UOB-Kay Hian Holdings Limited

Annual Report 2002

UOBKayHian

Corporate Information

Board of Directors

Wee Ee-chao
Chairman and Managing Director

Tang Wee Loke
Deputy Managing Director

Walter Tung Tau Chyr

Neo Chin Sang

Samuel Poon Hon Thang
Non-executive Director

Dr. Henry Tay Yun Chwan
Independent Director

Chelva Retnam Rajah
Independent Director

Roland Knecht
Independent Director

Audit Committee

Dr. Henry Tay Yun Chwan
Chairman

Chelva Retnam Rajah

Samuel Poon Hon Thang

Nominating Committee

Roland Knecht
Chairman

Chelva Retnam Rajah

Tang Wee Loke

Remuneration Committee

Chelva Retnam Rajah
Chairman

Dr. Henry Tay Yun Chwan

Tang Wee Loke

Company Secretary

Mdm Chung Boon Cheow

Registered Office

80 Raffles Place
#30-01 UOB Plaza 1
Singapore 048624
Tel : 6535 6868
Fax: 6532 6919

Registrar and Share Transfer Office

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors

PricewaterhouseCoopers
Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner in charge – Peter Low Eng Huat
Date of appointment: 2002

Principal Bankers

Banque Nationale De Paris

Citibank, N. A.

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

The Development Bank of Singapore Ltd

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

Contents

CORPORATE INFORMATION & MARKET REVIEW

Corporate Information	1
UOB-Kay Hian Group – Our Regional Reach – Leveraging on our strengths – Our Business Divisions	2
Group Financial Highlights	6
UOB-Kay Hian Share Price	7
Chairman's Statement	8
2002 Economic & Stock Market Review	9
Corporate Governance Report	13
Profile of Directors & Key Management Personnel	18

FINANCIAL STATEMENTS

Directors' Report	20
Statement by Directors	27
Auditors' Report	28
Income Statements	30
Balance Sheets	31
Consolidated Statement of Changes in Equity	32
Statement of Changes in Equity	34
Consolidated Cash Flow Statement	35
Notes to the Financial Statements	37
Analysis of Shareholdings	67
Notice of Annual General Meeting	68

UOB-Kay Hian Holdings was formed from the merger of Kay Hian Holdings and UOB Securities in October 2000. Post-merger, our group became the largest stockbroking house in Singapore.

In Singapore, our subsidiary UOB Kay Hian Private Limited today is an amalgamation of seven stockbroking houses, namely, Kay Hian, UOB Securities, RHB-Cathay Securities, OUB Securities, Grand Orient Securities, J M Sassoon and the retail arm of CSFB. We now have a strong team of 980 sales personnel in Singapore. Size has enabled us to realise economies of scale and expand our customer base.

Being part of the merged UOB/OUB family, we also have opportunities to tap on the UOB Group's competitive strengths and cross-sell products. We have broadened our business to cover fund management, unit trusts, derivatives trading and corporate finance.

In addition, we have been indentifying growth opportunities in the region. We acquired BNP Paribas Peregrine's retail operations in Thailand in late 2001. Our long-term plan is to build a strong stockbroking and financial-services presence in Thailand. We have acquired Worldsec International, a Hong Kong-based brokerage. This acquisition gives us a coveted foothold in the China equities market, as Worldsec International has a team of researchers covering the China stock markets. The broadening of the scope of our business will attract more institutional investors from Asia, Europe and the US.

Our Regional Reach

China

Hong Kong, SAR

The Philippines

Thailand

Malaysia

Singapore

Indonesia

Leveraging on our strengths...

- A well-established and trusted brand name in the stockbroking industry
- A credit team with the financial strength to offer complete cash-management solutions
- Comprehensive research for both retail and institutional investors
- Strategic alliances with foreign brokers and new acquisitions to expand our market reach
- A network of 980 retail sales personnel and 248 institutional account executives positioned in Thailand, Hong Kong, China, the Philippines, Malaysia, Indonesia, the United States and Europe
- A solid track record in corporate advisory/finance work

Our Business Divisions

Corporate Advisory/ Finance

Fund Management

Institutional Sales

Retail Sales

Internet Broking

Administrative/ Support Services

We have dedicated and experienced research teams covering the Singapore, Malaysia, Thailand, Hong Kong and Greater China markets. The teams provide research support for corporate finance work and investments.

Building on the experience of managing internal funds, we are growing our fund-management business to cater to clients.

The group has 248 account executives covering Thailand, Hong Kong, China, the Philippines, Malaysia and Indonesia.

With 980 retail sales personnel, UOB Kay Hian is one of the largest retail brokers in Singapore, with the capability to distribute a wide range of investment products.

Our online customer base and transactions are growing on the back of increased internet trading. Besides making improvements to our systems, we will also be establishing a regional online trading hub.

Our Administrative/Support departments provide integrated operational, internal audit, credit, finance, IT and research services.

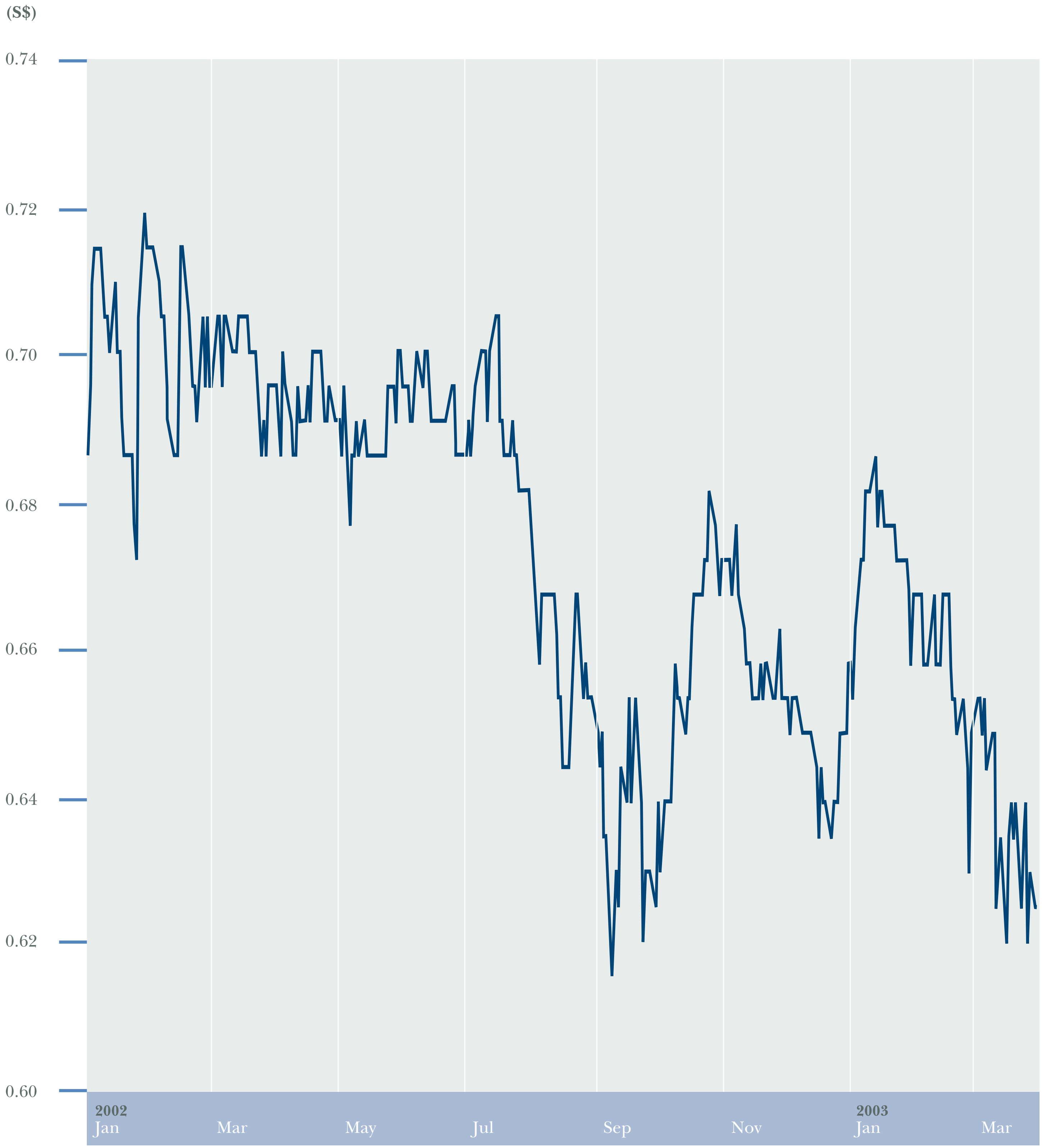
Group Financial Highlights

	Actual Group For the Year Ended 31.12.2002 (S$'000)	Actual Group For the Year Ended 31.12.2001 (S$'000)	Proforma Group For the Year Ended 31.12.2000 (S$'000)	Actual Group From 24.5.2000 to 31.12.2000 (S$'000)
Turnover	154,266	99,921	179,556	21,543
Profit Before Taxation	12,219	20,568	61,611	6,774
Share of Results of Associated Companies	3,111	2,621	5,923	287
	15,330	23,189	67,534	7,061
Profit After Taxation	11,690	15,965	51,442	5,874
Profit After Taxation and Minority Interests	11,893	16,023	51,442	5,874
Shareholders' Equity	548,491	548,994	547,167	547,167
Adjusted Earnings Per Share	1.64 cents	2.21 cents	7.10 cents	0.81 cents
Adjusted Gross Dividend Per Share	1.10 cents	1.45 cents	3.30 cents	3.30 cents
Adjusted Net Asset Value Per Share	75.68 cents	75.75 cents	75.50 cents	75.50 cents
Percentage Return on Shareholders' Equity				
Profit Before Tax	2.79%	4.22%	12.34%	1.29%
Profit After Tax	2.13%	2.91%	9.40%	1.07%
Profit After Tax and Minority Interests	2.17%	2.92%	9.40%	1.07%

Note: For comparison purposes, proforma group figures were prepared on the basis that the 2001 group structure was in place on 1 January 2000.

UOB-Kay Hian Share Price

(From 2 January 2002 to 31 March 2003 – Daily)



High $0.72 (28/1/02) Low $0.61 (10/9/02) Last $0.615

2002 was a year of consolidation.

UOB Kay Hian consolidated its acquisition of RHB-Cathay Securities, OUB Securities, JM Sassoon and the retail operation of CSFB. The group now has a strong sales team exceeding 1,000 personnel. Its size has allowed it to realise economies of scale, expand its distribution and enhance its competitive strengths. The group maintained its position as the largest stockbroking house in Singapore.

Elsewhere, the acquisition of Worldsec Securities has enhanced UOB Kay Hian's presence in Thailand, Hong Kong and Shanghai through its well-rated research capabilities. UOB Kay Hian's emergence as a regional player will continue to attract institutional clients from the region, Europe and the US. Two institutional sales offices, one in London and another in New York, have also been established to support and complement its regional operations.

Against the external uncertainties of 2002, the group remained profitable, achieving a net profit of S$11.9m. Brokerage income rose with the help of contributions from the various new acquisitions. Underwriting and placement income in Singapore and Hong Kong also climbed. Net profit declined largely because of an increase in expenses following the group's expansion. There were higher depreciation and amortisation expenses in the second half of the year, some foreign-exchange losses and higher provisions for doubtful debts.

Regional Operations

Thailand had a very profitable year in 2002, turning around from losses in the previous year. The Thai market benefited from increased trading volume. In Hong Kong, subsidiaries cut their losses with the help of a bigger sales team and increased underwriting and placement deals.

Dividend

The directors have recommended a final dividend of S$3,391,638 for the year ending 31 December 2002. This will be presented to shareholders for approval at the Annual General Meeting on 22 May 2003. Total ordinary dividend less Singapore income tax for the year will be S$6,218,003.

Current Year's Prospects

The success of the US military campaign in Iraq has brightened the outlook for the stock market. While the SARS epidemic is the latest threat to consumer and investor sentiment, we expect its impact to peter off by the second half of the year. UOB Kay Hian group is well positioned to ride on a US-led economic recovery given its recent consolidation and expansion. It will continue to develop new avenues of growth. These will include advisory work as well as corporate finance.

Acknowledgements

I wish to thank the board of directors and staff for their hard work during the year. The group would also like to thank all its shareholders and clients for their continued support.

Wee Ee-chao

Chairman and Managing Director

SINGAPORE

Singapore averted a recession in 2002, though growth was rather choppy. The economy grew 2.2%.

Manufacturing was resilient, growing 8.3%. This came from a 40.2% surge in the chemicals cluster, primarily pharmaceuticals. Thankfully, the electronics segment grew by 4.1%, after contracting 21.3% in 2001. The transport and communications sector expanded 5.0% in 2002, with container throughput rising 8.8% and air cargo, 8.6%.

Domestic sectors were the weak spots. Services producing industries rose a marginal 1.5%. Wholesale and retail trade, propped up by the turnaround in non-oil re-exports, grew 2.7%. Construction activities remained extremely weak, contracting 10.8% in 2002. Financial services also contracted, weighed down by the insurance, stockbroking and commercial-banking sectors. Business services grew only 0.4%, as real-estate services stagnated.

Outlook for 2003

Singapore will still be able to manage some growth this year, despite the dampening effect of SARS. We expect the economy to grow modestly, led by a US economic recovery after the Iraq war. The SARS impact is expected to ebb after six months, while North Asia will continue to grow as a source of demand for Singapore's exports.

Stock Market Outlook

The stock market is expected to be volatile in the immediate term, given the uncertainties posed by SARS. On a more positive note, equity prices are close to rock-bottom and will recover when the SARS impact tails off in the second half of the year. Current market liquidity and continued growth in North Asia will support corporate earnings and equity prices.

