

UOB-KAY HIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200004464C
("Company" and together with its subsidiaries, the "Group")

(I) **Response to SGX Queries Regarding Annual Report for the financial year ended 31 December 2020**

(II) **Annual General Meeting to be held on 28 April 2021 – Responses to Questions from Shareholders**

(I) **Response to SGX Queries Regarding Annual Report for the financial year ended 31 December 2020**

The Board of Directors ("**Board**") of UOB-Kay Hian Holdings Limited, in response to SGX RegCo's queries on 26 April 2021 with regard to the Company's Annual Report for the financial year ended 31 December 2020 ("**Annual Report FY2020**"), wish to provide additional information as follows:

SGX RegCo's query 1

If there are material discrepancies between an the issuer's interim full year results and its audited full year results, the issuer is required to disclose and explain the material discrepancies via an SGXNET announcement under Listing Rule 704(6).

Please explain the material discrepancy in the values in total non-current liabilities in: (a) the Company's Consolidated Statement of Financial Position found on page 45 of the FY2020 Annual Report; (b) the Company's full year financial statements for FY2020. Please also explain how the Company has complied with Listing Rule 704(6).

Company's reply

The variance was due to a reclassification of some of trade and other payables and lease liabilities to non-current based on those underlying with maturities over a year. The total of trade and other payables and lease liabilities remain unchanged with no profit or loss impact.

SGX RegCo's query 2

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please provide the Audit Committee's comment on whether the internal audit function is effective.

Company's reply

The Audit Committee regularly reviews the Company's internal audit function and is of the opinion that it remains effective. The Audit Committee is also satisfied that the internal audit function is independent and is currently adequately resourced.

SGX RegCo's query 3

It is disclosed on page 16 of the Company's FY2020 Annual Report that Mr. Tang Wee Loke, has an overall tenure which spans more than nine years since his first appointment as a director. The Company has not indicated that a rigorous review of Mr. Tang Wee Loke's independence had been conducted. As per Paragraph 2.4 of the Code of Corporate Governance 2012, please clarify whether Mr. Tang Wee Loke's independence as Independent Director of the Board has been subject to particularly rigorous review and provide the Board's explanation on why Mr. Tang Wee Loke should be considered independent in spite of the long tenure of more than 9 years as directors of the Company.

Company's reply

The Nominating Committee (“**NC**”) had conducted a rigorous review of Mr Tang Wee Loke’s independence and with the concurrence of the Board is satisfied that Mr Tang is considered independent.

Mr Tang has at all times, expressed his individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters. He has also sought clarification and advice, as and when necessary, from Management and exercised strong independence in character and impartial judgment whilst discharging his duties as a member of the Board and Board Committees. In reviewing the independence of Mr Tang, the NC has taken into consideration the factors as set out in page 16 of the Company’s Annual Report FY2020. As Mr Tang is the NC Chairman, Mr Tang naturally recused himself from the NC’s and Board’s review of his independence.

(II) Annual General Meeting to be held on 28 April 2021 – Responses to Questions from Shareholders

The Board thanks shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) to be held by electronic means on 28 April 2021 at 5.30 p.m.. The responses to the questions raised as follows:

Question 1

UOBKH Market Share/Positioning

- What is UOBKH current market share in Singapore post-acquisition of DBSV?
- How does UOBKH differentiate itself from other local brokers, such as CGS-CIMB, MBKE, OCBC, Phillip Securities, L&T and others?
- What is UOBKH's competitive advantage and strengths versus the other local brokers, such as CGS-CIMB, MBKE, OCBC, Phillip Securities, L&T and others?

Company's reply

- (i) UOBKH’s market share in Singapore has increased post the transfer of DBSV's retail business of securities and stockbroking, and we continue to maintain significant market share.
- (ii) We continue to focus on delivering enhanced customer service experience along with being a trusted financial partner. Delivering education and conducting seminars to our clients and Trading Representatives to keep them abreast with market trends and developments are some ways we differentiate ourselves from others.
- (iii) We constantly survey the markets to stay ahead of trends.
- (iv) We believe we have a regional presence unmatched by local competitors.

Question 2

Rise of Low Cost Brokerages

I note there is a rise in the number of low cost brokerages that offer very competitive rates and very comprehensive investment platforms with access to many major markets worldwide. Some examples include Tiger Brokers, MooMoo, etc. These new trading platforms have gained much popularity and I daresay market share from established players like UOBKH.

- What is UOBKH's current market share vs these new trading platforms?
- Is the company concerned about the threats and competition coming from these new brokers?
- What is the company doing to contain and/or manage this threat/competition?

Company's reply

- (i) UOBKH is aware of such competition and is monitoring the developments closely. Such new trading platforms usually attract the younger self directed market segments and plans are in the pipeline to capture the growing younger generation of investors.
- (ii) We provide a higher touch service and deep research which have helped differentiate our services from low value added competitors.
- (iii) UOBKH is a well trusted name in an industry where trust is important to our customers.

Question 3

Cryptocurrencies

I note there is a rise in interest in crypto currencies such as bitcoin.

- Does UOBKH's platform support crypto trading?
- What is the company's view on crypto currencies such as bitcoin?
- Is the rise of Cryptocurrencies a threat to traditional banks such as UOB and by extension UOBKH?
- Does the company plan to introduce crypto trading on its UOBKH platform in the near future?

Company's reply

- (i) UOBKH's trading platform does not support crypto trading due to regulatory considerations.
- (ii) Whilst constantly keeping ourselves updated on development of crypto trading, we do not expect to introduce a crypto trading platform in the near future.

Question 4

Given that the company's share price has been trading below its net asset value for many years, do you think privatisation or share buybacks would be an appropriate way to unlock shareholder value?

Company's reply

In near future, the Company has no intention for privatisation and share buyback.

Question 5

I note that there is an "Investment in a corporate bond – Hong Kong" of \$24,885,624. Can the Group clarify if the investment is in a single company and whether the company is credit worthy.

Company's reply

The investment was made in high yield corporate bonds in a single company and the company is credit worthy.

Question 6

Under “Other current assets”, there is a significant increase in “Other receivables” from \$9,978,325 in 2019 to \$68,451,710 in 2020. What is the nature of these receivables and what is the reason for such a large increase?

Company’s reply

These are substantially cash that is deposited with brokerages to support foreign market transactions for markets where we are not an exchange member.

Question 7

Please also comment on the increase in non current “Trade and other receivables”.

Company’s reply

These are mainly structured term loans with tenures beyond 12 months. There has been an overall increase in activity within this business segment in 2020. Please also see our reply to SGX RegCo’s query 1 above.

By Order of the Board
UOB-Kay Hian Holdings Limited

Josephine Goh
Company Secretary
27 April 2021