

UOB-KAY HIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200004464C

**CONDENSED INTERIM FINANCIAL STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2023 –
RESPONSES TO QUESTIONS FROM SGX REGCO**

The Board of Directors of UOB-Kay Hian Holdings Limited wish to respond to SGX-ST's query on 16 August 2023 :

Questions:

We note that other operating expenses included an additional allowance for impairment of trade receivables of S\$18.3 million. Please disclose:

- a) the reasons for the impairment, including the reasons for delay or non-payment;
- b) the general credit term extended to customers;
- c) the aging of the Group's trade and other receivables in bands of 3 months and with the upper limit disclosed;
- d) what were the actions taken to recover the trade receivables; and
- e) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables.

Company's Reply:

- a) The additional impairment of S\$18.3 million relates to a provision made specific to a loan receivable. The borrower had defaulted on their interest and principal repayments and we are still waiting for a restructuring plan to be presented by the borrower to its creditors. This provision was calculated and made in accordance to the expected credit loss (ECL) model under the accounting standards.
- b) We generally extend to customers 2 days grace period for trades and 9 days grace period for contra losses. For loans, they will follow the contracted repayment terms.
- c) The majority of these receivables are current or less than 30 days past due. The Group presumes credit risk to have significantly increase for payments that are more than 30 days past due and considers a default to have occurred when a financial asset is more than 90 days past due. Accordingly, for trade receivables, our general policy is to make provision for amounts that are more than 30 days past due. For loan receivables, impairment is assessed and calculated in accordance to the ECL model under the accounting standards.
- d) We will send an in-house reminder to clients when receivables have gone past a 2 week grace period. Subsequently if repayment is not made, a legal letter may be sent as agreed with the trading representative.
- e) The impairment was made in accordance with the accounting standards and the Board is of the opinion that the methodologies used are reasonable.

By Order of the Board

Wee Ee Chao
Singapore, 22 August 2023