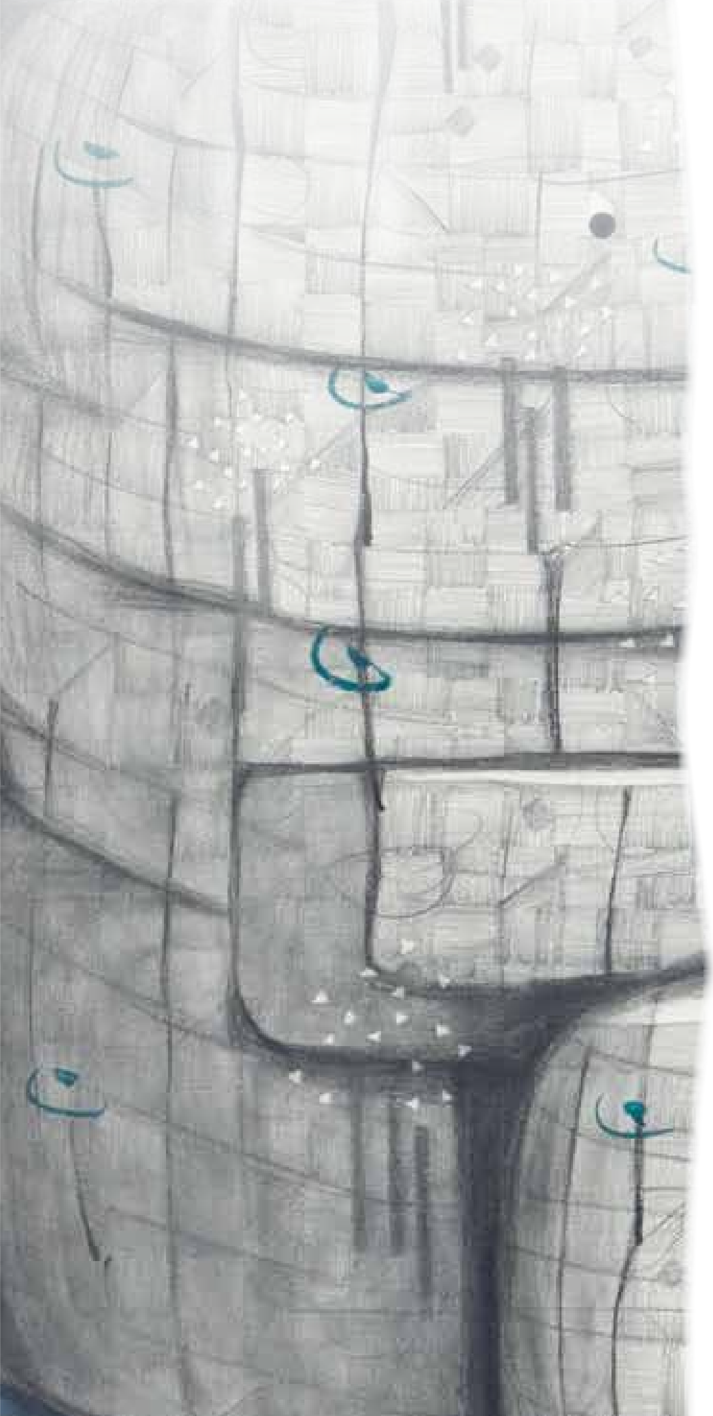
MEMBER OF THE UOB GROUP

# UOI Annual Report 2016

Elephants Crossing the Water
Tang Kok Soo

Our mission is to be a premier insurer in the Asia Pacific region, committed to providing quality products, excellent customer service while upholding strong corporate governance and enhancing shareholders' value.



# Contents



For more information on UOI, please visit: www.uoi.com.sg

All figures in this Annual Report are in Singapore dollars unless otherwise specified.

## Elephants Crossing the Water

**by Tang Kok Soo**
Mixed media
121 x 160 cm

Mr Tang Kok Soo's *Elephants Crossing the Water* is the inspiration for the design of this year's Annual Report. The abstract painting of a herd of elephants crossing a river received the Gold Award for the Established Artist Category in the 2016 UOB Painting of the Year (Singapore) Competition.

With each step forward, the steady and strong-willed elephants make their journey as one, advancing with purpose and determination whatever the terrain. *Elephants Crossing the Water* symbolises strength in unity and celebrates the focus and wherewithal needed to stay the course.

The UOB Painting of the Year Competition, now in its 35$^{th}$ year in 2016, promotes awareness and appreciation of art, and challenges Southeast Asian artists to produce works that inspire.

# About United Overseas Insurance Limited

Founded in 1971, United Overseas Insurance Limited (UOI) very quickly made its mark in the business community and in just seven years, UOI was listed on the Singapore Exchange. UOI's profitable growth over the years reflects its financial strength and prudence.

The Company's principal activities are the underwriting of general insurance business and reinsurance. General insurance covers a broad spectrum of classes of insurance, among which are fire, marine, motor, engineering, general accident and liability business.

UOI has received a financial strength rating of A+ (Superior) and an issuer credit rating of "aa-" from A.M.Best.

The Company is located at 3 Anson Road, #28 – 01 Springleaf Tower, Singapore 079909, and its Singapore and international operations are supported by prominent insurance brokers, agents and international reinsurance companies. UOI has a representative office in Yangon, Myanmar.

UOI provides management services for Union (2009) Limited (formerly known as Overseas Union Insurance, Limited).

# Chairman's Statement

**Amid the many global uncertainties, Singapore and other regional economies will likely face more severe challenges in 2017.**

## 2016 Performance

The Singapore economy grew by 2.0 per cent in 2016, slightly higher than the 1.9 per cent growth recorded in 2015. The manufacturing (electronic and biomedical manufacturing clusters), transportation and storage, and services sectors were the main contributors of this growth.

For the financial year ended 2016 (FY2016), the Company achieved a 2.0 per cent increase in gross premium to $106.9 million, as it continued to grow its two most profitable classes of insurance, namely fire and general accident.

The Company achieved a record net underwriting profit of $24.5 million, higher by 22.0 per cent while other income was comparatively lower at $2.6 million due to the disposal of investments with loss positions as part of a deliberate portfolio restructuring exercise. Net profit before tax was $27.2 million, a rise of 2.2 per cent due mainly to higher profit contribution from the Company's insurance operations.

The Company continues to enjoy a financial strength rating of 'A+ (Superior)', an issuer credit rating of 'aa-' and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry. The Company's ratings are among the highest ratings awarded by A.M. Best to any insurer and reinsurer in Southeast Asia. According to A.M. Best, the Company's ratings reflect its strong risk-adjusted capitalisation, excellent operating performance and favourable business profile.

The Board recommends a final one-tier tax-exempt dividend of 12 cents per share and a special one-tier tax-exempt dividend of 2 cents per share which is the same as that in previous year. Together with the interim dividend of 3 cents per share, the total dividend for FY2016 will be 17 cents per share. Meanwhile, it is noteworthy that the net asset value is $5.48 per share.

## 2017 Prospects

Amid the many global uncertainties, Singapore and other regional economies will likely face more severe challenges in 2017. Given the constraints of a highly mature and competitive marketplace, the Company will continue to strive for business growth primarily by stepping up cross selling initiatives with the parent bank in Singapore and elsewhere in the region. In addition, it will intensify its efforts in identifying and exploiting new business opportunities by working closely with selected intermediaries. In order to sustain a high standard of efficiency in operation to support continued growth, further extension of digitalisation will be relentlessly pursued.

Looking forward, I am confident that with the staunch support from the parent bank and a loyal and productive staff with a proven track record of judicious underwriting, the Company can be expected to continue to perform satisfactorily in its core insurance business. On the investment front, although results will continue to be influenced by volatility inherent in investment markets worldwide, every effort will be made to ensure reasonable returns.

## Acknowledgement

On behalf of the Board, I wish to thank our clients, brokers, agents, reinsurers and shareholders for their support and the staff for their dedication and hard work. I would also like to thank my fellow directors for their commitment and wise counsel to the Company.

**Wee Cho Yaw**
*Chairman*

February 2017

# Board of Directors

### Wee Cho Yaw
*Chairman*
*Non-Independent and Non-Executive*

Dr Wee was appointed to the Board on 17 February 1971 and last re-appointed on 21 April 2016. He chairs the Remuneration Committee and is a member of the Nominating Committee.

A veteran banker with more than 50 years of banking experience, Dr Wee is the former Chairman and Chief Executive Officer of United Overseas Bank and is currently the Chairman Emeritus and Adviser of the Bank and its subsidiaries, Far Eastern Bank and United Overseas Bank (Malaysia). Dr Wee also chairs United Overseas Bank (Thai) Public Company, and is the President Commissioner of PT Bank UOB Indonesia and Supervisor of United Overseas Bank (China). His other chairmanships include Haw Par Corporation, UOL Group, United Industrial Corporation, Wee Foundation and Chung Cheng High School. Until October 2014, he also chaired the board of Singapore Land.

Among his many accolades, Dr Wee was named Businessman of the Year at the Singapore Business Awards in 2001 and 1990. In 2006, he received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award for his exceptional achievements in the Singapore business community. *The Asian Banker* awarded him its Lifetime Achievement Award in 2009.

Dr Wee received Chinese high school education. He had served on numerous school management committees, and the Councils of the Nanyang University and National University of Singapore (NUS). Since 2004, he has been the pro-chancellor of the Nanyang Technological University (NTU). He was conferred Honorary Degrees of Doctor of Letters by the NUS in 2008 and by the NTU in 2014 in recognition of his long-standing support of education, community welfare and the business community.

In 2011 he received the Distinguished Service Order, Singapore's highest National Day Award for his outstanding contributions to the economic, education, social and community development fields in Singapore.

### David Chan Mun Wai
*Managing Director and Chief Executive*
*Non-Independent and Executive*

Mr Chan was appointed to the Board on 10 March 1994 and last re-elected on 24 April 2014.

With more than 35 years' experience in the insurance industry, Mr Chan currently serves as the Deputy Chairman, Director and a member of the Executive Committee of Singapore Reinsurance Corporation. He was previously President of the General Insurance Association of Singapore.

Mr Chan holds a Bachelor of Business Administration from the University of Singapore and is a Chartered Insurer and Fellow of the Chartered Insurance Institute.

### Wee Ee Cheong
*Non-Independent and Non-Executive*

Mr Wee was appointed to the Board on 20 March 1991 and last re-elected on 21 April 2016.

A career banker with more than 35 years' experience, Mr Wee is the Deputy Chairman and Chief Executive Officer of United Overseas Bank. His other appointments include director of United Overseas Bank (Malaysia) and United Overseas Bank (Thai) Public Company, Chairman of United Overseas Bank (China), Deputy President Commissioner of PT Bank UOB Indonesia and alternate director on the Board of Far Eastern Bank.