MALAYSIA

The economy expanded by 4.2% in 2002, a vast improvement from the marginal 0.4% growth in 2001. The expansion was led by robust increases in private consumption, and a turnaround in exports and investments.

Private consumption grew 4.2%, better than the 2.8% growth the previous year. This was supported by improved affordability (lower interest rates), greater credit accessibility and sustained income. Investments rose 0.2%, a reversal from the 2.8% decline in 2001. The turnaround was led by higher government investments on housing and public utilities, and private investments.

In 2002, exports climbed by 6.1%, led by a significant pick-up in semiconductors and stronger agricultural exports. The current account surplus remained large at RM27.9b (or 7.7% of GDP) while foreign reserves rose by 12.1% to RM131.4b. Easy domestic liquidity kept interest rates low, while inflation only edged up to 1.8% from 1.4%.

Outlook for 2003

Despite the SARS outbreak, we are still expecting modest growth in 2003. A recovery is likely as the government embarks on counter-cyclical fiscal and monetary measures to boost consumer and business confidence. These measures are possible because of Malaysia's healthy fiscal balance, low government debt and low inflation.

Stable oil prices will reduce the upside for oil export revenues, but could benefit the industrial sector.

Stock Market Outlook

The market is likely to stay volatile in the near term, locked in a trading range of 640 to 750. A break-out of the range is possible when an economic recovery becomes clear.

HONG KONG

The economy grew a modest 2.3% in 2002, though better than the 0.6% growth in 2001, thanks to higher exports of goods and services. Consumer prices declined a further 3.0% as the economy continued to restructure.

Driving Hong Kong's exports was China's spectacular trade. China's exports grew 22.3%, its imports 21.2% and trade surplus, 34.6% to US$30.4b. Hong Kong was a beneficiary, as a services centre for the Pearl River Delta. Unfortunately, the strong exports failed to stimulate domestic demand as private consumption was dragged down by rising unemployment and declining property prices. Capital investment fell 4.4% yoy because of poor corporate profits.

One major problem unfolded in 2002 – a huge budget deficit of HK$77.3b, equivalent to 6.1% of GDP. Balancing the budget has become one of the government's top priorities.

Outlook for 2003

The fiscal deficit and pegged currency system remain the two impediments to medium-term growth. In addition, the outbreak of SARS poses an unprecedented risk in 2003. However, Hong Kong is noted to have the ability to reinvent itself in difficult situations. With the US-Iraq war out of the way, continued growth in the Chinese economy should further benefit Hong Kong.

Stock Market Outlook

The Hong Kong stock market is likely to recover gradually in 2H03. Export-oriented companies and China plays are likely to lead the recovery.

On the other hand, property and banks may consolidate further. Current depressed valuations, however, suggest limited downside.

THAILAND

Thailand's economy grew by 5.2% in 2002. Growth accelerated in the second half, driven by a strong pick-up in exports (+8.4%), which boosted the current account surplus to 7.6% of GDP, and a dramatic revival in private construction activity.

Sectors which saw very strong growth in 2002 included automobile, iron and steel, energy, media and building materials. Exports increased 13.7%, pushing overall capacity utilisation to 63.5%, the highest since the 1997 Asian financial crisis. The major unexpected gain was the 11.1% surge in farm income, due to stronger prices of rubber, vegetable and other crops. Bank-credit edged up 3.3% for the first time since the crisis.

Outlook for 2003

2003 got off to an excellent start, with strong momentum maintained in 1Q. Consumer confidence was very robust, underpinning consumption, housing-demand and credit growth. The export base has widened beyond the US, EU and Japan to India, Indochina and China.

The SARS outbreak may dampen tourist arrivals, but the impact on GDP is unlikely to be more than 0.3-0.5%. The outlook for private-sector investments is fair as housing construction accelerates. Thailand's GDP growth in 2003 is officially estimated at 3.5-4.5%.

Stock Market Outlook

The Thai market will be strong, decoupling from US and European markets. At a near-historically low PE, good yield and with further earnings improvements, market prospects are at their best since 1993. While domestic funds will drive the market's momentum, foreign investments could provide the catalyst for the market's dramatic re-rating.

This report describes UOB-Kay Hian Holdings Limited's corporate governance practices which are in line with the recommendations in the Code of Corporate Governance. The Company is committed to maintaining a high standard of corporate governance and 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.

Guidance Note on Code

Board of Directors

The Board comprises 8 directors, 4 executive, 1 non-executive and 3 independent directors. 2.1

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. 2.3

The roles of the chairman and managing director are not separated but the Board has a strong, independent group of directors to look after the shareholders' interest. The Audit, Nominating and Remuneration Committees are chaired by independent directors. 3.1

The chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda. The chairman reviews the Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. 3.2 & 3.3

The Board met twice during the year. To facilitate effective management, certain functions have been delegated by the Board to the various Board Committees, each of which has its own written terms of reference. The Board is assisted by an Audit Committee, a Nominating Committee and a Remuneration Committee. The Board approved the setting up of the Nominating Committee and Remuneration Committee in October 2002. 1.1

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

Directors' Attendance at Board and Audit Committee Meetings in the year 2002. 1.1 & 11.7

Name	Board No. of Meetings Held	Board No. of Meetings Attended	Audit Committee No. of Meetings Held	Audit Committee No. of Meetings Attended
Wee Ee Chao	2	2	–	–
Tang Wee Loke	2	2	3	3
Walter Tung	2	2	–	–
Neo Chin Sang	2	2	–	–
Samuel Poon	2	2	–	–
Henry Tay	2	2	3	3
Chelva R Rajah	2	2	3	3
Roland Knecht*	–	–	–	–

* *Roland Knecht was appointed a director on 1 September 2002.*

The Nominating and Remuneration Committees were formed in October 2002 and no meetings were held in 2002.

Key information on the directors and their appointments on the various Board Committees and on key management staff of the Group is given under the section "Profile of Directors and Key Management Personnel" on pages 18 and 19. 4.5

The Board oversees the overall strategy, supervises the management and reviews the affairs and financial position of the Company and the Group. Matters which are specifically reserved for the Board's decision include: 1.2

- quarterly, interim and annual results announcements;
- financial statements;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- major transactions; and
- interested person transactions.

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 Committee meetings and have separate and independent access to the Company's senior management and Company secretary. There is a procedure whereby any director may in the execution of his duties, take independent professional advice. 6.1, 6.2, 6.3, 6.4 & 10.2

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. 1.3

Audit Committee ('AC')

The AC comprises 3 members, namely Dr. Henry Tay Yun Chwan (chairman), Mr. Chelva Retnam Rajah and Mr. Samuel Poon. Dr. Tay and Mr. Rajah are independent directors and Mr. Poon is a non-executive director. On 1st Oct 2002, Mr. Tang Wee Loke stepped down from the AC and Mr. Poon was appointed a member of the AC. At least two members have accounting or related financial management expertise or experience. The AC met a total of 3 times during the year. The deputy managing director, financial controller and senior manager (internal audit) and the external auditors normally attend the meetings. During the year, members of the AC have had separate discussions with the senior manager (internal audit). This is to provide internal auditors with opportunities to discuss issues encountered in the course of their work directly with the AC. 11.1, 11.2, 11.3 & 11.5

The main terms of reference of the AC are:-

– to review with the internal and external auditors the adequacy of the internal control systems;

- to review the audit plans and findings of the internal and external auditors;
- to review all announcements of financial results; and
- to review interested person transactions.

The AC:

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

The AC, having reviewed the volume of non-audit services to the Group by the external auditor, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, has recommended their re-nomination. The AC annually reviews the independence of the external auditors. 11.4 & 11.6

Internal Controls

The Board is responsible for ascertaining that management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Board believes that the system of internal controls that has been maintained by management throughout the financial year is adequate to meet the needs of the Group in its current business environment. 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. 12.1 & 12.2

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 management;
- the audit processes;
- the review of internal and external audit plans; and
- the review of significant issues arising from internal and external audits.

Internal Audit

Internal audit performs continuous monitoring to ensure compliance with Group policies, internal controls and procedures designed to risk 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. PricewaterhouseCoopers, our external auditors, contributes 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. 13.1

The senior manager (internal audit)'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.

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. 13.3

The AC reviews, on an annual basis, the adequacy of the internal audit function and that the internal audit function meets the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. 13.2 & 13.4

Remuneration Committee ('RC')

The RC has three members and comprises independent directors, Mr. Chelva Retnam Rajah (chairman) and Dr. Henry Tay Yun Chwan and executive director, Mr. Tang Wee Loke. The RC has access to external consultants for expert advice on executive compensation, if necessary. 7.1 & 7.2

The main terms of reference of the RC are:

- to make recommendations to the Board with regard to the remuneration of directors and key executives and to ascertain that they are fairly remunerated; and 7.3
- to formulate the framework of remuneration for the directors and key executives.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and managers. 8.1, 8.2 & 8.3

The RC reviews the remuneration packages of the Company's executive directors, which are based on the performance of the Group and the individual. All directors' fees are subject to the approval of shareholders at the annual general meeting.

The remuneration of the Directors of the Company for the financial year ended 31 December 2002 is: 9.1 & 9.2

Name	Band	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)
Wee Ee Chao	$1million to $1.25 million	–	35.32	64.68	–
Tang Wee Loke	$750,000 to $1 million	–	32.70	67.30	–
Neo Chin Sang	$250,000 to $499,999	–	75.67	24.33	–
Walter Tung	Below $250,000	–	92.65	4.17	3.18
Samuel Poon	Below $250,000	100	–	–	–
Dr Henry Tay	Below $250,000	100	–	–	–
Chelva Retnam Rajah	Below $250,000	100	–	–	–
Roland Knecht	Below $250,000	100	–	–	–

The Company is of the view that disclosure of the remuneration of key management staff will be detrimental to the Group's interest because of the very competitive nature of the stockbroking industry.

The Company and its subsidiaries do not have any employee who is an immediate family member of a director. 9.3

The Company does not have any employee share option scheme. 9.4

Nominating Committee ('NC')

The NC has three members and comprises independent directors, Mr. Roland Knecht (chairman) and Mr. Chelva Retnam Rajah and executive director, Mr. Tang Wee Loke. The main terms of reference of the NC are: 4.1, 4.2, 4.3 & 4.4

- to review and make recommendations to the Board on all board appointments and re-appointments;
- to oversee the composition of the Board and to ensure that they meet the composition and balance required under the Code of Corporate Governance;
- to ascertain that the independent directors meet the criteria set out in the Code of Corporate Governance; and
- to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

There is a process for the NC to evaluate the performance of the Board. 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

Communication with Shareholders 10.1, P14 & 15

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

To maintain transparency, the Company makes timely disclosures to the public via SGX-ST's MASNET system and postings on the Company's website. The Group issues prompt and broadly disseminated news releases on significant events and initiatives.

Dealings in Securities

The Group has adopted an internal code which is in conformity with the provisions of the SGX-ST's Best Practices Guide to provide guidance to its directors and officers in relation to the dealings in the Company's securities. A system of reporting of security dealing 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 period to remind officers to refrain from dealing in the Company's securities during the month prior to the release of the half-year and year-end announcements of the Group's financial results. The issue of this circular will be extended to the announcements of the Group's quarterly financial results from 2003.

Directors of UOB-Kay Hian Holdings Limited

Mr. Wee Ee-Chao 49, holds a Bachelor of Business Administration degree. He joined Kay Hian Pte Ltd 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 Pte Ltd over the last 22 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 real estate development and investment in the region. Mr. Wee was appointed the Chairman of the Singapore Tourism Board in January 2002.

Mr. Tang Wee Loke 55, holds a Bachelor of Business Administration degree. He began his career in Kay Hian Pte Ltd as an Analyst in 1973 and became a Director in 1977. Mr. Tang has been Deputy Managing Director of Kay Hian Pte Ltd since 1990. His involvement includes research, sales and general administration. When Kay Hian Holdings Limited merged with UOBS in August 2000, he was appointed Deputy Managing Director of UOB-Kay Hian Holdings Limited. Mr. Tang stepped down as a member of the Audit Committee on 1 October 2002 when the new Code of Corporate Governance stipulated that the Audit Committee should consist of independent/non-executive directors. He was appointed a member of the Remuneration and Nominating Committee on 1 October 2002.

He was a committee member of the Stock Exchange of Singapore from 1986 to 1999.

He was appointed as a non-executive director of Singapore Exchange Ltd on 9 December 2002. He is also the Vice-Chairman of the Securities Association of Singapore which represents the interest of SGX securities trading members in Singapore.

Mr. Walter Tung 54, holds a Bachelor of Business Administration degree and a Masters in Business Administration. He joined Kay Hian in 1982 as an Analyst in the Research Department and took over as Head of Research in 1983. He became a Director of Kay Hian Pte Ltd in 1985. He was appointed Director of Kay Hian Holdings Limited in September 1990 and Director of UOB-Kay Hian Holdings Limited in August 2000.

Presently, he continues to oversee the research activities in UOB-Kay Hian's Singapore and Malaysia offices and business development for the UOB Kay Hian Group. Mr. Tung brings with him a strong background in strategic planning and marketing from his years working in the Inchcape Group and Shulton Far East Pte Ltd.

Mr. Neo Chin Sang 55, was the Chief Executive Officer of UOB Securities Pte Ltd. He joined the UOB Group through Industrial & Commercial Bank Limited (ICB) and was the ICB Group's Company Secretary and Group Accountant in 1982. He was later seconded from ICB to head the UOB Group's stockbroking arm. He served as the Chief Executive Officer of UOBS between 1992 and 2000. In August 2000, when UOB-Kay Hian Holdings Limited was incorporated, Mr. Neo was appointed as an Executive Director of the Company.

Mr. Neo is a Fellow Member of the Chartered Association of Certified Accountants and an Associate Member of the Institute of Chartered Secretaries & Administrators. He is also a Member of the Institute of Certified Public Accountants of Singapore.

