Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: UOB Kay Hian Holdings Limited

Stock code: U10

Meeting details:
Date: 28 April 2020
Time: 5.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, under the 2019 operating performance review, the group's operating revenue slipped by 0.6% to $372.7 million while profit after tax declined by 8.6 % to S$69.3 million (page 8 of the annual report). The disproportionately large drop in the group's bottom line was due to the significant drop in profitability of one of the operating units.

As shown in Note 35 (pages 105 & 106 – Segment information), segment results from Thailand dropped from $8.39 million in FY2018 to $1.34 million in FY2019.

(i) **Can management help shareholders understand the reasons for the dip in performance in the Thai market?**

(ii) **Are there structural changes in the Thai market that are affecting the profitability?** The group has recognised impairment of goodwill related to the Thailand CGU amounting to $1.2 million in FY2019, $1.0 million in FY2018 and $0.3 million in FY2017. The profit margin used in the cash flow forecasts for the Thailand CGU has dropped from 38.29% in 2016 to 22.16% in 2019.

In addition, the group scaled up its agency business in the financial year through the acquisition of part of DBS Vickers' remisier business. The group now has 820 retail and institutional sales personnel, up from 774 a year ago.

(iii) **Given the shift of customers to online trading platforms (including smartphone trading applications), how does the increase in retail and institutional personnel contribute to revenue and profitability?**

(iv) **Has management reviewed if the group's risk management policies are robust enough to withstand the increased market volatility?**

Q2. During the financial year, the group acquired $2.277 million in intangible assets (page 47 – Consolidated statement of cash flow). This relates to acquired customer portfolio database which will be amortised on a straight-line basis over the estimated useful lives of 2 years (page 62 – Significant accounting policies: Intangible assets).

(i) **Can management clarify if this relates to the acquisition of DBS Vickers' remisier business?**

Q3. On 15 April 2020, the company announced that its subsidiary, UOB Kay Hian Private Limited ("UOBKH"), was granted waivers by the SGX-ST from compliance with Catalist Rule 204(7)(b) which requires UOBKH to have at least two registered professionals with a minimum of 5 years' experience each in corporate finance advisory work or related advisory work; and one of these registered professionals to have advised on at least 3 listings in the 5 years prior to the application.

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UOBKH was appointed a Full Sponsor on Catalist with effect from 7 April 2014. As a Full Sponsor, UOBKH will be authorised to sponsor IPOs on Catalist and oversee the company's compliance with SGX listing rules.

UOBKH is the sponsor for 11 companies that are listed on Catalist. The largest sponsor on Catalist has a portfolio of over 50 sponsored companies.

(i) **How does UOBKH differentiate itself from other sponsors?** There are 16 active full sponsors and 4 continuing sponsors authorised by SGX-ST.

(ii) **What is the strategic value of the sponsor business? Is the group committed to scaling up and growing the business in a profitable and sustainable manner?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)