Mr Wee is the Chairman of The Association of Banks in Singapore and also serves as the Vice-Chairman of The Institute of Banking & Finance (IBF) and Chairman of the IBF Standards Committee. He is a member of the Board of Governors of Singapore-China Foundation and Visa APCEMEA Senior Client Council and an honorary council member of the Singapore Chinese Chamber of Commerce & Industry. For his contributions to the financial industry, Mr Wee was awarded the Public Service Star in 2013.

A keen art enthusiast, Mr Wee is the Patron of the Nanyang Academy of Fine Arts. He is also a director of the Wee Foundation.

He holds a Bachelor of Science (Business Administration) and a Master of Arts (Applied Economics) from American University, Washington, DC.

## Hwang Soo Jin

*Non-Independent and Non-Executive*

Mr Hwang was appointed to the Board on 17 February 1971 and last re-appointed on 21 April 2016. He is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and an independent director under the MAS Guidelines[1]. Mr Hwang is the chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

A chartered insurer with more than 50 years' experience, Mr Hwang is the Chairman Emeritus, Senior Adviser and a director of Singapore Reinsurance Corporation and a director of Haw Par Corporation and United Industrial Corporation. He was a director of Singapore Land till August 2014. A Justice of the Peace, an Honorary Fellow of the Singapore Insurance Institute and a Chartered Insurer of the Chartered Insurance Institute UK, he was conferred the Lifetime Achievement Award at the Asian Insurance Industry Awards in 2013.

## Yang Soo Suan

*Non-Independent and Non-Executive*

Mr Yang was appointed to the Board on 20 March 1991 and last re-appointed on 21 April 2016. He is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and an independent director under the MAS Guidelines[1]. Mr Yang is the chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

An architect by training with more than 45 years' experience in professional practice, Mr Yang is a director of United Industrial Corporation and was a director of Singapore Land till October 2014 and United International Securities till December 2015. He is a life fellow member of the Singapore Institute of Architects, a fellow member of the Singapore Society of Project Managers and a member of the Singapore Institute of Directors. In 1996, he was awarded the Public Service Star for his contributions to public service in Singapore.

Mr Yang holds a Bachelor of Architecture (Hons) in Design, Town Planning and Building (1961) from Melbourne University, Australia.

## N Ganesan

*Independent and Non-Executive*

Mr Ganesan was appointed to the Board on 27 July 2011 and last re-elected on 23 April 2015. He is a member of the Audit Committee.

Formerly the Managing Director of The Insurance Corporation of Singapore and President of the Life Insurance Association, Singapore, Mr Ganesan has over 30 years' experience in the financial sector.

Mr Ganesan holds a Bachelor of Arts (Hons) in Economics from the University of Malaya and a Master of Business Administration from Harvard University.

## Professor Ho Yew Kee

*Independent and Non-Executive*

Professor Ho was appointed to the Board on 1 June 2015 and last re-elected on 21 April 2016.

He is the Associate Provost (SkillsFuture and Staff Development) of Singapore Institute of Technology. Previously, he served as the Head of the Department of Accounting, NUS Business School, National University of Singapore (NUS). Prior to that, he was the Vice Dean (Finance & Administration) of NUS. Professor Ho has held research and academic positions in universities in Australia and the United States, as well as at NUS.

He is currently a board member of the Accounting and Corporate Regulatory Authority, a director of Tax Academy of Singapore and St Luke's Hospital and a member of the Dover Park Hospice Governing Council.

Professor Ho holds a Bachelor of Economics (Hons) and a Master of Economics from Monash University, Australia and a Master of Science in Industrial Administration and a Doctor of Philosophy (Accounting) from Carnegie Mellon University, USA. He is a Council Member of the Institute of Singapore Chartered Accountants, a Chartered Financial Analyst of CFA Institute (USA), a Fellow Certified Practicing Accountant of CPA Australia and a Fellow of the Singapore Institute of Directors.

## Chng Hwee Hong

*Independent and Non-Executive*

Mr Chng was appointed to the Board on 28 January 2016 and last re-elected on 21 April 2016. He is a member of the Audit Committee.

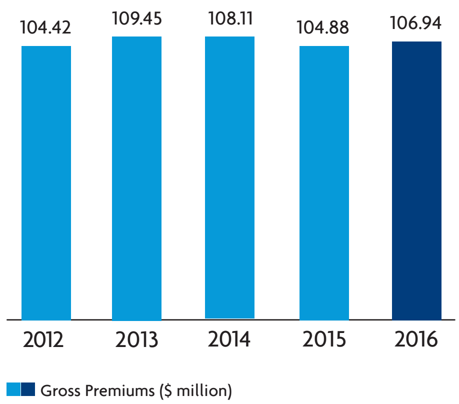
Mr Chng was an Executive Director of Haw Par Corporation prior to his retirement in 2012. He was appointed as a member of the Sub-Committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee and a member of the Singapore-Sichuan Trade & Investment Committee.

Active in community work, Mr Chng is the Chairman of the Singapore Corporation of Rehabilitative Enterprises and the Board of Trustees of Industry & Services Co-operative, and a member of the National Council Against Drug Abuse.

Mr Chng holds a Bachelor of Science (Hons) in Applied Chemistry and a Diploma in Business Administration from the University of Singapore as well as a Diploma in Management studies jointly awarded by the University of Chicago and Singapore National Productivity Board.

1 "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013).

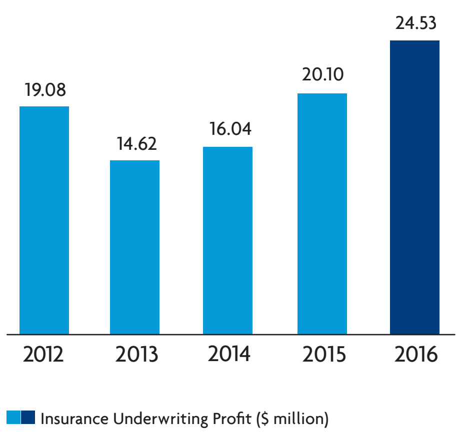
# Financial Highlights




## Gross Premiums

Over the last five years, the Company grew its gross premiums from $104.42 million in 2012 to $106.94 million in 2016. The increase in premium income was due to cross selling activities with the parent bank and new business from new targeted channels.

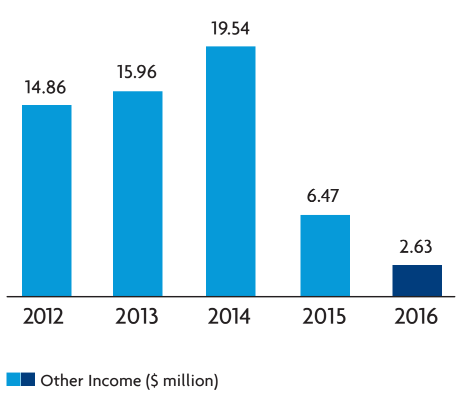
**$106.94 million**
+ 2.0%




## Insurance Underwriting Profit

The Company achieved a record underwriting profit of $24.53 million in 2016, an increase of 22.0% over that of 2015 due to higher net earned premiums and lower net claims incurred in 2016.

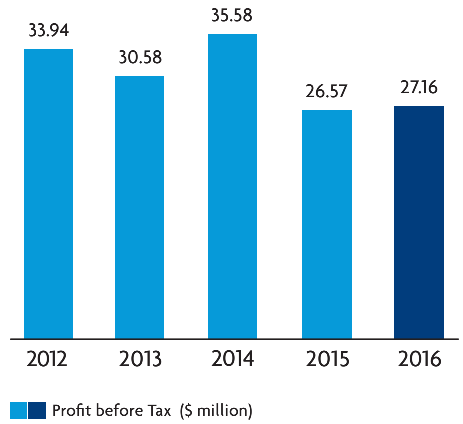
**$24.53 million**
+ 22.0%




## Other Income

Other income decreased by $3.84 million to $2.63 million, down from $6.47 million in the previous period. This was due to defensive restructuring of the investment portfolio.

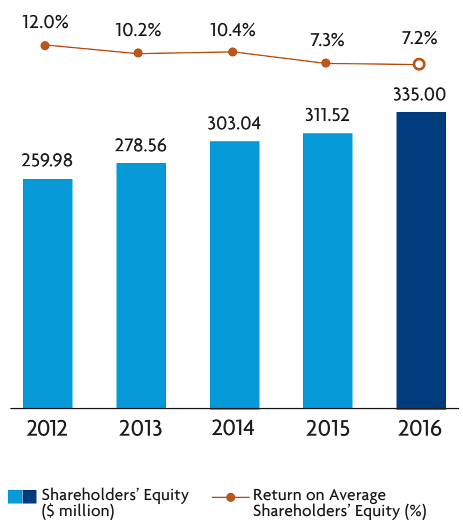
**$2.63 million**
- 59.4%




## Profit Before Tax

Profit before tax increased by 2.2% to $27.16 million as compared with 2015 due mainly to higher underwriting profit.

$27.16 million
+ 2.2%

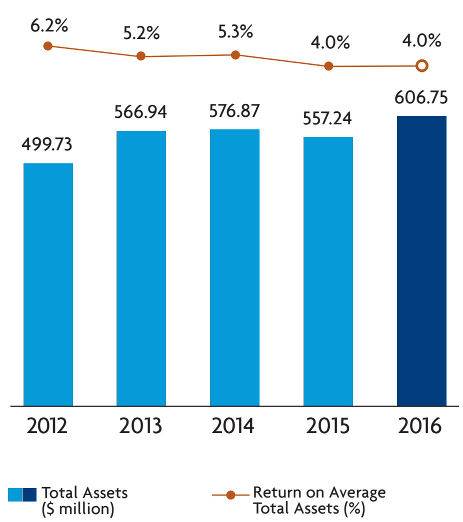



## Shareholders' Equity/Return on Average Shareholders' Equity

The Company's shareholders' equity as at 31 December 2016 increased by 7.5% to $335.00 million when compared with the preceding year. The increase was due to higher profits from its insurance operation and unrealised gains from its available-for-sale investments. Return on average shareholders' equity was 7.2% in 2016 as compared with 7.3% in 2015.

Shareholders' Equity
$335.00 million
+ 7.5%

Return on Average Shareholders' Equity
+ 7.2%
-0.1% pt




## Total Assets/Return on Average Total Assets

The total assets of the Company saw an increase of 8.9% to $606.75 million as at 31 December 2016. Return on average total assets remained unchanged at 4.0% in 2016.

