%**	5.55%	4.24%	5.63%

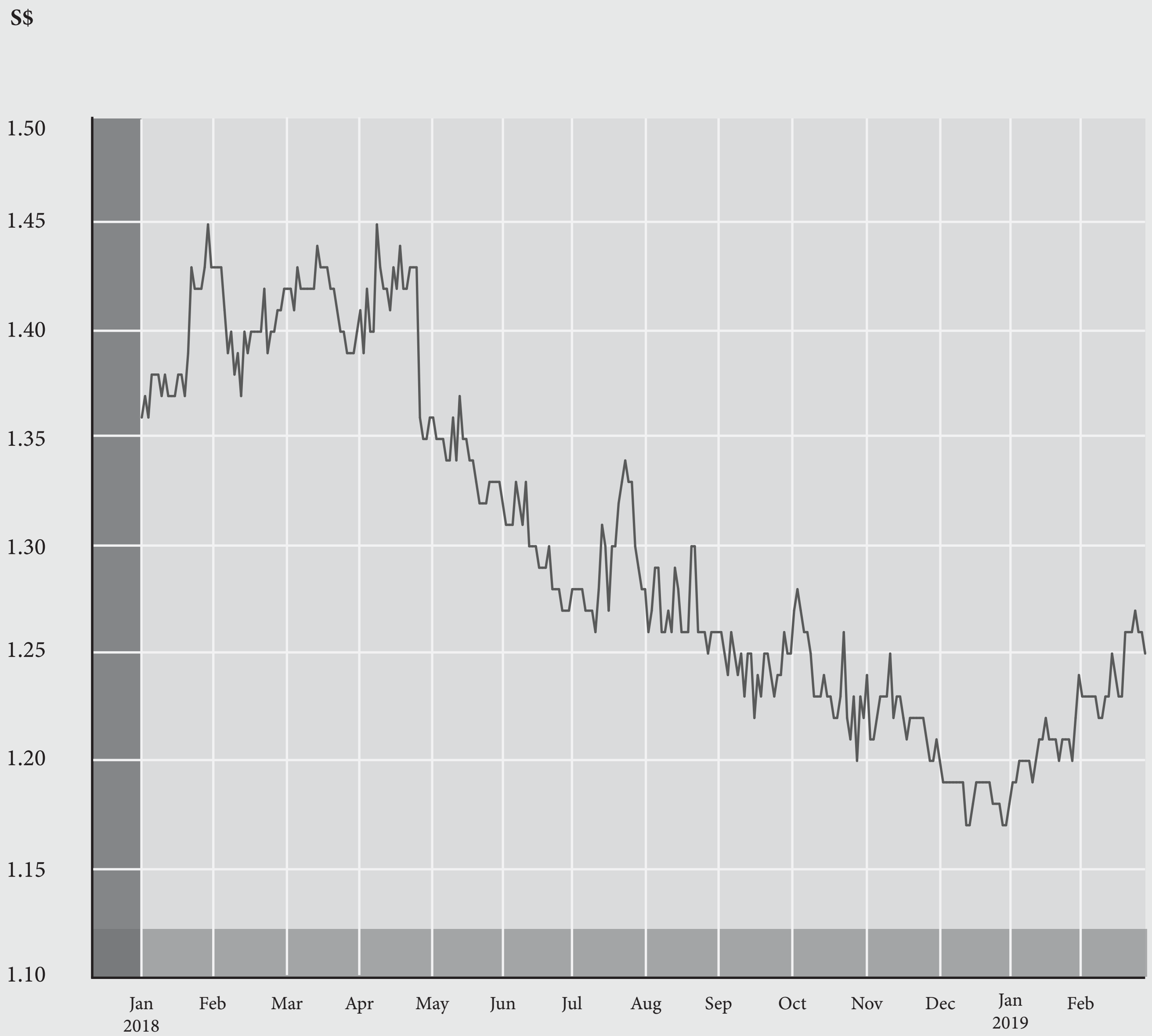
Note

(a) 2018 dividend of 4.7 cents (2017 : dividend of 4.8 cents) is paid/payable on a one-tier tax exempt basis.

(b) Net asset value is derived after deducting 2.3 cents (2017: 2.4 cents) per share attributable to non-controlling interests.

UOB-KAY HIAN SHARE PRICE

From 2 January 2018 to 28 February 2019



LAST CLOSE :S$1.25
HIGH : S$1.45
LOW : S$1.17

2018 OPERATING ENVIRONMENT

2018 was a year of two distinct halves in terms of market sentiment. The euphoria of the 2017 recovery in the global and Asian markets continued to support the regional markets into the early part of 2018.

Market confidence subsequently gave way when the US announced tariffs which had the potential to trigger a trade war with China and concerns intensified over declining growth in the US, China and the global economy, amid four interest rate hikes by the US Federal Reserve bringing benchmark fund rate to 2.5%, up significantly from recent levels.

In the region, a change in government in Malaysia, the first in over six decades, saw a steep fall in Bursa Malaysia's trading volumes post-election arising from changes in the political leadership and their impact on businesses.

2018 can be described as a challenging year for investors in Asian markets as interest shifted away from equities, especially in the final quarter of 2018.

2018 OPERATING PERFORMANCE

Despite the adversities faced by regional markets in 2018, we have achieved a similar level of earnings as that in 2017, which was a better year for global and Asian equities.

2018 group operating revenue decreased marginally by 0.3% to S$375.0m (2017: S$376.2m) while profit after tax declined slightly by 1.9% to S$74.8m (2017: S$76.2m). Our Singapore operations, running in a trade-based economy, bore the brunt of the US-Sino trade issues. Our regional diversification efforts, however, helped insulate us somewhat.

We continue to deepen our Group's service capabilities in wealth management, leverage forex trading and CFDs, and have expanded our corporate advisory services. We are now able to deliver full corporate advisory services in Hong Kong, Indonesia, Malaysia, Singapore and Thailand, complementing our equities transactional business.

We have also embarked on more cost-effective ways to deliver improved trading platforms to our sales staff and agents so as to serve our clients better. By improving our client-facing online trading platforms and tools across the region, we are further enhancing our clients' trading experience.

DIVIDEND

We are maintaining our policy of paying out 50% of distributable profits in dividends. Our Board of Directors has recommended a first and final tax-exempt (one-tier) dividend of S$37,891,167, equal to 4.7 cents per share (2017: 4.8 cents per share).

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

CURRENT YEAR PROSPECTS

A more dovish tone from the US Federal Reserve and more encouraging US-Sino rhetoric towards the end of 2018 have brought some relief. In the first months of 2019, we saw regional markets rally.

However, we continue to expect that geo-political and market uncertainties will be a feature of 2019 and they will impact the regional stock markets in which we operate. As such, we remain cautious on our business prospects for the rest of the financial year.

APPRECIATION

We wish to express our deep appreciation to our shareholders and stakeholders for the continued support for our management.

WEE EE CHAO
Chairman and Managing Director

GREATER CHINA

Review of 2018

Faced with stiffening headwinds of slowing global growth and tight domestic liquidity conditions, China's real GDP growth slowed to 6.6% yoy in 2018 (2017: 6.9% yoy).

Retail sales grew 9.0% yoy in 2018 (2017: 10.3% yoy), weighed by weak auto sales and white goods consumption. Key reasons for the weakness are the cooling of the real estate market, higher funding costs and the collapse of P2P platforms. That said, sales of consumer non-durables and necessities such as petroleum still recorded robust growth of 13.7% yoy and 13.3% yoy respectively.

In line with the slowing economy, inflationary pressure fell; producer price (PPI) inflation declined to 3.5% yoy in 2018 (2017: 6.3% yoy) while core consumer price inflation fell to 1.9% yoy (2017: 2.2% yoy) over the same period. Consumer headline inflation, however, rose 0.5ppt to 2.1% yoy due to higher food prices.

On the policy front, the PBOC cut the reserve requirement ratio (RRR) for banks four times in 2018, leading to a liquidity injection of Rmb2.0t, after netting out the amount used to repay maturing MLF loans. By end-18, the 10-year government bond yield had fallen to 3.3% from the 4.0% high in Jan 18.

Apart from monetary easing, the government has also improved the fiscal impulse via updating the individual income tax (IIT) law, implementing value-added tax (VAT) rate reductions, and issuing Rmb1.35t of local government special purpose bonds to boost infrastructure spending.

Outlook for 2019

China faces an equally tough macro environment in 2019. In a speech in Oct 18, US Vice President Mike Pence outlined the US' intention to challenge the rise of China economically and militarily. Hence, even if a trade deal is reached in Mar 19, China will find her ambitions, especially on the Belt and Road Initiative and 5G technology, being challenged by the US and her allies.

We expect real GDP growth to slow to 6.1% yoy in 2019 as weaker global growth and liquidity continues to bite. Private consumption is expected to remain a stronger growth driver for the year, supported by personal income tax reduction.

In addition, the government is cutting the VAT rate to help the corporate sector, which will lead to a higher fiscal deficit of 4% of GDP this year. Efforts on infrastructure investment have also been stepped up with Rmb1.39t of special purpose bonds already approved for issuance in 1Q19; full-year quota could reach Rmb2.1t. We expect a meaningful rebound in infrastructure investment in 2019, leading to a 6.5% yoy growth in fixed asset investment.

Apart from the fiscal pump-priming, we expect the PBOC to cut the RRR by 2-3ppt this year and continue with MLF injections to boost liquidity. Hence, we expect Chinese 10-year bond yield to hit 3.2% by end-19. Despite the lower Chinese sovereign yield, downside pressure on the renminbi will ease, following a more dovish Fed.

What are the risks? The current monetary easing plan relies heavily on the banking sector to do the heavy lifting. For this to be feasible, the banking sector needs further capital raising in 2019, which could lead to delays.

Stock Market Review for 2018

Chinese equities recorded a dismal performance in 2018, undermined by tightened liquidity condition, heightened policy risks as well as market concern on the ongoing Sino-US trade dispute. The MSCI China index was down 20.3% yoy to 71.20 from 89.35, falling into bear territory. Shanghai A-shares had a steeper fall, down 24.6% yoy over this period.

For the full year, only the utility sector in the MSCI China universe recorded positive returns. On a relative basis, the energy, communications, consumer staples, real estate, financial and industrial sectors outperformed. Consumer discretionary was the worst performer, weighed by negative investor sentiment towards the auto sector.

Stock Market Outlook for 2019

For the year ahead, we expect domestic reflation to be the key theme, ie increased infrastructure investment, lower tax burden and easing financing conditions.

Key beneficiaries will be e-commerce, sportswear, education, building materials, real estate and financials.

INDONESIA

Review of 2018

Indonesia's GDP grew 5.15% in 2018, following the 5.07% growth in 2017. The growth was primarily driven by a recovery in consumption and robust growth in exports fuelled by strong coal prices.

Inflation continued to be under control, rising 3.13% yoy compared with 3.6% in 2017. To reduce the impact of foreign fund outflows on the rupiah, Bank Indonesia raised its benchmark 7-day reverse repo rate six times from 4.25% to 6.0% currently.

The biggest challenge in 2018 was the depreciation of the rupiah by 6.4% from Rp13,384/US$1 in 2017 to Rp14,247/US$1 in 2018. The rupiah stood at Rp13,585/US$1 as of end-17 and Rp14,390/US$1 as of end-18. Although the currency depreciated by less than 10% in 2018, it reached a low of Rp15,238/US$1.

In 2018, emerging markets suffered significant pressure. Given its strong fundamentals, Indonesia outperformed the MSCI Asia Pacific ex Japan index - the Indonesia Stock Market ("JCI") delivered a -6.7% return compared with the MSCI Asia Pacific ex Japan index's -14.8%.

Outlook for 2019

UOB Global Economics and Markets Research

(GEMR) expects Indonesia's economic growth to edge up from 5.2% in 2018 to 5.3% in 2019, primarily driven by an improvement in consumer purchasing power. UOB GEMR estimates inflation at 3.5% this year as inflation could rise as the after-effect of the rupiah depreciation.

In 2019, consumer purchasing power could strengthen on the back of a pro-consumption budget. The budget for social assistance to the less fortunate in 2019 has been raised by 74.8% yoy from Rp77.26t to Rp103.32t. The 2019 budget allocated to subsidies stands at Rp224.2t, up 43.6% from Rp156.2t in 2018. Fuel subsidies are likely to rise 114.1% to Rp100.7t in 2019 (2018: Rp46.9t) while electricity subsidies are expected to increase 24.3% yoy to Rp59.3t (2018: Rp47.7t).

Stock Market Review for 2018

The JCI closed at 6,194 on the last trading day of 2018 compared with 6,356 in 2017. In US dollar terms and factoring in dividends, the JCI declined 6.7% in 2018, outperforming the MSCI Asia Pacific ex Japan index which fell 14.8%.

The best performer in the JCI was the Jakarta Basic Industry and Chemical index which delivered an 18% return, driven by the poultry industry. The second best performer was the JAKMINE index as coal prices remained high. The third best performer was the JAKFIN index which slipped only 1.6% compared with the market's 6.7% decline. The weakest performers were JAKTRAD (-19.1%), JAKPROP (-14.5%) and JAKCONS (-13.7%).

Stock Market Outlook for 2019

The JCI should deliver positive returns in 2019. Our analysis of historical returns indicates a probability of 72.7% (8 out of 11) that the JCI would deliver positive returns in 2019 following the negative returns in 2018. Presidential elections have historically made a positive impact on the JCI, with returns during election years staying consistently positive at a minimal of 20%.

MALAYSIA

Review of 2018

Malaysia's GDP growth moderated amid external (notably US Federal Reserve's balance sheet reduction, US-China trade tension, global slowdown in smartphone demand, and plunging crude oil and CPO prices in 4Q18) and domestic headwinds (eg reduced scope, deferments or cancellations of mega projects following Pakatan Harapan's surprise win in the 14th general election). The World Bank projected Malaysia's GDP growth to reach 4.7% in 2018 (2017: 5.9% growth), vs UOB Global Economics and Market Research's (GEMR) forecast of 4.8%.

The ringgit strengthened 7.2% at the beginning of 2018 against the US dollar before tapering off to record +1.8% as at end-18, backed by healthy foreign reserves (US$101.4b as at 31 Dec 18 vs US$102.4b as at end-17). Crude oil prices breached US$80 during the year; however prices declined 19.5% yoy as at end-18.

Outlook for 2019

Malaysia is expected to deliver respectable economic growth in 2019 (UOB GEMR's forecast: 4.8% GDP growth) despite facing many external and domestic challenges.

Domestic consumption continues to be the key growth driver supported by low inflation and steady OPR at 3.25%, while Malaysia also stands to benefit from trade and FDI diversion arising from the US-China trade tension.

The ringgit has been stable against the greenback year to 25 Jan 19 at RM4.12/US$. There is a risk of further weakness beyond RM4.20/US$ (end-19 forecast: RM4.25/US$) if the weakening trend in other regional currencies resumes.

Stock Market Review for 2018

The FBMKLCI declined 5.9% and small caps plunged by over 30% for the year, after briefly touching their respective year highs in Jan 18. Malaysian equities' disappointing performances were dragged down by a combination of external uncertainties and unprecedented domestic policy changes, which deeply impacted many government-dependent companies and sectors. Consequently, 2018 witnessed significant foreign equity and fixed income outflows.

Stock Market Outlook for 2019

Remain defensive as a cocktail of global liquidity contraction, uncertain outcome in the US-China trade tension and less business-friendly domestic policies suggests continuing market volatility and anaemic corporate earnings growth. Nevertheless, there are trading opportunities as most negative developments have reached their inflection points, eg key soft commodity prices have bottomed out.

Investment themes include: a) beneficiaries of trade and FDI diversion, and b) dividend plays.

We target an end-19 FBMKLCI of 1,760, implying a 2019F PE of 16.8x as we peg the market at an above-historical mean PE multiple.

SINGAPORE

Review of 2018

Singapore's GDP grew 3.3% yoy in 2018 (advanced estimates), in line with the Ministry of Trade and Industry's earlier guidance of 3.0-3.5% but a tad slower than the 3.6% expansion recorded in 2017. Manufacturing, which grew 7.5% in 2018, continued to anchor headline growth, supported mainly by output expansion in the electronics and biomedical manufacturing clusters. This helped to offset the decline in the precision engineering cluster. Singapore's non-oil domestic export (NODX) grew 4.2% in 2018, below official estimates of 5.5-6.0%.

Outlook for 2019

UOB Global Economics and Market Research (GEMR) forecasts Singapore's 2019 GDP growth to moderate to 2.5% yoy. UOB GEMR highlights several potential headwinds to growth. These include a slowdown in manufacturing activity in 2019 as global trade developments (mainly between the US and China) could result in negative spillovers to manufacturers in Singapore and the global electronics slowdown could eventually take a more material toll on the electronics cluster this year. China's weaker growth in 2019 could also pose a drag on Singapore's goods and services demand.

In terms of interest rates, UOB GEMR predicts a rise in 2019, with three-month Singapore Interbank Offered Rate expected to end 2019 at 2.50%.

Stock Market Review for 2018

After the spectacular 18.1% rally in 2017, the FSSTI retreated 9.8% in 2018 as growth and valuation normalised. The FSSTI ended at 3,069 points in 2018 and is still higher than the 2,881 points at the start of 2017.

The sectors which outperformed the FSSTI included land transport (8.6% yoy), finance (-6.7% yoy) and healthcare (-7.1% yoy). Conversely, sectors such as technology (-31.9% yoy), property (-22.2% yoy) and telecommunications (-18.0% yoy) did not fare well in 2018. The underperformance of the telecommunications sector was due to fear of potential competition while the technology sector was negatively impacted by concerns of the US-China trade dispute.

Stock Market Outlook for 2019

We see limited upside in 2019 due to a possible slowdown in global economic growth and macro headwinds. However, there is potential for valuations to rerate if there are positive corporate earnings surprises and stronger global sentiments.

Our 2019 year-end target for the FSSTI is 3,450, based on a 10% discount to average long-term mean P/B and mean PE, with banks and telecommunications underpinning the growth. We would selectively buy on pullback and focus on three investment themes: a) defensive yield-backed names, b) deep value counters, and c) stocks with earnings surprises or specific catalysts.