Dr. Henry Tay Yun Chwan 58. Trained as a doctor, Dr. Tay graduated with a MBBS from Monash University in 1969. He was appointed as a Director and Audit Committee Member of Kay Hian Holdings Limited on 1 August 1997 and became Chairman of the Audit Committee on 20 March 2000. When UOB-Kay Hian Holdings Limited was incorporated in August 2000, he was appointed Director and Chairman of the Audit Committee. Dr. Tay is an Independent Director of the Company.

He is the Executive Chairman of The Hour Glass Limited.

Dr. Tay's other current appointments include being the Honorary President of the Hong Kong – Singapore Business Association, Vice-chairman of the Community Chest and Senior Advisor, Burberry Asia. His previous appointments included being a Board Member of Singapore Tourism Board and Patron of Kennel Club.

Mr. Chelva Retnam Rajah 54, was educated at Lincoln College, Oxford University and Middle Temple, London. In 1972, he was admitted as an Advocate and Solicitor of the Supreme Court. During various periods from 1990 to 1995, he served as President of the Law Society of Singapore, Vice-President of the Singapore Academy of Law and Member of the Military Court of Appeal. He was appointed Senior Counsel in 1998. He is currently a partner at Tan Rajah & Cheah, Advocates & Solicitors.

Mr. Rajah was appointed Independent Director and Audit Committee member of Kay Hian Holdings Limited on 1 November 1999 and remained in the same positions when UOB-Kay Hian Holdings Limited was incorporated in August 2000. On 1 October 2002, he was appointed the Chairman of the Remuneration Committee.

Mr. Rajah is also chairman of Cathay Organisation Holdings Ltd.

Mr. Samuel Poon Hon Thang 53, holds a First Class Honours degree in Commerce from the then Nanyang University, Singapore. Mr. Poon was appointed a non-executive Director of UOB-Kay Hian Holdings Limited in August 2000 and was appointed a member of the Audit Committee on 1 October 2002.

He joined UOB in 1988 and held senior positions in the Credit & Marketing Division and in ICB. He also oversaw UOB's commercial banking business from 1995. He is now the Senior EVP in charge of institutional banking.

Mr. Roland Knecht 52, graduated from Swiss Mercantile School Wil and is a Member of The Singapore Society of Financial Analyst. He was appointed a Director of UOB-Kay Hian Holdings Limited on 1 September 2002. He is an Independent Director and Chairman of the Nominating Committee.

He is the Senior Representative of Far East Clariden Bank since 1985 and has been a member of the Executive Board of Management, Clariden Bank, Zurich since 2000. He is also the Managing Director of Clariden Asset Management (Singapore) Pte Ltd, Clariden Asset Management (Hong Kong) Ltd and Clariden Trust (Singapore) Ltd.

Key management personnel of the Group

Mr. Esmond Choo Liong Gee 46, was appointed an Executive Director of UOB Kay Hian Pte Ltd on 1 October 2001. In addition to his management role for the group, he is involved in the strategic planning and business development of the Group's business.

Prior to joining our Group, he was the Executive Director of RHB-Cathay Securities Pte Ltd since 1994 and had overall responsibility for RHB-Cathay institutional dealing and equity research operations. Prior to joining RHB-Cathay he was the regional CEO of Sedgwick's captive insurance operations in Asia Pacific where Sedgwick Plc was a leading insurance brokerage.

Mr. Choo has accumulated substantial experience in the finance and insurance sectors since 1986. Mr. Choo is an associate member of the Institute of Chartered Accountants in Australia.

Mr. Tan Chek Teck 46, is an Executive Director of UOB Kay Hian Pte Ltd and is responsible for back office support functions.

Prior to joining UOB Kay Hian Pte Ltd, he was an Audit Manager with the former Coopers & Lybrand (C&L). He left C&L in 1989 to join the former Nanyang Technological Institute (NTI) as a lecturer before joining OUB Securities Pte Ltd (OUBS) in 1990. In OUBS, he was the General Manager responsible for the back office support and corporate secretarial functions. He continued his employment with UOB Kay Hian Pte Ltd as an Executive Director in 2002 when the stockbroking operations of OUBS was integrated into UOB Kay Hian Pte Ltd.

Mr. Lee It Hoe 61, joined UOB Kay Hian Pte Ltd as an Executive Director in 2002. Mr. Lee holds a Diploma from the Singapore Polytechnic. He has a total of 22 years experience in the securities industry having previously been an Executive Director of the former Grand Orient Securities Pte Ltd. He is responsible for the management and supervision of the trading representives.

Mr. Lim Seng Bee 37, joined UOB-Kay Hian (Hong Kong) Limited as its Managing Director in May 2001. He is responsible for the Hong Kong Office's business development, corporate planning, policies formulation and overall operations. Mr. Lim holds a Bachelor of Science degree from the Stern School of Business of the New York University.

Prior to joining UOB Kay Hian (Hong Kong) Limited, he was overall in charge of FB Gemini Securities and one of the founding partners of FB Gemini Limited, a boutique investment bank. Mr. Lim also has extensive experience in managing the securities business of various other companies in Hong Kong.

Mr. Wong Khai Wah 63, joined UOB Kay Hian Pte Ltd as an Executive Director in October 2001. He is responsible for the management and supervision of the trading representatives. Prior to this, he was the Managing Director of the former RHB-Cathay Securities Pte Ltd for 28 years.

Directors' Report

For the financial year ended 31 December 2002

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

Directors

The directors of the Company at the date of this report are:

Wee Ee-chao

Tang Wee Loke

Walter Tung Tau Chyr

Neo Chin Sang

Samuel Poon Hon Thang

Henry Tay Yun Chwan

Chelva Retnam Rajah

Roland Knecht *(appointed on 1 September 2002)*

Principal activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are stockbroking, futures broking, investment trading, margin financing, investment management, investment holding and provision of nominee and research services as set out in note 14 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results for the financial year

The consolidated net profit attributable to the members of the Company for the financial year was $11,892,804. The Company made a net profit for the financial year of $97,275,203.

Material transfers to or from reserves and provisions

Details of material transfers to or from reserves during the financial year are set out in the Consolidated Statement of Changes in Equity and the Statement of Changes in Equity.

Material movements in provisions during the financial year are set out in the notes to the financial statements.

Acquisition and disposal of subsidiaries

(a) ***Acquisition of subsidiaries***

During the financial year, the Group acquired the following subsidiaries:

Name of subsidiary	Group's effective interest acquired	Cash consideration paid	Net tangible assets acquired
Worldsec International (U.K.) Limited	100%	$619,553	$619,553
UOB Kay Hian (U.K.) Limited	100%	£2	£2
PetroAsia Resources Pte Ltd	100%	$2	$2

(b) ***Disposal of subsidiary***

UOB Kay Hian Futures Pte Ltd

During the financial year, the Group commenced liquidation of a wholly-owned subsidiary, UOB Kay Hian Futures Pte Ltd. No material gain or loss is expected on the liquidation of this subsidiary.

(c) There were no other acquisitions or disposals of interests in subsidiaries during the financial year.

Issue and redemption of shares and debentures

(a) The Company did not issue any shares or debentures.

(b) During the financial year, the following subsidiaries issued new shares:

Name of subsidiary	No. and terms of shares issued	Purpose
UOB Kay Hian Overseas Limited	7,000,000 ordinary shares of HK$1 each at par for cash	Additional working capital
UOB Kay Hian (Hong Kong) Limited	515,000 ordinary shares of HK$100 each at par for cash	Additional working capital
UOB Kay Hian Futures (Hong Kong) Limited	99,000 ordinary shares of HK$100 each at par for cash	Additional working capital
Sentosa Investor Services Ltd	25,182 redeemable shares of US$0.01 each for cash at premiums ranging from US$100.22 to US$102.49	Additional working capital and investment

Issue and redemption of shares and debentures *(continued)*

(c) During the financial year, the following subsidiaries were incorporated and the following new shares were issued.

Name of subsidiary	Place of Incorporation	Paid-up Capital	Group's effective interest after incorporation
Diversified Assets Limited	British Virgin Islands	US$1	100%
UOB Kay Hian Petroleum Fund	Cayman Islands	10,000 shares of US$0.01 each allotted but uncalled	100%

(d) During the financial year, 20,424 redeemable shares of par value US$0.01 each in a subsidiary, Sentosa Investor Services Ltd, were redeemed at premiums ranging from US$99.56 to US$102.49. The redemption was paid for in cash.

(e) There were no other issues or redemption of shares or debentures by any corporation in the Group during the financial year.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in the share capital of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2002	At 1.1.2002	At 31.12.2002	At 1.1.2002
The Company				
(Ordinary shares of $0.10 each)				
Wee Ee-chao	–	–	122,470,976	120,010,976
Tang Wee Loke	29,893,381	29,893,381	–	–
Walter Tung Tau Chyr	2,542,422	2,542,422	–	–

(b) The directors' interests in the share capital of the Company and of related corporations as at 21 January 2003 were the same as at 31 December 2002.

Dividends

Dividends paid, declared or proposed since the end of the Company's preceding financial year are as follows:

	$
A final dividend of 1.25 cents per share, net of tax at 22%, was paid on 27 June 2002 in respect of the financial year ended 31 December 2001 as proposed in the Directors' Report for that financial year	7,065,913
An interim dividend of 0.5 cents per share, net of tax at 22%, was paid on 10 October 2002 in respect of the financial year ended 31 December 2002	2,826,365
A proposed final dividend of 0.6 cents per share, net of tax at 22%, to be paid in respect of the financial year ended 31 December 2002	3,391,638

Bad and doubtful debts

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts of the Company have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

Current assets

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provisions have been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

Ability to meet obligations

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would substantially affect the results of the operations of the Company and of the Group for the financial year in which this report is made.

Directors' contractual benefits

Since the end of the previous financial year, the Company and certain subsidiaries have engaged in transactions in the normal course of business with the directors and companies in which certain directors have substantial financial interests. However, the directors have not received nor will they become entitled to receive any benefits arising out of these transactions other than those which they may be entitled as customers, employees or shareholders of these companies.

During the financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements and in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or of its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

There were no unissued shares under option in respect of the Company or its subsidiaries at the end of the financial year.

Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Henry Tay Yun Chwan (Chairman)

Chelva Retnam Rajah

Samuel Poon Hon Thang

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The committee met to review the scope of work of the internal auditors and of the statutory auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The committee also reviewed the assistance given by the Group's officers to the internal auditors and the statutory auditors.

The announcements of half year and full year results, the audited financial statements of the Company and the audited consolidated financial statements of the Group were reviewed by the committee prior to their submission to the directors of the Company for adoption.

The committee reviewed the transactions entered into by the Group with interested persons connected with the Group and determined that all relevant requirements set out in the listing manual of the Singapore Exchange Limited have been complied with.

The Audit Committee has also carried out the functions required of the Committee under the Code of Corporate Governance.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

Wee Ee-chao
Director

Tang Wee Loke
Director

Singapore
15 April 2003

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 30 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2002, the results of the business and changes in equity of the Company and of the Group and the cash flows of the Group 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 as and when they fall due.

On behalf of the directors

Wee Ee-chao
Director

Tang Wee Loke
Director

Singapore
15 April 2003

Auditors' Report

To the members of UOB-Kay Hian Holdings Limited

We have audited the financial statements of UOB-Kay Hian Holdings Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 30 to 66. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

- (i) the state of affairs of the Company and of the Group at 31 December 2002, the profit and changes in equity of the Company and of the Group and the cash flows of the Group for the financial year ended on that date; and
- (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and

(b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion in the consolidated financial statements of the Group, we draw attention to note 14(b), which names UOB Kay Hian Petroleum Fund, PetroAsia Resources Pte Ltd and Diversified Assets Limited (collectively referred to as these "Entities"); as subsidiaries of the Group by virtue of the definition set out in section 5 of the Singapore Companies Act; and note 14(c) and 14(d) which sets out the reasons why the financial statements of these Entities have not been consolidated with the Group, but have been accounted for as investments in the consolidated financial statements of the Group in accordance with Statement of Accounting Standard No. 25 "Accounting for Investments". In arriving at our opinion, we have considered the adequacy of disclosures made in note 14 of the financial statements.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, and the financial statements of those subsidiaries which are not required by the laws of their countries of incorporation to be audited, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in note 14 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers

Certified Public Accountants

Singapore
15 April 2003

INCOME STATEMENTS

For the financial year ended 31 December 2002

	Notes	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Revenue	3	**162,405,405**	111,199,225	**127,102,808**	112,020,122
Commission expenses		**(38,421,512)**	(23,462,689)	–	–
Personnel expenses	4	**(50,543,024)**	(30,738,288)	**(40,000)**	(25,000)
Information expenses		**(11,891,822)**	(8,504,379)	–	–
Other operating expenses		**(48,142,143)**	(27,515,779)	**(1,870,663)**	(323,627)
Operating profit	5	**13,406,904**	20,978,090	**125,192,145**	111,671,495
Finance costs	6	**(1,188,073)**	(410,364)	–	–
Share of results of associated companies		**3,111,381**	2,621,009	–	–
Profit before tax		**15,330,212**	23,188,735	**125,192,145**	111,671,495
Tax	7(a)	**(3,639,721)**	(7,223,843)	**(27,916,942)**	(26,833,750)
Profit after tax before minority interests		**11,690,491**	15,964,892	**97,275,203**	84,837,745
Minority interests		**202,313**	58,012	–	–
Net profit attributable to members of the Company		**11,892,804**	16,022,904	**97,275,203**	84,837,745
Earnings per share – basic (cents)	8	**1.64**	2.21		