Total Assets
$606.75 million
+ 8.9%

Return on Average Total Assets
+ 4.0%
remained unchanged

# Five-Year Company Financial Summary

| Key Indicators | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| **Profit for the Financial Year ($'000)** | | | | | |
| Gross premiums | 104,419 | 109,452 | 108,114 | 104,883 | 106,943 |
| Insurance underwriting profit | 19,075 | 14,625 | 16,044 | 20,098 | 24,525 |
| Other income | 14,860 | 15,958 | 19,535 | 6,474 | 2,631 |
| Profit before tax | 33,935 | 30,583 | 35,579 | 26,572 | 27,156 |
| **Selected Balance Sheet Items As At Year-end ($'000)** | | | | | |
| Total assets | 499,730 | 566,938 | 576,870 | 557,235 | 606,745 |
| Net technical balances | 84,867 | 91,202 | 90,285 | 87,757 | 85,097 |
| Shareholders' equity | 259,983 | 278,563 | 303,036 | 311,519 | 335,002 |
| **Financial Ratios** | | | | | |
| Earnings per share - basic and diluted (cents) | 47.6 | 44.9 | 49.6 | 36.6 | 37.8 |
| Return on average shareholders' equity (ROE) (%) | 12.0 | 10.2 | 10.4 | 7.3 | 7.2 |
| Return on average total assets (ROA) (%) | 6.2 | 5.2 | 5.3 | 4.0 | 4.0 |
| Expense/income ratio (%) | 27.4 | 24.6 | 21.1 | 31.8 | 32.5 |
| Declared dividend per share (cents) | | | | | |
| Interim | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Special | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Final | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Net assets value per share ($) | 4.3 | 4.6 | 5.0 | 5.1 | 5.5 |

# 2016 in Review

Amid slow economic growth and geopolitical uncertainties during the year, gross premiums for the domestic market in Singapore grew marginally by 0.6 per cent largely from fire and health classes of business. Competition remained intense in 2016 as the market continued to see further premium rate erosion and new business models being adopted.

Against this backdrop, we continued to concentrate on areas where we have competitive advantages. Backed by United Overseas Bank (UOB) Group's extensive network in Singapore and the region, the Company remained focused on selling personal insurance through direct marketing, cross-selling corporate insurance to small- and medium-sized enterprises and expanding our regional business.

We also continued to improve our operational efficiencies, strengthen our product capabilities and enhance our employee development programmes.

## Personal-Line Insurance

In 2016, the personal-line insurance segment remained one of the Company's significant contributors of premium growth. As part of our ongoing efforts to expand our personal-line products, the Company rolled out several initiatives, including special promotions, product enhancements, and service improvements.

We tapped on UOB Group's network to conduct a number of product campaigns for UOB Group employees and customers. Joint travel insurance promotions remained one of the mainstay business initiatives between the Company and UOB Group.

In addition to our telemarketing campaigns, we increased lead generation activities and held several product promotions to grow our business.

Our efforts to grow premium income also included improving our outreach programmes to employees of our major clients and existing customers. For example, the re-launch of several insurance products via direct marketing in 2015 continued in 2016, and contributed to business growth.

Our product campaigns during the year were supported by the continuous enhancement of our work processes and IT systems as part of our commitment to improve productivity and service delivery. One such initiative was to have more agents selling our travel insurance products via a business-to-business application system.

## Corporate Insurance

The competition within the corporate insurance market remained intense in 2016. We maintained deep partnerships within the UOB Group and grew our premium portfolio for the corporate insurance market. As such, bank referrals for corporate insurance and the development of insurance schemes for bank-related businesses remained the major contributor to our business growth.

We also continued to work closely with other Group-linked companies to explore new business opportunities. With the support of our agents and established insurance brokers, we sharpened the focus of our marketing efforts and product enhancements to strengthen further our market postion in this segment.

## Regional Business

Geographically, UOB Group's regional network remained the main contributor to our premium income from outside of Singapore. In 2016, we continued to widen our existing revenue streams together with our strategic partners, especially those in Southeast Asia.

In view of the high risk exposure to natural catastrophes in the region, we maintained our prudent approach to risk management for natural catastrophe loss events by being selective in the acceptance of risks in the region.

In 2016, our Representative Office in Yangon continued to see more business opportunities even as we continued to pursue our strategy of selective underwriting of profitable business in the country.

# UOI in the Community



At UOI, we believe in giving back to the communities in which we operate.

## Making a Difference to the Lives of Children

The annual UOB Heartbeat Run/Walk brings colleagues from across the UOB Group, including from UOI, to raise funds for charities that focus on art, children and education.

In 2016, more than 11,000 UOB Group employees, their families and clients participated in the event across six markets, raising $1.1 million to help improve the lives of children with financial difficulties or special needs.

About 70 of UOI employees and their families joined the event in Singapore at East Coast Park, where they ran and walked to raise funds for the Movement for the Intellectually Disabled of Singapore (MINDS) Towner Gardens School, Pathlight School and Rainbow Centre - Yishun Park School. The funds raised were to support early intervention and visual art programmes for children.

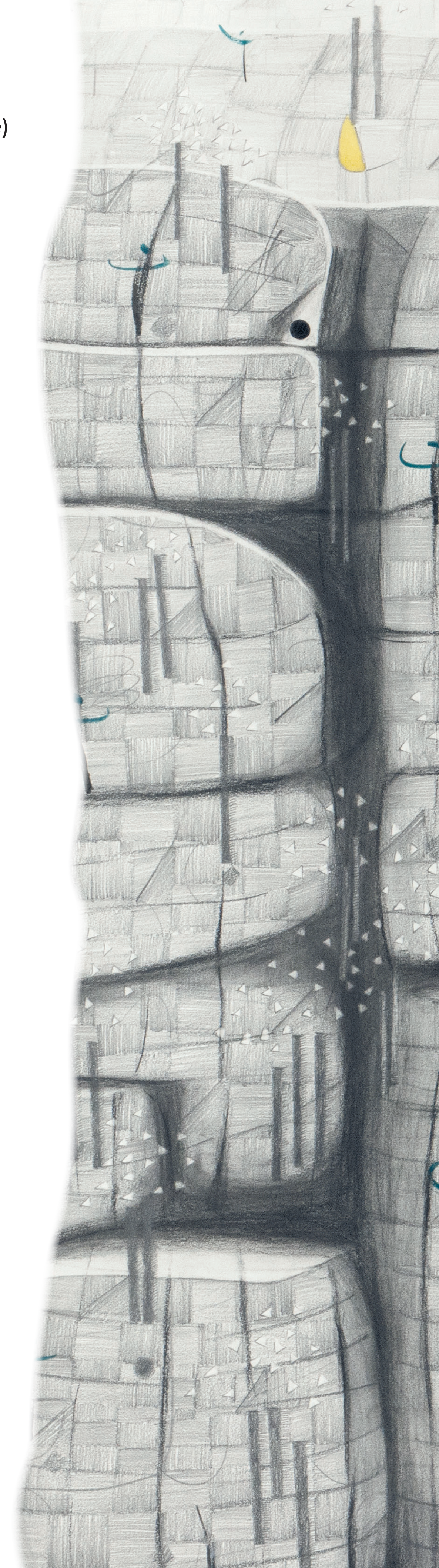
## Caring for our Environment

An important part of our sustainable business approach is ensuring that resources are used responsibly to minimise the negative impact of our operations on the environment.

As part of our ongoing campaign to reuse and to repurpose office materials, we recycle waste paper and printer cartridges regularly.

# Governance





# Corporate Governance

UOI has adopted corporate governance practices in the Insurance (Corporate Governance) Regulations (Insurance Regulations) that are applicable to it as a Tier 2 insurer. The Company is also guided by the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) and has explained deviations from the MAS Guidelines in this Corporate Governance section. The MAS Guidelines comprise the Code of Corporate Governance (Code) for companies listed on the Singapore Exchange Securities Trading Limited (SGX-ST), and supplementary principles and guidelines added by the Monetary Authority of Singapore (MAS). References to UOI's compliance with or deviation from the recommendations in the MAS Guidelines can be found on pages 20 to 23.

## Board Matters

(Principles 1 to 6, MAS Guidelines)

### Board Duties

The main responsibilities of the Board include:

- providing strategic direction;
- providing entrepreneurial leadership and guidance;
- approving business plans and annual budgets;
- ensuring true and fair financial statements;
- monitoring financial performance;
- determining capital structure;
- declaring dividends;
- approving major acquisitions and divestments;
- reviewing risk management framework and processes;
- overseeing the performance of Senior Management;
- setting company values and standards;
- considering sustainability issues when formulating the Company's strategy; and
- performing succession planning.

### Board Approval

Board decisions are made by majority vote. The Board's approval is required for material matters, which include business plans and annual budgets, major acquisitions and divestments, issue of shares and other capital, dividends and other distributions, and announcements of quarterly and full-year financial results.

### Board Delegation

The Board has established three Board Committees to perform specific duties. They are the Nominating Committee (NC), Remuneration Committee (RC) and Audit Committee (AC). Given UOI's current scope of business and scale of operations, the Board is of the opinion that it is not necessary to establish a board executive committee or a board risk committee. The Board is able to oversee Management's running of the business directly and is assisted by the AC in risk management matters.

Each Board Committee has written terms of reference which set out the committee's responsibilities. The terms of reference are approved by the Board and reviewed annually for continued relevance. Decisions of the Board Committees are made by majority vote. The Board receives reports from the Board Committees promptly after their respective meetings. The subsequent pages provide more information on the Board Committees.

### Key Processes

Board and Board Committee meetings and the annual general meeting (AGM) are scheduled in advance and all directors are notified of the meetings well before the start of a calendar year. Additional meetings are held whenever required to deal with urgent business. Comprehensive information related to the agenda items is provided to directors in a timely manner to give sufficient time to directors to prepare for meetings. UOI's Constitution allows for Board and Board Committee meetings to be held via telephone and/or video conference. Hence, directors who are unable to attend a meeting in person may participate via telephone and/or video conference. Alternatively, they can convey their views through another director or the company secretary. Records of all meetings, including discussions on key deliberations and decisions taken, are properly maintained. Directors' attendance at meetings in 2016 is set out in the table on page 13.

The Board and Board Committees may also make decisions by way of circular resolutions, which are maintained with the records of Board or Board Committee meetings. A director abstains from voting on any matter in which he has an interest.

## Board Independence and Composition

There are eight members on the Board. The NC assists the Board to assess the appropriateness of the size and composition of the Board, as well as the independence of each director. The independence of a director is assessed using the criteria in the Insurance Regulations and MAS Guidelines. Under the Insurance Regulations, a director is independent if the director is independent from substantial shareholders of the company, does not have management and business relationships with the company and has not served on the board of the company for nine continuous years or more. The MAS Guidelines do not deem a director as non-independent solely on account of tenure, but provide that the independence of any director who has served beyond nine years should be subject to a particularly rigorous review.

In reviewing a director's independence, the NC considers each director's conduct (both at meetings and outside) and disclosures of his other appointments, his relationships with UOI, Management and substantial shareholders and his conduct as a director. It also takes into account each director's responses in a questionnaire, which contains a series of questions designed to, among other things, assess a director's independence. Directors' interests in shares and debentures of UOI and its related corporations are disclosed in the Directors' Statement section.