THAILAND

Review of 2018

Thailand's GDP grew 4.1% in 2018, higher than the 3.9% growth in 2017. Key drivers were private consumption which rose 4.5%, and private and government investment which grew 3.4% and 4.2% respectively. The economy expanded 4.8% in 1H18, underpinned by robust exports and impressive tourism growth, before decelerating in 2H18 on a weakening external sector as exports and tourism softened, hurt by the Sino-US trade tension and slowdown in Chinese tourist arrivals.

Outlook for 2019

UOB Global Economics and Market Research (GEMR) forecasts GDP growth of 4% yoy. The economic outlook has become more volatile and the economy is projected to slow down in 2019 on recession risks arising from the Sino-US trade dispute and Brexit uncertainty. Moreover, the general election may also fray nerves in 2H19 as investors are doubtful about the stability of the domestic economy after the election.

Private consumption is likely to expand on the back of improving non-farm income and employment. Private investment is also expected to drive the economy given the huge contributions from mega projects, and is expected to strengthen further with the promotion of investment privileges and implementation of the Eastern Economic Corridor. Household debt to GDP should remain manageable with most debts being in baht, while Thailand's foreign currency-dominated debt level is low compared with that of other regional countries.

The monetary policy is still moderate and will favour economic growth. Bank of Thailand is likely to hike its policy interest rate by 25bp to 2% in 2H19.

Stock Market Review for 2018

The Stock Exchange of Thailand ("SET") index declined 10.82% in 2018. Thai stocks fell sharply across the board amid global risk aversion caused by trade tension, a drop in crude prices, Brexit risks and softer Chinese data which triggered worries of a slowdown in the world's second-largest economy. Also, local investors lost confidence in the market due to the repeated postponement of the general election and delay of mega projects bidding.

The worst-performing sectors in 2018 were media (-46.66%), construction (-26.59%) and tourism (-22.0%). Foreign investors became net sellers of US$8.96b worth of equities, after selling US$0.80b in 2017.

Stock Market Outlook for 2019

Despite the many challenges ahead, we are optimistic about the equity market's outlook in 2019 given the "goldilocks" atmosphere. The valuations of most stocks have become attractive following the market plunge in 2018 due to concern over the global economic weakness, while financial conditions have eased due to a possible delay in the US rate hike. We see potential fund flows back to emerging markets with Thailand as a prospective beneficiary due to its strong trade balance and current account surplus which is positive for a baht appreciation.

Moreover, Thai equities would also be driven by positive domestic activities due to the upcoming general election in 1Q19 and the coronation of King Rama X in May 2019. Domestic consumption plays are expected to benefit. As volatilities rise, investors should reduce portfolio risks by holding both defensive plays and high dividend yield stocks.

Our key investment themes are: a) recovery in domestic activities and return of foreign direct investment, b) defensive plays, and c) stocks with cheap valuations and high yields. We recommend selective BUYs in the commerce, banking, food, electricity and utilities sectors.

Guideline	Questions	How has the Company complied?[1]
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) & (b) Yes, except that the Company has deviated from Guidelines 1.6 and 9.3 as explained in the respective sections on pgs 13 and 15.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	– material acquisition and disposal of assets – significant investments and funding – corporate guarantees – significant interested person transactions
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) Supports diversity.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) Our Board members have extensive experience in stockbroking, banking operations, corporate finance and investment banking and business and financial management.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The NC reviews the composition of the Board and Board committees having regard to the performance and contribution of each individual director and to ensure diversity of skills and experience within the Board and Board committees. Where there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies required for the replacement. Candidates are sourced through a network of contacts and recommendations. New directors will be appointed by way of a Board resolution and will be given a letter of appointment, after the NC makes the necessary recommendation to the Board.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(i) Please see Guideline 2.6(c) above. (ii) Directors to be re-elected are assessed and recommended by the NC before submission to the Board for approval. In making recommendation for the re-election of directors, the NC will consider each director's contribution and performance.

[1]Responses should be clear and concise to enable shareholders to better understand the Company's corporate governance arrangements.

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) – No formal training is given. – New directors are provided with information on the corporate background, key personnel, various business divisions, group structure and financial statements of the Group. Directors are also kept abreast on regulatory requirements concerning disclosure of interests and restrictions on dealings in securities. The Company also provides a write-up on the directors' duties and responsibilities to assist him in the exercise of his legal, fiduciary and statutory duties under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code of Corporate Governance 2012, Singapore securities legislation and the internal guidelines on securities trading.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b)(i) See Guideline 1.6(a) above. (b)(ii) 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.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) Based on the number of other listed companies' board representations held by our directors, the NC has determined that other listed directorships should be limited to 5 to foster effective commitment and ensure they spend sufficient time to carry out their responsibilities.
	(b) If a maximum number has not been determined, what are the reasons?	(b) N.A.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) Specific considerations when deciding on capacity of directors are: – different capabilities of the directors; – nature of organisation where they hold appointments; – kind of committees they serve on; and – director's own assessment on the demands of his competing interests.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	(a) Objective performance criteria used to assess the performance of the Board include: – comparison with industry peers; – return on assets; and – return on equity.
	(b) Has the Board met its performance objectives?	(b) Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Currently, 50% of the Board is independent.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	(a) N.A.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(b) N.A.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.

Guideline	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	(a) 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 remuneration committee, comprising 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.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(b) The Company is not disclosing this for reasons as explained under (a) above.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	(a) The managing director and executive committee evaluates the performance of the executive directors and key management against business and individual performance criteria, while considering market conditions and prevailing remuneration levels in the industry, when formulating remuneration proposals. This process and the resulting proposals are subject to review and approval by the RC. Performance criteria assess contributions to the short and long term objectives of the Company, including business profitability and needs to be adaptable to market conditions to be effective. As such, we do not specify rigid performance conditions.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	(b) N.A.
	(c) Were all of these performance conditions met? If not, what were the reasons?	(c) N.A.

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	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 Company secretary. There is a procedure where any director may, in the execution of his duties, seek independent professional advice. All directors are regularly updated with changes in the relevant laws and regulations to assist them in discharging their duties and responsibilities.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) 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. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business 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.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) Yes.

Guideline	Questions	How has the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) A sum of $199,450 was paid to the external auditors for non-audit services versus $658,155 for audit fees rendered during the year.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) N.A.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) The Company meets up with the shareholders once a year at the Annual General Meeting ("AGM"). The Company strives to ensure the timely disclosure of key information and all announcements are made through SGXNet. The Company also maintains a website with an Investor Relations section where corporate information, announcements and the Company's annual report can be accessed. At our AGM, shareholders are given the opportunity to express their views and question management on the operation of the Company.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) No. This is done by the board of directors.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) Through postings on the Company's website and press releases.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

This report describes UOB-Kay Hian Holdings Limited's corporate governance practices which are in essence in line with the recommendations in the Code of Corporate Governance 2012 (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' interest. The major processes by which the directors meet their duties are described in this report.

Guidelines

Board Of Directors

The Board comprises 6 directors of which 2 are executive, 1 is non-executive and 3 are independent directors. 50% of the Board is independent.

2.1, 2.2

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.

2.5

Our chairman and managing director, Mr. Wee Ee Chao, is highly regarded within the industry and has extensive experience. 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 3 independent directors, namely Mr. Tang Wee Loke, Mr. Kuah Boon Wee and Mr. Andrew Suckling. 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.

2.3

Mr. Chng Seng Hong, Ronny is a non-executive director and is a member of the Audit Committee.

For more information on the directors, please refer to the "Profile of Directors and Key Management Personnel" on pages 35 to 37.

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

2.7

- 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.

The independence of the independent directors has been thoroughly 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. The independent directors also do not have any cross directorships with any of the Group's companies. In addition, they do not receive any incentive compensation other than the fixed fees which are approved by shareholders at Annual General Meetings. The Board is assured that each independent director is independent in character and judgement, objective and fully committed.

The term of service of each of our independent directors does not exceed 9 years.

2.4

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.

2.8, 3.4

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: 3.2

- 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. 1.3

The Board comprises directors who as a group provide core competencies such as business, finance, management and strategic planning experience and industry knowledge. 2.6

The following is a summary of directors' attendance at meetings of Board and various Board Committees in the financial year 2018: 1.4

Board members	Board	Audit Committee	Remuneration Committee	Nominating Committee	Annual General Meeting
Meetings held	4	4	1	1	1
	Meetings attended				
Mr. Wee Ee Chao	4	N.A.	N.A.	N.A.	1
Mr. Esmond Choo Liong Gee	3	3*	N.A.	1	0
Mr. Tang Wee Loke	4	4	1	1	1
Mr. Kuah Boon Wee	4	4	1	N.A.	1
Mr. Andrew Suckling	4	N.A.	1	1	1
Mr. Chng Seng Hong, Ronny	3	3	N.A.	N.A.	1

* Mr. Esmond Choo Liong Gee attended by invitation of the Audit Committee

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 and Key Management Personnel" on pages 35 to 37. 4.7

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 or her 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. 4.4

The Board does not encourage the appointment of alternate directors and has not encountered any situation which requires such consideration. 4.5

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, 1.5

- quarterly 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 and shareholders 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. 10.2

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 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 adviser was sought. 6.1, 6.2, 10.3 6.5

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. 1.6

Upon appointment, each director is given a letter of appointment and is informed of his/her duties and obligations. 1.7

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: 6.3

– 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 committee meetings.

The appointment and removal of the Company Secretary must be approved by the Board. 6.4

Audit Committee ("AC")

The AC comprises 3 members, namely Mr. Kuah Boon Wee (chairman), Mr. Tang Wee Loke and Mr. Chng Seng Hong, Ronny. Mr. Kuah and Mr. Tang are independent directors and Mr. Chng is a non-executive director. All 3 members have related financial management expertise or experience. 12.1, 12.2

The AC met a total of 4 times during the year. A senior executive director, the heads of internal audit, compliance, finance and the external auditors normally attend the meetings. 12.5

The key terms of reference of the AC are:

– to review the adequacy of the internal control systems; 12.3, 12.4

– 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, having reviewed the 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 $199,450 was paid to the external auditors for non-audit services versus $658,155 for audit fees rendered during the year. The AC annually reviews the independence of the external auditors. 12.6

The Company has complied with rules 712, 715 and 716 of the Listing Manual of the SGX-ST (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. 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. 12.7

The external auditors during their quarterly meetings with the AC will update the members of the relevant changes to the accounting standards. 12.8

None of the members of the AC were at anytime a partner/director of the Company's existing audit firm. 12.9

Internal Control And Risk Management

The Board reviews on a regular basis the adequacy 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. 11.1, 11.2, 11.3

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business 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.

During the year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls. The processes used by the AC to review the 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 has also received assurance from the managing director, the finance director and the internal audit manager 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 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 chairman of the AC. Administratively, the internal auditor reports to the chairman and managing director of the Company. 13.1

The AC is satisfied that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company. 13.2

The internal audit department is staffed by suitably qualified and experienced persons. 13.3

The AC reviews, on a regular basis, the adequacy of the 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. 13.4, 13.5

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. 7.1, 7.3

The RC reviews all aspects of directors' and key management's remuneration. The key terms of reference of the RC are: 7.2

– 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. 8.1

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 contracts of service. 7.4

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 annual general meeting. 8.3

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. 8.2

Contractual provisions for reclaiming incentives do not appear relevant and we will consider such policy when the need arises. 8.4

Disclosure on Directors' Remuneration

The remuneration of the directors of the Company for the financial year ended 31 December 2018 is as follows: 9.1, 9.2

Directors	Total Remuneration (S$'000)	Fees (%)	Fixed Salary (%)	Variable Income (%)	Total (%)
Wee Ee Chao	3,303	–	14.73	85.27	100
Esmond Choo Liong Gee	1,570	–	24.86	75.14	100
Tang Wee Loke	58	100	–	–	100
Kuah Boon Wee	69	100	–	–	100
Andrew Suckling	48	100	–	–	100
Chng Seng Hong, Ronny	45	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 $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. 9.3

The Company and its subsidiaries do not have any employee who is an immediate family member of a director. 9.4

The Company does not have any employee share scheme. Employees may invest in our listed shares and benefit from our Scrip Dividend Scheme. 9.5

Nominating Committee ("NC")

The NC has 3 members comprising 2 independent directors, namely Mr. Tang Wee Loke (chairman) and Mr. Andrew Suckling, and senior executive director Mr. Esmond Choo Liong Gee. 4.1

The key terms of reference of the NC are:

- 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 annual general meeting; 4.2, 4.3, 4.6

- 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 criteria set out in the Code;

- 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 duties and responsibilities effectively.

The NC is also tasked with developing, maintaining and reviewing relevant and appropriate recruitment, development and succession planning processes.

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, 5.3

– 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 has been engaged.

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. Where new directors need to be appointed or existing directors retired, the Chairman will inform and consult the NC. The minutes of the various committee meetings are forwarded to the Board for their review.

Communication With Shareholders

The Board regards the annual general meeting as an opportunity to communicate directly with shareholders and to encourage participative dialogue. The members of the Board will attend the annual general meeting and are available to answer questions from the shareholders present. External auditors are also present to assist directors in addressing relevant queries by the shareholders. 15.1, 15.3, 15.4, 16.3

Separate resolutions are proposed for each issue at the AGM. Minutes of the AGM including a summary of the questions and answers raised at the AGM are available to shareholders upon request. 16.2, 16.4

The Company treats all its shareholders fairly and equitably, and protects and facilitates the exercise of shareholders' rights. 14.1

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 announced through SGXNet after the meeting. 14.2, 16.5

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. 15.2

Dealings In Securities

The Group has 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 a short-term basis.

In accordance with listing rule 1207, the Company and its officers should not deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

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 non-controlling interests 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	Aggregate value of all interested person transactions in FY2018 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted in FY2018 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Peak Properties Pte Ltd	$535,536 (1)	Not applicable
PT UOB Property	$468,577 (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.

STATEMENT OF THE BOARD

The Board recognizes 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.

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, social and environmental issues that are material to the UOB Kay Hian Group of companies. Reports on our economic and operational matters are set out in pages 9 to 11 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 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, customer service hotline	Capital markets, corporate news investment strategy and tools
Regulators	Dialogue and face to face meetings	Regulations, cyber security corporate governance
Employees	Face to face meetings and discussions, corporate events	Performance, work efficiency, product related
Shareholders	Announcements, quarterly reporting, General meetings	Performance, corporate governance

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 Environment, Social and Governance ("ESG") factors necessary for the continuing success of our business:

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

Education
Work with SGX in their various education programs for investors.

Presentation
Offer presentations by fund houses and listed companies.

Technology and Research
Invest heavily in technology and research to help our 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 where necessary are conducted;

(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.

(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 recognize 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 recognize 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 incentivize the right talent. We recognize 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) We conduct regular reviews to ensure that our remuneration package is in line with the industry and commensurate with the job;

(b) In addition to a basic salary, we offer a sustainable performance bonus based on the Company's as well as the employee's performance;

(c) Identify and promote deserving staff with potential to develop their career in the organisation;

(d) Regulatory, technical and soft skills training is conducted to help our staff keep abreast of the demands of their jobs; and

(e) 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 recognize 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 organization.

We believe that the diverse talent we have can only be good for the overall talent development within the organization.

Our multi-generational work force encompasses young millennials to industry veterans who have passed their statutory retirement age and who still have the ability to contribute to the Company and society. We believe a good blend of the young with fresh ideas and the experience of the veterans can only be good for the Company and help us to service our multi-generation client base better.

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 organize company wide gatherings.

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

As part of staff benefits and welfare, long serving staff and sales personnel are recognized with long service awards.

Our workforce which comprises the following remain stable:

AGE PROFILE

	%
35 years and below	24.4
36-50	35.3
>50	40.3
Total	100

GENDER MIX	%
Male	50.9
Female	49.1
Total	100

(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.

We cater to an increasingly technology savvy and sophisticated clientele, reliance on technology to service our clients will increase. We recognize 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 18 to 26 of our annual report.

As a provider of financial services, we recognize 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 organization 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 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 anti-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.

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 recognize that we have obligations to the investing public and society at large.

We tie up with tertiary institutions by offering investment games and internships to their students in order for them to have a better understanding of how to invest and the business environment in which we operate.

We sponsor scholarships to deserving students in tertiary education to recognize their scholastic and all round achievements.

We donate to various charities and community projects.

(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 minimization of our carbon footprint. We constantly remind our employees to reduce paper, power consumption and water usage. Electronic devices, lighting and air condition in the office are where possible turned off after office hours.

Power and Water consumption (Singapore)

	2018	**2017**
Electricity consumption (million)	3.776 kWh	3.916 kWh
Water consumption (cu M)	14.1	15.0

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 are not sending CD roms or hard copy Annual Reports to shareholders as our Annual Reports will be available online from our Company's website.

(b) Our clients

Towards the end of 2016, we have started to implement the delivery of e-statements and e-contract notes to our clients, reducing the printing of physical statements and contracts, thus helping to promote a more sustainable environment and at the same time improving the timeliness of such reports to our clients.

(c) Our staff

(i) We have over the last 3 years 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 email.

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

TARGETS FOR FY2019

Clients

We recognise that client engagement and education continue to be important factors in our business. To this end, we shall continue to organise seminars, workshops and presentations by fund houses and corporates to keep our clients abreast of developments in the capital markets and investment opportunities which are relevant to their needs.

Technology Risk

We continue review and monitor our vulnerability to intruders and hackers and invest in relevant tools to mitigate cybersecurity risks. We will be conducting cybersecurity awareness training to remind our colleagues of how risks can be mitigated.

To ensure business continuity, we will be testing our operational resilience, incident communication procedures to ensure that we are prepared in the event of disruption due to factors beyond our control.

Human Capital

We believe in staff recognition and will be implementing programs outside our normal remuneration structure to encourage our colleagues to provide better service and to promote teamwork.

Governance and Regulatory Compliance

This is an on-going process and we shall continue to engage with the regulators and 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 offer scholarships to students in tertiary education and to engage in community work.

Environment Policies

Over the past year, we have increased the use of electronic communication with our clients and trading representatives in order to reduce our carbon footprint. Plans are in place to further reduce the amount of printed notices and communications. We target to maintain the same level of power and water consumption.