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

BALANCE SHEETS

As at 31 December 2002

	Notes	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Current assets					
Cash and bank balances	9	**290,007,579**	339,291,810	**106,969,337**	24,510,317
Outstanding contracts receivable		**183,493,993**	255,855,421	–	–
Trade debtors	10	**169,067,728**	122,183,792	–	–
Amounts due by subsidiaries – non-trade		–	–	**34,546,486**	29,323,736
Amount due by affiliated company					
– trade		**8,582**	9,126	–	–
– non-trade		**25,761**	–	–	–
Amount due by associated company – non-trade		**17,157**	7,220	–	–
Trading securities – long positions	11(a)	**54,061,093**	60,373,861	**27,656,794**	21,671,413
Income tax recoverable	7 (b)	–	18,500	–	18,500
Other current assets	12	**16,672,694**	15,113,622	**118,637**	196,519
		713,354,587	792,853,352	**169,291,254**	75,720,485
Non-current assets					
Subordinated loans to subsidiaries	13	–	–	**904,613**	7,277,025
Investments					
– in subsidiaries	14	**2**	–	**402,885,504**	402,351,802
– in associated companies	15	**49,240,918**	49,569,529	–	–
– in Exchanges	16	**7,300,002**	8,083,336	–	–
Trading rights in Exchanges	17	**474,638**	570,020	–	–
Memberships in Exchanges		**134,313**	141,995	–	–
Fixed assets	18	**11,717,223**	7,926,809	–	–
Goodwill	19	**2,785,359**	–	–	–
Deferred tax assets	22	**290,000**	–	–	–
		71,942,455	66,291,689	**403,790,117**	409,628,827
Total assets		**785,297,042**	859,145,041	**573,081,371**	485,349,312
Current liabilities					
Outstanding contracts payable		**165,563,400**	230,815,471	–	–
Accounts payable	20	**32,997,592**	21,676,494	**52,205**	75,391
Amounts due to subsidiaries – non-trade		–	–	**494,849**	240,675
Amount due to associated company – trade		–	–	–	–
Amounts due to affiliated companies					
– trade		–	403,485	–	–
– non-trade		**91,038**	–	–	–
Borrowings	21	**18,961,887**	35,665,904	–	–
Trading securities – short positions	11(b)	**13,705,026**	10,193,023	–	–
Provision for tax	7(b)	**5,327,050**	10,847,743	**118,146**	–
		236,645,993	309,602,120	**665,200**	316,066
Non-current liabilities					
Borrowings	21	**159,637**	148,039	–	–
Deferred tax liabilities	22	–	401,000	–	–
		159,637	549,039	–	–
Total liabilities		**236,805,630**	310,151,159	**665,200**	316,066
Clients' trust accounts					
Bank balances					
– with affiliated companies		**24,417,486**	24,875,947	–	–
– with other banks		**82,870,822**	38,628,169	–	–
Less: Amounts held in trust		**(107,288,308)**	(63,504,116)	–	–
		–	–	–	–
Net assets		**548,491,412**	548,993,882	**572,416,171**	485,033,246
Share capital and reserves					
Share capital	23	**72,470,901**	72,470,901	**72,470,901**	72,470,901
Reserves	24	**350,219,289**	353,154,862	**297,240,719**	297,240,719
Retained profits		**120,663,391**	118,599,531	**202,704,551**	115,321,626
Interests of members of the Company		**543,353,581**	544,225,294	**572,416,171**	485,033,246
Minority interests		**5,137,831**	4,768,588	–	–
		548,491,412	548,993,882	**572,416,171**	485,033,246

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2002

	Note	Share capital $	Capital reserve $
Balance at 1 January 2002			
– as previously reported		72,470,901	297,240,719
– effect of adopting SAS 12		–	–
– as restated		72,470,901	297,240,719
Currency translation differences recognised directly in shareholders' equity		–	–
Net profit for the financial year		–	–
Statutory transfer		–	–
Final dividend for 2001 paid	25	–	–
Interim dividend for 2002 paid	25	–	–
Balance at 31 December 2002		**72,470,901**	**297,240,719**
Balance at 1 January 2001			
– as previously reported		72,470,901	346,821,361
– effect of adopting SAS 31:			
Proposed final dividend in respect of financial period ended 31 December 2000	25	–	–
– effect of adopting SAS 12		–	–
– as restated		72,470,901	346,821,361
Currency translation differences recognised directly in shareholders' equity		–	–
Net profit for the financial year			
– as previously reported		–	–
– effect of adopting SAS 12		–	–
– as restated		–	–
Transfer to retained profits for dividend received from a subsidiary distributed out of its pre-acquisition profits		–	(31,550,526)
Excess of purchase consideration paid over fair values of subsidiaries:			
– acquired by the Company		–	(18,030,116)
– acquired by a subsidiary		–	–
Statutory transfer		–	–
Final dividend for 2000 paid	25	–	–
Interim dividend for 2001 paid	25	–	–
Balance at 31 December 2001		**72,470,901**	**297,240,719**

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

Capital reserve on consolidation $	Statutory reserve $	Foreign currency translation reserve $	Retained profits $	Total $
53,897,711	63,334	1,953,098	117,964,096	543,589,859
–	–	–	635,435	635,435
53,897,711	63,334	1,953,098	118,599,531	544,225,294
–	–	(2,872,239)	–	(2,872,239)
–	–	–	11,892,804	11,892,804
–	(63,334)	–	63,334	–
–	–	–	(7,065,913)	(7,065,913)
–	–	–	(2,826,365)	(2,826,365)
53,897,711	**–**	**(919,141)**	**120,663,391**	**543,353,581**
123,040,857	50,550	(356,922)	5,139,850	547,166,597
17,372,857	–	–	683,268	18,056,125
–	–	–	607,739	607,739
140,413,714	50,550	(356,922)	6,430,857	565,830,461
–	–	2,310,020	–	2,310,020
–	–	–	15,995,208	15,995,208
–	–	–	27,696	27,696
–	–	–	16,022,904	16,022,904
(66,385,601)	–	–	97,936,127	–
–	–	–	–	(18,030,116)
(2,757,545)	–	–	–	(2,757,545)
–	12,784	–	(12,784)	–
(17,372,857)	–	–	(683,268)	(18,056,125)
–	–	–	(1,094,305)	(1,094,305)
53,897,711	**63,334**	**1,953,098**	**118,599,531**	**544,225,294**

Statements of Changes in Equity

For the financial year ended 31 December 2002

	Note	Share capital $	Capital reserve $	Retained profits $	Total $
Balance at 1 January 2002		72,470,901	297,240,719	115,321,626	485,033,246
Net profit for the financial year		–	–	97,275,203	97,275,203
Final dividend for 2001 paid	25	–	–	(7,065,913)	(7,065,913)
Interim dividend for 2002 paid	25	–	–	(2,826,365)	(2,826,365)
Balance at 31 December 2002		**72,470,901**	**297,240,719**	**202,704,551**	**572,416,171**
Balance at 1 January 2001					
– as previously reported		72,470,901	346,821,361	27,660	419,319,922
– effect of adopting SAS 31: Proposed final dividend in respect of financial period ended 31 December 2000	25	–	–	18,056,125	18,056,125
– as restated		72,470,901	346,821,361	18,083,785	437,376,047
Net profit for the financial year		–	–	84,837,745	84,837,745
Transfer to retained profits for dividend received from a subsidiary distributed out of its pre-acquisition profits		–	(31,550,526)	31,550,526	–
Excess of purchase consideration paid over fair values of subsidiaries acquired by the Company		–	(18,030,116)	–	(18,030,116)
Final dividend for 2000 paid	25	–	–	(18,056,125)	(18,056,125)
Interim dividend for 2001 paid	25	–	–	(1,094,305)	(1,094,305)
Balance at 31 December 2001		**72,470,901**	**297,240,719**	**115,321,626**	**485,033,246**

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2002

	Note	2002 $	2001 $
Cash flows from operating activities			
Profit before tax		**15,330,212**	23,188,735
Adjustments for:			
Share of results of associated companies		**(3,111,381)**	(2,621,009)
Depreciation of fixed assets		**3,939,443**	2,303,117
Loss on disposal of fixed assets		**380,367**	413,144
Profit on sale of SGX shares		**(176,702)**	–
Amortisation of goodwill		**5,550,437**	3,516,351
Goodwill written off		**–**	6,043,122
Amortisation of trading rights in Exchange		**15,293**	183,822
Impairment loss on trading rights in Exchanges		**274,738**	–
Exchange difference		**(1,468,673)**	498,459
Dividend income		**(2,179,371)**	(1,129,924)
Interest expense		**1,188,073**	410,364
Operating cash flow before working capital change		**19,742,436**	32,806,181
Changes in operating assets and liabilities:			
Trading securities		**9,824,771**	7,727,410
Debtors and outstanding contracts receivable		**23,995,359**	40,658,538
Associated companies		**(347,602)**	(314,734)
Creditors and outstanding contracts payable		**(53,969,864)**	(7,510,828)
		(754,900)	73,366,567
Income tax paid		**(9,128,622)**	(11,093,615)
Net cash (outflow)/inflow from operating activities		**(9,883,522)**	62,272,952
Cash flows from investing activities			
Payments for fixed assets		**(8,301,391)**	(4,947,929)
Proceeds from disposal of fixed assets		**130,570**	183,388
Proceeds from sale of SGX shares		**960,036**	–
Purchase of trading rights in Exchange		**(222,500)**	–
Acquisition of businesses		**(8,335,796)**	(9,559,473)
Acquisition of subsidiaries [Note (a)]:			
Net tangible assets acquired		**619,553**	18,230,019
Less: Net tangible assets other than cash and cash equivalents		**(34,879)**	(6,175,494)
Cash and cash equivalents acquired on acquisition of subsidiaries		**584,674**	12,054,525
Cash consideration paid to acquire subsidiaries		**(619,553)**	(38,936,254)
Issue of shares to minority interest shareholders in subsidiaries		**883,625**	4,744,874
Dividends received		**3,302,766**	1,725,160
Net cash outflow from investing activities		**(11,617,569)**	(34,735,709)

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

CONSOLIDATED CASH FLOW STATEMENT

continued

	Note	2002 $	2001 $
Cash flows from financing activities			
Interest expense paid		**(1,188,073)**	(410,364)
Short-term bank loans and finance lease liabilities		**(8,507,180)**	23,348,829
Subordinated loan contributed by/(returned to) minority interest		**29,792**	(661,725)
Dividends paid		**(9,892,278)**	(19,150,430)
Net cash (outflow)/inflow from financing activities		**(19,557,739)**	3,126,310
(Decrease)/increase in cash and cash equivalents during the financial year		**(41,058,830)**	30,663,553
Cash and cash equivalents at the beginning of the financial year		**328,502,271**	297,838,718
Cash and cash equivalents at the end of the financial year	9	**287,443,441**	328,502,271

Note

(a) Acquisition of subsidiaries

The net tangible assets of subsidiaries acquired by the Group during the financial year were as follows:

	2002 $	2001 $
Fixed assets	**37,443**	1,032,748
Memberships, investments and trading rights in Exchanges	–	141,805
Trading securities	–	627,120
Debtors and outstanding contracts receivable	**54,426**	13,913,464
Creditors and outstanding contracts payable	**(38,416)**	(8,716,143)
Subordinated loans	–	(823,500)
Provision for tax	**(18,574)**	–
	34,879	6,175,494
Cash and cash equivalents	**584,674**	12,054,525
Net tangible assets of subsidiaries acquired	**619,553**	18,230,019
Less: Minority interest share of net tangible assets of subsidiaries acquired	–	(81,426)
	619,553	18,148,593
Excess of cash consideration paid over fair values of subsidiaries acquired	–	20,787,661
Cash consideration paid to acquire subsidiaries	**619,553**	38,936,254

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 28 and 29.

Notes to the Financial Statements

For the financial year ended 31 December 2002

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Official List of Singapore Exchange Securities Trading Limited. The address of the Company's registered office is 80 Raffles Place, #30-01 UOB Plaza 1, Singapore 048624.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are stockbroking, futures broking, investment trading, margin financing, investment management, investment holding and provision of nominee and research services as set out in note 14 to the financial statements.

In the financial statements, affiliated corporations refer to corporations which are shareholders of the Company or corporations in which certain shareholders of the Company control or have significant financial interests.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard. The financial statements are prepared in accordance with the historical cost convention, modified to include quoted equity investments held as part of the arbitrage trading portfolio and certain quoted investments held as part of trading portfolio at valuation.

The financial statements are expressed in Singapore dollars.

In 2002, the Group adopted SAS 12 (2001) Income Taxes. The effect of adopting SAS 12 is summarised in the Consolidated Statement of Changes in Equity and further information is disclosed in note 22.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated income statement from the date of their acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits are eliminated in full on consolidation. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered. Where necessary, the accounting policies of subsidiaries have been changed to ensure their consistency with the accounting policies adopted by the Group.

(c) Foreign currencies

Transactions in foreign currencies during the financial year are translated into Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statements.

For the purpose of the consolidation of subsidiaries and the equity accounting of associated companies:

(i) In respect of foreign subsidiaries and associated companies whose operations are not an integral part of the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using average monthly exchange rates. The exchange differences arising on translation of foreign subsidiaries, and the Group's share of exchange differences arising from the translation of foreign associated companies are taken directly to the foreign currency translation reserve.

2. Significant accounting policies *(continued)*

(c) Foreign currencies (continued)

On disposal, these translation differences are recognised in the consolidated income statement as part of the gain or loss on disposal.

(ii) In respect of foreign subsidiaries whose operations are integral to those of the Company, all monetary assets and liabilities are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, all non-monetary assets and liabilities are recorded at the exchange rates when the relevant transactions occurred, and the results are translated using average monthly exchange rates. The exchange differences arising are taken to the consolidated income statement.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write off the cost of fixed assets over the expected useful lives. The annual rates used for this purpose are:

	%
Buildings	5
Leasehold improvements	10 – $33\frac{1}{3}$
Furniture, fittings and office equipment	10 – $33\frac{1}{3}$
Computer equipment and software	20 – $33\frac{1}{3}$
Communication equipment	20 – $33\frac{1}{3}$
Motor vehicles	20 – $33\frac{1}{3}$

(e) Investments

(i) Long-term investments

Investments in subsidiaries are stated at cost. Dividends received from subsidiaries distributed out of their pre-acquisition profits are set-off against cost of investment in subsidiaries. Provision is made for any diminution in value, other than temporary, of the investments in subsidiaries determined on an individual basis.