The NC's assessment of directors' independence is summarised in the table below and the rationale for its assessment is as follows:

- Messrs N Ganesan, Ho Yew Kee and Chng Hwee Hong are independent directors. Each has served on the Board for less than nine years, does not have any management or business relationship with UOI and is independent from substantial shareholders;

- Mr David Chan Mun Wai is not independent because of his executive responsibility as the Managing Director and Chief Executive of UOI;

- Dr Wee Cho Yaw is not independent as he is a director and substantial shareholder of United Overseas Bank Limited (UOB), the parent company;

- Mr Wee Ee Cheong is not independent as he is the Chief Executive Officer and a substantial shareholder of UOB; and

- Messrs Hwang Soo Jin and Yang Soo Suan are not independent under the Insurance Regulations because they have each served on the Board for more than nine continuous years. After a rigorous review, the NC is of the opinion that both directors can be considered independent under the MAS Guidelines. Both directors have been consistently objective and impartial in their approach to issues, querying Management when in doubt and offering alternative perspectives during deliberations at Board and Board Committee meetings. In addition, they have no association with any substantial shareholder and are independent from any management or business relationship with UOI and its related corporations and officers. The NC is also of the opinion that Mr Hwang Soo Jin's independent business judgement is not impaired by his directorship in Singapore Reinsurance Corporation Limited, a reinsurance business counterparty of UOI.

All members of the Board, except for Mr David Chan, are non-executive directors.

| | | Independence status[3] under | | Number of meetings attended in 2016 | | | | |
|---|---|---|---|---|---|---|---|---|
| Name of director | ED / NED[2] | Insurance Regulations | MAS Guidelines | AGM | Board | NC | RC | AC |
| Wee Cho Yaw | NED | NID | NID | • 1 | • 4 / 4 | 1 / 1 | • 1 / 1 | – |
| David Chan Mun Wai | ED | NID | NID | 1 | 4 / 4 | – | – | – |
| Wee Ee Cheong | NED | NID | NID | 1 | 4 / 4 | – | – | – |
| Hwang Soo Jin | NED | NID | ID | 1 | 4 / 4 | • 1 / 1 | 1 / 1 | 6 / 6 |
| Yang Soo Suan | NED | NID | ID | 1 | 4 / 4 | 1 / 1 | 1 / 1 | • 6 / 6 |
| N Ganesan | NED | ID | ID | 1 | 4 / 4 | – | – | 6 / 6 |
| Ho Yew Kee | NED | ID | ID | 1 | 4 / 4 | – | – | – |
| Chng Hwee Hong[1] | NED | ID | ID | 1 | 4 / 4 | – | – | 5 / 5 |
| **Number of meetings held in 2016** | | | | **1** | **4** | **1** | **1** | **6** |

1. Mr Chng Hwee Hong was appointed to the Board on 28 January 2016 and to the AC on 5 February 2016.
2. "ED" means executive director and "NED" means non-executive director.
3. "NID" means non-independent director and "ID" means independent director.
- Denotes chairman.

# Corporate Governance

The Board comprises a mix of experienced directors who have acquired knowledge through their years on the Board and newer directors who are able to bring new perspectives. As a group, the directors have experience in the insurance industry, accounting, management, strategic planning and investment, providing core competencies that are essential to UOI's business while allowing for diverse perspectives on UOI's affairs. Key information on each director can be found in the Board of Directors section. Having reviewed each director's profile and response in a questionnaire based on the MAS Fit and Proper Criteria, the NC has determined that each director remains fit and proper and qualified for office and contributes to the Board's collective skills, knowledge and experience. The NC considers the current Board size of eight members appropriate for overseeing UOI's affairs.

## Chairman and Managing Director and Chief Executive

The Chairman of the Board and the Managing Director and Chief Executive are separate individuals and unrelated.

The Board Chairman is Dr Wee Cho Yaw, a non-independent and non-executive director. He provides leadership to the Board, approves the Board's meeting agenda, ensures that directors receive timely and comprehensive information for informed deliberations, promotes open and constructive discussions and oversees corporate governance matters. The Chairman also chairs general meetings and fosters constructive dialogue among shareholders, the Board and Management.

The Managing Director and Chief Executive, Mr David Chan, leads the management team, implements the Board's and Board Committees' decisions and seeks new business opportunities. Assisted by various management committees, Mr David Chan is responsible for UOI's daily operations and business, including ensuring that a good system of internal controls and risk management is in place.

The NC is of the view that it is not necessary to appoint a lead independent director even though the Board Chairman is a non-independent director. This is because there is a strong independent element on the Board where independent directors have free and open discussions of pertinent issues affecting the Company. Any director approached for assistance will see to it that the matter receives attention. UOI has established channels for feedback to be relayed to the directors.

## Time Commitment and Performance

In its review of the performance of the Board, Board Committees and each director, the NC takes into account directors' responses in a questionnaire, which contains a series of questions for each director to assess his own performance and the performance of the Board and Board Committees.

The NC reviews the work performed by the Board Committees when assessing the effectiveness of each Board Committee. It considers factors such as the performance of UOI, the opinions of regulators and ratings agencies and the quality of risk management and adequacy of internal controls when evaluating Board performance. The assessment of each director's contribution to the Board's effectiveness encompasses the following:

- attendance at the AGM and the Board and Board Committee meetings;
- assessment in the questionnaire on preparedness for meetings, participation and contribution to the Board's decisions, clarity in communication and strategic insight, amongst others; and
- skills, experience and other appointments held.

From each director's disclosure of his other appointments, the NC is able to monitor the director's known commitments. Having considered each director's known commitments and his contribution, the NC is satisfied that all directors have performed their duties adequately and contributed to the effectiveness of the Board and Board Committees. The NC is of the view that a director's commitment and contribution are more meaningful indicators of the director's ability to devote time and attention to UOI's affairs than the number of directorships which he holds. Accordingly, the NC has not recommended setting a limit on the number of directorships that a director may hold.

## Selection Process, Appointment and Re-election

The NC conducts discreet searches for new directors to refresh Board membership progressively. Any director may nominate candidates to the NC. Candidates should possess expertise in relevant fields such as insurance, accounting, finance or strategic planning, and be able to contribute to the Board's collective skills, knowledge and experience. The NC makes its recommendation to the Board after due consideration of the current Board composition, the skills, expertise and experience of the directors, as well as the candidates' independence under the Insurance Regulations, qualification for office, personal attributes such as integrity and financial soundness, and ability to commit time and contribute to the Board's performance. Appointments of directors and the Board Chairman are subject to the approval of the MAS.

The NC takes into account the performance of each director in reviewing the re-election of directors. Under UOI's Constitution, at least one-third of the directors retire from office by rotation at the AGM. New directors submit themselves for re-election at the first AGM following their appointment to the Board. Please refer to the Notice of AGM for the names of directors seeking re-election at the 2017 AGM.

## Orientation and Continuous Development

New directors receive an induction package, which contains the articles of directorship setting out a director's general duties and obligations as well as the terms of reference of the Board and Board Committees. As part of their induction, new directors meet with key management personnel and are briefed on UOI's corporate development, organisational structure, business, operations and financial performance.

UOI has set aside a budget for the training and continuous development of new and existing directors. The NC oversees the training programme for directors. Briefings organised in 2016 covered updates on accounting standards, regulatory developments relevant to UOI, cyber risk landscape and developments, technology risk management framework, and market outlook. The training, which met the objective of equipping directors with the relevant knowledge to perform their duties, was conducted by internal and external subject-matter experts.

## Succession Planning for Senior Management Positions

The NC reviews the nominations and reasons for resignations of the Chief Executive and certain senior management positions. The appointment of the Chief Executive is also subject to the approval of the MAS.

## Access to Information

Directors have unfettered access to information, Management and the external auditor to carry out their duties. Before a meeting, comprehensive financial and operational reports are provided to directors to enable informed deliberations. Where necessary, senior executives are present at the meeting to provide additional information or clarification on matters tabled.

In addition, directors have independent access to the company secretary. The company secretary assists directors in the discharge of their responsibilities, advises them on governance matters, organises the induction of new directors and facilitates directors' training. The appointment and removal of the company secretary are subject to the Board's approval.

Whether individually or as a group, directors may seek independent professional advice at UOI's expense to discharge their responsibilities.

## Composition of Board Committees

In reviewing the size and composition of the Board Committees, the NC is guided by the MAS Guidelines. Although the MAS Guidelines recommend that the chairman of a remuneration committee be an independent director, the NC is of the opinion that Dr Wee Cho Yaw, a non-independent director, should continue to chair the RC as he has extensive experience in remuneration matters. The Board has accepted the NC's recommendation to retain the existing composition for each Board Committee. A graphical representation of the Board and Board Committees is set out below.

**Composition of Board and Board Committees**

**Board**

- 8 members:
  - Wee Cho Yaw *(Chairman)*
  - David Chan Mun Wai *(Managing Director and Chief Executive)*
  - Wee Ee Cheong
  - Hwang Soo Jin
  - Yang Soo Suan
  - N Ganesan
  - Ho Yew Kee
  - Chng Hwee Hong
- Separation of roles of Chairman and Managing Director and Chief Executive

**Nominating Committee**

- 3 members: Hwang Soo Jin *(chairman)*, Wee Cho Yaw and Yang Soo Suan
- Majority of members, including the chairman, are independent directors pursuant to MAS Guidelines

**Remuneration Committee**

- 3 members: Wee Cho Yaw *(chairman)*, Hwang Soo Jin and Yang Soo Suan
- Majority of members are independent directors pursuant to MAS Guidelines
- All members are non-executive directors

**Audit Committee**

- 4 members: Yang Soo Suan *(chairman)*, Hwang Soo Jin, N Ganesan and Chng Hwee Hong
- All members, including the chairman, are independent and non-executive directors pursuant to MAS Guidelines

### Nominating Committee

The NC's main responsibilities are to:

- recommend the appointment and re-election of directors;
- assess the performance of the Board, Board Committees and each director;
- determine the independence of directors; and
- perform succession planning.

Its main activities are outlined on pages 13 to 15.

## Remuneration Matters
(Principles 7 to 9, MAS Guidelines)

### Remuneration Committee

The main responsibilities of the RC are to:

- establish a remuneration policy and framework that is in line with the Company's strategic objectives and corporate values and prudent risk-taking;
- determine a level and structure of remuneration that is linked to the Company's performance and long-term interest and which is reasonable and appropriate to attract, retain and motivate directors and key management personnel; and
- review and recommend the remuneration for directors and key management personnel.

### Remuneration and Disclosure

As part of the UOB group of companies, UOI adopts the remuneration policy implemented in the UOB Group, with variations as may be appropriate for the insurance industry. The policy sets out the principles and philosophies adopted to attract, motivate and retain directors and employees to provide good stewardship and effective management. In 2016, Willis Towers Watson was appointed to review the framework for remunerating key management personnel. The review included benchmarking against the industry and ensuring the relevance of the framework. Willis Towers Watson and its consultants are independent and do not have any relationship with the Company or any director.

Non-executive directors are paid directors' fees, which comprise a basic fee for service on the Board and additional fees for service on Board Committees. Mr David Chan, an executive director, does not receive any fee for serving on the Board. Having considered directors' responsibilities as well as UOI's size, scope of business and operating environment, the RC recommends directors' fees to the Board. The proposed directors' fees are subject to shareholders' approval at the AGM.