General Standard Disclosures

GRI Reference	Disclosure title	Reference: Annual/Sustainability Report 2018
102-1	Name of the organisation	UOB-Kay Hian Holdings Limited
102-2	Activities, brands, products, and services	Please refer to "Corporate information"
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 York and Toronto.
102-5	Ownership and legal form	Public Limited company listed on the Singapore Exchange and regulated by the Monetary Authority of Singapore and the Singapore Exchange Limited.
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 change
102-11	Precautionary Principle or approach	Please refer to "Critical factors" in the Material Environment, 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"
102-16	Values, principles, standards, and norms of behaviour	Please refer to "Material Environment, Social and Governance Factors" in this report
102-18	Governance structure	Please refer to "Corporate Governance 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

GRI Reference	Disclosure title	Reference: Annual/Sustainability Report 2018
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 the annual report
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 Environment, 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 2018
102-51	Date of most recent report	31 December 2017
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

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 37 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. 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 is a member of the Group Executive Committee and is involved in the strategic planning and development of the Group's Equity and Capital Market business. He was appointed a member of the nominating committee on 1 May 2015.

He has proactively served in various industry committees and was the past 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. Choo has accumulated substantial experience in the finance and insurance sectors since 1986.

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. He joined the board in October 2006 and assumed his current position in July 2010. 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). Before PSA, Mr. Kuah was Chief Financial Officer of ST Engineering and Hongkong Land Holdings.

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 on the Council of the Singapore Chinese Chamber of Commerce & Industry and is also Chairman of NTUC LearningHub. He has been on the board of The Hour Glass Limited since 1 April 2011 and is the lead Independent Director.

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 27 years of experience in the finance industry, primarily working in investment banking. He is based in Singapore.

Mr. Chng Seng Hong, Ronny – was appointed a Non-executive Director of UOB-Kay Hian Holdings Limited and a member of the Audit Committee on 1 June 2017.

Mr. Chng is the Managing Director, Head of Corporate Banking Overseas of United Overseas Bank Limited ("UOB"). He is responsible for the Group's corporate banking business ex-Singapore. He joined UOB in 2008. Prior to his appointment in 1 January 2017, he was the Head of Group Investment Banking. Prior to this, he was the Head of Debt Capital Markets.

He holds a Master of Business and a Bachelor of Business (Financial Analysis) from Nanyang Technological University and has over 21 years' experience in the financial industry.

Key Management Personnel of the Group

Singapore

Mr. Tan Chek Teck (Senior Executive Director) – holds a Bachelor of Commerce (Honors) degree from the University of Edinburgh. He trained and qualified as a chartered accountant in Edinburgh, Scotland with an international public accounting firm. He subsequently went on to join OUB Securities Pte Ltd in 1990 before it was integrated into UOB Kay Hian Private Limited in 2002.

Mr. Tan is part of the senior management team and is Head of Operations of the Group.

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 (Hong Kong) Limited, he had extensive experience in managing the securities business in Hong Kong.

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.

Ms. Oh Whee Mian (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. 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. 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.

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.

Malaysia

Mr. David Lim Meng Hoe (Managing Director) – holds a Bachelor of Economics from Monash University and has over 35 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.

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 26 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. Mickey Lee Long Chin (Deputy Managing Director) – holds a Bachelor of Engineering degree from the National University of Singapore. He was appointed the Deputy Managing Director of UOB Kay Hian (Hong Kong) Limited in 2006. He is involved in the general management of the Hong Kong operations. Mr. Lee has more than 31 years experience in the stockbroking industry in Hong Kong and Singapore. He is also a Director of The Hong Kong Association of Online Brokers Limited.

Thailand

Mr. Chaipat Narkmontanakum (Chief Executive Officer) – holds a Master Degree in Business Administration from University of La Verne, USA. He has more than 21 years of experience in the stockbroking industry in Thailand. He previously worked for Nava Securities, BNPP 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

Mr. Himawan Gunadi (Managing Director) – holds a Bachelor of Business Administration in Finance from the University of Texas and has a degree in Master of Business Administration in Finance from the University of Northrop, California. He has more than 27 years working experience in the stockbroking industry. He joined PT UOB Kay Hian Securities in October 2006 as the Managing Director and is responsible for developing the Company's retail and institution business in Indonesia.

Prior to joining the Group, he was the Director & Head of Local Equity Sales of DBS Vickers Securities Indonesia and the Director of Local Equity Sales of Peregrine Securities before that.

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 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 45 to 127 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 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Wee Ee-chao
Tang Wee Loke
Esmond Choo Liong Gee
Kuah Boon Wee
Andrew Suckling
Chng Seng Hong

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 except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
<u>The Company</u>				
(Ordinary shares)				
Wee Ee-chao	–	–	210,153,074	225,544,497
Tang Wee Loke	34,373,768	35,695,836	2,414,747	2,507,622
Andrew Suckling	–	–	22,195	23,049

By virtue of Section 7 of the Singapore Companies Act, 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 2019 except for Mr Wee Ee-chao, whose interest has increased to 225,748,997 shares.

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 and Mr Chng Seng Hong. 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 and external 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 quarterly, 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.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wee Ee-chao

Esmond Choo Liong Gee

Singapore
29 March 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying 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 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 127.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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 scope of our audit responded to the matters**
Trade receivables, trade payables and debts issued	
(a) Allowance for impairment of trade receivables	
Refer to Notes 3(ii)(b), 4(c)(iv)-(v) and 8 to the financial statements respectively.	
Trade 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 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 from credit lending activities, on a sample basis, by critically assessing the realisation of collateral and other possible sources of repayment. 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.

Key audit matters	How the scope of our audit responded to the matters
(b) Valuation of level 3 financial instruments designated as at fair value through profit or loss recognized in trade receivables, trade payables and debts issued *Refer to Notes 3(ii)(d), 4(c)(vii), 8, 18 and 20 to the financial statements respectively.*	
The Group has certain financial instruments designated as at fair value through profit or loss. 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.	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. 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. 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.
Goodwill impairment review *Refer to Notes 3(ii)(c) and 12 to the financial statements.*	
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 THB 352.3 million (approximately $14.8 million). Under SFRS(I) 1-36 *Impairment of Assets*, 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.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: • 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. 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.

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.

- 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

29 March 2019

	Note	The Group 31 December 2018 $	31 December 2017 $ Restated	1 January 2017 $ Restated	The Company 31 December 2018 $	31 December 2017 $	1 January 2017 $
ASSETS							
Current assets							
Cash and cash equivalents	6	**663,754,191**	627,329,927	545,902,545	**184,548**	183,809	215,966
Outstanding contracts receivable	7(a)	**463,703,339**	714,293,088	622,293,526	**–**	–	–
Trade and other receivables	8	**1,994,905,373**	1,868,914,754	1,477,873,355	**–**	–	–
Other financial assets, at fair value through profit or loss	9	**35,765,754**	31,721,175	38,403,687	**–**	–	–
Other current assets	10	**48,123,435**	47,820,797	40,184,560	**70,679,015**	76,125,580	69,515,094
Derivative financial instruments	11	**40,922,276**	2,324,802	1,658,094	**–**	–	–
Total current assets		**3,247,174,368**	3,292,404,543	2,726,315,767	**70,863,563**	76,309,389	69,731,060
Non-current assets							
Trade and other receivables	8	**2,517,153**	1,844,250	43,155,639	**204,930**	200,535	217,020
Goodwill	12	**14,824,954**	14,027,773	14,136,798	**–**	–	–
Subsidiaries	13	**–**	–	–	**364,205,022**	364,205,022	359,373,522
Available-for-sale investments	14	**–**	1,874,798	1,999,415	**–**	–	–
Other financial assets, at fair value through profit or loss	9	**1,303,979**	–	–	**–**	–	–
Trading rights in Exchanges	15(a)	**94,535**	94,504	103,024	**–**	–	–
Memberships in Exchanges	15(b)	**224,945**	220,045	218,688	**–**	–	–
Property, plant and equipment	16	**36,689,161**	40,924,146	45,365,419	**–**	–	–
Deferred tax assets	17	**1,051,174**	1,368,753	1,242,674	**–**	–	–
Total non-current assets		**56,705,901**	60,354,269	106,221,657	**364,409,952**	364,405,557	359,590,542
Total assets		**3,303,880,269**	3,352,758,812	2,832,537,424	**435,273,515**	440,714,946	429,321,602

See accompanying notes to financial statements.

		The Group			The Company		
	Note	**31 December 2018 $**	31 December 2017 $ Restated	1 January 2017 $ Restated	**31 December 2018 $**	31 December 2017 $	1 January 2017 $
LIABILITIES							
Current liabilities							
Outstanding contracts payable	7(b)	**446,965,057**	678,492,454	630,029,740	**–**	–	–
Trade and other payables	18	**162,727,407**	428,736,945	181,801,355	**50,576,480**	64,139,834	74,146,890
Borrowings	19	**977,251,955**	666,770,621	488,091,646	**400,000**	867,915	907,480
Other financial liabilities, at fair value through profit or loss		**–**	882	–	**–**	–	–
Debts issued	20	**197,504,251**	159,834,274	143,032,376	**–**	–	–
Income tax payable		**7,782,040**	7,763,748	8,492,107	**77,072**	18,021	–
Derivative financial instruments	11	**40,945,236**	2,315,070	1,016,103	**–**	–	–
Total current liabilities		**1,833,175,946**	1,943,913,994	1,452,463,327	**51,053,552**	65,025,770	75,054,370
Non-current liabilities							
Trade and other payables	18	**–**	2,011,033	166,783	**–**	–	–
Deferred tax liabilities	17	**1,345,799**	1,304,138	875,517	**–**	–	–
Total non-current liabilities		**1,345,799**	3,315,171	1,042,300	**–**	–	–
Total liabilities		**1,834,521,745**	1,947,229,165	1,453,505,627	**51,053,552**	65,025,770	75,054,370
EQUITY							
Capital, reserves and non-controlling interests							
Share capital	21	**184,265,474**	167,565,001	155,615,517	**184,265,474**	167,565,001	155,615,517
Reserves	22	**(20,822,114)**	(30,419,452)	2,923,322	**–**	–	–
Retained earnings		**1,287,149,707**	1,249,189,375	1,200,458,101	**199,954,489**	208,124,175	198,651,715
Equity attributable to owners of the Company		**1,450,593,067**	1,386,334,924	1,358,996,940	**384,219,963**	375,689,176	354,267,232
Non-controlling interests		**18,765,457**	19,194,723	20,034,857	**–**	–	–
Total equity		**1,469,358,524**	1,405,529,647	1,379,031,797	**384,219,963**	375,689,176	354,267,232
Total liabilities and equity		**3,303,880,269**	3,352,758,812	2,832,537,424	**435,273,515**	440,714,946	429,321,602
Clients' trust/segregated accounts							
Bank balances							
- with related parties		**786,259,809**	651,790,813	499,997,535	**–**	–	–
- with non-related banks		**1,644,595,173**	1,402,005,806	1,074,794,298	**–**	–	–
Margin with clearing house		**51,004,740**	48,258,031	35,075,147	**–**	–	–
Investment in government debt securities		**19,675,831**	–	–	**–**	–	–
Less: Amounts held in trust		**(2,501,535,553)**	(2,102,054,650)	(1,609,866,980)	**–**	–	–
		–	–	–	**–**	–	–

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2018

	Note	The Group 2018	2017
		$	$
Revenue	23	**374,972,772**	376,221,289
Net foreign exchange gain		**7,353,472**	3,299,769
Commission expense		**(53,806,911)**	(56,917,040)
Staff costs	24	**(130,365,414)**	(126,082,206)
Finance expense	25	**(36,977,150)**	(31,662,164)
Other operating expenses	26	**(74,788,389)**	(74,798,318)
Profit before income tax		**86,388,380**	90,061,330
Income tax expense	27	**(10,591,967)**	(12,537,541)
Profit for the year		**75,796,413**	77,523,789
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on defined benefit plans	28, 35	**597,584**	(83,976)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	27	**(124,295)**	20,994
		473,289	(62,982)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	28	**10,432,434**	(34,016,009)
Available-for-sale investments	28	**–**	10,286
Income tax relating to components of other comprehensive income that may be reclassified subsequently	27	**–**	(3,086)
		10,432,434	(34,008,809)
Other comprehensive income (loss) for the year, net of tax	28	**10,905,723**	(34,071,791)
Total comprehensive income for the year		**86,702,136**	43,451,998
Profit attributable to:			
Owners of the Company		**74,832,489**	76,249,411
Non-controlling interests		**963,924**	1,274,378
		75,796,413	77,523,789
Total comprehensive income attributable to:			
Owners of the Company		**85,183,551**	42,016,404
Non-controlling interests		**1,518,585**	1,435,594
		86,702,136	43,451,998
Earnings per share			
Basic and diluted	29	**9.35 cents**	9.67 cents

See accompanying notes to financial statements.

	Note	Share capital $	Equity reserve $	Fair value reserve $
The Group				
Balance as at 1 January 2017		155,615,517	51,740	1,132,168
Impact of adopting SFRS(I) 1	37	–	–	–
Restated opening balance under SFRS(I) 1		155,615,517	51,740	1,132,168
Total comprehensive income for the year				
Profit for the year		–	–	–
Other comprehensive income for the year		–	–	(85,737)
Total		–	–	(85,737)
Transactions with owners, recognised directly in equity				
Transfer to statutory reserve		–	–	–
Final dividend for 2016 paid	30	11,949,484	–	–
Acquisition of additional interest in a subsidiary		–	760,934	–
Payment of dividend by a subsidiary		–	–	–
Balance as at 31 December 2017		167,565,001	812,674	1,046,431
Impact of adopting SFRS(I) 9	**37**	**–**	**–**	**(1,046,431)**
Restated opening balance under SFRS(I) 9		**167,565,001**	**812,674**	**–**
Total comprehensive income for the year				
Profit for the year		**–**	**–**	**–**
Other comprehensive income for the year		**–**	**–**	**–**
Total		**–**	**–**	**–**
Transactions with owners, recognised directly in equity				
Transfer to statutory reserve		**–**	**–**	**–**
Final dividend for 2017 paid	**30**	**16,700,473**	**–**	**–**
Acquisition of additional interest in a subsidiary		**–**	**630,479**	**–**
Payment of dividend by a subsidiary		**–**	**–**	**–**
Balance as at 31 December 2018		**184,265,474**	**1,443,153**	**–**

See accompanying notes to financial statements.

Foreign currency translation reserves	Statutory reserve [Note 22(c)]	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
$	$	$	$	$	$
(23,719,839)	1,739,414	1,224,177,940	1,358,996,940	20,034,857	1,379,031,797
23,719,839	–	(23,719,839)	–	–	–
–	1,739,414	1,200,458,101	1,358,996,940	20,034,857	1,379,031,797
–	–	76,249,411	76,249,411	1,274,378	77,523,789
(34,105,971)	21,053	(62,352)	(34,233,007)	161,216	(34,071,791)
(34,105,971)	21,053	76,187,059	42,016,404	1,435,594	43,451,998
–	34,901	(34,901)	–	–	–
–	–	(27,420,884)	(15,471,400)	–	(15,471,400)
–	32,046	–	792,980	(1,992,764)	(1,199,784)
–	–	–	–	(282,964)	(282,964)
(34,105,971)	1,827,414	1,249,189,375	1,386,334,924	19,194,723	1,405,529,647
–	**–**	**831,460**	**(214,971)**	**–**	**(214,971)**
(34,105,971)	**1,827,414**	**1,250,020,835**	**1,386,119,953**	**19,194,723**	**1,405,314,676**
–	**–**	**74,832,489**	**74,832,489**	**963,924**	**75,796,413**
9,883,702	**45,794**	**421,566**	**10,351,062**	**554,661**	**10,905,723**
9,883,702	**45,794**	**75,254,055**	**85,183,551**	**1,518,585**	**86,702,136**
–	**58,701**	**(58,701)**	**–**	**–**	**–**
–	**–**	**(38,066,482)**	**(21,366,009)**	**–**	**(21,366,009)**
–	**25,093**	**–**	**655,572**	**(1,711,556)**	**(1,055,984)**
–	**–**	**–**	**–**	**(236,295)**	**(236,295)**
(24,222,269)	**1,957,002**	**1,287,149,707**	**1,450,593,067**	**18,765,457**	**1,469,358,524**

See accompanying notes to financial statements.

	Note	Share capital $	Retained earnings $	Total $
The Company				
Balance as at 1 January 2017		155,615,517	198,651,715	354,267,232
Profit for the year, representing total comprehensive income for the year		–	36,893,344	36,893,344
Final dividend for 2016 paid	30	11,949,484	(27,420,884)	(15,471,400)
Balance as at 31 December 2017		167,565,001	208,124,175	375,689,176
Profit for the year, representing total comprehensive income for the year		**–**	**29,896,796**	**29,896,796**
Final dividend for 2017 paid	**30**	**16,700,473**	**(38,066,482)**	**(21,366,009)**
Balance as at 31 December 2018		**184,265,474**	**199,954,489**	**384,219,963**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2018

	Note	2018 $	2017 $
Operating activities			
Profit before income tax		**86,388,380**	90,061,330
Adjustments for:			
Depreciation expense		**9,017,498**	8,948,432
Net gain on disposal of property, plant and equipment		**(494,680)**	(390,093)
Impairment of goodwill		**1,049,443**	294,459
Dividend income		**(109,447)**	(49,005)
Allowance (Write back of allowance) for trade receivables		**98,845**	(251,500)
Fair value loss on non-current financial assets at FVTPL		**292,630**	–
Interest expense	25	**36,977,150**	31,662,164
Exchange differences		**2,062,372**	7,628,758
Operating cash flows before movements in working capital		**135,282,191**	137,904,545
Changes in operating assets and liabilities:			
Other financial assets, at fair value through profit or loss		**(3,799,076)**	6,388,321
Trade, outstanding contracts and other receivables		**90,400,630**	(469,638,912)
Trade, outstanding contracts and other payables		**(452,283,323)**	285,280,599
Debts issued		**38,436,999**	16,060,092
Cash used in operations		**(191,962,579)**	(24,005,355)
Interest paid	25	**(36,977,150)**	(31,662,164)
Income tax paid		**(10,214,735)**	(13,035,602)
Net cash used in operating activities		**(239,154,464)**	(68,703,121)
Investing activities			
Payments for property, plant and equipment		**(4,359,941)**	(4,538,548)
Acquisition of business	36	**(7,259,163)**	–
Proceeds from disposal of property, plant and equipment		**1,327,711**	523,977
Dividends received from quoted/unquoted securities		**109,447**	49,005
Net cash used in investing activities		**(10,181,946)**	(3,965,566)
Financing activities			
Payment to non-controlling interests for additional interest in a subsidiary	13	**(1,055,984)**	(1,199,784)
Payment to non-controlling interests for dividend		**(236,295)**	(282,964)
Net drawdown of short-term bank loans		**313,978,686**	169,838,546
Dividends paid		**(21,366,009)**	(15,471,400)
Net cash from financing activities		**291,320,398**	152,884,398
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		**(2,062,372)**	(7,628,758)
Net increase in cash and cash equivalents		**39,921,616**	72,586,953
Cash and cash equivalents at beginning of the year		**618,489,498**	545,902,545
Cash and cash equivalents at end of the year	6	**658,411,114**	618,489,498

See accompanying notes to financial statements.