Other equity investments, including investments in associated companies, that are intended to be held for the long term, are stated at cost and provision is made for any diminution in value, other than temporary, of the investments determined on an individual basis.

(ii) Quoted and unquoted investments held as part of trading portfolio

Long positions in quoted equity and bond investments held as part of the trading portfolio are stated at the lower of cost and market value, determined on an individual security basis. Short positions, including borrowed positions, held as part of the trading portfolio are stated at the higher of the transacted value and market value, determined on an individual security basis.

Long positions in unquoted investments are stated at cost and provision is made for any diminution in value, other than temporary, of the investments determined on an individual basis. Cost of long positions and transacted value of short positions are determined on a first-in, first-out basis, and market value is based on the last transacted price at the balance sheet date.

(iii) Quoted investments held as part of arbitrage trading portfolio

Quoted equity and bond investments held as part of the arbitrage trading portfolio are stated at market value, which is based on the last transacted price at the balance sheet date.

(iv) Profits/losses on disposal of investments and increases/decreases in carrying value of investments

Profits/losses on disposal of investments and increases/decreases in carrying value of investments are taken to the income statements.

(f) 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 balance sheet under "Other current assets – amounts deposited with lenders of securities" and "Accounts payable – cash collaterals held for securities lent to clients" respectively.

(g) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of businesses acquired by the Group. Goodwill is amortised on a straight-line basis, through the consolidated income statement, over its useful economic life of 12 months from the date of acquisition of the businesses. Goodwill which is assessed as having no continuing economic value is written off to the consolidated income statement.

(h) Leases

Leases of fixed assets where the Group has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(i) Trading rights in Exchange

Trading rights in Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Futures Exchange Limited ("HKFE") are stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write off the cost of the trading rights over five years. Where an indication of impairment exists, the carrying amount of the trading rights is assessed and written down immediately to its recoverable amount.

(j) Associated companies

Associated companies are companies in which a long-term equity interest of between 20 and 50 percent is held and over whose financial and operating policy decisions the Group has significant influence.

Associated companies are accounted for under the equity method whereby the Group's share of profits less losses of associated companies is included in the consolidated income statement, and the Group's share of post-acquisition retained profits or accumulated losses, and reserves are adjusted against the cost of the investments in the consolidated balance sheet. These amounts are taken from the latest audited or management accounts of the companies concerned, made up to the same date as the end of the financial year of the Group. Where the accounting policies of associated companies do not conform with those of the Group, adjustments are made where the amounts involved are considered significant to the Group.

(k) Trade debtors

Trade debtors are carried at anticipated realisable value.

Bad debts are written off and specific provisions are made against debts considered to be doubtful of recovery. In respect of the subsidiary which is a clearing member of Singapore Exchange Securities Trading Limited ("SGX-ST"), a general provision is made on the remaining debts arising from stockbroking transactions to cover inherent losses which have not been specifically identified, based on Rule 5.10 issued by SGX-ST.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, that it is probable an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(m) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Prior to 1 January 2002, deferred tax was provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items except when it can be demonstrated with reasonable probability that the tax deferral would continue for the foreseeable future. In accounting for timing differences, deferred tax assets were not accounted for unless there was reasonable expectation of their realisation.

The new accounting policy was adopted to comply with the revised SAS 12 and has been accounted for retrospectively.

(n) Revenue recognition

(i) Brokerage income is recognised as earned on the date the contracts are entered into.

(ii) Dividend income is recorded gross in the period in which dividend is declared payable by the investee company.

(iii) Interest income is recognised on an accrual basis.

3. Revenue

	The Group		The Company	
	2002	**2001**	**2002**	**2001**
	$	**$**	**$**	**$**
Commissions and trading income	**139,817,290**	83,286,206	–	–
Interest income				
– fixed deposits with affiliated companies	**1,446,447**	1,459,093	**229,406**	18,193
– fixed deposits with other banks	**1,074,374**	3,788,373	–	–
– clients	**8,987,572**	9,102,113	—	–
– subordinated loans to subsidiaries	–	–	**142,435**	176,062
– others	**760,571**	1,155,061	**430,967**	546,578
Gross dividend from quoted securities	**2,179,371**	1,129,924	–	–
Gross dividend from investment in unquoted equity shares in subsidiary	–	–	**126,300,000**	109,204,602
Foreign exchange gain	–	5,184,063	–	2,074,687
Other operating revenue	**8,139,780**	6,094,392	–	–
	162,405,405	111,199,225	**127,102,808**	112,020,122

4. Personnel expenses

	The Group		The Company	
	2002	**2001**	**2002**	**2001**
	$	**$**	**$**	**$**
Wages and salaries	**46,098,226**	27,535,143	**40,000**	25,000
Pension costs – defined contribution plans	**3,194,805**	2,233,657	–	–
Other staff costs	**1,249,993**	969,488	–	–
	50,543,024	30,738,288	**40,000**	25,000

Personnel expenses of the Company comprise directors' fees amounting to $40,000 (2001: $25,000). Included in personnel expenses of the Group are remuneration for directors of the Company amounting to $2,603,723 (2001: $2,986,893).

Number of directors of the Company in remuneration bands:

	The Company	
	2002	**2001**
$500,000 and above	**2**	2
$250,000 to $499,999	**1**	-
Below $250,000	**5**	5
Total	**8**	7

Number of persons employed by the Group and the Company at the end of the financial year is 930 (2001: 710) and nil (2001: nil) respectively.

5. Operating profit

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Operating profit is arrived at after:				
Charging:				
Auditors' remuneration paid/payable to				
– Auditors of the Company	**156,182**	155,116	**23,000**	22,000
– Other auditors (include other PricewaterhouseCoopers firms outside Singapore)	**99,445**	123,065	–	–
Amortisation of goodwill	**5,550,437**	3,516,351	–	–
Goodwill written off	–	6,043,122	–	–
Depreciation of fixed assets				
– Buildings	**13,963**	12,413	–	–
– Leasehold improvements	**1,107,417**	440,909	–	–
– Furniture, fittings and office equipment	**859,928**	701,043	–	–
– Computer equipment and software	**1,651,138**	933,372	–	–
– Communication equipment	**168,039**	151,511	–	–
– Motor vehicles	**138,958**	63,869	–	–
	3,939,443	2,303,117	–	–
Provision/(write-back) for doubtful trade debts	**4,192,450**	(6,557,879)	–	–
Provision for additional liabilities of trading securities – short positions	**1,587**	–	–	–
Rental expenses – operating leases	**9,715,710**	7,473,348	–	–
Amortisation of trading rights in Exchanges	**15,293**	183,822	–	–
Impairment loss on trading rights in Exchanges	**274,738**	–	–	–
Loss on disposal of fixed assets	**380,367**	413,144	–	–
Foreign currency exchange loss	**1,231,512**	–	**1,595,338**	–
Bad debts written off	**241,542**	–	–	–
And crediting:				
Write-back of provision for diminution in value of trading securities – long positions	**3,341**	2,035,986	–	–
Write-back of provision for additional liabilities of trading securities – short positions	–	13,119		
Gain on disposal of quoted investment	**176,702**	–	–	–
Bad debts recovered	**13,427**	243,820	–	–

6. Finance costs

	The Group	
	2002	2001
	$	$
Interest expense		
– on bank borrowings (affiliated companies)	**1,031,587**	94,852
– on other bank borrowings	**73,211**	201,151
– others	**83,275**	114,361
	1,188,073	410,364

7. Tax

(a) Tax expense

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Income tax expense attributable to profit is made up of:				
Current income tax provision	**4,923,584**	6,494,442	**27,841,000**	26,833,750
Share of tax of associated companies	**677,762**	720,453	**–**	–
	5,601,346	7,214,895	**27,841,000**	26,833,750
(Over)/under provision in prior years				
– current income tax	**(1,270,625)**	8,948	**75,942**	–
– deferred tax	**(691,000)**	–	**–**	–
	3,639,721	7,223,843	**27,916,942**	26,833,750

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Profit before tax	**15,330,212**	23,188,735	**125,192,145**	111,671,495
Tax expense at statutory rate of 22% (2001: 24.5%)	**3,372,647**	5,681,240	**27,542,272**	27,359,516
Singapore statutory stepped income exemption and tax rebate	**(74,840)**	(400,607)	**(11,550)**	(17,467)
Concessionary tax	**(129,417)**	(76,739)	**(46,536)**	–
Income not subject to tax	**(374,017)**	(2,363,303)	**–**	(508,299)
Expenses not deductible for tax purposes	**1,966,052**	2,542,692	**356,814**	–
Utilisation of previously unrecognised tax losses	**(778,567)**	–	**–**	–
Tax benefit on tax losses and other temporary differences not recognised	**871,792**	1,753,306		
Effect of different tax rates in other countries	**747,696**	78,306	**–**	–
	5,601,346	7,214,895	**27,841,000**	26,833,750

7. Tax *(continued)*

(b) Provision for tax/(income tax recoverable)

	The Group 2002	The Group 2001	The Company 2002	The Company 2001
	$	$	$	$
Provision for tax	**5,327,050**	10,847,743	**118,146**	–
Income tax recoverable	–	(18,500)	–	(18,500)
	5,327,050	10,829,243	**118,146**	(18,500)

Movements in provision for tax/(income tax recoverable) are as follows:

2002

	The Group			The Company
	Provision for tax $	Income tax recoverable $	Total $	Provision for tax/ (Income tax recoverable) $
Balance at the beginning of the financial year	**10,847,743**	**(18,500)**	**10,829,243**	**(18,500)**
Acquisition of subsidiary	**18,574**	–	**18,574**	–
Income tax paid	**(9,128,622)**	–	**(9,128,622)**	**(27,780,296)**
Current financial year's tax expense on profit	**4,905,084**	**18,500**	**4,923,584**	**27,841,000**
(Over)/under provision in prior years	**(1,270,625)**	–	**(1,270,625)**	**75,942**
Exchange rate adjustment	**(45,104)**	–	**(45,104)**	–
Balance at the end of the financial year	**5,327,050**	–	**5,327,050**	**118,146**

2001

	The Group			The Company
	Provision for tax $	Income tax recoverable $	Total $	Provision for tax/ (Income tax recoverable) $
Balance at the beginning of the financial year	15,516,590	(97,122)	15,419,468	(97,122)
Income tax paid	(11,093,615)	–	(11,093,615)	(26,755,128)
Current financial year's tax expense on profit	6,415,820	78,622	6,494,442	26,833,750
Under provision in prior years	8,948	–	8,948	–
Balance at the end of the financial year	10,847,743	(18,500)	10,829,243	(18,500)

8. Earnings per share

	The Group	
	2002	2001
	$	$
Net profit attributable to members of the Company	**11,892,804**	16,022,904
Number of ordinary shares in issue	**724,709,009**	724,709,009

Basic earnings per share is calculated by dividing the net profit attributable to members of the Company by the number of ordinary shares in issue during the financial year.

9. Cash and bank balances

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Bank balances (with affiliated companies)	**210,193,688**	212,076,763	**106,969,337**	24,510,317
Cash on hand and other bank balances	**79,813,891**	127,215,047	**–**	–
	290,007,579	339,291,810	**106,969,337**	24,510,317

For the purposes of the consolidated cash flow statement, the year end consolidated cash and cash equivalents comprise the following:

	The Group	
	2002	2001
	$	$
Cash and bank balances (as above)	**290,007,579**	339,291,810
Less: Bank overdrafts [Note 21]	**(2,564,138)**	(10,789,539)
Cash and cash equivalents per consolidated cash flow statement	**287,443,441**	328,502,271

At the balance sheet date, included in cash and bank balances are the following fixed bank deposits:

	2002 $	2001 $	Effective interest rates	Maturity
The Company				
Fixed bank deposits with affiliated companies	**106,906,602**	24,321,410	0.625% to 0.75% per annum (2001: 0.75% to 1.125% per annum)	Within one month (2001: one month) after balance sheet date
The Group				
Fixed bank deposits with affiliated companies	**180,728,520**	194,438,533	0.625% to 11.875% per annum (2001: 0.25% to 14.75% per annum)	Within eight months (2001: three months) after balance sheet date
Fixed bank deposits with other banks	**28,706,672**	65,593,780	0.0625% to 11.875% per annum (2001: 0.25% to 15.75% per annum)	Within two months (2001: four months) after balance sheet date

10. Trade debtors

(a) *Trade debtors comprise:*

	The Group 2002 $	The Group 2001 $
Trade debtors	**180,853,031**	137,979,355
Less: Provision for doubtful trade debts	**(22,662,669)**	(18,696,610)
	158,190,362	119,282,745
Assets segregated for customers [Note 10(b)]	**10,877,366**	2,901,047
	169,067,728	122,183,792

Movements in provision for doubtful trade debts are as follows:

	The Group 2002 $	The Group 2001 $
Balance at the beginning of the financial year	**18,696,610**	21,937,379
Acquisition of subsidiaries	**–**	3,226,003
Provision made/(written-back) during the financial year	**4,192,450**	(6,557,879)
Provision utilized	**(66,697)**	(56,321)
Exchange rate adjustment	**(159,694)**	147,428
Balance at the end of the financial year	**22,662,669**	18,696,610

(b) *Assets segregated for customers*

	The Group 2002 $	The Group 2001 $
Margin deposits with Hong Kong Futures Exchange Clearing Corporation/Singapore Exchange Derivatives Clearing Limited	**7,852,013**	57,630
Fixed deposits – with affiliated company	**–**	2,094,499
Bank balances – with affiliated company	**2,892,500**	748,918
– with other banks	**132,853**	–
	10,877,366	2,901,047