The employee remuneration package is commensurate with employees' performance and contributions, and comprises fixed salaries, variable performance bonuses and welfare benefits. Salaries are benchmarked against comparable roles in the insurance industry. Variable bonuses are recommended based on the performance of UOI and the individual. Care is taken to ensure that the bonuses paid to key management personnel are affordable and do not have the potential to adversely affect the financial stability and soundness of the Company. The variable performance bonus pool for executives, including key management personnel, is determined by the RC while that for other employees is based on a formula agreed with the Singapore Insurance Employees' Union. UOI does not have any employee share-based incentive scheme.

UOI has only four key management personnel. Apart from the Managing Director and Chief Executive, the other three individuals are the Assistant General Managers of UOI whose names are disclosed in the Corporate Information section. The RC believes that it is not in the Company's best interest to disclose the remuneration of key executives whether individually or in the aggregate. This is in view of the sensitive nature of employee remuneration matters as well as the highly competitive business and human resource environment, especially given that insurance is an industry which requires specialised skills. Accordingly, the RC has determined that the current disclosure of the remuneration of the Managing Director and Chief Executive, who is also an executive director, in bands of $250,000 is sufficient. In the Directors' Statement section, the Company continues to disclose the remuneration of each director and the Managing Director and Chief Executive in bands of $250,000. No immediate family member of a director or the Managing Director and Chief Executive is in the employ of UOI.

## Accountability And Audit
(Principles 10 to 13, MAS Guidelines)

### Audit Committee

The AC's duties include reviewing and, where appropriate, approving the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and internal controls;
- risk management policies, frameworks and systems and adequacy of measures taken;
- performance and appointment of the internal and external auditors, and their remuneration and terms of engagement;
- internal and external audit plans and reports;

- scope and results of the internal and external audits;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor;
- adequacy, effectiveness and efficiency of the internal audit function;
- performance and appointment of the certifying actuary;
- performance of the fund manager;
- policy and procedures for handling fraud and whistleblowing cases; and
- interested person transactions and material related party transactions.

The AC is empowered to investigate any matter within its terms of reference. It has access to reasonable resources and the full co-operation of Management to discharge its functions properly. The internal and external auditors report their findings and recommendations to the AC independently. Significant audit findings are highlighted to the AC through audit reports and at AC meetings. At least annually, the AC meets the external and internal auditors in the absence of Management.

The AC performs quarterly reviews of the financial statements. Before recommending the financial statements to the Board for approval, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements.

The external auditor updates the AC on new accounting standards and regulatory developments that are relevant to UOI. Through such updates and regular discussions, the AC members are kept abreast of changes in accounting standards and developments in corporate governance which may have a direct impact on financial statements.

The AC reviews the policy for handling fraud and whistleblowing cases, which are reported to the AC for review and investigation, if necessary.

## Internal Auditor

The AC approves the risk-based internal audit plan for execution and reviews the internal audit reports and the scope and results of the internal audits. Significant audit findings are highlighted to the AC through audit reports and at AC meetings. The AC may also request the support of the internal auditor in its review and assessment of specific topics.

In the year under review, UOB Group Audit performed the internal audit function for UOI pursuant to a service level agreement and according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and other relevant best practices. For a fresh perspective, the Board accepted the AC's recommendation that PricewaterhouseCoopers Risk Services Pte. Ltd. (PwC) be appointed as UOI's internal auditor with effect from financial year 2017. The appointment of PwC was effected following a review of proposals submitted by several firms. The AC is satisfied that PwC has adequate resources to perform the internal audit function for UOI. UOB Group Audit will ensure a smooth transition of the internal audit function to PwC.

## External Auditor

The current external auditor is Ernst & Young LLP, which is registered with the Accounting and Corporate Regulatory Authority (ACRA). The AC approves the terms of engagement of the external auditor and reviews the external auditor's audit plan and reports. The Independent Auditor's Report section contains information on the work carried out by the external auditor, including the key audit matters which the external auditor assessed to be most significant in its audit of the financial statements for the year under review.

During the course of review of the Independent Auditor's Report and the discussion with the external auditor, the AC's attention was drawn to the comment of the external auditor on key audit matters and noted with satisfaction that the external auditor's independent opinion on the adequacy of the system in computing the valuation of technical reserves was in line with the AC's own perception. In view of the importance of accuracy in the estimation of technical reserves, the AC will continue to monitor closely the process adopted by Management and ensure that Management makes timely adjustment in the methodology as may be required by changing circumstances.

There was absence of adverse comments on the manner in which Management attended to the impairment of available-for-sale investments. There was no material difference between the external auditor's and Management's valuations. The AC will ensure that Management is equipped at all times with adequate expertise in determining impairment of financial assets as the exercise involves considerable degree of judgement.

The AC reviews the effectiveness, independence, knowledge, competence and objectivity of the external auditor before recommending the re-appointment of the external auditor to the Board. Due consideration is given to the external auditor's work and quarterly affirmation of its independence, the relationships between UOI and the external auditor, and the audit fees paid to the external auditor. The external auditor was not paid any non-audit fee during the financial year. The audit fees for the year under review are disclosed in the Notes to the Financial Statements section.

Following its review, the AC was satisfied that the external auditor was effective, independent and objective in its audit of UOI in the year under review and had the requisite expertise and resources to perform its duties. Accordingly, the AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment at the forthcoming AGM. In assessing the external auditor, the AC is guided by the Audit Quality Indicators Disclosure Framework issued by ACRA and the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors issued by ACRA and the Singapore Exchange. UOI has complied with Rule 712 of the SGX-ST Listing Manual with regard to the appointment of the auditing firm.

### Risk Management and Controls

The Company's system of risk management and internal controls involves management oversight and control, risk identification and management as well as audits.

Six management committees assist the Managing Director and Chief Executive to ensure the continued relevance and effectiveness of the Company's systems and controls for risk management. They are the Management Committee, Risk Management and Compliance Committee, Underwriting and Claims Committee, Credit Control Committee, Business Development Committee and Investment Committee. UOI's enterprise risk management framework provides for the identification and management of the Company's key risks, including risks relating to capital management, business operations, corporate governance, regulatory compliance, information technology and fraud. The Risk Management section contains more information on the management committees and the identification and management of key risk types under UOI's enterprise risk management framework.

In the year under review, UOB Group Audit performed the internal audit of UOI and assessed the Company's internal controls and risk management processes independently. Audit projects were carried out according to UOB Group Audit's assessment of the Company's risks and controls over the risk types. UOB Group Audit also performed additional audits as requested by the AC.

As a subsidiary of UOB, the Company has access to UOB's risk management function for guidance on various risk management tools and trends. Management adapts and adopts these tools as appropriate for the business and setup of the Company. UOI also receives tax and corporate secretarial services as well as compliance support from UOB.

### Adequacy and Effectiveness

Management uses self-assessment tools to assess the compliance with internal controls and risk management processes. Together with Management, the AC has reviewed the Company's system of risk management and internal controls, including financial, operational, compliance and information technology controls.

The Board has reviewed the Company's risk management processes and internal controls and the work performed by the internal and external auditors, Management and the AC. It also takes into account the assurance received from the Managing Director and Chief Executive and the head of Corporate Services (including Finance) that the system of risk management and internal controls is adequate and effective, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

With the concurrence of the AC, the Board is of the opinion that UOI's system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2016. The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud. UOI's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

## Shareholder Rights And Responsibilities

(Principles 14 to 16, MAS Guidelines)

### Shareholder Rights and Conduct of Shareholder Meetings

All shareholders are entitled to attend general meetings. A notice of a general meeting is sent to shareholders within the statutory timeline of at least 14 days before the meeting. Each substantial matter is proposed as a separate resolution at the general meeting and explanatory notes are given in respect of material resolutions to be voted on. The notice of general meeting is published on SGXNet and in certain widely-read local newspapers. The proxy form is sent together with the notice of general meeting to shareholders and is published on SGXNet. It can also be downloaded from the UOI website.

Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend, speak and vote at general meetings in their place. Nominee companies and custodian banks who are relevant intermediaries may appoint more than two proxies. Investors who hold shares through such nominee companies and custodian banks may attend and vote as proxies of the nominee companies or custodian banks.

Adequate time is allocated for shareholders to give their views on matters to the Board and Management at each general meeting. The Company conducts electronic poll-voting, which enables shareholders to exercise their full voting rights, at general meetings. Before electronic poll-voting commences, shareholders and proxies are briefed on the procedures. Each agenda item is put to the vote separately, and the votes cast for or against each resolution are tallied and displayed immediately after the close of voting. An independent scrutineer, who is in attendance at every general meeting, validates the voting results before they are announced on SGXNet on the same day as the general meeting. All minutes of general meetings of the Company are maintained as the official records of the Company and will be made available to shareholders upon request.

### Communication with Shareholders

To ensure equal access of all shareholders and other stakeholders to information, all pertinent information relating to the Company is disclosed on a timely basis via SGXNet and the UOI website. The first three quarters' financial results are announced within 45 days from the end of the quarter and the full-year financial results are announced within 60 days from the financial year-end.

The annual report, which contains the audited financial statements, notice of AGM and proxy form, includes other pertinent information for shareholders and other stakeholders. All registered shareholders of the Company receive the annual report at least 14 days before the AGM. The annual report can also be found on SGXNet and the UOI website.

General meetings, which are held within four months from the financial year-end, are a principal forum for dialogue with shareholders, who have the opportunity to provide their feedback to the Board and Management. Shareholders are encouraged to participate in the AGM proceedings either in person or through their proxies. Apart from general meetings, shareholders may also provide feedback to UOI through the Company's email address or feedback form, both of which are available on the UOI website.

### Dividend Payment

Dividends recommended or declared for payment are announced on SGXNet. Interim dividends are paid within 30 days after they are declared, and final dividends are paid within 30 days after they are approved by shareholders at the AGM.

## Related Party Transactions And Interested Person Transactions

(Principle 17, MAS Guidelines)

All interested person transactions and material related party transactions are reported to the AC to consider if the transactions are carried out in the ordinary course of business and on normal commercial terms and arm's length basis. All directors and the Managing Director and Chief Executive are required to declare any interest which could conflict with UOI's interest and abstain from voting on matters in which they have an interest. The table below sets out the interested person transactions entered into during 2016. Related party transactions are disclosed in the Notes to the Financial Statements section.

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| United Overseas Bank Limited | UOB provided the following services to UOI:<br>a. telemarketing service valued at approximately $2.3 million; and<br>b. corporate secretarial, internal audit and tax services valued at $100,750. | Nil |

# Corporate Governance

### Material Contracts

No material contract involving the interest of the Managing Director and Chief Executive, any director or controlling shareholder of the Company has been entered into by the Company since the end of the previous financial year, and no such contract subsisted as at 31 December 2016.