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 34 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 2018 were authorised for issue by the Board of Directors on 29 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 37.

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) 1-17 *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.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the 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.

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). 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 (with effect from 1 January 2018, and previously under FRS 39), or when applicable, 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 subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with SFRS(I) 2 *Share-based Paymen*t at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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.

The accounting for financial assets before 1 January 2018 are as follows:

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading 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; or

- the financial asset 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 FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other operating expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4 to the financial statements.

The principal category of financial assets designated as at FVTPL is medium term notes and debt securities underpinning the credit-linked notes issued by the Group. These medium term notes and debt securities 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.

Available-for-sale investments

Certain equity securities held by the Group are classified as being available-for-sale and are stated at fair value, except for certain available-for-sale investments stated at cost less accumulated impairment losses. Fair value is determined in the manner described in Note 4 to the financial statements. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss and other changes are recognised in other comprehensive income.

Loans and receivables

Outstanding contracts receivable, trade and other receivables and other current assets that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the header of fair value reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The accounting for financial assets after 1 January 2018 are as follows:

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

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. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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 23 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 as at each reporting date, 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 26 to the financial statements. Fair value is determined in the manner described in Note 4(c)(vii).

<u>Foreign exchange gains and losses</u>

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 as at each reporting date. 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 receivables, the expected credit losses 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. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-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.

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;
- 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;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

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

Definition of default

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

- when 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 presumes 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, 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 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.

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.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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 to which SFRS(I) 3 applies, 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; or
- 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; or
- 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 stated 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, including any non-cash assets transferred or liabilities assumed, 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

Derivatives embedded in non-derivative host contracts 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. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the Group's policy on classification of financial assets.

Offsetting arrangements

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

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the Group's policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The costs of such intangible assets are their fair values at the acquisition date.

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – As at each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, including memberships and trading rights in exchanges, property, plant and equipment and investments in subsidiaries, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

The Group as lessor

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

The Group as lessee

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

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

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

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

Buildings	Over the terms of lease from 5% to 6⅔%
Leasehold land	Over the terms of lease of 6⅔%
Leasehold improvements	16 to 33⅓%
Furniture, fittings and office equipment	20 to 33⅓%
Computer equipment and software	20 to 33⅓%
Communication equipment	20 to 33⅓%
Motor vehicles	18 to 33⅓%

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

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

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 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 subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

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

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

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

<u>Commission income</u>

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

<u>Fee income</u>

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

<u>Advisory fees</u>

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

Other income

<u>Interest income</u>

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 charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- 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.

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.

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.

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.

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

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

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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 transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

On 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, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, 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. of associates or jointly controlled entities 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.

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

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

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 the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(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 17 and 27 to the financial statements. The income tax expense for the year ended 31 December 2018 is $10,591,967 (2017 : $12,537,541). Deferred tax assets and deferred tax liabilities as at 31 December 2018 amounted to $1,051,174 (31 December 2017 : 1,368,753, 1 January 2017 : $1,242,674) and $1,345,799 (31 December 2017 : $1,304,138, 1 January 2017 : $875,517) respectively. Income tax payable as at 31 December 2018 is $7,782,040 (31 December 2017 : $7,763,748, 1 January 2017 : $8,492,107).

(b) Impairment of loans and receivables

Before 1 January 2018:

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, 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.

After 1 January 2018:

Management reviews its loans and 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 2018, the carrying amount of trade and other receivables is $1,997,422,526 (31 December 2017 : $1,870,759,004, 1 January 2017 : $1,521,028,994) net of allowance for doubtful debts of $7,416,334 (31 December 2017 : $6,862,960, 1 January 2017 : $7,621,412).

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 $14,824,954 (31 December 2017 : $14,027,773, 1 January 2017 : $14,136,798) after an impairment loss of $1,049,443 (31 December 2017 : $294,459, 1 January 2017 : $Nil) 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. Management and finance department, in consultation with external experts, determine the appropriate valuation techniques and inputs for fair value measurements.

The Head of Finance 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	Group $	Company $
At 31 December 2018			
Financial assets			
At fair value through profit or loss (FVTPL):			
Mandatorily measured at FVTPL	9	**37,069,733**	**–**
Designated as at FVTPL	8	**216,261,306**	**–**
At amortised cost (including cash and cash equivalents)		**2,952,104,356**	**71,063,993**
Derivative financial instruments	11	**40,922,276**	**–**
Financial liabilities			
At FVTPL:			
Designated as at FVTPL	18, 20	**216,246,159**	**–**
At amortised cost		**1,568,202,511**	**50,976,480**
Derivative financial instruments	11	**40,945,236**	**–**
At 31 December 2017			
Financial assets			
At FVTPL:			
Held for trading	9	31,721,175	–
Designated as at FVTPL	8	143,365,227	–
Derivative financial instruments	11	2,324,802	–
Loans and receivables (including cash and cash equivalents)		3,112,837,536	76,505,424
Available-for-sale investments	14	1,874,798	–
Financial liabilities			
At FVTPL:			
Held for trading		882	–
Designated as at FVTPL	18,20	143,363,524	–
Derivative financial instruments	11	2,315,070	–
Amortised cost (including loans and debts issued)		1,792,481,803	65,007,749
At 1 January 2017			
Financial assets			
At FVTPL:			
Held for trading	9	38,403,687	–
Designated as at FVTPL	8	123,146,430	–
Derivative financial instruments	11	1,658,094	–
Loans and receivables (including cash and cash equivalents)		2,603,729,201	69,943,337
Available-for-sale investments	14	1,999,415	–
Financial liabilities			
At FVTPL:			
Held for trading		–	–
Designated as at FVTPL	18,20	123,144,876	–
Derivative financial instruments	11	1,016,103	–
Amortised cost (including loans and debts issued)		1,319,977,024	75,054,370

(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.

The change in fair value attributable to changes in credit risk amount to $1,525,928 (31 December 2017 : $Nil, 1 January 2017 : $Nil).

(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

The change in fair value attributable to changes in credit risk amount to $1,525,928 (31 December 2017 : $Nil, 1 January 2017 : $Nil).

(iv) Difference between carrying amount and maturity amount

The carrying amount of financial liabilities designated as at FVTPL equals their maturity amount.

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

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) <u>Financial risk management policies and objectives</u>

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 and Thai baht, whose net assets are exposed to foreign exchange risk at the end of the reporting period.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Singapore dollar $	United States dollar $	Hong Kong dollar $	Malaysian ringgit $	Thai baht $	Others* $
At 31 December 2018						
Financial assets						
Cash and cash equivalents	**15,219,706**	**87,714,340**	**30,532,609**	**19,485,598**	**82,423,698**	**109,341,481**
Outstanding contracts receivable	**3,904,747**	**71,115,273**	**152,569,231**	**56,670,749**	**79,196,686**	**27,372,227**
Trade and other receivables	**22,891,498**	**604,355,271**	**776,107,797**	**30,039,328**	**102,614,708**	**149,700,458**
Other financial assets, at fair value through profit or loss	**–**	**198,083**	**5,510,784**	**21**	**11,500,593**	**1,164,514**
Other current assets	**28,934**	**585,636**	**9,219,290**	**3,191,127**	**6,073,113**	**7,619,964**
	42,044,885	**763,968,603**	**973,939,711**	**109,386,823**	**281,808,798**	**295,198,644**
Financial liabilities						
Outstanding contracts payable	**20,364**	**70,135,489**	**153,360,622**	**49,824,619**	**80,512,970**	**27,038,120**
Trade and other payables	**1,773,015**	**14,483,202**	**39,810,198**	**6,625,123**	**36,996,041**	**4,314,352**
Borrowings	**9,405,737**	**471,007,582**	**444,048,818**	**78,391**	**–**	**52,311,427**
Debts issued	**–**	**111,870,909**	**–**	**–**	**–**	**85,633,342**
	11,199,116	**667,497,182**	**637,219,638**	**56,528,133**	**117,509,011**	**169,297,241**
Net financial assets	**30,845,769**	**96,471,421**	**336,720,073**	**52,858,690**	**164,299,787**	**125,901,403**
Less: Net financial assets denominated in the respective entities' functional currencies	**–**	**(967,822)**	**(332,073,742)**	**(99,292,160)**	**(124,268,554)**	**(14,869,866)**
Intercompany balances	**–**	**(151,070)**	**5,764,289**	**50,465,768**	**2,188,418**	**(10,906,958)**
Currency forwards	**(87,776)**	**(1,335,074)**	**2,550,482**	**706,577**	**–**	**1,139,750**
Foreign currencies trust balances	**–**	**(3,189,437)**	**(2,995,343)**	**(864,547)**	**(10,852,953)**	**(68,300,763)**
Currency exposures	**30,757,993**	**90,828,018**	**9,965,759**	**3,874,328**	**31,366,698**	**32,963,566**

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

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Singapore dollar	United States dollar	Hong Kong dollar	Malaysian ringgit	Thai baht	Others*
	$	$	$	$	$	$
At 31 December 2017						
Financial assets						
Cash and cash equivalents	1,495,951	104,623,462	84,427,807	21,634,726	58,863,547	98,814,424
Outstanding contracts receivable	4,404,381	46,628,018	169,771,463	76,443,837	112,895,063	79,543,424
Trade and other receivables	5,989,550	795,583,974	436,943,170	34,537,858	104,858,182	158,323,967
Other financial assets, at fair value through profit or loss	–	–	185	28	6,341,309	162,027
Other current assets	87,541	2,472,012	13,396,108	3,497,897	5,683,261	4,126,430
Available-for-sale investments	–	166,781	–	–	165,114	1,542,902
	11,977,423	949,474,247	704,538,733	136,114,346	288,806,476	342,513,174
Financial liabilities						
Outstanding contracts payable	7,747,736	42,604,688	170,271,546	66,441,647	113,607,588	77,862,099
Trade and other payables	1,512,043	322,617,342	4,452,389	14,065,209	39,697,489	6,090,002
Borrowings	5,999,545	426,756,046	177,720,950	6,594,000	–	49,300,080
Debts issued	–	77,664,373	–	–	–	82,169,901
	15,259,324	869,642,449	352,444,885	87,100,856	153,305,077	215,422,082
Net financial assets	(3,281,901)	79,831,798	352,093,848	49,013,490	135,501,399	127,091,092
Less: Net financial assets denominated in the respective entities' functional currencies	–	(947,674)	(350,614,082)	(93,006,313)	(116,738,141)	(28,935,171)
Intercompany balances	–	(93,239)	(19,275,260)	46,629,799	(5,109,864)	(15,981,636)
Currency forwards	736,657	52,612,269	(23,178)	(74,442)	(982,328)	(39,763,005)
Foreign currencies trust balances	–	(7,473,747)	(3,415,012)	(340,043)	(17,259,082)	(62,941,429)
Currency exposures	(2,545,244)	123,929,407	(21,233,684)	2,222,491	(4,588,016)	(20,530,149)

* The Group's exposure 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 1 January 2017						
Financial assets						
Cash and cash equivalents	3,068,016	119,448,283	27,145,578	13,091,487	70,804,671	96,355,059
Outstanding contracts receivable	1,643,143	90,017,452	63,021,887	68,590,023	88,812,245	87,113,661
Trade and other receivables	3,979,029	584,052,300	273,304,474	21,118,404	112,524,791	134,941,587
Other financial assets, at fair value through profit or loss	–	–	228	19,343,206	18,570,136	3,888
Other current assets	107,282	1,831,760	6,203,817	2,152,573	5,172,668	4,092,019
Available-for-sale investments	–	166,782	–	–	162,956	1,669,677
	8,797,470	795,516,577	369,675,984	124,295,693	296,047,467	324,175,891
Financial liabilities						
Outstanding contracts payable	6,926,164	86,393,225	65,755,525	87,620,930	96,962,557	90,258,206
Trade and other payables	–	64,712,312	30,716,053	6,666,358	40,045,562	4,268,938
Borrowings	–	374,654,789	33,579,000	–	21,818,700	57,639,156
Debts issued	–	96,309,910	–	–	–	46,722,466
	6,926,164	622,070,236	130,050,578	94,287,288	158,826,819	198,888,766
Net financial assets	1,871,306	173,446,341	239,625,406	30,008,405	137,220,648	125,287,125
Less: Net financial assets denominated in the respective entities' functional currencies	–	(780,672)	(241,446,651)	(77,585,780)	(107,750,409)	(30,985,354)
Intercompany balances	–	(259,423)	4,146,204	52,304,946	(4,701,764)	(878,727)
Currency forwards	(2,932,747)	(110,431,976)	5,596,575	(884,946)	(172,007)	(6,124,736)
Foreign currencies trust balances	–	(2,916,825)	51,174	(406,157)	(23,366,998)	(69,134,558)
Currency exposures	(1,061,441)	59,057,445	7,972,708	3,436,468	1,229,470	18,163,750

* The Group's exposure to other currencies include exposures to Japanese Yen, Australian Dollar, Euro 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 2018		
Financial assets		
Cash and cash equivalents	**1,454**	**43,260**
Financial liabilities		
Borrowings	**–**	**–**
Net financial assets/currency exposure	**1,454**	**43,260**
At 31 December 2017		
Financial assets		
Cash and cash equivalents	1,480	3,712
Financial liabilities		
Borrowings	–	467,915
Net financial assets/currency exposure	1,480	(464,203)
At 1 January 2017		
Financial assets		
Cash and cash equivalents	1,464	1,122
Financial liabilities		
Borrowings	–	507,480
Net financial assets/currency exposure	1,464	(506,358)

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 2018		31 December 2017		1 January 2017	
	Increase (Decrease)					
	Profit after tax $	**Equity $**	Profit after tax $	Equity $	Profit after tax $	Equity $
The Group						
Singapore dollar	**1,353,352**	**–**	(109,445)	–	(44,050)	–
United States dollar	**3,996,433**	**–**	5,321,793	8,339	2,443,963	8,339
Hong Kong dollar	**438,493**	**–**	(913,048)	–	330,867	–
Malaysian ringgit	**170,470**	**–**	95,567	–	142,613	–
Thai baht	**1,380,135**	**–**	(204,385)	8,256	51,023	–

	31 December 2018		31 December 2017		1 January 2017	
	Increase (Decrease)					
	Profit after tax	**Equity**	Profit after tax	Equity	Profit after tax	Equity
	$	**$**	$	$	$	$
The Company						
United States dollar	**1,795**	**–**	(23,210)	–	(25,318)	–
Malaysian ringgit	**60**	**–**	74	–	73	–

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 and equity 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. 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.

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 and equity, with all other variables including tax rate being held constant will be:

	31 December 2018		31 December 2017		1 January 2017	
	Increase					
	Profit after tax	**Equity**	Profit after tax	Equity	Profit after tax	Equity
	$	**$**	$	$	$	$
The Group						
Listed in Singapore	**330,313**	**–**	15,377	–	20,179	–
Listed on other exchanges	**45,763**	**–**	6,666	77,145	725,516	83,483

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.

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 2018 would increase/decrease by $5,154,509 (2017 : $3,856,348, 1 January 2017 : $3,908,904) .

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
	$	$	$	$	$
The Group					
At 31 December 2018					
Assets					
Cash and cash equivalents	**520,793,960**	**50,527,936**	**–**	**92,432,295**	**663,754,191**
Trade and other receivables	**–**	**1,795,615,437**	**189,952,122**	**11,854,967**	**1,997,422,526**
Other financial assets	**–**	**17,329,049**	**–**	**567,851,905**	**585,180,954**
Total financial assets	**520,793,960**	**1,863,472,422**	**189,952,122**	**672,139,167**	**3,246,357,671**
Liabilities					
Borrowings	**5,343,077**	**971,908,878**	**–**	**–**	**977,251,955**
Debts issued	**–**	**21,567,275**	**175,936,976**	**–**	**197,504,251**
Other financial liabilities	**–**	**1,950,708**	**14,000,000**	**634,686,992**	**650,637,700**
Total financial liabilities	**5,343,077**	**995,426,861**	**189,936,976**	**634,686,992**	**1,825,393,906**
At 31 December 2017					
Assets					
Cash and cash equivalents	394,475,273	60,241,622	–	172,613,032	627,329,927
Trade and other receivables	–	1,720,541,222	143,212,170	7,005,612	1,870,759,004
Other financial assets	–	6,341,308	–	787,693,299	794,034,607
Total financial assets	394,475,273	1,787,124,152	143,212,170	967,311,943	3,292,123,538
Liabilities					
Borrowings	8,840,429	657,930,192	–	–	666,770,621
Debts issued	–	28,468,058	131,366,216	–	159,834,274
Other financial liabilities	–	–	1,844,250	1,109,712,134	1,111,556,384
Total financial liabilities	8,840,429	686,398,250	133,210,466	1,109,712,134	1,938,161,279
At 1 January 2017					
Assets					
Cash and cash equivalents	390,890,361	66,467,058	–	88,545,126	545,902,545
Trade and other receivables	–	1,420,633,968	97,939,293	2,455,733	1,521,028,994
Other financial assets	–	18,570,136	–	683,435,152	702,005,288
Total financial assets	390,890,361	1,505,671,162	97,939,293	774,436,011	2,768,936,827
Liabilities					
Borrowings	–	488,091,646	–	–	488,091,646
Debts issued	–	45,094,637	97,937,739	–	143,032,376
Other financial liabilities	–	–	–	813,013,981	813,013,981
Total financial liabilities	–	533,186,283	97,937,739	813,013,981	1,444,138,003

	Variable rates less than 6 months	Fixed rates less than 6 months	Fixed rates more than 6 months	Non- interest bearing	Total
	$	$	$	$	$
The Company					
At 31 December 2018					
Assets					
Cash and cash equivalents	**43,260**	**–**	**–**	**141,288**	**184,548**
Other assets	**–**	**–**	**204,930**	**70,674,515**	**70,879,445**
Total financial assets	**43,260**	**–**	**204,930**	**70,815,803**	**71,063,993**
Total financial liabilities	**–**	**400,000**	**–**	**50,576,480**	**50,976,480**
At 31 December 2017					
Assets					
Cash and cash equivalents	3,712	–	–	180,097	183,809
Other assets	–	–	200,535	76,121,080	76,321,615
Total financial assets	3,712	–	200,535	76,301,177	76,505,424
Total financial liabilities	–	867,915	–	64,139,834	65,007,749
At 1 January 2017					
Assets					
Cash and cash equivalents	1,122	–	–	214,844	215,966
Other assets	–	–	217,020	69,510,351	69,727,371
Total financial assets	1,122	–	217,020	69,725,195	69,943,337
Total financial liabilities	–	907,480	–	74,146,890	75,054,370

(iv) *Overview of the Group's exposure to credit risk* (with effect from 1 January 2018)

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 2018, 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 and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(c)(v). The related loss allowance is disclosed in the respective notes to the financial statements.