11. Trading securities

(a) Trading securities – long positions (current assets)

	The Company 2002 $	The Company 2001 $
Quoted bonds held as part of trading portfolio, at cost	**2,666,794**	21,671,413
Unquoted asset backed commercial papers held as part of trading portfolio, at cost	**24,990,000**	–
	27,656,794	21,671,413
Quoted bonds held as part of trading portfolio, at market value	**3,096,083**	21,855,906

	The Group 2002 $	The Group 2001 $
Quoted equity securities held as part of trading portfolio, at cost	**5,397,618**	25,177,415
Less: Provision for shortfall in market value over cost of long positions	**(209,015)**	(212,366)
	5,188,603	24,965,049
Quoted equity securities held as part of arbitrage trading portfolio, at market value	**14,451,481**	10,768,149
Unquoted equity securities held as part of trading portfolio, at cost	**314,364**	–
Quoted bonds held as part of trading portfolio, at cost	**5,951,218**	21,671,413
Quoted bonds held as part of arbitrage trading portfolio, at market value	**2,465,427**	2,969,250
Unquoted asset backed commercial papers held as part of trading portfolio, at cost	**24,990,000**	–
Unquoted convertible bond held as part of trading portfolio, at cost	**700,000**	–
	54,061,093	60,373,861
Quoted equity securities held as part of trading portfolio, at market value	**5,189,977**	25,671,881
Quoted bonds held as part of trading portfolio, at market value	**6,987,642**	21,855,906

11. Trading securities *(continued)*

(a) *Trading securities – long positions (current assets)*

Movements in provision for shortfall in market value over cost of long positions are as follows:

	The Group	
	2002	**2001**
	$	**$**
Balance at the beginning of the financial year	**212,366**	2,239,993
Acquisition of subsidiaries	–	8,267
Provision written-back during the financial year	**(3,341)**	(2,035,986)
Foreign exchange rate adjustment	**(10)**	92
Balance at the end of the financial year	**209,015**	212,366

(b) *Trading securities – short positions (current liabilities)*

	The Group	
	2002	**2001**
	$	**$**
Quoted equity securities held as part of trading portfolio, at transacted values	**103,693**	2,951
Less: Provision for additional liabilities where market values are in excess of transacted values	**1,587**	–
	105,280	2,951
Quoted equity securities held as part of arbitrage trading portfolio, at market value	**13,599,746**	10,190,072
	13,705,026	10,193,023
Quoted equity securities held as part of trading portfolio, at market value	**104,910**	1,418

Movements in provision for additional liabilities where market values are in excess of transacted values are as follows:

	The Group	
	2002	**2001**
	$	**$**
Balance at the beginning of the financial year	–	13,119
Acquisition of subsidiaries	–	–
Provision made/(written back) during the financial year	**1,587**	(13,119)
Balance at the end of the financial year	**1,587**	–

12. Other current assets

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Deposits [Note 12(a)]	**7,241,306**	9,238,553	–	–
Staff loans	**716,154**	1,174,959	–	–
Prepayments	**2,493,754**	309,620	–	–
Amount deposited with lenders of securities [Note 12(b)]	**1,424,975**	2,394,875	–	–
Loan to Diversified Assets Limited [Note 12(c)]	**2,657,345**	–	–	–
Other receivables	**2,139,160**	1,995,615	**118,637**	196,519
	16,672,694	15,113,622	**118,637**	196,519

(a) Deposits of certain subsidiaries amounting to $2,100,000 (2001: $3,045,076) are placed as collaterals with clearing houses of Exchanges [Note 26(a)].

(b) Securities borrowing and lending contracts

	The Group	
	2002	2001
	$	$
Securities borrowed		
Securities borrowed from lenders, at market value:		
– lent to clients	**1,314,969**	1,451,985
– utilised for delivery against the Group's trading securities – short positions / in the custody of the Group	–	780,000
	1,314,969	2,231,985
Cash collaterals placed with lenders	**1,424,975**	2,394,875
Securities lent		
Securities lent to clients, at market value:		
– borrowed from lenders	**1,314,969**	1,451,985
– from securities held by the Group	–	332,500
	1,314,969	1,784,485
Cash collaterals received from clients		
– in accounts payable [Note 20]	**1,401,959**	1,821,744
– in trust	**77,033**	–
	1,478,992	1,821,744
Market value of share collaterals received from clients	**40,400**	–
	1,519,392	1,821,744

(c) The loan to Diversified Assets Limited is unsecured and repayable on demand. Interest is payable at 0.25% above cost of fund per annum. Carrying value of the loan approximates its fair value at the balance sheet date.

13. Subordinated loans to subsidiaries

As at the balance sheet date, subordinated loans granted by the Company to subsidiaries are as follows:

Subsidiary	2002 $	2001 $	Interest rates	Maturity
UOB Kay Hian Overseas Limited	–	6,600,000	Annual rate of three months fixed deposit rate in Singapore dollars in Hong Kong	–
PT UOB Kay Hian Securities	**740,138**	677,025	14.5% per annum	9 February 2003
	164,475	–	7% per annum	11 December 2004
	904,613	677,025		
	904,613	7,277,025		

14. Investments in subsidiaries

(a) Investments in subsidiaries comprise:

	The Group 2002 $	The Group 2001 $
Unquoted equity shares, at cost		
Balance at end of financial year, at cost		
Diversified Assets Limited [Note 14(c)]	**2**	–

	The Company 2002 $	The Company 2001 $
Unquoted equity shares, at cost		
Balance at end of financial year, at cost	**402,885,504**	402,351,802

(b) The subsidiaries are:

	Name of subsidiary (Country of incorporation)	Principal activities	Country of business	Cost of investment 2002 $	Cost of investment 2001 $	Equity holding by The Company 2002 %	Equity holding by The Company 2001 %	Equity holding by Subsidiaries 2002 %	Equity holding by Subsidiaries 2001 %
^	Kay Hian Holdings Limited (Singapore)	Investment holding	Singapore	**252,153,126**	252,153,126	**100**	100	–	–
^	UOB Securities Pte Ltd (Singapore)	Stockbroking	Singapore	**135,588,610**	135,588,610	**100**	100	–	–
++	PT UOB Kay Hian Securities (Indonesia)	Stockbroking	Indonesia	**1,142,400**	1,142,400	**85**	85	–	–

14. Investments in subsidiaries *(continued)*

(b) The subsidiaries are:

	Name of subsidiary (Country of incorporation)	Principal activities	Country of business	Cost of investment 2002 $	Cost of investment 2001 $	Equity holding by The Company 2002 %	Equity holding by The Company 2001 %	Equity holding by Subsidiaries 2002 %	Equity holding by Subsidiaries 2001 %
+	UOB Kay Hian Securities (Philippines), Inc. (Philippines)	Stockbroking	Philippines	**960,057**	1,045,913	**100**	100	–	–
+	UOB Kay Hian Securities (Thailand) Co, Ltd (Thailand)	Stockbroking	Thailand	**12,421,753**	12,421,753	**100**	100	–	–
++	Worldsec International (U.K.) Limited (United Kingdom)	Arranger	United Kingdom	**619,553**	–	**100**	–	–	–
+++	UOB Kay Hian (U.K.) Limited (United Kingdom)	Dormant	United Kingdom	**5**	–	**100**	–	–	–
	Held by Kay Hian Holdings Limited								
^	UOB Kay Hian Private Limited (Singapore)	Stockbroking	Singapore	–	–	–	–	**100**	100
^	UOB Kay Hian Trading Pte Ltd (Singapore)	Investment trading	Singapore	–	–	–	–	**100**	100
*	UOB Kay Hian Futures Pte Ltd (Singapore)	Under member's voluntary liquidation	Singapore	–	–	–	–	**100**	100
^	UOB Kay Hian Opportunities Fund Pte Ltd (Singapore)	Investment holding	Singapore	–	–	–	–	**100**	100
^	UOB Kay Hian Advisors Limited (Singapore)	Investment management	Singapore	–	–	–	–	**100**	100
+	UOB Kay Hian (Malaysia) Holdings Sdn. Bhd. (Malaysia)	Investment holding	Malaysia	–	–	–	–	**100**	100
+	UOB Kay Hian Overseas Limited (Hong Kong, SAR)	Investment holding	Hong Kong, SAR	–	–	–	–	**100**	100

14. Investments in subsidiaries *(continued)*

(b) The subsidiaries are:

	Name of subsidiary (Country of incorporation)	Principal activities	Country of business	Cost of investment		Equity holding by The Company		Equity holding by Subsidiaries	
				2002	2001	2002	2001	2002	2001
				$	$	%	%	%	%
	Held by UOB Securities Pte Ltd								
^	UOB Securities Nominees Pte Ltd (Singapore)	Nominee Services	Singapore	–	–	–	–	**100**	100
	Held by UOB Kay Hian Private Limited								
^	UOB Kay Hian Nominees Pte Ltd (Singapore)	Nominee Services	Singapore	–	–	–	–	**100**	100
^	UOB Kay Hian Research Pte Ltd (Singapore)	Research activities	Singapore	–	–	–	–	**100**	100
	Held by UOB Kay Hian Opportunities Fund Pte Ltd								
+	Sentosa Investors Services Ltd (Cayman Islands)	Investment trading	Cayman Islands	–	–		–	**82.1**	84.5
	Held by UOB Kay Hian Advisors Limited								
^	UOB Kay Hian Petroleum Fund (Cayman Islands)	Investment holding	Cayman Islands	–	–		–	**100**	–
	Held by UOB Kay Hian Overseas Limited								
+	UOB Kay Hian (Hong Kong) Limited (Hong Kong, SAR)	Stockbroking	Hong Kong, SAR	–	–	–	–	**100**	100
@+	UOB Kay Hian Futures (Hong Kong) Limited (formerly known as UOB Kay Hian Nominees Limited) (Hong Kong, SAR)	Futures broking	Hong Kong, SAR	–	–	–	–	**100**	100
+	UOB Kay Hian Overseas Finance Limited (Hong Kong, SAR)	Money lending	Hong Kong, SAR	–	–	–	–	**100**	100
+	UOB Kay Hian Overseas Asia Limited (Hong Kong, SAR)	Stockbroking	Hong Kong, SAR	–	–	–	–	**100**	100

14. Investments in subsidiaries *(continued)*

(b) The subsidiaries are:

	Name of subsidiary (Country of incorporation)	Principal activities	Country of business	Cost of investment 2002 $	Cost of investment 2001 $	Equity holding by The Company 2002 %	Equity holding by The Company 2001 %	Equity holding by Subsidiaries 2002 %	Equity holding by Subsidiaries 2001 %
#	UOB Kay Hian Overseas (BVI) Limited (British Virgin Islands)	Dormant	Dormant	–	–	–	–	**100**	100
	Held by UOB Kay Hian Petroleum Fund								
+++	PetroAsia Resources Pte Ltd (Singapore)	Investment holding	Singapore	–	–	–	–	**100**	–
	Held by UOB Kay Hian Overseas (BVI) Limited								
#	Diversified Assets Limited (British Virgin Islands)	Investment holding	Hong Kong, SAR	–	–	–	–	**100**	–
				402,885,504	402,351,802				

^ Audited by PricewaterhouseCoopers, Singapore

\+ Audited by other PricewaterhouseCoopers firms outside Singapore

++ Audited by other auditors

+++ As this company was newly incorporated during the financial year, there is no audit required for the financial period ended 31 December 2002 as allowed by the law of the country of incorporation.

\# Audit not required under the laws of the country of incorporation

* Members' voluntary liquidation in progress during the financial year

@ On 12 April 2002, the name of the Company was changed from UOB Kay Hian Nominees Limited to UOB Kay Hian Futures (Hong Kong) Limited. Equity interest in the Company was transferred from UOB Kay Hian (Hong Kong) Limited to UOB Kay Hian Overseas Limited. On 2 October 2002, the Company changed its principal activity from nominee services to futures broking.

(c) Diversified Assets Limited

Diversified Assets Limited ("DAL") is a special purpose entity, incorporated with a paid up capital of US$1 (wholly-owned by UOB Kay Hian Overseas (BVI) Limited). The primary objective of DAL is to act as an investment holding company. The investments made by DAL is funded by borrowings from the Group.

All the benefits and substantially all the risk of ownership of DAL is transferred to an investor through a put option on the shares of DAL granted to UOB Kay Hian Overseas (BVI) Limited by the investor; and a call option granted by UOB Kay Hian Overseas (BVI) Limited on the shares of DAL to the investor. Under the agreement between UOB Kay Hian Overseas (BVI) Limited and the investor, the latter retains substantially all decision making powers relating to the financial and operating policies of DAL. The above arrangement ended in March 2003 upon the exercise of the put or call option granted by the investor and UOB Kay Hian Overseas (BVI) Limited respectively.

14. Investments in subsidiaries *(continued)*

(c) Diversified Assets Limited (continued)

DAL is considered a subsidiary of the Group under section 5 of the Singapore Companies Act. However, DAL is in substance, not a subsidiary of the Group under Statement of Accounting Standard No. 26 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries”. In the opinion of the directors, inclusion of DAL in the consolidated financial statements of the Group would not present the true and fair view of the profit or loss and the state of affairs of the Group, in so far as they concern the members of UOB-Kay Hian Holdings Limited. Consequently, DAL is accounted for as an investment in accordance with Statement of Accounting Standard No. 25 “Accounting for Investments”, in the financial statements of the Group.

(d) UOB Kay Hian Petroleum Fund and PetroAsia Resources Pte Ltd

During the financial year, UOB Kay Hian Advisors Limited entered into an agreement with an investor to set up UOB Kay Hian Petroleum Fund (“UOBKHPF”) and PetroAsia Resources Pte Ltd (“PPL”). PPL is a S$2 company and its two issued shares are owned by UOBKHPF. UOBKHPF was set up with 10,000 of US$0.01 allotted but unpaid founder shares. These shares were allotted to UOB Kay Hian Advisors Ltd (“UOBKHAL”).