## Ethical Standards

### Code of Conduct

As part of the UOB Group, the Company adopts the UOB Code of Conduct which guides all employees on their conduct at the workplace and with stakeholders. The principles covered in the code of conduct include fair dealing in the conduct of business, confidentiality of customer information, protection of personal data as well as zero tolerance of bribery, corruption and illegal or unethical dealings. Employees are required to read and acknowledge the code of conduct when they first join the Company or when there is revision to the code of conduct. All employees are required to refresh their knowledge of the code of conduct annually through an e-learning course.

### Whistleblowing Policy

UOI's whistleblowing policy provides for an individual to report in confidence any impropriety in financial or other matters. Whistleblowing reports may be sent to the AC chairman (c/o Company Secretary, 80 Raffles Place, #04-20 UOB Plaza 2, Singapore 048624).

The Company prohibits reprisal against whistleblowers who have acted in good faith. All whistleblowing reports received are investigated independently by the AC with the assistance of the internal auditor or an external independent consultant firm.

### Securities Dealing

Directors and employees are guided by a code on dealing in securities, which requires them to adhere to applicable laws on insider dealings at all times and prohibits dealings in UOI's securities:

- on short-term considerations;
- during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year, and one month before the announcement of the Company's full-year financial statements. The Company informs directors and employees of the prohibited dealing periods. The Company does not deal in its securities during the prohibited dealing periods; and
- whenever they are in possession of price-sensitive information.

UOB personnel who are involved in providing services to UOI also have to observe the code.

| Principles and guidelines in MAS Guidelines with express disclosure requirements | Page reference in annual report |
|---|---|
| **Guideline 1.3**<br>Delegation of authority, by the Board to any board committee, to make decisions on certain board matters | 12 |
| **Guideline 1.4**<br>The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings | 13 |
| **Guideline 1.5**<br>The type of material transactions that require board approval under guidelines | 12 |
| **Guideline 1.6**<br>The induction, orientation and training provided to new and existing directors | 15 |
| **Guideline 1.16**<br>An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively | 15 |

| Principles and guidelines in MAS Guidelines with express disclosure requirements | Page reference in annual report |
|---|---|
| **Guideline 2.3**<br>The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed | 13 |
| **Guideline 2.4**<br>Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed | 13 |
| **Guideline 2.13**<br>Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board | Not applicable |
| **Guideline 3.1**<br>Relationship between the Chairman and the CEO where they are immediate family members | Not applicable |
| **Guideline 4.1**<br>Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board | 13-16 |
| **Guideline 4.4**<br>The maximum number of listed company board representations which directors may hold should be disclosed | 14 |
| **Guideline 4.6**<br>Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process | 14 |
| **Guideline 4.7**<br>Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent | 4-5, 13 |
| **Guideline 4.13**<br>Resignation or dismissal of key appointment holders | Not applicable |
| **Guideline 4.14**<br>Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10 | 14 |
| **Guideline 5.1**<br>The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report | 14 |
| **Guideline 7.1**<br>Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board | 15-16 |

# Corporate Governance

| Principles and guidelines in MAS Guidelines with express disclosure requirements | Page reference in annual report |
|---|---|
| **Guideline 7.3**<br>Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company | 16 |
| **Principle 9**<br>Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration | 16 |
| **Guideline 9.1**<br>Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO) | 16 |
| **Guideline 9.2**<br>Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives | 29 |
| **Guideline 9.3**<br>Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of $250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel | 16 |
| **Guideline 9.4**<br>Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of $50,000 | Not applicable |
| **Guideline 9.5**<br>Details and important terms of employee share schemes | Not applicable |
| **Guideline 9.6**<br>For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met | 16 |

| Principles and guidelines in MAS Guidelines with express disclosure requirements | Page reference in annual report |
|---|---|
| **Guideline 11.3**<br>The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems | 18 |
| **Guideline 11.14**<br>Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board | Not applicable |
| **Guideline 12.1**<br>Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board | 15-18 |
| **Guideline 12.6**<br>Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement | 17, 56 |
| **Guideline 12.7**<br>The existence of a whistleblowing policy should be disclosed in the company's Annual Report | 20 |
| **Guideline 12.8**<br>Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements | 17 |
| **Guideline 15.4**<br>The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings | 19 |
| **Guideline 15.5**<br>Where dividends are not paid, companies should disclose their reasons | Not applicable |
| **Guideline 17.4**<br>Material related party transactions | 74 |

# Risk Management

As the management of risk is fundamental to the financial soundness and integrity of the Company, risk evaluation forms an integral part of the Company's business strategy development. The Company's risk management philosophy is that returns must be commensurate with the business risks taken and has put in place processes and systems to identify, assess, monitor and manage all reasonably foreseeable and relevant material risks. These processes and systems have been articulated into a robust Enterprise Risk Management (ERM) framework.

The Company is committed to maintaining a strong ERM framework and is guided by the principles and provisions in the MAS Notice 126 "Enterprise Risk Management for Insurers".

The Company's Board-approved ERM framework provides for the identification and assessment and management of the key risks and how they are translated into management actions for strategic planning and capital management. Significant changes to the Company's ERM framework require the Board's approval.

The Board has overall responsibility for determining the type and level of business risks that the Company undertakes to achieve its corporate objectives. The Board has delegated to the Management the authority to formulate, review and approve policies and processes on monitoring and managing risk exposures within the Company's ERM framework. Major policy decisions and proposals on risk exposures approved by the Management are subject to review by the Board.

The Management of the Company has the responsibility of operationalising the Company's ERM framework and establishing and implementing appropriate systems and controls in managing and mitigating risks arising from its business operations. The systems and controls are designed to identify, assess, manage and monitor, rather than eliminate, the risks in the Company's business operations and can only provide reasonable and not absolute assurance.

Various committees, comprising the managerial staff of the Company, meet regularly to deliberate on matters relating to the key types of risks under their respective supervision.

The **Management Committee** monitors the overall operational matters of the Company. It formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units. It also sets strategic directions of the Company, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The **Risk Management and Compliance Committee** addresses all risk management, corporate governance and compliance issues affecting the Company. These issues can emanate from regulatory authorities, industry associations, parent company, auditors and other relevant bodies. It monitors the implementation of risk management policies and procedures by all operational units. It also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Company. As part of its risk management monitoring function, it receives reports from committees which address the key risks emanating from the Company's core business activities namely the Underwriting and Claims Committee and Credit Control Committee.

The **Underwriting and Claims Committee** establishes underwriting and claims policies and procedures. It also monitors the compliance of such policies and procedures by all operational units. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted. Issues arising from claims development and provisions are dealt with judiciously.

The **Credit Control Committee** establishes credit control policies and procedures and ensures that the premium collection process is implemented by all operational units. It approves write-off of bad debts and develops action plans to improve collection or initiate remedial recovery actions.

The **Business Development Committee** develops and executes business plans of the Company, reviews business performance and formulates action plans to enhance business performance. Market trends and changes in business risks are identified, addressed and managed accordingly.

In addition, the **Investment Committee**, which comprises senior managerial staff of UOI, investment specialists from its parent company and representatives of its fund manager, meets regularly to monitor and manage the Company's investment.

Under the Company's ERM framework, risks are categorised and managed under four risk dimensions.

## (1) Risk Dimension – Earnings

### Underwriting Risk

The principal activity of the Company is the underwriting of general insurance business. As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to our business. This safeguards not only the interest of our shareholders but also that of our customers. The Company has developed a robust underwriting framework to ensure that risks accepted meet with all the underwriting guidelines issued to our trained pool of underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing for our products.

### Reinsurance Risks

Reinsurance refers to the cession of a portion of risks assumed by an insurer to another insurer or reinsurer.

The Company's business activities lie primarily in Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. Based on historical experience of loss frequency and severity of similar risks and in similar geographical zones, the Company has developed its reinsurance strategy to manage such concentration of insurance risks.

In particular, a written Reinsurance Management Strategy has been approved by the Board to set guiding principles and objectives for the Company to manage its reinsurance risks and ensure that a prudent and appropriate reinsurance protection programme is in place. Significant changes to the Strategy are subject to review by the Board annually.

### Premium and Claims Liability Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of premium and claims liabilities.

Premium liabilities refer to the reserves for unearned premium and include liabilities for all benefits, claims and expenses, acquisition costs, maintenance costs and policyholders' experience refund to be incurred after the balance sheet date. Claims liabilities refer to obligation, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at the balance sheet date and include reserves for claims reported, incurred but not reported and incurred but not enough reported, as well as direct and indirect claim expenses. The Company's unearned premium reserves are calculated based on formula generally accepted by the industry while its outstanding claims liabilities are reviewed by our experienced claims officers. Both the premium and claims liabilities are reviewed and certified annually by an external independent actuary.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is the past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claims liabilities will not develop exactly as projected and may vary from our projection.

The other uncertainties arising under insurance contracts will include:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lag between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of premium and claims liabilities can vary substantially from the initial estimates.

# Risk Management

### Investment Risk

The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually. The Company has appointed a professional fund manager to manage its investments in pursuant to its Board-approved investment policy. Through regular meetings with the fund manager and performance reports, the Company reviews and monitors the performance of its investment funds. The Company has also established a policy to address the selection, review and management of its fund manager.

### Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to equity price risk arising from its investment in quoted equity securities and has established a Board-approved investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity securities are listed on the Singapore Exchange Securities Trading Limited in Singapore or other regulated stock exchanges overseas and are classified as available-for-sale financial assets.

The Company does not have exposure to commodity price risk.

### Foreign Exchange Risk

The Company has transactional currency exposures arising from its offshore insurance business. The Company is also exposed to foreign exchange risk arising from its investing activities. When it is necessary, the Company enters into forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies. Other than the exposure arising from its investing activities, the Company does not consider its exposure to foreign exchange risk to be significant.

### Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash outflow commitment is substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of its investment in the fixed income securities.

## (2) Risk Dimension – Operational

### Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems and frauds or from external events. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Company's credibility and ability to transact, maintain liquidity and obtain new business. The Company has put in place processes for monitoring, controlling and reporting of significant operational risks.

### Business Continuity Risk

The Company has formulated a comprehensive Business Continuity Management Plan and annual test-run is conducted to ensure its readiness to handle the targeted events that could affect the Company's business operations.

## (3) Risk Dimension – Capital

### Insolvency Risk

Insolvency risk refers to the risk that an entity is unable to meet its financial obligations. The Company has consistently maintained its capitalisation higher than the local regulatory requirements, put in place monitoring controls to ensure that its solvency and capitalisation meet internal targets and maintained adequate financial resources as buffers.

## (4) Risk Dimension – Liquidity

### Liquidity Risk

Due to the nature of its business and type of assets being held, the Company is not exposed to significant liquidity risk. The Company has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times, honour all cash outflow commitments on an ongoing basis and avoid raising funds from credit facilities or through the forced sale of investments.

### Credit Risk

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound and set maximum exposure limits for each of its reinsurers.

United Overseas Insurance Limited (Incorporated in Singapore)
31 December 2016

# Financial Report



# Directors' Statement

for the financial year ended 31 December 2016

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2016.

## Opinion of the Directors

In the opinion of the directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) 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.