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							
31 December 2018							
Cash and cash equivalents	6	A1-aa2	Investment grade	12m ECL	663,754,191	–	663,754,191
Outstanding contracts receivable	7(a)	n.a.	(i)	(i)	463,703,339	–	463,703,339
Trade and other receivables	8	n.a.	(ii)	(ii)	1,788,577,554	(7,416,334)	1,781,161,220
Other current assets	10	n.a.	Investment grade	12m ECL	43,485,606	–	43,485,606
						(7,416,334)	

(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 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.

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 32(b), if the full guaranteed amount is claimed by the counterparty to the guarantee is $777,774,846 (31 December 2017 : $553,961,513, 1 January 2017 : $329,602,269). 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 32(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:

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Quoted securities	**12,455,551,714**	7,163,744,343	5,236,431,783
Cash	**251,546**	8,500	53,016
Bankers' guarantees	**330,000**	–	90,000
Others	**827,552,631**	631,000,557	199,868,539
	13,283,685,891	7,794,753,400	5,436,443,338

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 trade receivables have been designated as the referenced assets in respect of derivatives embedded with certain debts issued by the Group. The embedded credit default swaps 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 20).

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 receivables, 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 receivables.

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

As at 31 December 2018

	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	**1,557,909,108**	**220,896,510**	**9,771,936**	**1,788,577,554**
Loss allowance	**–**	**–**	**7,416,334**	**7,416,334**

Before 1 January 2018

	The Group	
	31 December 2017	1 January 2017
	$	$
Not past due and not impaired	1,797,347,319	1,444,157,481
Past due and not impaired		
1 to 30 days	70,708,265	72,689,658
31 days to 60 days	792,401	500,602
More than 60 days	1,911,019	3,681,253
	1,870,759,004	1,521,028,994

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

	The Group	
	31 December 2018	31 December 2017
	$	$
At beginning of year	**6,862,960**	7,621,412
Effects of SFRS(I) 9, only applicable for financial year 2018	**237,456**	–
Currency translation difference	**83,763**	(374,934)
Allowance (Write back of allowance) for trade receivables	**98,845**	(251,500)
Amount written off during the year	**133,310**	(132,018)
At end of year	**7,416,334**	6,862,960

The above reconciliation is arising primarily from credit-impaired financial assets.

(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 only 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 financial liabilities will all mature within one year, except for certain liabilities which include the liability arising from the agreement entered into by a subsidiary with a third party in relation to the fund investment held at cost (Notes 14 and 18).

(vii) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

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.

Financial assets/ liabilities	Fair value as at ($) 31 December 2018 Assets	31 December 2018 Liabilities	31 December 2017 Assets	31 December 2017 Liabilities	1 January 2017 Assets	1 January 2017 Liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Other financial assets and liabilities, at fair value through profit or loss (see Note 9)									
Quoted equity securities	**25,569,139**	–	25,379,866	882	19,833,551	–	Level 1	Quoted bid prices of an active market.	N/A
Unquoted equity securities	**180,497**	–	–	–	–	–	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	**11,320,097**	–	6,341,309	–	18,570,136	–	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
Derivative financial instruments (see Note 11)									
Foreign currency forward contracts	**7,674**	**30,634**	44,994	35,262	647,307	5,316	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Equity derivatives	**40,914,602**	**40,914,602**	2,279,808	2,279,808	1,010,787	1,010,787	Level 2	Broker quotations.	N/A
Available-for-sale investments (see Note 14)									
Quoted securities	–	–	1,542,902	–	1,669,677	–	Level 1	Quoted bid prices in an active market.	N/A
Trade and other receivables (see Note 8)									
Trade receivables designated as at fair value through profit or loss	**216,261,306**	–	143,365,227	–	123,146,430	–	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 $1.1 to $100 per $100 par value (31 December 2017 : $0.3 to $100 per $100 par value, 1 January 2017 : $1.4 to $100 per $100 par value).
Debts issued (see Note 20)									
Notes issued, designated as at fair value through profit or loss	–	**197,504,251**	–	141,519,274	–	123,144,876	Level 3	Fair value of underlying referenced assets.	Fair value of underlying referenced assets.
Trade and other payables (see Note 18)									
Trade payables, designated as at fair value through profit or loss	–	**18,741,908**	–	1,844,250	–	–	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

Trade 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 trade 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 trade 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 trade receivables using public information which will be used to validate the movement and consider for any adjustments to be made to the underlying trade 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 trade 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 2018 and 2017, there has been no adjustment made to the external specialist valuations and non-binding broker quotations for determining the fair value of these trade receivables.

Debts issued comprise credit-linked notes underpinned by certain trade receivables designated as referenced assets. The credit default swaps embedded 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. These notes 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 trade receivables held as assets.

The Company

The Company had no financial assets or liabilities carried at fair value in 2018 and 2017.

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 designated as at fair value through profit or loss	**Financial liabilities designated as at fair value through profit or loss**
	$	**$**
The Group		
2018		
Opening balance	**143,365,227**	**143,363,524**
Impact of adopting SFRS(I) 9 [Note 37(b)(ii)]	**18,315,000**	**18,315,000**
Disposals/settlements during the year	**(10,337,585)**	**(10,338,710)**
Additions during the year	**66,086,602**	**66,074,300**
Fair value changes recognised in profit or loss	**(1,167,938)**	**(1,167,955)**
Ending balance	**216,261,306**	**216,246,159**
2017		
Opening balance	123,146,430	123,144,876
Disposals/settlements during the year	(31,241,924)	(31,242,214)
Additions during the year	64,236,130	64,236,130
Fair value changes recognised in profit or loss	(12,775,409)	(12,775,268)
Ending balance	143,365,227	143,363,524

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 2018 and 2017.

The Group's overall strategy remains unchanged from 2017.

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	
	2018	2017
	$	$
Commission income received from directors	**29,829**	92,064

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	
	2018	2017
	$	$
Rental of premises paid/payable to a related party	**(468,577)**	(508,656)
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 bad or doubtful debts in respect of the amounts owed by the related party.

(b) Key management personnel compensation is as follows:

	The Group	
	2018	2017
	$	$
Salaries and other short-term employee benefits	**14,909,581**	14,024,729
Employer's contribution to defined contribution plans, including Central Provident Fund	**134,282**	122,989
	15,043,863	14,147,718

(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 2018, 31 December 2017 and 1 January 2017 are disclosed in Note 19 to the financial statements.

6 CASH AND CASH EQUIVALENTS

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Bank balances with:						
- Related parties [Note 5(c)]	**376,727,420**	263,109,680	239,026,639	**184,548**	183,809	215,966
- Non-related banks	**225,162,804**	303,946,426	240,376,264	**–**	–	–
Cash on hand	**33,704**	32,199	32,584	**–**	–	–
	601,923,928	567,088,305	479,435,487	**184,548**	183,809	215,966
Fixed deposits with:						
- Related parties [Note 5(c)]	**61,068,433**	54,971,367	65,663,028	**–**	–	–
- Non-related banks	**761,830**	5,270,255	804,030	**–**	–	–
	61,830,263	60,241,622	66,467,058	**–**	–	–
Cash and bank balances	**663,754,191**	627,329,927	545,902,545	**184,548**	183,809	215,966

At the end of the reporting period, the carrying amounts of cash and bank balances approximate their fair values.

Fixed deposits bear average effective interest rates of 3.23% (31 December 2017 : 1.31%, 1 January 2017 : 0.79%) per annum and are for a tenure of approximately 13 days (31 December 2017 : 12 days, 1 January 2017 : 9 days).

Cash and cash equivalents do not include trust balances as they represent monies held on behalf of clients and segregated in accordance with the requirements of the SGX-ST Rules 12.11.1 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 2018	31 December 2017	1 January 2017
	$	$	$
Cash and bank balances (as above)	**663,754,191**	627,329,927	545,902,545
Less: Bank overdrafts (Note 19)	**(5,343,077)**	(8,840,429)	–
Cash and cash equivalents per consolidated statement of cash flows	**658,411,114**	618,489,498	545,902,545

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 2018	31 December 2017	1 January 2017
	$	$	$
Due from third parties	**463,703,339**	714,293,088	622,293,526

(b) Outstanding contracts payable comprises the following:

		The Group	
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Due to third parties	**446,965,057**	678,492,454	630,029,740

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 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Trade receivables from third parties:						
At amortised cost [Note 8(a)]	**1,788,577,554**	1,734,256,737	1,405,503,976	**–**	–	–
Designated as at fair value through profit or loss [Note 8(b)]	**216,261,306**	143,365,227	123,146,430	**–**	–	–
Less: Allowance for impairment of trade receivables individually assessed	**(7,416,334)**	(6,862,960)	(7,621,412)	**–**	–	–
	1,997,422,526	1,870,759,004	1,521,028,994	**–**	–	–
Other receivables from subsidiary:						
At amortised cost	**–**	–	–	**204,930**	200,535	217,020
	1,997,422,526	1,870,759,004	1,521,028,994	**204,930**	200,535	217,020
Current trade receivables (recoverable within 12 months)	**1,994,905,373**	1,868,914,754	1,477,873,355	**–**	–	–
Non-current trade receivables (recoverable after 12 months)	**2,517,153**	1,844,250	43,155,639	**204,930**	200,535	217,020
	1,997,422,526	1,870,759,004	1,521,028,994	**204,930**	200,535	217,020

(a) As at 31 December 2017, included in trade receivables at amortised cost was a medium term note issued amounting to $18,315,000 (1 January 2017 : $19,887,500), with maturity being June 2020 (1 January 2017 : June 2020). This trade receivable bore effective interest rate of 12% per annum (1 January 2017 : 12% per annum). This trade receivable has been designated as the referenced asset in respect of certain derivative embedded with certain debt issued by the Group (Note 20) which had carrying amount of $18,315,000 (1 January 2017 : $19,887,500), with maturity being June 2020 (1 January 2017 : June 2020). The terms and conditions of this trade receivable carried at amortised cost was similar to those designated as at fair value through profit or loss.

(b) Included in trade receivables designated as at fair value through profit or loss are medium term notes and distressed debts purchased at a deep discount amounting to $197,507,095 (31 December 2017 : $141,520,977, 1 January 2017 : $123,146,430) with maturities ranging from March 2019 to April 2032 (31 December 2017 : March 2019 to November 2034, 1 January 2017 : March 2019 to November 2034). These medium term notes bear effective interest rates ranging from 5.14% to 12.00% (31 December 2017 : 5.14% to 10.30% per annum, 1 January 2017 : 5.13% to 10.30% per annum). The effective interest rate realised for distressed debts is 28.78% per annum (31 December 2017 : 10.42% to 27.44% per annum, 1 January 2017 : 7.35% to 32.27% per annum). These medium term notes and distressed debts have been designated as the referenced assets for certain debts issued by the Group (Note 20) under certain structured transactions entered into by the Group, which have the carrying amount of $197,504,251 (31 December 2017 : $141,519,274, 1 January 2017 : $123,144,876) and maturities ranging from March 2019 to April 2032 (31 December 2017 : March 2019 to April 2032, 1 January 2017 : March 2019 to December 2025).

The net exposure to credit risk from these trade receivables designated as the referenced assets is mitigated through the embedded credit default swaps in the credit-linked notes. 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. Given that the trade 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 always 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).

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

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Trading securities			
Quoted securities:			
- Equity securities - Singapore	**18,779,224**	25,217,627	486,229
- Equity securities - Hong Kong	**5,510,784**	185	228
- Equity securities – Philippines	**1,123,482**	–	–
- Equity securities - Malaysia	**21**	28	19,343,206
- Equity securities - Others	**155,628**	162,026	3,888
Unquoted securities:			
- Debt securities - Thailand	**11,320,097**	6,341,309	18,570,136
- Equity securities – Thailand	**180,497**	–	–
	37,069,733	31,721,175	38,403,687
Current financial assets, at fair value through profit or loss	**35,765,754**	31,721,175	38,403,687
Non-current financial assets, at fair value through profit or loss	**1,303,979**	–	–
	37,069,733	31,721,175	38,403,687

Other financial assets, at fair value through profit or loss include investments in quoted equity securities and unquoted debt securities that offer the Group the opportunity for return through dividend income and fair value gains, as well as certain quoted equity securities that are held by the Group for the purpose of hedging clients' open positions. Except for the unquoted debt securities, they have no fixed maturity or coupon rate. The fair values of the quoted equity securities are based on closing quoted 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 $11,320,097 (31 December 2017 : $6,341,309, 1 January 2017 : $18,570,136), represents investments in debts securities of private sectors in Thailand. In 2018, the unquoted equity securities amounting to $180,497 in Thailand represent an overseas subsidiary's subscription to shares in a non-listed company set up by an overseas exchange in 1996. This is a reclassified balance from available-for-sale investments (Note 14) as at 1 January 2018, due to the adoption of SFRS(I) 9.

10 OTHER CURRENT ASSETS

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Amounts due from subsidiaries [Note 10(a)]	**–**	–	–	**70,614,493**	76,061,058	69,464,166
Deposits [Note 10(b)]	**27,695,203**	25,362,267	19,908,184	**–**	–	–
Prepayments	**4,637,829**	4,000,053	2,533,994	**–**	–	–
Amounts deposited with lenders of securities [Note 10(c)]	**4,146,711**	5,746,711	10,346,709	**–**	–	–
Other receivables	**11,643,692**	12,711,766	7,395,673	**64,522**	64,522	50,928
	48,123,435	47,820,797	40,184,560	**70,679,015**	76,125,580	69,515,094

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

(b) Included in deposits is an amount of $1,862,241 (31 December 2017 : $2,262,241, 1 January 2017 : $2,243,272) 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 31).

(c) Securities borrowing and lending contracts

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Securities borrowed			
Securities borrowed from lenders, at fair value:			
- Lent to clients	**2,209,314**	3,660,712	5,773,796
Securities lent			
Securities lent to clients, at fair value:			
- Borrowed from lenders	**2,209,314**	3,660,712	5,773,796

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

11 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group					
	31 December 2018		31 December 2017		1 January 2017	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	$	**$**	$	$	$	$
Forward foreign exchange contracts	**7,674**	**30,634**	44,994	35,262	647,307	5,316
Equity derivatives	**40,914,602**	**40,914,602**	2,279,808	2,279,808	1,010,787	1,010,787
	40,922,276	**40,945,236**	2,324,802	2,315,070	1,658,094	1,016,103

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 2 to 8 days (31 December 2017 : 2 to 172 days, 1 January 2017 : 3 to 129 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 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$	**$**	$	$			
The Group												
Forward foreign exchange contracts	**5,503,012**	60,580,120	127,390,204	**7,674**	44,994	647,307	**30,634**	35,262	5,316	**Within two weeks after end of the reporting period**	Within six months after end of the reporting period	Within six months after end of the reporting period

Equity derivatives

Equity derivative financial instruments arising from customer transactions are generally 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 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$	**$**	$	$			
The Group												
Equity derivatives	**281,836,667**	163,865,120	44,689,973	**40,914,602**	2,279,808	1,010,787	**40,914,602**	2,279,808	1,010,787	**Within 2 years after end of the reporting period**	Within 2 years after end of the reporting period	Within 2 years after end of the reporting period

12 GOODWILL

	The Group $
Cost:	
At 1 January 2017	20,115,117
Exchange differences	185,434
At 31 December 2017	20,300,551
Goodwill arising from acquisition of business (Note 36)	**1,465,226**
Exchange differences	**381,398**
At 31 December 2018	**22,147,175**
Impairment:	
At 1 January 2017	(5,978,319)
Impairment loss (Note 26)	(294,459)
At 31 December 2017	(6,272,778)
Impairment loss (Note 26)	**(1,049,443)**
At 31 December 2018	**(7,322,221)**
Carrying amount:	
At 31 December 2018	**14,824,954**
At 31 December 2017	14,027,773
At 1 January 2017	14,136,798

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.

The 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 2018 **$**	31 December 2017 $	1 January 2017 $
Thailand [Note 12(a)]	**18,446,528**	16,599,904	16,414,470
Malaysia [Note 12(b)]	**3,700,647**	3,700,647	3,700,647
	22,147,175	20,300,551	20,115,117

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 31.38% (31 December 2017 : 34.57%, 1 January 2017 : 38.29%). Cash flow projections beyond that period is extrapolated based on an estimated growth rate of 6.24% per annum (31 December 2017 : 4.89%, 1 January 2017 : no growth). The rate used to discount the forecasted cash flows is 2.51% per annum (31 December 2017 : 2.59%, 1 January 2017 : 6.55%).