The sole purpose of the above structure was to facilitate the acquisition of petroleum assets by UOBKHPF through PPL. Under the scheme, the investor (unit holders) would inject funds (by way of convertible loans or otherwise) to UOBKHPF and its subsidiary to fund the purchase. The acquisition will be made through PPL.

As the uncalled founder shares in UOBKHPF are the only issued shares of the company, UOBKHPF and its subsidiary PPL are considered subsidiaries of the Group under section 5 of the Singapore Companies Act.

However, UOBKHPF and PPL are not subsidiaries of the Group under Statement of Accounting Standard No. 26 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries”, as :-

- The founder shares do not carry any voting rights or rights to dividend (voting rights and rights to dividend reside with unit holders of UOBKHPF);
- The acquisition by PPL would be funded entirely by the investor (unit holders). As a result, the risk and rewards associated with ownership reside with the investor;
- There is no intention for UOBKHAL to subscribe for units in UOBKHPF;
- Ultimate control of UOBKHPF resides with the investor, as the rights of the board of UOBKHPF (which is represented by UOBKHAL) is restricted under the agreement and cannot dictate the financial and operating policies of the company.

For the reasons set out above, in the opinion of the directors, consolidation of UOBKHPF and PPL with the consolidated financial statements of the Group would not present the true and fair view of the profit or loss and the state of affairs of the Group, in so far as they concern the members of UOB-Kay Hian Holdings Limited and should therefore be accounted in the consolidated financial statements of the Group in accordance with Statement of Accounting Standard No. 25 “Accounting for Investments”. As the founder shares remain uncalled at 31 December 2002, the cost of investment by the Group is nil.

15. Investments in associated companies

(a) The investments in associated companies, which are held by subsidiaries, comprise:

	The Group	
	2002	2001
	$	$
Unquoted equity shares, at cost	**45,544,500**	45,544,500
Group's share of associated companies' post acquisition:		
– net profit	**3,664,377**	2,354,153
– foreign currency adjustment	**32,041**	1,670,876
	3,696,418	4,025,029
	49,240,918	49,569,529

(b) The following information relates to the associated companies:

Name of company	Country of Incorporation	Principal activities	Percentage of paid up capital held
^ Trans-Pacific Credit Private Limited	Singapore	Margin financing	50%
+ Thong & Kay Hian Securities Sdn. Bhd.	Malaysia	Stockbroking	30%
+ Thong & Kay Hian Options Sdn. Bhd.	Malaysia	Dealing in options	30%

^ Audited by PricewaterhouseCoopers, Singapore

\+ Audited by other PricewaterhouseCoopers firms outside Singapore

16. Investments in Exchanges

Quoted equity shares in Exchanges

	The Group	
	2002	2001
	$	$
Singapore Exchange Limited, at cost	**7,300,002**	8,083,336
Hong Kong Exchanges and Clearing Limited, at cost	–	–
	7,300,002	8,083,336
Market value of quoted equity shares in:		
– Singapore Exchange Limited	**17,890,906**	18,975,753
– Hong Kong Exchanges and Clearing Limited	**1,755,303**	2,265,572

17. Trading rights in Exchange

	The Group 2002 $	The Group 2001 $
Trading rights in Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited, at cost:		
Balance at the beginning of the financial year	**950,000**	889,200
Acquisition of business / subsidiary	**222,500**	1
Foreign exchange rate adjustment	**(60,000)**	60,799
Balance at the end of the financial year	**1,112,500**	950,000
Accumulated amortisation:		
Balance at the beginning of the financial year	**(379,980)**	(177,840)
Amortisation during the financial year	**(15,293)**	(183,822)
Impairment loss	**(274,738)**	–
Foreign exchange rate adjustment	**32,149**	(18,318)
Balance at the end of the financial year	**(637,862)**	(379,980)
	474,638	570,020

18. Fixed assets

	Buildings $	Leasehold improvements $	Furniture, fittings and office equipment $	Computer equipment and software $	Communication equipment $	Motor vehicles $	Total $
The Group							
Cost							
At 1 January 2002	225,537	3,408,280	5,890,935	6,888,480	1,122,747	621,706	18,157,685
Acquisition of subsidiaries	–	217,582	173,148	–	–	–	390,730
Additions	–	2,666,010	1,133,887	3,936,206	408,202	157,086	8,301,391
Disposals	–	(788,966)	(803,528)	(218,609)	(176,531)	(155,199)	(2,142,833)
Exchange rate adjustments	(9,150)	(69,641)	(41,137)	(85,099)	(11,287)	(17,088)	(233,402)
At 31 December 2002	216,387	5,433,265	6,353,305	10,520,978	1,343,131	606,505	24,473,571

18. Fixed assets *(continued)*

	Buildings	Leasehold improvements	Furniture, fittings and office equipment	Computer equipment and software	Communication equipment	Motor vehicles	Total
	$	$	$	$	$	$	$
The Group *(continued)*							
Accumulated depreciation							
At 1 January 2002	48,145	1,996,028	3,826,614	3,370,805	885,381	103,903	10,230,876
Acquisition of subsidiaries	–	206,934	146,353	–	–	–	353,287
Depreciation charge	13,963	1,107,417	859,928	1,651,138	168,039	138,958	3,939,443
Disposals	–	(605,672)	(601,538)	(218,478)	(175,906)	(30,302)	(1,631,896)
Exchange rate adjustments	(2,386)	(42,874)	(22,995)	(57,405)	(7,894)	(1,808)	(135,362)
At 31 December 2002	59,722	2,661,833	4,208,362	4,746,060	869,620	210,751	12,756,348
Net book value at 31 December 2002	**156,665**	**2,771,432**	**2,144,943**	**5,774,918**	**473,511**	**395,754**	**11,717,223**
Net book value at 31 December 2001	177,392	1,412,252	2,064,321	3,517,675	237,366	517,803	7,926,809

19. Goodwill

	The Group 2002	The Group 2001
	$	$
Goodwill on acquisition of businesses	**8,335,796**	9,559,473
Amortisation of goodwill	**(5,550,437)**	(3,516,351)
Goodwill assessed as having no continuous economic value written off	–	(6,043,122)
	2,785,359	–

20. Accounts payable

	The Group 2002	The Group 2001	The Company 2002	The Company 2001
	$	$	$	$
Trade creditors	**17,107,272**	6,621,778	–	–
Accrued operating expenses	**14,361,146**	11,124,963	**52,205**	75,391
Cash collaterals held for securities lent to clients [Note 12(b)]	**1,401,959**	1,821,744	–	–
Other payables	**127,215**	2,108,009	–	–
	32,997,592	21,676,494	**52,205**	75,391

21. Borrowings

(a) Current

	The Group 2002 $	The Group 2001 $
Bank overdrafts:		
– with affiliated companies	**924,518**	10,497,204
– with other banks	**1,639,620**	292,335
	2,564,138	10,789,539
Short-term bank loans:		
– with affiliated companies	**16,397,749**	15,378,529
– with other banks	**–**	9,485,068
	16,397,749	24,863,597
Finance lease liabilities	**–**	12,768
	18,961,887	35,665,904

(i) The terms of short-term bank loans and bank overdrafts of the Group at the balance sheet date are as follows:

Short-term bank loans

Balances with affiliated companies $	Balances with other banks $	Effective interest rates	Security, if any	Maturity
16,397,749	–	2.25% to 2.84% per annum	Unsecured	Within two months after balance sheet date
16,397,749	–			

Bank overdrafts

Balances with affiliated companies $	Balances with other banks $	Effective interest rates	Security, if any
924,518	–	1% to 2.5% per annum over fixed deposit interest rate	Fixed deposits of the subsidiary
–	1,484,663	Pegged to bank's prime rate	Fixed charge over immovable fixed assets and floating charge over all assets of the subsidiary
–	18,452	5% per annum	Unsecured
–	136,505	2.54% per annum	Cash and trading securities of the subsidiary
924,518	1,639,620		

(b) Non-current

	The Group 2002 $	The Group 2001 $
Subordinated loan	**159,637**	119,475
Finance lease liabilities	**–**	28,564
	159,637	148,039

21. Borrowings *(continued)*

(b) ***Non-current*** *(continued)*

The subordinated loan granted to a subsidiary by its minority interest shareholder is unsecured and bears interest at a rate of 7% to 14.5% (2001: 14.5%) per annum. The subordinated loan to the extent of $43,537 (2001: $39,825) matures on 9 February 2003, the amount of $87,075 (2001: $79,650) will mature on 9 May 2003 and the amount of $29,025 (2001: Nil) will mature on 11 December 2004.

22. Deferred income taxes

With effect from 1 January 2002, the Group and the Company adopted SAS 12. The effect of implementing SAS 12 on opening retained earnings is reflected in the consolidated statement of changes in equity.

The Group's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax assets

	Provisions	Others	Total
At 31 December 2001	1,131,000	–	1,131,000
Credit to income statement	72,000	68,000	140,000
At 31 December 2002	1,203,000	68,000	1,271,000

Deferred tax liabilities

	Unremitted foreign income	Accelerated tax depreciation	Total
At 31 December 2001	(90,000)	(1,442,000)	(1,532,000)
Charge to income statement	–	(140,000)	(140,000)
Write back of over provision in prior year	–	691,000	691,000
At 31 December 2002	(90,000)	(891,000)	(981,000)

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 the deferred income taxes relate to the same fiscal authority. The following amount, determined after appropriate offsetting is shown in the balance sheet:

	The Group	
	2002	2001
	$	$
Deferred tax assets	1,271,000	1,131,000
Deferred tax liabilities	(981,000)	(1,532,000)
	290,000	(401,000)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $17,749,000 (2001: $17,122,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Other than tax losses of $1,627,000 (2001: $4,101,000) and $778,000 (2001: $1,225,000) which will expire within five years and three years of the loss being incurred respectively, all other tax losses have no expiry date.

23. Share capital of UOB-Kay Hian Holdings Limited

(a) *Authorised share capital*

The total authorised number of ordinary shares is 1 billion shares (2001: 1 billion shares) with a par value of $0.10 per share (2001: $0.10 per share).

(b) *Issued and fully paid up share capital*

	2002 Number of shares	2001 Number of shares	2002 $	2001 $
Ordinary shares at the beginning and at the end of the financial year	**724,709,009**	724,709,009	**72,470,901**	72,470,901

24. Reserves

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Capital reserve	**297,240,719**	297,240,719	**297,240,719**	297,240,719
Capital reserve on consolidation	**53,897,711**	53,897,711	–	–
Statutory reserve	–	63,334	–	–
Foreign currency translation reserve	**(919,141)**	1,953,098	–	–
	350,219,289	353,154,862	**297,240,719**	297,240,719

(a) *Capital reserve and capital reserve on consolidation*

The capital reserve of the Company arose from the excess of fair values of subsidiaries acquired over the aggregate par value of the Company's ordinary shares issued as consideration to acquire the subsidiaries at the date of acquisition.

The capital reserve on consolidation arose from the excess of the net tangible assets of subsidiaries acquired over their fair values as determined by the directors at the date of their acquisitions.

(b) *Statutory reserve*

The statutory reserve represents the amount set aside out of the profit of a subsidiary, UOB Kay Hian Futures Pte Ltd, as required by the Rules of Singapore Exchange Derivatives Trading Limited. UOB Kay Hian Futures Pte Ltd resigned as a clearing member of SGX-DT on 1 June 2002 and as the rules are no longer applicable to the Company, this reserve is available for distribution. The statutory reserve was subsequently transferred to retained profits during the financial year.

25. Dividends

	The Group and The Company	
	2002 $	2001 $
Ordinary dividends paid		
Interim dividend in respect of the financial year ended 31 December 2002 of 0.5 cents (31 December 2001: 0.2 cents) per ordinary share less tax at 22% (2001: 24.5%) paid	**2,826,365**	1,094,305
Final dividend in respect of the financial year ended 31 December 2001 of 1.25 cents (31 December 2000: 3.3 cents) per ordinary share less tax at 22% (2001: 24.5%) paid	**7,065,913**	18,056,125
	9,892,278	19,150,430

25. Dividends *(continued)*

Dividends proposed

The directors have proposed a final dividend in respect of the financial year ended 31 December 2002 of 0.6 cents per ordinary share less tax at 22% amounting to a total of $3,391,638. These financial statements do not reflect this proposed final dividend, which if declared payable will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2003.

26. Contingent liabilities

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

At the balance sheet date, there were contingent liabilities of $2,076,415 (2001: $1,753,868) in respect of the obligations of a subsidiary to The Central Depository (Pte) Limited ("CDP") by virtue of the subsidiary being clearing members of SGX-ST. At the balance sheet date, the subsidiary has deposits amounting to $2,100,000 (2001: $3,045,076) with CDP. The contingent liabilities are secured against deposits to the extent of $2,076,415 (2001: $1,753,868) placed by the subsidiary with CDP.

(b) Corporate guarantees

(i) At the balance sheet date, the Company had given guarantees amounting to $77,352,125 (2001: $27,000,000) to banks to support credit facilities granted by the banks to certain subsidiaries of the Company, of which the amount utilised as at the balance sheet date was $16,416,201 (2001: $292,335).

(ii) At the balance sheet date, a subsidiary has issued corporate guarantees to banks for facilities extended to an associated company of the subsidiary amounting to $25,404,225 (2001: $30,388,800) of which the amount utilised as at the balance sheet date was $Nil (2001: $Nil).

27. Commitments

(a) Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

	The Group	
	2002 $	2001 $
Not later than one financial year	**7,553,648**	7,911,348
Later than one financial year but not later than five financial years	**19,606,256**	167,618
Later than five financial years	**3,719,235**	–
	30,879,139	8,078,966

(b) Other commitments

As at balance sheet date, the Group is committed to $224,857 (2001: Nil) payable to suppliers of licences and maintenance services which are pending delivery.