## Directors

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

Wee Cho Yaw *(Chairman)*
David Chan Mun Wai *(Managing Director and Chief Executive)*
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
N Ganesan
Ho Yew Kee
Chng Hwee Hong

## Arrangements to Enable Directors to Acquire Shares or Debentures

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

## Directors' Interests in Shares and Debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act Chapter 50, the interests of the directors who held office at 31 December 2016, in the share capital of the Company and related corporations were as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | Shareholdings registered in name of directors | | Shareholdings in which directors are deemed to have an interest | |
| | At 31.12.2016 | At 1.1.2016 | At 31.12.2016 | At 1.1.2016 |
| **The Company** | | | | |
| *United Overseas Insurance Limited* | | | | |
| Wee Cho Yaw | **38,100** | 38,100 | **–** | – |
| Hwang Soo Jin | **100,000** | 100,000 | **–** | – |
| David Chan Mun Wai | **21,000** | 21,000 | **–** | – |
| **Holding Company** | | | | |
| *United Overseas Bank Limited* | | | | |
| Wee Cho Yaw | **20,567,244** | 19,921,917 | **278,781,769** | 270,050,084 |
| Wee Ee Cheong | **3,297,243** | 3,125,918 | **166,690,461** | 161,463,970 |
| David Chan Mun Wai | **6,304** | 6,106 | **–** | – |
| Ho Yew Kee | **1,065** | 1,065 | **–** | – |

## Directors' Remuneration

Details of the total fees and other remuneration paid/payable by the Company to the directors for the financial year ended 31 December 2016 are as follows:

| | Directors' fees | Base or fixed salary | Variable performance bonus | Benefits-in-kind and others | Total |
|---|---|---|---|---|---|
| **$500,000 to $749,999** | | | | | |
| David Chan Mun Wai | – | 52.9% | 38.2% | 8.9% | 100% |
| **Below $250,000** | | | | | |
| Wee Cho Yaw | $47,500 | – | – | – | $47,500 |
| Wee Ee Cheong [1] | $17,500 | – | – | – | $17,500 |
| Hwang Soo Jin | $37,500 | – | – | – | $37,500 |
| Yang Soo Suan | $37,500 | – | – | – | $37,500 |
| N Ganesan | $25,000 | – | – | – | $25,000 |
| Ho Yew Kee | $17,500 | – | – | – | $17,500 |
| Chng Hwee Hong | $25,000 | – | – | – | $25,000 |
| **Total Directors' Fees** | **$207,500** | **–** | **–** | **–** | **$207,500** |

[1] Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

# Directors' Statement
for the financial year ended 31 December 2016

## Share Options

There was no share option granted by the Company during the financial year.

No share was issued during the financial year pursuant to any exercise of options to take up unissued shares of the Company.

There was no unissued share of the Company under option at 31 December 2016.

## Audit Committee

The Audit Committee comprises four members, all of whom are non-executive and independent* directors. The members of the Audit Committee are:

Yang Soo Suan *(Chairman)*
Hwang Soo Jin
N Ganesan
Chng Hwee Hong

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of the external auditor, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Managing Director and/or other senior management staff, as appropriate.

## Auditor

The Audit Committee has nominated Ernst & Young LLP for re-appointment as auditor of the Company and Ernst & Young LLP has expressed its willingness to be re-appointed.

On behalf of the Board of Directors,

**Wee Cho Yaw**
Chairman

**David Chan Mun Wai**
Managing Director

Singapore
7 February 2017

* Pursuant to the criteria under the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013).

# Independent Auditor's Report

for the financial year ended 31 December 2016

## Independent Auditor's Report to the Members of United Overseas Insurance Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of United Overseas Insurance Limited (the "Company"), which comprise the balance sheet as at 31 December 2016, the profit and loss statement, statement of comprehensive income, insurance revenue account, and the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

*Valuation of technical balances*

The Company's technical balances, which include the reserve for outstanding claims and reserve for unexpired risks, reflect the uncertainty inherent in the insurance business on the balance sheet. The estimation of technical balances is complex as it involves a high degree of judgement. With regards to the reserve for outstanding claims, the claims department will set up a loss reserve upon notification and after assessing all the information on the claim which has been provided. The claims information is then aggregated and considered as a whole to determine the total estimate of the ultimate losses that will be incurred in respect of the insurance policies underwritten for each line of business. The modelling for the loss reserves takes into account the claims experience, claims development, market conditions, as well as matters that are sensitive to the legal, economic, and various other factors and uncertainties, in order to arrive at the estimation of the ultimate losses. The reserve for unexpired risk is computed based on the premiums booked, nature of the policies, and generally accepted valuation basis. Management reviews the claims and premiums, the inputs into the models, and they also engage a certified independent actuary to review the estimation of ultimate losses and reserve for unexpired risks to ensure that the technical balances are adequate.

## Key Audit Matters (continued)

*Valuation of technical balances (continued)*
In auditing the technical balances, we performed test of controls, test of details, and analytical review procedures on the Company's technical balances. We also compared the actuarial valuation methodologies and assumptions used by management with industry data, and against recognised actuarial practices. Our procedures included a review of the assumptions used by the independent qualified certifying actuary and rationale for conclusions made thereon, an assessment of the consistency of valuation methodologies applied against prior years, and an assessment of whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience. In addition, we performed an independent analysis and re-computation of the technical balances of selected classes of business. Our focus of the independent analysis and re-computation were over the largest and most uncertain reserves. We also compared our independent analysis to those performed by the management and obtained explanations of significant differences noted, if any.

We also considered whether the disclosures in relation to technical balances recorded comply with the relevant disclosure requirements. The Company's disclosures related to technical balances are included in Note 2(f) (Reserve for Unexpired Risks), Note 2(g) (Deferred Acquisition Costs), Note 2(i) (Claims Paid and Reserve for Outstanding Claims), Note 4(b) (Insurance Risks), Note 16 (Reserve for Unexpired Risks), Note 17 (Deferred Acquisition Costs) and Note 18 (Reserve for Outstanding Claims).

*Impairment of available-for-sale investments*
The Company invests a significant portion of its funds in financial instruments that comprise mainly available-for-sale investments in equity shares and fixed income securities. These investments are measured at fair value with the corresponding fair value changes recognised in other comprehensive income. The valuation is performed by the Company using valuation inputs which have been classified in accordance with the fair value hierarchy stated in FRS 113 – Fair Value Measurement.

The Company performs an impairment review of its available-for-sale investments semi-annually and records impairment charges when there has been a significant or prolonged decline in the fair value below their cost. In determining what is "significant" or "prolonged" the Company evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

In auditing the impairment of available-for-sale investments, we assessed the processes and key controls relating to valuation of these financial investments. In addition, we performed valuation testing on a sample of investments, reviewed the Company's impairment policy, and assessed the adequacy of its impairment charges on available-for-sale investments at year end, and these involves a high degree of judgement.

We also considered whether the disclosures in relation to available-for-sale investments comply with the relevant disclosure requirements. The Company's disclosures related to financial investments are included in Note 2(q) (Impairment of Financial Assets), Note 4(a) (Impairment of Available-for-sale Investments) and Note 26 (Available-for-sale Investments).

## Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit responsible for this independent auditor's report is Vincent Toong.

**ERNST & YOUNG LLP**
Public Accountants and
Chartered Accountants

Singapore
7 February 2017

# Profit and Loss Account

for the financial year ended 31 December 2016

| | Note | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|---|
| **Insurance underwriting profit** | | 24,525 | 20,098 |
| Other income: | | | |
| Dividend income from investments | 5a | 4,818 | 5,831 |
| Interest income from investments | 5b | 7,970 | 6,602 |
| Interest on fixed deposits and bank balances from: | | | |
| – Holding company | | 6 | 7 |
| – Other financial institutions | | 308 | 223 |
| Miscellaneous income | | 27 | 52 |
| Net fair value losses on financial derivatives – realised | | (2,043) | (4,260) |
| Net fair value (losses)/gains on financial derivatives – unrealised | 21 | (1,651) | 1,074 |
| Net (losses)/gains on disposal of available-for-sale investments | 19 | (5,119) | 353 |
| Impairment losses on available-for-sale investments | | (1,298) | (3,416) |
| Amortisation of discount on available-for-sale investments | | 86 | 53 |
| | | 3,104 | 6,519 |
| Add/(Less) | | | |
| Management expenses not charged to insurance revenue account: | | | |
| – Management fees | | (982) | (936) |
| – Other operating expenses | | (748) | (482) |
| Exchange differences | | 1,257 | 1,373 |
| **Profit before tax** | | 27,156 | 26,572 |
| Tax expense | 9a | (4,028) | (4,195) |
| **Profit, net of tax** | | 23,128 | 22,377 |
| **Profit attributable to:** | | | |
| **Equity holders of the Company** | | 23,128 | 22,377 |
| Earnings per share: | | | |
| Basic and diluted | 10 | 37.82 cents | 36.59 cents |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Statement of Comprehensive Income

for the financial year ended 31 December 2016

| | Note | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| Net profit | | 23,128 | 22,377 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Net gains/(losses) on fair value changes of available-for-sale investments | | 12,943 | (4,222) |
| Income tax relating to available-for-sale investments | 15 | (2,192) | 724 |
| **Other comprehensive income for the financial year, net of tax** | | 10,751 | (3,498) |
| **Total comprehensive income for the financial year** | | 33,879 | 18,879 |
| **Total comprehensive income attributable to equity holders of the Company** | | 33,879 | 18,879 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Insurance Revenue Account

for the financial year ended 31 December 2016

| | Note | Fire $'000 | General Accident $'000 | Marine $'000 | 2016 Total $'000 | 2015 Total $'000 |
|---|---|---|---|---|---|---|
| Gross premiums written | | 42,047 | 60,602 | 4,294 | 106,943 | 104,883 |
| Reinsurance premiums ceded | | (20,469) | (39,456) | (2,624) | (62,549) | (61,893) |
| Net premiums written | | 21,578 | 21,146 | 1,670 | 44,394 | 42,990 |
| Movement in net reserve for unexpired risks | 16 | (701) | 1,087 | 30 | 416 | 557 |
| Movement in net deferred acquisition costs | 17 | 188 | 34 | (40) | 182 | 87 |
| **Net earned premiums** | | 21,065 | 22,267 | 1,660 | 44,992 | 43,634 |
| Less | | | | | | |
| Gross claims paid | | 8,882 | 26,612 | 555 | 36,049 | 44,799 |
| Reinsurance claims recoveries | | (5,500) | (16,125) | (32) | (21,657) | (27,088) |
| Net claims paid | 18 | 3,382 | 10,487 | 523 | 14,392 | 17,711 |
| Change in net outstanding claims | | 1,484 | (3,811) | 83 | (2,244) | (1,971) |
| **Net claims incurred** | 18 | 4,866 | 6,676 | 606 | 12,148 | 15,740 |
| Gross commissions | | 9,035 | 9,976 | 509 | 19,520 | 18,257 |
| Reinsurance commissions | | (9,831) | (13,317) | (638) | (23,786) | (22,784) |
| **Net commissions** | | (796) | (3,341) | (129) | (4,266) | (4,527) |
| Management expenses : | 6 | | | | | |
| Staff costs | 7 | 3,649 | 3,577 | 282 | 7,508 | 7,236 |
| Rental expenses | 28 | 635 | 622 | 49 | 1,306 | 1,255 |
| Other operating expenses | | 1,832 | 1,797 | 142 | 3,771 | 3,832 |
| **Total outgo** | | 10,186 | 9,331 | 950 | 20,467 | 23,536 |
| **Insurance underwriting profit transferred to profit and loss account** | | 10,879 | 12,936 | 710 | 24,525 | 20,098 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Balance Sheet
as at 31 December 2016