As at 31 December 2018, 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 2018, before impairment testing, goodwill of $18.5 million (31 December 2017 : $16.6 million, 1 January 2017 : $16.4 million) was allocated to the Thailand CGU. Accumulated impairment loss as of 31 December 2018 was $3.6 million (31 December 2017 : $2.6 million, 1 January 2017 : $2.3 million).

In 2018, 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 $1.0 million (31 December 2017 : $0.3 million).

(b) Goodwill allocated to the Malaysia CGU has been fully impaired.

13 SUBSIDIARIES

	The Company	
	31 December 2018	31 December 2017
	$	$
Equity investments at cost		
At beginning of the year	**364,205,022**	359,373,522
Additions during the year	**–**	4,831,500
At end of the year	**364,205,022**	364,205,022

Details of subsidiaries are included in Note 34 to the financial statements.

Additions in 2017 represent additional investments by the Company in UOB Kay Hian Securities (M) Sdn Bhd.

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 2018	31 December 2017
	$	$
Amounts paid to acquire additional interest in a subsidiary	**1,055,984**	1,199,784
Non-controlling interest acquired	**(1,711,556)**	(1,992,764)
Statutory reserve transferred from non-controlling interest	**25,093**	32,046
Difference recognised in equity reserve	**(630,479)**	(760,934)
Total movement in equity reserve (Note 22)	**(630,479)**	(760,934)

14 AVAILABLE-FOR-SALE INVESTMENTS

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Available-for-sale investments include the following:			
(a) Quoted securities, at fair value:			
- Equity securities – Philippines	**–**	1,542,902	1,669,677
(b) Unquoted investments, at cost less impairment:			
- Fund in Cayman Islands	**–**	166,783	166,783
- Equity securities - Thailand	**–**	165,113	162,955
	–	1,874,798	1,999,415

Movements in allowance for impairment losses during the year are as follows:

	The Group	
	31 December 2018	31 December 2017
	$	$
At beginning of the year	**3,396,653**	3,396,653
Reclassification at 1 January 2018 [Note 37(b)(ii)]	**(3,396,653)**	–
At end of the year	**–**	3,396,653

In 2011, a subsidiary entered into an agreement with a third party in relation to the fund investment held at cost amounting to $4,428,000. Under this arrangement, all future cash flows from the fund will be transferred to the third party and any capital calls by the fund was reimbursed by the third party. A matching liability was recognised for this arrangement (Note 18).

In 2017, fund investment at cost with carrying amount of $166,783 (1 January 2017 : $166,783) included impairment losses amounting to $3,087,325 (1 January 2017 : $3,087,325). The underlying instruments of the fund investment consisted primarily of unquoted China equities whose fair value estimates generated by the various valuation models cannot be reliably estimated as the range of fair values varied significantly. Accordingly, the fund investment is stated at cost less accumulated impairment loss. This fund investment was dissolved in 2018.

As at 1 January 2018, due to the Group and Company's adoption of SFRS(I) 9, all available-for-sale investments have been redesignated as "Other financial assets, at fair value through profit or loss" with its associated impairment loss allowance written off, and are hence subsequently measured as such as at 31 December 2018.

15 TRADING RIGHTS IN EXCHANGES / MEMBERSHIPS IN EXCHANGES

(a) Trading rights in Exchanges

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Trading rights in The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and Philippines Stock Exchange , Inc. at cost less accumulated impairment	**94,535**	94,504	103,024

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

The Group	$
At 1 January 2017	103,024
Currency translation differences	(8,520)
At 31 December 2017	94,504
Currency translation differences	**31**
At 31 December 2018	**94,535**

(b) Memberships in Exchanges

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Memberships in The Stock Exchange of Thailand, Jakarta Stock Exchange, at amortised cost	**224,945**	220,045	218,688

There is no impairment loss recognised in financial year ended 31 December 2018 and 31 December 2017.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings $	Leasehold land $	Leasehold improvements $	Furniture, fittings and office equipment $	Computer equipment and software $	Communication equipment $	Motor vehicles $	Total $
The Group								
Cost:								
At 1 January 2017	35,273,618	36,406,330	12,820,151	9,348,321	31,531,715	1,966,683	2,981,283	130,328,101
Additions	–	–	612,806	477,153	3,136,087	37,356	275,146	4,538,548
Disposals	–	–	(995,740)	(511,732)	(778,280)	(1,735)	(1,192,977)	(3,480,464)
Currency translation	63,890	30,744	(99,111)	(39,420)	(293,889)	(82,328)	(2,661)	(422,775)
At 31 December 2017	35,337,508	36,437,074	12,338,106	9,274,322	33,595,633	1,919,976	2,060,791	130,963,410
Additions	–	–	**169,203**	**188,639**	**3,680,847**	**85,283**	**235,969**	**4,359,941**
Disposals	**(256,893)**	**(599,417)**	**(17,178)**	**(224,341)**	**(299,789)**	–	**(251,119)**	**(1,648,737)**
Currency translation	**(3,107)**	**(1,493)**	**142,478**	**61,585**	**319,079**	**1,416**	**76,259**	**596,217**
Acquisition of business (Note 36)	–	–	**980,585**	**71,731**	**64,074**	–	–	**1,116,390**
At 31 December 2018	**35,077,508**	**35,836,164**	**13,613,194**	**9,371,936**	**37,359,844**	**2,006,675**	**2,121,900**	**135,387,221**
Accumulated depreciation:								
At 1 January 2017	18,340,984	18,264,925	10,714,085	8,267,726	24,939,016	1,905,681	2,530,265	84,962,682
Depreciation charge	2,414,856	2,549,116	784,856	334,306	2,592,728	38,034	234,536	8,948,432
Disposals	–	–	(944,738)	(476,490)	(750,411)	(4,595)	(1,170,346)	(3,346,580)
Currency translation	33,985	202	(110,146)	(48,052)	(318,767)	(78,484)	(4,008)	(525,270)
At 31 December 2017	20,789,825	20,814,243	10,444,057	8,077,490	26,462,566	1,860,636	1,590,447	90,039,264
Depreciation charge	**2,415,402**	**2,548,951**	**700,573**	**325,156**	**2,725,861**	**105,483**	**196,072**	**9,017,498**
Disposals	**(32,787)**	**(4,279)**	**(7,796)**	**(221,997)**	**(298,551)**	–	**(250,296)**	**(815,706)**
Currency translation	**(2,471)**	**(27)**	**108,192**	**59,267**	**226,103**	**2,031**	**63,909**	**457,004**
At 31 December 2018	**23,169,969**	**23,358,888**	**11,245,026**	**8,239,916**	**29,115,979**	**1,968,150**	**1,600,132**	**98,698,060**
Carrying amount:								
At 31 December 2018	**11,907,539**	**12,477,276**	**2,368,168**	**1,132,020**	**8,243,865**	**38,525**	**521,768**	**36,689,161**
At 31 December 2017	14,547,683	15,622,831	1,894,049	1,196,832	7,133,067	59,340	470,344	40,924,146
At 1 January 2017	16,932,634	18,141,405	2,106,066	1,080,595	6,592,699	61,002	451,018	45,365,419

The Group has pledged property, plant and equipment having a carrying amount of approximately $3.2 million (31 December 2017 : $2.8 million, 1 January 2017 : $34 million) to secure banking facilities granted to the Group (Note 19).

17 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 2018	31 December 2017	1 January 2017
	$	$	$
Deferred tax assets	**1,051,174**	1,368,753	1,242,674
Deferred tax liabilities	**(1,345,799)**	(1,304,138)	(875,517)

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**
	$	**$**	**$**
The Group			
Deferred tax assets			
At 1 January 2017	130,182	1,112,492	1,242,674
Credited to profit or loss (Note 27)	–	117,674	117,674
Currency translation differences	(10,722)	(1,867)	(12,589)
Defined benefit plans (Note 27)	20,994	–	20,994
At 31 December 2017	140,454	1,228,299	1,368,753
Charged to profit or loss (Note 27)	**–**	**(205,618)**	**(205,618)**
Currency translation differences	**12,097**	**237**	**12,334**
Defined benefit plans (Note 27)	**(124,295)**	**–**	**(124,295)**
At 31 December 2018	**28,256**	**1,022,918**	**1,051,174**

	Fair value (gains) losses	**Accelerated tax depreciation**	**Total**
	$	**$**	**$**
The Group			
Deferred tax liabilities			
At 1 January 2017	(485,216)	(390,301)	(875,517)
Charged to profit or loss (Note 27)	–	(461,289)	(461,289)
Currency translation differences	39,830	(4,076)	35,754
Available-for-sale investments [Note 22(a)]	(3,086)	–	(3,086)
At 31 December 2017	(448,472)	(855,666)	(1,304,138)
Charged to profit or loss (Note 27)	**–**	**(153,090)**	**(153,090)**
Currency translation differences	**112,348**	**(919)**	**111,429**
At 31 December 2018	**(336,124)**	**(1,009,675)**	**(1,345,799)**

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 $85,393,776 (31 December 2017 : $93,471,471, 1 January 2017 : $96,071,091) 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 $82,666,850 (31 December 2017 : $90,008,100, 1 January 2017 : $93,306,345) that will expire in 2025. 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 $30.5 million (31 December 2017 : $27.8 million, 1 January 2017 : $24.0 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.

18 TRADE AND OTHER PAYABLES

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Trade payables to third parties:						
At amortised cost	**76,108,222**	42,424,023	60,700,455	**–**	–	–
Designated as at fair value through profit or loss	**18,741,908**	1,844,250	–	**–**	–	–
Accrued operating expenses	**57,667,319**	54,345,165	50,846,874	**3,470,854**	3,462,611	3,057,874
Cash collaterals held for securities lent to clients	**1,658,618**	3,394,223	7,257,589	**–**	–	–
Amount due to subsidiaries	**–**	–	–	**47,105,626**	60,677,223	71,081,075
Other payables	**8,551,340**	328,740,317	63,163,220	**–**	–	7,941
	162,727,407	430,747,978	181,968,138	**50,576,480**	64,139,834	74,146,890
Current	**162,727,407**	428,736,945	181,801,355	**50,576,480**	64,139,834	74,146,890
Non-current	**–**	2,011,033	166,783	**–**	–	–
	162,727,407	430,747,978	181,968,138	**50,576,480**	64,139,834	74,146,890

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

Trade payables to third parties designated as at FVTPL are fully funded loan participation amounts that were received by the Group. Included in the loan participation agreements are put 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 at the carrying amount in the absence of exercised put options. The referenced assets underpinning these trade payables have carrying amount of $18,754,211 (31 December 2017 : $1,844,250, 1 January 2017 : Nil) and maturities ranging from June 2019 to December 2019 (31 December 2017 : within June 2019, 1 January 2017 : Nil). The carrying amounts of these trade payables, which are repayable on demand, approximate the fair values of the underlying referenced assets (Note 8).

Accrued operating expenses include the employee benefit obligations amounting to $3,666,417 (31 December 2017 : $3,393,618, 1 January 2017 : $2,857,046) and $944,863 (31 December 2017 : $973,469, 1 January 2017 : $885,879) 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 35 to the financial statements.

As at 31 December 2017, other payables included the provision for the litigation of $1.86 million (1 January 2017 : $1.84 million) retained by UOB Kay Hian Securities (Thailand) Public Company Limited [Note 31(b)]. This provision was reversed in 2018.

Non-current payables include the liability arising from the agreement entered into by a subsidiary to assign all future cash flows from the fund investment held at cost to a third party (Note 14). The amount payable under the liability is determined by reference to the fund investment held at cost.

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

19 BORROWINGS

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Current						
Bank overdrafts:						
- with related parties [Note 5(c)]	**5,264,686**	8,840,429	–	**–**	–	–
- with non-related bank	**78,391**	–	–	**–**	–	–
	5,343,077	8,840,429	–	**–**	–	–
Short-term bank loans:						
- with related parties [Note 5(c)]	**739,131,938**	422,715,283	364,257,736	**400,000**	867,915	907,480
- with non-related banks	**232,776,940**	235,214,909	123,833,910	**–**	–	–
	971,908,878	657,930,192	488,091,646	**400,000**	867,915	907,480
Total borrowings	**977,251,955**	666,770,621	488,091,646	**400,000**	867,915	907,480

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 2.49% per annum (31 December 2017 : 2.15% per annum, 1 January 2017 : 1.59% 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 2017 : 1 month, 1 January 2017 : 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 2018

Short-term bank loans

$	**Weighted average effective interest rates**	**Security, if any**	**Maturity**
Balances with related parties			
739,131,938	**3.87% per annum**	**A fixed charge over immovable fixed assets and a floating charge over all assets of a subsidiary**	**Due within 2 months from the end of the reporting period**

<u>31 December 2018</u>

<u>Short-term bank loans</u>

$	Weighted average effective interest rates	Security, if any	Maturity
Balances with non-related banks			
<u>232,776,940</u>	**2.43% 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>31 December 2017</u>

<u>Short-term bank loans</u>

$	Weighted average effective interest rates	Security, if any	Maturity
Balances with related parties			
<u>422,715,283</u>	2.27% 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>228,620,909</u>	1.21% 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>6,594,000</u>	4.18% per annum	Unsecured	Due within 1 month from the end of the reporting period

<u>1 January 2017</u>

<u>Short-term bank loans</u>

$	Weighted average effective interest rates	Security, if any	Maturity
Balances with related parties			
<u>364,257,736</u>	1.56% 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

1 January 2017

Short-term bank loans

$	Weighted average effective interest rates	Security, if any	Maturity
Balances with non-related banks			
102,015,210	1.63% 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
21,818,700	2.31% 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. Management notes that there are no non-cash changes in the current year. 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.

	1 January 2018 $	**Financing cash flows $**	**31 December 2018 $**
The Group			
Short-term bank loans:			
- with related parties [Note 5(c)]	422,715,283	**316,416,655**	**739,131,938**
- with non-related banks	235,214,909	**(2,437,969)**	**232,776,940**
	657,930,192	**313,978,686**	**971,908,878**

	1 January 2017 $	Financing cash flows $	31 December 2017 $
The Group			
Short-term bank loans:			
- with related parties [Note 5(c)]	364,257,736	58,457,547	422,715,283
- with non-related banks	123,833,910	111,380,999	235,214,909
	488,091,646	169,838,546	657,930,192

20 DEBTS ISSUED

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Notes issued			
At amortised cost [Note 20(a)]	**–**	18,315,000	19,887,500
Designated as at fair value through profit or loss [Note 20(b)]	**197,504,251**	141,519,274	123,144,876
	197,504,251	159,834,274	143,032,376

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 debts issued, including those carried at amortised cost and designated as at fair value through profit or loss, have taken into consideration the terms and conditions of the corresponding underlying referenced assets (Note 8).

(a) As at 31 December 2017, included in the debts issued was a note carried at amortised cost with no repricing term, amounting to $18,315,000 (1 January 2017 : $19,887,500), with maturity being June 2020 (1 January 2017 : June 2020). The credit default swap embedded in the note was considered to be closely related to the host instrument, and accordingly, was not accounted for separately. The referenced asset underpinning this note was carried at amortised cost, with carrying amount of $18,315,000 (1 January 2017 : $19,887,500) and maturity being June 2020 (1 January 2017 : June 2020). This was reclassified from amortised cost to FVTPL on 1 January 2018 [Note 37(b)(ii)].

(b) These notes with embedded credit default swaps were issued at par with maturities ranging from March 2019 to April 2032 (31 December 2017 : March 2019 to April 2032, 1 January 2017 : March 2019 to December 2025) under certain structured transactions entered into by the Group. The embedded credit default swaps allow the Group to deliver the underlying referenced assets [Note 8(a) and (b)] 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 $197,507,095 (31 December 2017 : $141,520,977, 1 January 2017 : $123,146,430) and maturities ranging from March 2019 to April 2032 (31 December 2017 : March 2019 to November 2034, 1 January 2017 : March 2019 to November 2034).

In 2013, due to growing number of structured transactions entered into by the Group, the management has decided to designate any debts issued under such arrangements going forward, along with their corresponding underlying referenced assets, 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.

The notes with medium term notes as their underlying referenced assets bear effective interest rate ranging from 4.92% to 11.50% per annum in 2018 (31 December 2017 : 4.62% to 9.85% per annum in 2017, 1 January 2017 : 4.61% to 9.85% per annum). The effective interest rates realised for the notes with distressed debts as their underlying referenced assets is 27.34% per annum (31 December 2017 : 10.01% to 26.07% per annum, 1 January 2017 : 7.07% to 31.40% per annum).

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

21 SHARE CAPITAL

	The Group and The Company			
	2018	2017	**2018**	2017
	Number of ordinary shares		**$**	$
Issued and paid up:				
At beginning of the year	**792,820,312**	783,453,546	**167,565,001**	155,615,517
Issue of shares pursuant to Scrip Dividend Scheme (Note 30)	**13,374,727**	9,366,766	**16,700,473**	11,949,484
At end of the year	**806,195,039**	792,820,312	**184,265,474**	167,565,001

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.

22 RESERVES

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Fair value reserve [Note 22(a)]	**–**	1,046,431	1,132,168
Foreign currency translation reserves [Note 22(b)] [Note 37(b)(i)]	**(24,222,269)**	(34,105,971)	–
Statutory reserve [Note 22(c)]	**1,957,002**	1,827,414	1,739,414
Equity reserve [Note 22(d)]	**1,443,153**	812,674	51,740
	(20,822,114)	(30,419,452)	2,923,322

(a) Fair value reserve

	The Group	
	2018	2017
	$	$
At beginning of the year	**1,046,431**	1,132,168
Impact of adopting SFRS(I) 9	**(1,046,431)**	–
Changes during the year in other comprehensive income	**–**	10,286
Related income tax in other comprehensive income (Note 17)	**–**	(3,086)
	–	1,139,368
Currency translation differences	**–**	(92,937)
At end of the year	**–**	1,046,431

(b) 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.

Please refer to Note 37(b)(i) for details of transition exemption as at 1 January 2017 on adoption of SFRS(I) 1.

(c) 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.