28. Financial risk management

The Group's activities performed by its subsidiaries in each country of operations expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign exchange rates and interest rates, and credit and liquidity risks. The Group's overall financial risk management focuses on the uncertainty of financial markets and seeks to minimize potential adverse effect on the financial performance of the Group. The Group uses foreign currency borrowings and foreign exchange contracts to hedge certain 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 Company and its respective subsidiaries' financial risk management policies.

(i) Foreign exchange risk

The Company and the Group have investments in foreign subsidiaries and associated companies, whose net assets are exposed to currency translation risk. The Group is also exposed to foreign exchange risk arising from the Company's and its subsidiaries' dealing in securities and holding net long positions in assets, liabilities and foreign currency exchange contracts in foreign currencies. The Group is primarily exposed to United States Dollars and Malaysian Ringgit. The Group holds net long positions in non-local currency for working capital purposes. 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 finance departments of the Group hedges significant net exposures in each of the foreign currencies through foreign currency borrowings and foreign exchange contracts.

(ii) Interest rate risk

The Group's interest income and interest expense are exposed to changes in market interest rates. Interest rate risk relates to interest from share financing, interest charged on overdue trade debts, interest on 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.

(iii) Credit risk

The Group has no significant concentration of credit risk. The statutory and regulatory requirements of the respective countries which the Group's subsidiaries operate also have provisions to ensure that each company in the Group does not have concentration of credit risk. The credit department monitors the credit risk to ensure compliance with the guidelines set by the credit committee. The credit department sets trading limits for each client, combined trading limit for all clients of each trading representative and each security and monitors overdue debts. The trading limits and 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.

(iv) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash and marketable securities, adequate committed banking credit facilities and ability to close out market positions. The Group aims to maintain sufficient cash internally for working capital purposes and from time to time may utilize 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 listed securities and accepts only marketable securities as collateral.

29. Financial instruments

In order to manage the risks arising from fluctuations in currency exchange rates, the Company makes use of the following financial instruments:

Foreign exchange contracts

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

As at the balance sheet date, the Company and the Group have the following outstanding commitments for foreign exchange contracts. The settlement dates of the foreign exchange contracts entered into by the Company are within five months (2001: five months) from the balance sheet date, and the settlement dates of the foreign exchange contracts entered into by the subsidiary range between one week and ten months (2001: one week) from the balance sheet date.

The underlying principal amount and fair value of the Company's and the Group's forward foreign exchange contracts at the balance sheet date were:

The Company

	Contract or underlying principal amount		Year–end positive fair value		Year-end negative fair value	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
	$	**$**	**$**	**$**	**$**	**$**
Forward foreign exchange contracts	**20,001,233**	20,843,793	**47,521**	1,478	**(76,981)**	(70,704)

The Group

	Contract or underlying principal amount		Year–end positive fair value		Year-end negative fair value	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
	$	**$**	**$**	**$**	**$**	**$**
Forward foreign exchange contracts	**21,272,246**	24,435,735	**79,489**	1,478	**(77,206)**	(75,542)

30. Significant related party transactions/contracts

(a) The Group in the normal course of business:

(i) acts as brokers in securities for associated companies, certain affiliated companies, directors of the Company and its subsidiaries and their connected persons; and

(ii) refers clients who require margin financing to an associated company, in which a director of the Company has a substantial interest.

30. Significant related party transactions/contracts *(continued)*

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

	The Group 2002 $	The Group 2001 $
Rental of premises paid/payable to an affiliated company	**6,401,223**	4,756,290
Research fees paid/payable to an associated company	**536,193**	792,865
Management and other fees earned from an associated company	**1,092,240**	1,644,342
Management fees paid/payable to affiliated companies	–	379,496

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

During the financial year, a subsidiary has entered into lease agreements with United Overseas Bank Limited Group (the "controlling shareholder", 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). The Group also has banking facilities from the controlling shareholder in the normal course of business. The outstanding borrowings as at 31 December 2002 are disclosed in note 21 as borrowings from affiliated companies.

31. Segmental information

Primary reporting format – geographic segments

The Group
2002

	Singapore $	Asia (excluding Singapore) $	Others $	Elimination $	Total $
Revenue					
– External sales	**122,124,155**	**37,948,345**	**2,332,905**	–	**162,405,405**
– Inter-segment sales	**2,794,160**	**1,092,984**	**553,115**	**(4,440,259)**	–
	124,918,315	**39,041,329**	**2,886,020**	**(4,440,259)**	**162,405,405**
Segment results	**14,485,846**	**1,179,239**	**(562,883)**	**(1,695,298)**	**13,406,904**
Finance costs	**(635,036)**	**(691,910)**	**(3,562)**	**142,435**	**(1,188,073)**
Share of results of associated companies	**3,008,990**	**102,391**	–	–	**3,111,381**
Profit before tax					**15,330,212**
Tax					**(3,639,721)**
Profit after tax before minority interests					**11,690,491**
Minority Interests					**202,313**
Net profit attributable to members of the Company					**11,892,804**
Capital expenditure	**4,240,316**	**3,981,400**	**79,675**	–	**8,301,391**
Depreciation of fixed assets	**1,832,672**	**2,096,888**	**9,883**	–	**3,939,443**

31. Segmental information *(continued)*

	Singapore	Asia (excluding Singapore)	Others	Elimination	Total
	$	$	$	$	$
Amortisation of goodwill	**5,550,437**	–	–	–	**5,550,437**
Amortisation of trading rights in Exchanges	–	**15,293**	–	–	**15,293**
	7,383,109	**2,112,181**	**9,883**	–	**9,505,173**
Segment assets	**579,774,427**	**152,844,083**	**43,544,052**	**(40,106,438)**	**736,056,124**
Investment in associates	**24,608,716**	**24,632,202**	–	–	**49,240,918**
	604,383,143	**177,476,285**	**43,544,052**	**(40,106,438)**	**785,297,042**
Segment liabilities	**152,799,943**	**130,687,837**	**14,743,399**	**(61,425,549)**	**236,805,630**

2001

	Singapore	Asia (excluding Singapore)	Others	Elimination	Total
	$	$	$	$	$
Revenue					
– External sales	98,117,695	13,081,530	–	–	111,199,225
– Inter-segment sales	–	389,729	–	(389,729)	–
	98,117,695	13,471,259	–	(389,729)	111,199,225
Segment results	26,160,841	(6,796,798)	–	1,614,047	20,978,090
Finance costs	(162,293)	(424,133)	–	176,062	(410,364)
Share of results of associated companies	2,602,251	18,758	–	–	2,621,009
Profit before tax					23,188,735
Tax					(7,223,843)
Profit after tax before minority interests					15,964,892
Minority Interests					58,012
Net profit attributable to members of the Company					16,022,904
Capital expenditure	2,303,274	2,644,655	–	–	4,947,929
Depreciation of fixed assets	1,434,325	868,792	–	–	2,303,117
Amortisation and write-off of goodwill	9,559,473	–	–	–	9,559,473
Amortisation of trading rights in Exchanges	–	183,822	–	–	183,822
	10,993,798	1,052,614	–	–	12,046,412
Segment assets	711,772,553	64,879,655	40,200,329	(7,277,025)	809,575,512
Investment in associates	23,401,903	26,167,626	–	–	49,569,529
	735,174,456	91,047,281	40,200,329	(7,277,025)	859,145,041
Segment liabilities	224,083,981	83,865,519	10,376,363	(8,174,704)	310,151,159

31. Segmental information *(continued)*

Secondary reporting format – industry segments

The Group

2002

	Securities/Futures Broking $	Proprietary Trading $	Total $
Revenue	**160,073,895**	**2,331,510**	**162,405,405**
Capital expenditure	**8,301,391**	**–**	**8,301,391**
Segment assets	**742,536,079**	**42,760,963**	**785,297,042**

2001

	Securities/Futures Broking $	Proprietary Trading $	Total $
Revenue	105,812,505	5,386,720	111,199,225
Capital expenditure	4,947,929	–	4,947,929
Segment assets	792,893,794	66,251,247	859,145,041

32. Fair values

The carrying amounts of financial assets and financial liabilities of the Group and the Company as at the balance sheet date approximate to their fair values unless otherwise disclosed in the financial statements.

33. Events occurring after balance sheet date

Subsequent to the balance sheet date:

i) A wholly owned subsidiary of the Group acquired 100% interest in Worldsec Investment Consulting (Shanghai) Company Limited, incorporated in People's Republic of China, on 12 February 2003 for a consideration of US$300,000.

ii) A wholly owned subsidiary of the Group signed a Sale and Purchase Agreement with J.M. Sassoon & Co (Pte) Ltd, a company incorporated in Singapore, to acquire its stockbroking business.

iii) The Group incorporated a wholly-owned subsidiary, UOB Kay Hian (U.S.) Inc. on 10 February 2003 with a paid-up capital of US$2.

34. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current financial year. Where applicable, the comparatives have been adjusted or extended to take into account the requirements of the revised SAS 12 which the Group implemented in 2002.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOB-Kay Hian Holdings Limited on 15 April 2003.

Auditors' Report – Pages 28 and 29.

Analysis of Shareholdings

As at 7 April 2003

Authorised share capital	$100,000,000.00
Issued and fully paid-up capital	$ 72,470,900.90
Class of shares	Ordinary shares of $0.10 each
Voting rights	On a show of hands: One vote for each member On a poll: One vote for each ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	369	2.84	134,957	0.02
1,000 – 10,000	10,632	81.90	41,459,423	5.72
10,001 – 1,000,000	1,968	15.16	61,528,611	8.49
1,000,001 & Above	13	0.10	621,586,018	85.77
Total	12,982	100.00	724,709,009	100.00

Top Twenty Shareholders	No. of Shares	%
United Investments Ltd	285,537,809	39.40
U.I.P. Holdings Ltd	115,238,976	15.90
United Overseas Bank Nominees Pte Ltd	52,026,909	7.17
DBS Nominees Pte Ltd	47,820,121	6.60
Tang Wee Loke	29,893,381	4.12
Oversea Chinese Bank Nominees Pte Ltd	21,074,200	2.91
Employees Provident Fund Board	20,476,000	2.83
Lim & Tan Securities Pte Ltd	12,540,000	1.73
Citibank Noms S'pore Pte Ltd	12,514,200	1.73
Bank of China Nominees Pte Ltd	10,000,000	1.38
UOB Kay Hian Pte Ltd	7,509,000	1.04
Tye Hua Nominees (Pte) Ltd	4,413,000	0.61
Tung Tau Chyr Walter	2,542,422	0.35
Khoo Boo Kwee	808,000	0.11
DBS Vickers (S) Pte Ltd	676,800	0.09
Citibank Consumer Noms Pte Ltd	555,200	0.08
David S L Ban	526,000	0.07
Phillip Securities Pte Ltd	490,800	0.07
HL Bank Nominees (S) Pte Ltd	482,000	0.07
OCBC Securities Private Limited	463,200	0.06
	625,588,018	86.32

Substantial Shareholders

	Direct interest		Deemed interest	
Substantial shareholders	No. of shares	% of total issued shares	No. of shares	% of total issued shares
Wee Ee Chao	–	–	122,470,976 (1)	16.90
United Investments Limited	285,537,809	39.40	3,505,000 (2)	0.48
United Overseas Bank Limited	–	–	289,950,809 (3)	40.01

Notes

(1) Mr Wee Ee Chao is deemed to have an interest in the following shares held by:-

Name of company	No. of shares
U.I.P. Holdings Limited	115,238,976
UOB Kay Hian Nominees Pte Ltd	7,232,000
	122,470,976

(2) United Investments Limited is deemed to have an interest in 3,505,000 shares held by Tye Hua Nominees (Private) Limited.

(3) United Overseas Bank Limited is deemed to have an interest in the following shares held by:-

Name of company	No. of shares
United Investments Limited	285,537,809
Tye Hua Nominees (Private) Limited	4,413,000
	289,950,809

Public Float

Based on the register of members, the shareholding spread of the Company complies with Rule 723 of the SGX-ST Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at The Penthouse, UOB Limited, 80 Raffles Place, 61st Storey, UOB Plaza 1, Singapore 048624 on Thursday, 22 May 2003 at 6.00 p.m. for the following purposes:-

Ordinary Business

1 To receive and adopt the audited accounts for the year ended 31 December 2002 and the reports of the directors and auditors thereon.

2 To declare a final dividend of 6% less income tax for the year ended 31 December 2002.

3 To approve directors' fees of $40,000 for the year ended 31 December 2002 (2001: $25,000).

4(a) To re-elect Mr Chelva Retnam Rajah, a director retiring pursuant to Article 91 of the Company's Articles of Association.

Note: Mr Chelva Retnam Rajah, if re-elected, will be considered an independent non-executive director and will remain a member of the audit committee.

4(b) To re-elect Mr Neo Chin Sang, a director retiring pursuant to Article 91 of the Company's Articles of Association.

4(c) To re-elect Mr Roland Knecht, a director retiring pursuant to Article 97 of the Company's Articles of Association.

5 To re-appoint PricewaterhouseCoopers as auditors of the Company and authorise the directors to fix their remuneration.

Special Business

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

"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 issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, 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 issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed (after adjusting for any subsequent 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 To transact such other business which can be transacted at an annual general meeting of the Company.

By Order of the Board

Chung Boon Cheow
Secretary

Singapore
6 May 2003

Note

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Raffles Place #30-01, UOB Plaza 1, Singapore 048624 not less than 48 hours before the time appointed for holding the meeting.

Statement Pursuant To Article 54 Of The Company's Articles Of Association

The ordinary resolution set out in item 6 above, if passed, will empower the directors from the date of the above meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities which the directors may issue under this resolution would not exceed 50% of the issued share 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 issued share capital of the Company at the time this resolution is passed.

Designed and produced by Atelier Synthesis • Printed by Secura Singapore Pte Ltd