(d) Equity reserve

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

23 REVENUE

	The Group	
	2018	2017
	$	$
Commission income	**233,672,295**	246,849,941
Trading income	**4,421,906**	3,668,078
Interest income		
- fixed deposits with related parties [Note 5(c)]	**3,085,686**	1,384,136
- fixed deposits with non-related banks	**12,095,904**	7,406,402
- clients	**93,383,135**	87,728,949
- others	**2,325,967**	1,153,653
	110,890,692	97,673,140
Dividend income from quoted/unquoted securities	**109,447**	49,005
Facility, shares withdrawal and arrangement fees	**10,467,528**	12,625,559
Advisory fees	**5,970,073**	6,000,381
Other operating revenue	**9,440,831**	9,355,185
	374,972,772	376,221,289

24 STAFF COSTS

	The Group	
	2018	2017
	$	$
Wages, salaries and other staff costs	**123,662,654**	119,563,675
Employers' contribution to employee benefit plans including Central Provident Fund	**6,702,760**	6,518,531
	130,365,414	126,082,206

25 FINANCE EXPENSE

	The Group	
	2018	2017
	$	$
Interest expense:		
- bank borrowings from related parties [Note 5(c)]	**12,725,334**	5,987,406
- borrowings from non-related banks	**4,439,954**	5,104,753
- debts issued	**17,372,554**	19,300,245
- others	**2,439,308**	1,269,760
	36,977,150	31,662,164

26 OTHER OPERATING EXPENSES

	The Group	
	2018	2017
	$	$
Net fair value loss on other financial assets, at fair value through profit or loss	**574,522**	969
Operating lease expenses	**9,951,861**	10,148,836
Marketing and business promotions	**6,043,118**	6,006,445
Communication expenses	**19,471,818**	18,570,635
Contract processing charges	**673,537**	1,522,211
Information services	**8,614,264**	9,222,028
Depreciation expenses	**9,017,498**	8,948,432
Net gain on disposal of property, plant and equipment	**(494,680)**	(390,093)
Impairment of goodwill (Note 12)	**1,049,443**	294,459
Audit fees:		
- paid to auditor of the Company	**194,240**	183,938
- paid to other auditors	**556,330**	457,384
Non-audit fees:		
- paid to auditor of the Company	**62,980**	76,598
- paid to other auditors	**13,471**	18,746
Maintenance and rental of office equipment	**2,076,356**	1,957,749
Printing and stationery	**1,079,349**	1,348,633
Allowance (Write back of allowance) for trade receivables	**98,845**	(251,500)
Other staff cost	**7,404,951**	5,793,013
General administrative expenses	**8,400,486**	10,889,835
	74,788,389	74,798,318

27 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	The Group	
	2018	2017
	$	$
Tax expense comprises:		
Current income tax		
- Singapore	**7,400,750**	9,315,437
- Foreign	**2,733,851**	2,807,626
	10,134,601	12,123,063
Deferred income tax (Note 17)	**358,708**	361,632
	10,493,309	12,484,695
Under (Over) provision in prior years:		
- current income tax	**98,658**	70,863
- deferred income tax (Note 17)	**–**	(18,017)
	10,591,967	12,537,541

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable income 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	
	2018	2017
	$	$
Profit before income tax	**86,388,380**	90,061,330
Income tax expense calculated at 17% (2017 : 17%)	**14,686,025**	15,310,426
Effects of:		
- Singapore statutory stepped income exemption and tax rebate	**(133,700)**	(133,700)
- Income not subject to tax	**(7,084,197)**	(5,849,167)
- Expenses not deductible for tax purposes	**2,700,032**	2,660,519
- Tax benefits on tax losses and other temporary differences not recognised	**157,027**	140,971
- Different tax rates of subsidiaries operating in other jurisdictions	**651,825**	632,897
- Underprovision in prior years	**98,657**	52,846
- Others	**(483,702)**	(277,251)
	10,591,967	12,537,541

Income tax relating to each component of other comprehensive income:

	The Group	
	2018	2017
	$	$
Deferred income tax		
Gain from available-for-sale investments (Note 17)	–	(3,086)
Actuarial (gain) loss on defined benefit plans (Note 17)	**(124,295)**	20,994
	(124,295)	17,908

28 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	The Group	
	2018	2017
	$	$
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain (loss) on defined benefit plan	**597,584**	(83,976)
Deferred tax (liability) asset arising on actuarial gain (loss)	**(124,295)**	20,994
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments:		
Gain arising during the year	–	10,286
Deferred tax liability arising on revaluation of available-for-sale investments	–	(3,086)
Exchange differences on translation of foreign operations	**10,432,434**	(34,016,009)
Other comprehensive income (loss) for the year, net of tax	**10,905,723**	(34,071,791)

29 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:

	2018	2017
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**$74,832,489**	$76,249,411
Weighted average number of ordinary shares for the purposes of basic earnings per share	**799,965,714**	788,457,709
Basic earnings per share	**9.35 cents**	9.67 cents

Diluted earnings per share is equal to basic earnings per share as there are no potential ordinary shares outstanding as at 31 December 2018 and 31 December 2017.

30 DIVIDENDS

	The Group and The Company	
	2018	2017
	$	$
One-tier tax-exempt final dividend in respect of the year ended 31 December 2017 of 4.8 cents per ordinary share paid (31 December 2016 : 3.5 cents per ordinary share paid)	**38,066,482**	27,420,884
Dividend paid in cash	**21,366,009**	15,471,400
Dividend paid through issuance of new shares under the Scrip Dividend Scheme (Note 21)	**16,700,473**	11,949,484
	38,066,482	27,420,884

At the Annual General Meeting on 26 April 2019, a one-tier tax-exempt final dividend of 4.7 cents per ordinary share in respect of year ended 31 December 2018 amounting to a total of $37,891,167 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 financial year ending 31 December 2019.

31 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 $1,709,067 (31 December 2017 : $2,063,398, 1 January 2017 : $2,215,765) 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 $1,862,241 (31 December 2017 : $2,262,241, 1 January 2017 : $2,243,272) placed by the subsidiary with CDP.

(b) Legal liabilities retained in a former subsidiary disposed in prior years

On 17 June 2013, UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKH Thailand") was sued by a former shareholder of United Securities Public Company Limited ("United Securities"), seeking compensation of Baht 300 million (approximately $12.61 million) for the breach of the Definitive Agreement entered into during the initial purchase of United Securities by UOBKH Thailand. Subsequently, on 25 June 2013, such former shareholder of United Securities additionally sued UOBKH Thailand to revoke the Share Purchase Agreement between UOBKH Thailand and a group of investors, and to prohibit the transfer of Stock Exchange of Thailand Membership to UOBKH Thailand. On 22 October 2014, the cases were dismissed by the judge. The plaintiff appealed this decision to the Supreme Court. In 2018, the Supreme Court ruled in favour of UOBKH Thailand and the legal case is considered closed with no outstanding liability to UOBKH Thailand.

32 COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	The Group	
	2018	2017
	$	$
Within one year	**7,268,646**	7,116,039
In the second to the fifth years inclusive	**1,760,642**	7,037,079
After five years	**–**	13,657
	9,029,288	14,166,775

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 3 years (2017 : 3 years) and rentals are fixed for an average of 3 years (2017 : 3 years).

The Group as lessor

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

Property rental income earned during the year was $540,536 (2017 : $547,536). The property is managed and maintained by a property manager at an annual cost of $181,140 (2017 : $180,960).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	The Group	
	2018	2017
	$	$
Within one year	**535,536**	535,536
In the second to fifth year inclusive	**1,919,004**	2,142,144
After five years	**–**	312,396
	2,454,540	2,990,076

(b) Financial guarantees

The Company has issued corporate guarantees [(Note 4(c)(iv)] 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.

33 SEGMENT INFORMATION

The Group is organised on a geographical basis, namely Singapore, Hong Kong, Thailand 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.

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

	Singapore	Hong Kong	Thailand	Others	Elimination	Total
	$	$	$	$	$	$
The Group						
2018						
Revenue						
- External sales	127,418,516	70,177,528	33,930,676	32,555,360	–	264,082,080
- Interest income	51,302,192	46,800,002	6,703,912	6,084,586	–	110,890,692
- Inter-segment sales	8,289,225	(653,040)	2,625,109	4,391,423	(14,652,717)	–
	187,009,933	116,324,490	43,259,697	43,031,369	(14,652,717)	374,972,772
Segment results	38,735,331	32,718,868	8,393,991	7,296,368	(756,178)	86,388,380
Profit before tax						86,388,380
Income tax expense						(10,591,967)
Profit after tax						75,796,413
Segment assets (Note A)	1,662,944,384	1,352,673,519	232,959,280	240,915,650	(186,663,738)	3,302,829,095
Deferred tax assets						1,051,174
Consolidated total assets						3,303,880,269
Segment liabilities (Note A)	840,695,218	919,790,752	87,469,801	93,198,779	(115,760,644)	1,825,393,906
Income tax payable						7,782,040
Deferred tax liabilities						1,345,799
Consolidated total liabilities						1,834,521,745
Other segment items						
Capital expenditure	1,203,712	809,499	1,457,972	888,758	–	4,359,941
Goodwill	–	–	14,824,954	–	–	14,824,954
Impairment loss	–	–	1,049,443	–	–	1,049,443
Depreciation expense	6,173,186	352,598	1,769,337	722,377	–	9,017,498
Finance expense	24,780,037	11,703,655	682,259	998,830	(1,187,631)	36,977,150

	Singapore	Hong Kong	Thailand	Others	Elimination	Total
	$	$	$	$	$	$
The Group						
2017						
Revenue						
- External sales	143,797,007	69,508,082	36,895,381	28,347,679	–	278,548,149
- Interest income	56,511,054	28,317,517	7,841,072	5,003,497	–	97,673,140
- Inter-segment sales	8,381,446	(816,815)	1,824,425	5,396,540	(14,785,596)	–
	208,689,507	97,008,784	46,560,878	38,747,716	(14,785,596)	376,221,289
Segment results	49,385,858	25,311,330	10,966,836	5,261,389	(864,083)	90,061,330
Profit before tax						90,061,330
Income tax expense						(12,537,541)
Profit after tax						77,523,789
Segment assets (Note A)	2,028,805,024	977,766,123	259,134,462	274,929,081	(189,244,631)	3,351,390,059
Deferred tax assets						1,368,753
Consolidated total assets						3,352,758,812
Segment liabilities (Note A)	1,228,796,617	585,375,119	122,510,532	144,664,919	(143,185,908)	1,938,161,279
Income tax payable						7,763,748
Deferred tax liabilities						1,304,138
Consolidated total liabilities						1,947,229,165
Other segment items						
Capital expenditure	2,264,267	267,757	1,058,513	948,011	–	4,538,548
Goodwill	–	–	14,027,773	–	–	14,027,773
Impairment loss	–	–	294,459	–	–	294,459
Depreciation expense	6,136,884	301,773	1,705,604	804,171	–	8,948,432
Finance expense	26,063,053	4,059,834	893,636	1,128,186	(482,545)	31,662,164

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.

34 LISTING OF COMPANIES IN THE GROUP

Name of company	Principal activities	Country of incorporation	Proportion of ownership and voting power			
			Company		Subsidiaries	
			2018	2017	**2018**	2017
			%	%	**%**	%
Subsidiaries						
PT UOB Kay Hian Securities [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	**16.6**	15.4
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]	Dormant	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 (Australia) Pty Ltd [b]	Dormant	Australia	**100**	100	–	–
UOB Kay Hian Credit (M) Sdn Bhd [b]	Dormant	Malaysia	**100**	100	–	–

Name of company	Principal activities	Country of incorporation	Proportion of ownership and voting power			
			Company		Subsidiaries	
			2018	2017	**2018**	2017
			%	%	**%**	%
Subsidiaries						
<u>Held by UOB Kay Hian Private Limited</u>						
UOB Kay Hian Nominees Pte Ltd [(a)]	Nominee services	Singapore	**–**	–	**100**	100
<u>Held by UOB Kay Hian Overseas Limited</u>						
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
<u>Held by UOB Kay Hian Securities (M) Sdn Bhd</u>						
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

[(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.

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 2018	31 December 2017
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
Research Activities	Malaysia	**-**	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
Margin Financing	Singapore	**1**	1
Nominee Services	Singapore	**1**	1
Nominee Services	Malaysia	**2**	2
Futures Broking	Hong Kong	**1**	1
Dormant	Malaysia	**3**	2
Dormant	Australia	**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 2018	31 December 2017	**31 December 2018**	31 December 2017
Stockbroking	Thailand	**12.7%**	13.9%	**1**	1

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

	UOB Kay Hian Securities (Thailand) Public Company Limited	
	31 December 2018	31 December 2017
	$	$
Current assets	**211,150,438**	239,083,693
Non-current assets	**22,542,126**	21,101,746
Current liabilities	**(87,546,620)**	(123,345,648)
Non-current liabilities	**(619,655)**	(469,662)
Equity attributable to owners of the Company	**127,044,450**	117,417,319
Non-controlling interests	**18,481,839**	18,952,810
Revenue	**43,259,697**	46,560,878
Expenses	**(36,452,050)**	(37,786,410)
Profit for the year	**6,807,647**	8,774,468
Profit attributable to owners of the Company	**5,897,023**	7,502,785
Profit attributable to the non-controlling interests	**910,624**	1,271,683
Profit for the year	**6,807,647**	8,774,468
Other comprehensive income attributable to owners of the Company	**3,588,717**	1,450,134
Other comprehensive income attributable to the non-controlling interests	**547,524**	249,408
Other comprehensive income for the year	**4,136,241**	1,699,542
Total comprehensive income attributable to owners of the Company	**9,485,740**	8,952,919
Total comprehensive income attributable to the non-controlling interests	**1,458,148**	1,521,091
Total comprehensive income for the year	**10,943,888**	10,474,010
Dividends paid to non-controlling interests	**(236,295)**	(282,694)
Net cash inflow from operating activities	**40,931,882**	7,073,750
Net cash outflow from investing activities	**(8,655,569)**	(968,737)
Net cash outflow from financing activities	**(1,889,456)**	(2,044,860)
Net cash inflow	**30,386,857**	4,060,153

35 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 18) in respect of the Group's defined benefit plans are as follows:

		The Group	
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Present value of unfunded obligations	**4,611,280**	4,367,087	3,742,925
Net liability recognised in statement of financial position	**4,611,280**	4,367,087	3,742,925

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

	The Group	
	2018	2017
	$	$
Service cost:		
Current service cost	**733,545**	640,889
Past service cost	**(131,744)**	(144,795)
Net interest expense	**127,481**	114,403
Components of employee benefit costs recognised in profit or loss	**729,282**	610,497
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in financial assumptions	**(534,096)**	–
Actuarial losses arising from changes in demographic assumptions	**268,489**	–
Actuarial (gains) losses arising from changes in experience adjustments	**(331,977)**	83,976
Components of defined benefit costs recognised in other comprehensive income	**(597,584)**	83,976
Exchange differences on foreign plans	**43,730**	(35,320)
Total	**175,428**	659,153

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

	The Group	
	31 December 2018	31 December 2017
	$	$
Opening defined benefit obligation	**4,367,087**	3,742,925
Current service cost	**733,545**	640,889
Past service cost, including gain on curtailments	**(131,744)**	(144,795)
Net interest expense	**127,481**	114,403
Acquisition of business (Note 36)	**322,410**	–
Remeasurement on the net defined benefit liability	**(597,584)**	83,976
Exchange differences on foreign plans	**43,730**	(35,320)
Benefits paid	**(253,645)**	(34,991)
Closing defined benefit obligation	**4,611,280**	4,367,087

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

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Financial assumptions			
Discount rates	**2.47% to 8.25%**	2.22% to 7.24%	2.22% to 8.41%
Expected rates of salary increase	**3.00% to 7.00%**	4.00% to 7.00%	4.00% to 7.00%
Retirement ages	**55 to 60 years**	55 to 60 years	55 to 60 years
Turnover rates	**0% to 21%**	0% to 26%	0% to 26%
Mortality rates	**10%**	10%	10%

Significant actuarial assumptions for the determination of the defined obligation are discount rates, expected rates of salary increase, turnover rates and mortality 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 $286,148 or increase by $324,556 (31 December 2017 : decrease by $289,047 or increase by $331,296, 1 January 2017 : decrease by $254,127 or increase by $292,516).

- If the expected rate of salary increases (decreases) by 1%, the defined benefit obligation would increase by $312,546 or decrease by $281,073 (31 December 2017 : increase by $347,816 or decrease by $307,950, 1 January 2017 : increase by $276,995 or decrease by $245,839).

- If the turnover rate increases (decreases) by 1%, the defined benefit obligation would decrease by $303,046 or increase by $181,647 (31 December 2017 : decrease by $310,911 or increase by $201,273, 1 January 2017 : decrease by $273,578 or increase by $183,626).

- If the life expectancy increases (decreases) by 1%, the defined benefit obligation would increase by $17,116 or decrease by $17,020 (31 December 2017 : increase by $25,771 or decrease by $25,550, 1 January 2017 : increase by $22,277 or decrease by $22,080).

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.

36 ACQUISITION OF BUSINESS

On 11 December 2018, the Group's subsidiary, UOB Kay Hian Securities (Thailand) PCL ("UOB KH Thailand"), completed the acquisition of the retail securities business of AEC Securities Public Company Limited ("AEC") for a total consideration of $7,259,163. This transaction has been accounted for using the acquisition method of accounting.

The Group acquired the business unit for various reasons, primarily to expand its presence in Thailand.

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

	2018 **$**
Business unit purchased from AEC	
Cash	**7,259,163**

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

	2018 $
Business unit purchased from AEC	
Current assets	
Trade receivables	**4,999,957**
Non-current assets	
Property, plant and equipment	**1,116,390**
Current liabilities	
Trade and other payables	**(322,410)**
Net assets acquired and liabilities assumed	**5,793,937**

The gross carrying amount of these trade receivables acquired in the transaction equals their net book values. Fair value of these trade receivables acquired approximate their carrying amounts.

(iii) Goodwill arising on acquisition

	2018 $
Business unit purchased from AEC	
Consideration transferred	**7,259,163**
Less: Fair value of identifiable net assets acquired	**(5,793,937)**
Goodwill arising on acquisition	**1,465,226**

Goodwill arose in the acquisitions entered into by the Group in current and prior 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.

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

(iv) Net cash outflow on acquisition of business

	2018 $
Business unit purchased from AEC	
Consideration paid in cash, representing net cash outflow	**7,259,163**

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

Included in the profit for 2018 is $33,391 attributable to the business unit purchased from AEC. Revenue for 2018 generated from the business unit acquired amounted to $204,132.

Had the business combination in 2018 been effected at 1 January 2018, the revenue of the Group would have been $377,218,219 and the profit for 2018 would have been $76,163,715.

37 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

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

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. Refer to Note 37(a) below.

In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017). Additional disclosures are made for specific transition adjustments if applicable. Refer to Note 37(b) for more details.

(a) Optional exemptions applied

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time, and the election of certain transition options available under SFRS(I) 1.

(i) Cumulative translation differences

The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before 1 January 2017 and shall include later translation differences.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(b) Reconciliation of the Group's equity reported in accordance with FRS to SFRS(I)

As at 1 January 2017	Note	Reported under FRS $	Effects of applying SFRS(I) 1 $	Reported under SFRS(I) $
ASSETS				
Current assets				
Cash and cash equivalents		545,902,545	–	545,902,545
Outstanding contracts receivable		622,293,526	–	622,293,526
Trade and other receivables		1,477,873,355	–	1,477,873,355
Other financial assets, at fair value through profit or loss		38,403,687	–	38,403,687
Other current assets		40,184,560	–	40,184,560
Derivative financial instruments		1,658,094	–	1,658,094
Total current assets		2,726,315,767	–	2,726,315,767
Non-current assets				
Trade and other receivables		43,155,639	–	43,155,639
Goodwill		14,136,798	–	14,136,798
Available-for-sale investments		1,999,415	–	1,999,415
Trading rights in Exchanges		103,024	–	103,024
Memberships in Exchanges		218,688	–	218,688
Property, plant and equipment		45,365,419	–	45,365,419
Deferred tax assets		1,242,674	–	1,242,674
Total non-current assets		106,221,657	–	106,221,657
Total assets		2,832,537,424	–	2,832,537,424
LIABILITIES				
Current liabilities				
Outstanding contracts payable		630,029,740	–	630,029,740
Trade and other payables		181,801,355	–	181,801,355
Borrowings		488,091,646	–	488,091,646
Debts issued		143,032,376	–	143,032,376
Income tax payable		8,492,107	–	8,492,107
Derivative financial instruments		1,016,103	–	1,016,103
Total current liabilities		1,452,463,327	–	1,452,463,327
Non-current liabilities				
Trade and other payables		166,783	–	166,783
Deferred tax liabilities		875,517	–	875,517
Total non-current liabilities		1,042,300	–	1,042,300
Total liabilities		1,453,505,627	–	1,453,505,627
EQUITY				
Capital, reserves and non-controlling interests				
Share capital		155,615,517	–	155,615,517
Reserves	(i)	(20,796,517)	23,719,839	2,923,322
Retained earnings	(i)	1,224,177,940	(23,719,839)	1,200,458,101
Equity attributable to owners of the Company		1,358,996,940	–	1,358,996,940
Non-controlling interests		20,034,857	–	20,034,857
Total equity		1,379,031,797	–	1,379,031,797
Total liabilities and equity		2,832,537,424	–	2,832,537,424
Clients' trust/segregated accounts				
Bank balances				
- with related parties		499,997,535	–	499,997,535
- with non-related banks		1,074,794,298	–	1,074,794,298
Margin with clearing house		35,075,147	–	35,075,147
Less: Amounts held in trust		(1,609,866,980)	–	(1,609,866,980)
		–	–	–

(b) Reconciliation of the Group's equity reported in accordance with FRS to SFRS(I) (continued)

	Note	As at 31 Dec 2017 reported under FRS $	Effects of applying SFRS(I) 1 $	As at 31 Dec 2017 reported under SFRS(I) $	Effects of applying SFRS(I) 9 $	As at 1 Jan 2018 reported under SFRS(I) $
ASSETS						
Current assets						
Cash and cash equivalents		627,329,927	–	627,329,927	–	**627,329,927**
Outstanding contracts receivable		714,293,088	–	714,293,088	–	**714,293,088**
Trade and other receivables	(ii)	1,868,914,754	–	1,868,914,754	(237,456)	**1,868,677,298**
Other financial assets, at fair value through profit or loss		31,721,175	–	31,721,175	–	**31,721,175**
Other current assets		47,820,797	–	47,820,797	–	**47,820,797**
Derivative financial instruments		2,324,802	–	2,324,802	–	**2,324,802**
Total current assets		3,292,404,543	–	3,292,404,543	(237,456)	**3,292,167,087**
Non-current assets						
Trade and other receivables		1,844,250	–	1,844,250	–	**1,844,250**
Goodwill		14,027,773	–	14,027,773	–	**14,027,773**
Available-for-sale investments	(ii)	1,874,798	–	1,874,798	(1,874,798)	**–**
Other financial assets, at fair value through profit or loss	(ii)	–	–	–	1,874,798	**1,874,798**
Trading rights in Exchanges		94,504	–	94,504	–	**94,504**
Memberships in Exchanges		220,045	–	220,045	–	**220,045**
Property, plant and equipment		40,924,146	–	40,924,146	–	**40,924,146**
Deferred tax assets	(ii)	1,368,753	–	1,368,753	22,485	**1,391,238**
Total non-current assets		60,354,269	–	60,354,269	22,485	**60,376,754**
Total assets		3,352,758,812	–	3,352,758,812	(214,971)	**3,352,543,841**
LIABILITIES						
Current liabilities						
Outstanding contracts payable		678,492,454	–	678,492,454	–	**678,492,454**
Trade and other payables		428,736,945	–	428,736,945	–	**428,736,945**
Borrowings		666,770,621	–	666,770,621	–	**666,770,621**
Other financial liabilities, at fair value through profit or loss		882	–	882	–	**882**
Debts issued		159,834,274	–	159,834,274	–	**159,834,274**
Income tax payable		7,763,748	–	7,763,748	–	**7,763,748**
Derivative financial instruments		2,315,070	–	2,315,070	–	**2,315,070**
Total current liabilities		1,943,913,994	–	1,943,913,994	–	**1,943,913,994**
Non-current liabilities						
Trade and other payables		2,011,033	–	2,011,033	–	**2,011,033**
Deferred tax liabilities		1,304,138	–	1,304,138	–	**1,304,138**
Total non-current liabilities		3,315,171	–	3,315,171	–	**3,315,171**
Total liabilities		1,947,229,165	–	1,947,229,165	–	**1,947,229,165**
EQUITY						
Capital, reserves and non-controlling interests						
Share capital		167,565,001	–	167,565,001	–	**167,565,001**
Reserves	(i),(ii)	(54,139,291)	23,719,839	(30,419,452)	(1,046,431)	**(31,465,883)**
Retained earnings	(i),(ii)	1,272,909,214	(23,719,839)	1,249,189,375	831,460	**1,250,020,835**
Equity attributable to owners of the Company		1,386,334,924	–	1,386,334,924	(214,971)	**1,386,119,953**
Non-controlling interests		19,194,723	–	19,194,723	–	**19,194,723**
Total equity		1,405,529,647	–	1,405,529,647	(214,971)	**1,405,314,676**
Total liabilities and equity		3,352,758,812	–	3,352,758,812	(214,971)	**3,352,543,841**
Clients' trust/segregated accounts						
Bank balances						
- with related parties		651,790,813	–	651,790,813	–	**651,790,813**
- with non-related banks		1,402,005,806	–	1,402,005,806	–	**1,402,005,806**
Margin with clearing house		48,258,031	–	48,258,031	–	**48,258,031**
Less: Amounts held in trust		(2,102,054,650)	–	(2,102,054,650)	–	**(2,102,054,650)**
		–	–	–	–	**–**

Explanatory notes to reconciliations:

(i) Cumulative translation differences

As disclosed in Note 37(a)(i), the Group has elected to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. As a result, the Group has reclassified the foreign currency translation reserve (FCTR) debit balance as at 1 January 2017 of $23,719,839 to retained earnings. Any exchange differences on translation of foreign operations that arise subsequent to 1 January 2018 will continue to be accumulated within FCTR.

(ii) Classification and measurement of financial assets and liabilities

For financial assets and liabilities held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

		Financial Assets*					
	Note	FVTPL	AFS	Amortised cost	Deferred tax assets	Fair value reserves	Retained earnings
		$	$	$	$	$	$
Balance as at 31 December 2017 – before adoption of SFRS(I) 9		175,086,402	1,874,798	3,112,837,536	1,368,753	1,046,431	1,249,189,375
Reclassify investments from AFS to FVTPL	A	1,874,798	(1,874,798)	–	–	(1,046,431)	1,046,431
Reclassify medium term note from amortised cost to FVTPL	B	18,315,000	–	(18,315,000)	–	–	–
Allowance for expected credit loss impairment of financial assets	C	(237,456)	–	–	–	–	(237,456)
Relating tax impact on the above		–	–	–	22,485	–	22,485
Balance as at 1 January 2018 – after adoption of SFRS(I) 9		195,038,744	–	3,094,522,536	1,391,238	–	1,250,020,835

		Financial liabilities*	
	Note	FVTPL	Amortised cost
		$	$
Balance as at 31 December 2017 – before adoption of SFRS(I) 9		143,364,406	1,792,481,803
Reclassify debt issued from amortised cost to FVTPL	B	18,315,000	(18,315,000)
Balance as at 1 January 2018 – after adoption of SFRS(I) 9		161,679,406	1,774,166,803

* Note that this excludes derivative financial instruments.

A. Reclassification of investments from available-for-sale to FVTPL

The equity investments securities of $1,874,798 held for long-term strategic purposes were reclassified from the "available-for-sale" category to "FVTPL" category. As such, impairment loss allowance from financial year ended 31 December 2017 amounting to $3,396,653 (Note 14) is also written off against the associated unquoted fund investments. Related fair value gains of $1,046,431 were transferred from the fair value reserve to retained earnings on 1 January 2018.

B. Reclassification of medium term note from amortised cost to FVTPL

The medium term note of $18,315,000 was reclassified from "amortised cost" category to "FVTPL" category. Accordingly, the underlying referenced debt issued previously measured at amortised cost under FRS 39, was designated as at FVTPL.

C. Impairment of financial assets

The application of the SFRS(I) 9 impairment requirements has resulted in additional loss allowance to be recognised. Refer to Note 2 – Impairment of financial assets for the change in impairment methodology.

(c) There were no material adjustments to the Group's total comprehensive income and statement of cash flows arising from the transition from FRS to SFRS(I).

38 EVENTS AFTER THE REPORTING PERIOD

On 27 February 2019, the Company made an additional investment of Malaysian ringgit 1,999,998 (approximately $662,799) in its wholly-owned subsidiary, UOB Kay Hian Credit (M) Sdn. Bhd. to provide additional working capital.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

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

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

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 except for the following:

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the adoption of SFRS(I) 16 in future period will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

No. of issued shares	:	806,195,039 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	126	1.24	5,498	0.00
100 - 1,000	946	9.28	684,149	0.08
1,001 - 10,000	6,863	67.34	29,867,938	3.71
10,001 - 1,000,000	2,229	21.87	88,445,169	10.97
1,000,001 & above	27	0.27	687,192,285	85.24
Total	10,191	100.00	806,195,039	100.00

TOP TWENTY SHAREHOLDERS

	Name	No. of Shares	%
1	Tye Hua Nominees Private Limited	313,360,043	38.87
2	U.I.P. Holdings Limited	153,860,397	19.09
3	UOB Kay Hian Private Limited.	74,065,943	9.19
4	Tang Wee Loke	35,695,836	4.43
5	Raffles Nominees (Pte) Limited	15,110,504	1.87
6	Citibank Nominees Singapore Pte Ltd	14,969,779	1.86
7	DBS Nominees Pte Ltd	14,805,883	1.84
8	United Overseas Bank Nominees Pte Ltd	11,959,671	1.48
9	Ho Yeow Koon & Sons Pte Ltd	10,539,295	1.31
10	Lim and Tan Securities Pte Ltd	6,114,027	0.76
11	OCBC Nominees Singapore Pte Ltd	5,422,313	0.67
12	Lai Choy Kuen	3,387,862	0.42
13	Phillip Securities Pte Ltd	3,049,360	0.38
14	Maybank Kim Eng Securities Pte Ltd.	2,543,197	0.32
15	Tung Tau Chyr Walter	2,542,422	0.32
16	Lau Mei Lea	2,507,622	0.31
17	Hai Chua Fishery Pte Ltd	1,997,342	0.25
18	Chen Chun Nan	1,901,593	0.24
19	Lim Geck Chin Mavis	1,836,621	0.23
20	Estate of Mrs Lim Nancy Nee Tan Nancy, deceased	1,799,373	0.22
		677,469,083	84.06

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name	No. of Shares	%	No. of Shares	%
United Overseas Bank Limited	–	–	313,360,043(1)	38.87
U.I.P. Holdings Limited	153,860,397	19.09	–	–
Wee Ee Chao	–	–	225,951,397(2)	28.03
K.I.P. Inc	–	–	72,091,000(3)	8.94

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 153,860,397 shares held by U.I.P. Holdings Limited and 72,091,000 shares held by UOB Kay Hian Private Limited - K.I.P. Inc
(3) K.I.P. Inc's deemed interest arises from 72,091,000 shares registered in the name of UOB Kay Hian Private Limited.

PUBLIC FLOAT

Based on available information as at 11 March 2019, approximately 28.22% of issued shares of the Company are held by the public and Rule 723 of the SGX-ST Listing Manual is complied with.

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the Auditorium, 8 Anthony Road, Singapore 229957 on Friday, 26 April 2019 at 5.30 p.m. for the following purposes:

Ordinary Business

1 To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2018 and the auditors' report thereon.

2 To declare a first and final one-tier tax exempt dividend of 4.7 cents per ordinary share for the year ended 31 December 2018.

3 To approve the sum of S$220,000 as directors' fees for the year ended 31 December 2018. (2017: S$220,000)

4 (a) To re-elect Mr Tang Wee Loke, 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 Tang Wee Loke, if re-elected as a director, will remain the chairman of the nominating committee, a member of the audit committee and a member of the remuneration committee. Key information on Mr Tang is set out in the "Corporate Information" and "Profile of Directors & Key Management Personnel" sections of the annual report on pages 2 and 35 to 37 respectively and "Additional information on Directors seeking re-appointment" on pages 132 to 133 of this notice.

(b) 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, if re-elected as a director, will remain the chairman of the remuneration committee and a member of the nominating committee. Mr Suckling is an independent director. Key information on Mr Suckling is set out in the "Corporate Information" and "Profile of Directors & Key Management Personnel" sections of the annual report on pages 2 and 35 to 37 respectively and "Additional information on Directors seeking re-appointment" on pages 132 to 133 of this notice.

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 <u>Authority to allot and issue shares and convertible securities</u>

That pursuant to Section 161 of the Companies Act, Cap. 50 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 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, Cap. 50, 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 sent to shareholders of the Company dated 8 April 2019 together with the Company's annual report.

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

Chung Boon Cheow
Company Secretary
Singapore, 8 April 2019

Notes

1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap 50.

2 A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Anthony Road #01-01, Singapore 229957 not less than 72 hours before the time appointed for holding the meeting.

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 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 2018 is set out in section 2.7 of the Addendum.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

No vouchers

Please be informed that the Company will not be distributing any vouchers at the annual general meeting and only coffee and tea will be served.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

The following additional information on Mr Tang Wee Loke and Mr Andrew Suckling, both of whom are seeking re-appointment 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 35 to 37 respectively.

	Tang Wee Loke Non-Executive Independent Director	**Andrew Suckling** Non-Executive Independent Director
Date of Appointment	1 August 1990 (Executive Director) 1 January 2015 (Independent Director)	3 May 2016
Date of last re-appointment	28 April 2017	28 April 2017
Age	72	49
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment	Mr Tang is a veteran in the stockbroking industry with extensive experience and knowledge which will benefit the Group.	Mr Suckling is well qualified with a wealth of finance industry experience and provides valuable contribution to the Group.
Working experience and occupation(s) during the past 10 years	2008 - 2011 1) Executive Director and Deputy Managing Director of UOB Kay Hian Private Limited overseeing the stockbroking business operations of the Group 2) Executive Director of UOB-Kay Hian Holdings Limited 2012 – 2014 Non-Executive Director of UOB-Kay Hian Holdings Limited 2015 to present Non-Executive Independent Director of UOB-Kay Hian Holdings Limited	2006 to 2015 Standard Chartered Bank, Singapore Roles (latest to earliest): - 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 1999 to 2006 Lazard Asia, Singapore - Head of SE Asia - focused on M&A
Shareholding interest in the listed issuer and its subsidiaries	Direct and deemed interest in 38,203,458 ordinary shares held in UOB-Kay Hian Holdings Limited	Deemed interest in 23,049 ordinary shares held in UOB-Kay Hian Holdings Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	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
Other Principal Commitments Including Directorships	Nil	Nil

		Tang Wee Loke	Andrew Suckling
(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
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

PROXY FORM

UOB-KAY HIAN HOLDINGS LIMITED

(Incorporated In The Republic Of Singapore)
Company Registration No. 200004464C

IMPORTANT

1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2 For CPF/SRS investors who have used their CPF/SRS monies 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 should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3 By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 8 April 2019.

NO VOUCHERS
Please be informed that the Company will not be distributing any vouchers at the annual general meeting and only coffee and tea will be served.

I/We ______________________________ NRIC/Passport/Co. Reg. No. ____________________

of ____

being a member/members of UOB-Kay Hian Holdings Limited hereby appoint:

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held at the Auditorium, 8 Anthony Road, Singapore 229957 on Friday, 26 April 2019 at 5.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the annual general meeting.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1	To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2018 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 Tang Wee Loke as director		
4(b)	To re-elect Mr Andrew Suckling 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 to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this ____________ day of ____________________ 2019

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 name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his 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 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3 A proxy need not be a member of the Company.

4 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Anthony Road #01-01, Singapore 229957 not less than 72 hours before the time appointed for holding the meeting.

5 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney. Where the instrument appointing a proxy or proxies 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.

7 Where an instrument appointing a proxy or proxies 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.

8 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9 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 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.