| | Note | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| **Share capital** | | | |
| – Issued and fully paid | 12 | 91,733 | 91,733 |
| **Reserves** | | | |
| General reserve | 14 | 22,880 | 22,880 |
| Available-for-sale investment reserve | 19 | 29,691 | 18,940 |
| Retained profits | | 190,698 | 177,966 |
| **Total equity attributable to equity holders of the Company** | | 335,002 | 311,519 |
| **Liabilities** | | | |
| Insurance creditors | 20 | 21,163 | 15,364 |
| Non-trade creditors and accrued liabilities | 20 | 4,138 | 3,119 |
| Amount owing to related companies | 20 | 2,140 | 2,459 |
| Derivative financial liabilities | 21 | 1,775 | 128 |
| Tax payable | 9 | 7,478 | 6,166 |
| Deferred tax liabilities | 15 | 6,416 | 4,146 |
| Deferred acquisition cost - reinsurers' share | 17 | 9,298 | 9,428 |
| Gross technical balances | | | |
| – Reserve for unexpired risks | 16 | 62,972 | 60,893 |
| – Reserve for outstanding claims | 18 | 156,363 | 144,013 |
| | | 271,743 | 245,716 |
| | | 606,745 | 557,235 |
| **Assets** | | | |
| Bank balances and fixed deposits | 22 | 59,648 | 62,535 |
| Insurance debtors | 23 | 20,780 | 13,912 |
| Non-trade debtors and accrued interest receivables | 23 | 3,172 | 2,845 |
| Derivative financial assets | 21 | 1 | 5 |
| Associated company | 25 | 1 | 1 |
| Available-for-sale investments | 26 | 380,741 | 352,568 |
| Fixed assets | 27 | 224 | 332 |
| Deferred acquisition cost - gross | 17 | 7,940 | 7,888 |
| Reinsurers' share of technical balances | | | |
| – Reserve for unexpired risks | 16 | 39,635 | 37,140 |
| – Reserve for outstanding claims | 18 | 94,603 | 80,009 |
| | | 606,745 | 557,235 |
| | | 606,745 | 557,235 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Statement of Changes in Equity

for the financial year ended 31 December 2016

| | Note | Share capital $'000 | General reserve $'000 | Available-for-sale investment reserve $'000 | Retained profits $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the Company | | | | |
| Balance at 1 January 2016 | | 91,733 | 22,880 | 18,940 | 177,966 | 311,519 |
| Profit net of tax | | – | – | – | 23,128 | 23,128 |
| Other comprehensive income for the financial year | | – | – | 10,751 | – | 10,751 |
| Total comprehensive income for the financial year | | – | – | 10,751 | 23,128 | 33,879 |
| Dividend for Year 2015 | 11 | – | – | – | (8,561) | (8,561) |
| Dividend for Year 2016 | 11 | – | – | – | (1,835) | (1,835) |
| **Balance at 31 December 2016** | | **91,733** | **22,880** | **29,691** | **190,698** | **335,002** |
| Balance at 1 January 2015 | | 91,733 | 22,880 | 22,438 | 165,985 | 303,036 |
| Profit net of tax | | – | – | – | 22,377 | 22,377 |
| Other comprehensive income for the financial year | | – | – | (3,498) | – | (3,498) |
| Total comprehensive income for the financial year | | – | – | (3,498) | 22,377 | 18,879 |
| Dividend for Year 2014 | 11 | – | – | – | (8,561) | (8,561) |
| Dividend for Year 2015 | 11 | – | – | – | (1,835) | (1,835) |
| Balance at 31 December 2015 | | 91,733 | 22,880 | 18,940 | 177,966 | 311,519 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Cash Flow Statement

for the financial year ended 31 December 2016

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Profit before tax | 27,156 | 26,572 |
| | | |
| Adjustments for: | | |
| Movement in net reserve for unexpired risks | (416) | (557) |
| Movement in net deferred acquisition costs | (182) | (87) |
| Movement in net reserve for outstanding claims | (2,244) | (1,971) |
| Net fair value losses/(gains) on financial derivatives – unrealised | 1,651 | (1,074) |
| Depreciation | 162 | 99 |
| Net losses/(gains) on disposal of available-for-sale investments | 5,119 | (353) |
| Amortisation of discount on available-for-sale investments | (86) | (53) |
| Impairment losses on available-for-sale investments | 1,298 | 3,416 |
| Dividend income from investments | (4,818) | (5,831) |
| Interest income from investments | (7,970) | (6,602) |
| Interest on fixed deposits and bank balances | (314) | (230) |
| Exchange differences | (1,241) | (1,361) |
| Operating profit before working capital changes | 18,115 | 11,968 |
| Changes in working capital: | | |
| Trade and other receivables | (6,885) | (1,888) |
| Trade and other payables | 6,818 | 815 |
| Amount owing (from)/to related companies | (319) | 365 |
| Cash generated from operations | 17,729 | 11,260 |
| Tax paid | (2,638) | (6,321) |
| **Net cash flows from operating activities** | 15,091 | 4,939 |
| | | |
| **Cash Flows from Investing Activities** | | |
| Proceeds from disposal of available-for-sale investments | 195,275 | 142,943 |
| Purchase of available-for-sale investments | (215,595) | (147,959) |
| Purchase of fixed assets | (54) | (98) |
| (Placement in)/proceeds from long-term fixed deposits | (3,151) | 5,441 |
| Dividend income from investments | 4,955 | 6,035 |
| Interest income from investments | 7,527 | 6,568 |
| Interest on fixed deposits and bank balances | 310 | 219 |
| **Net cash flows (used in)/from investing activities** | (10,733) | 13,149 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **Cash Flows from Financing Activity** | | |
| Dividend paid | (10,396) | (10,396) |
| **Cash flows used in financing activity** | (10,396) | (10,396) |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | (6,038) | 7,692 |
| Cash and cash equivalents at beginning of year | 60,349 | 52,657 |
| **Cash and cash equivalents at end of year** | 54,311 | 60,349 |

For the purpose of cash flow statement, bank balances and fixed deposits in the balance sheet comprise the following:

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Cash and bank balances (Note 22 (a)) | 10,057 | 7,951 |
| Fixed deposits placement less than 3 months (Note 22 (b)) | 44,254 | 52,398 |
| Cash and cash equivalents | 54,311 | 60,349 |
| Fixed deposits placement more than 3 months (Note 22 (b)) | 5,337 | 2,186 |
| | 59,648 | 62,535 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Notes to the Financial Statements
for the financial year ended 31 December 2016

## 1 General

United Overseas Insurance Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company is a member of the United Overseas Bank Group. The holding company which is also the ultimate holding company is United Overseas Bank Limited, incorporated in Singapore, which owns 58% of the issued share capital of the Company.

The address of the Company's registered office is as follows:
80 Raffles Place
UOB Plaza
Singapore 048624

The address of the Company's principal place of business is as follows:
3 Anson Road
#28-01, Springleaf Tower
Singapore 079909

## 2 Significant Accounting Policies

### (a) Basis of Preparation

The financial statements of the Company, which are presented in Singapore dollars ($) and rounded to the nearest thousand ($'000) except when otherwise indicated, have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act.

The preparation of the financial statements in conformity with FRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of available-for-sale financial assets and all financial derivatives.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Company will adopt the new reporting framework on 1 January 2018.

### (b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the applicable new and revised standards which are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Company.

## 2 Significant Accounting Policies (continued)

### (c) Standards Issued but Not Yet Effective

The Company has not adopted the following applicable standards that have been issued but not yet effective:

| | | Effective for annual period beginning on or after |
|---|---|---|
| i) | Amendments to FRS 7 Disclosure Initiative | 1 January 2017 |
| ii) | FRS 109 Financial Instruments | 1 January 2018 |
| iii) | FRS 115 Revenue from Contracts with Customers | 1 January 2018 |
| iv) | FRS 116 Leases | 1 January 2019 |

Except for FRSs 109 and 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRSs 109 and 116 is described below.

*FRS 109 Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(i) *Classification and measurement*

The Company expects to have mixed business model. For its available-for-sale debt securities, the Company intends to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at fair value through other comprehensive income when it applies FRS 109. The Company does not expect any significant impact to arise from these changes.

For equity securities, the Company may consider to measure some of its currently available-for-sale equity securities at fair value through profit or loss (FVTPL). The Company may expect some impact arising from these changes. The Company may consider to measure some of its currently held available-for-sale equity securities at fair value through other comprehensive income (FVOCI). In addition, the Company currently measures one of its investments in equity securities at cost. Under FRS 109, the Company will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Company applies FRS 109.

(ii) *Impairment*

FRS 109 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Company expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

(iii) *Transition*

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of the initial application in the opening retained earnings.

## 2 Significant Accounting Policies (continued)

### (c) Standards Issued but Not Yet Effective (continued)

*FRS 116 Leases*
FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

### (d) Revenue Recognition

(i) *Premium income*
Premium income from direct and facultative reinsurance business is taken up as income at the time a policy is issued which approximates the inception date of the risk.

Premium income from treaty reinsurance is taken up in the insurance revenue account based on statements received up to the time of closing of the books.

(ii) *Investment income*
Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are taken to profit or loss.

### (e) Product Classification

All the Company's existing products are insurance contracts as defined in FRS 104. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

### (f) Reserve for Unexpired Risks

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are calculated on the following basis:

(i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premiums written less premiums on reinsurances.

(ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premiums written less premiums on reinsurances.

(iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premiums written less premiums on reinsurances.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserves in relation to such policies.

Reserve for unexpired risks are compared with the report issued by a certifying actuary, which is prepared for a valuation of the premium liabilities in accordance with Section 37 of the Insurance Act, Cap. 142, on a yearly basis.

## 2 Significant Accounting Policies (continued)

### (g) Deferred Acquisition Costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs ("DAC") are calculated using the 1/24th method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and the carrying value is written down to the recoverable amount.

### (h) Reinsurance

The Company assumes and/or cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due to reinsurers are determined in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

### (i) Claims Paid and Reserve for Outstanding Claims

Claims are charged against the insurance revenue account when incurred based on the estimated liability for compensation owed to policyholders or damage suffered by third party claimants. They comprise direct and indirect claims settlement costs, including loss adjustment expenses and professional fees, and arise from events that have occurred up to the balance sheet date even if they have not been reported to the Company.

Provision is made for the estimated costs of all claims notified but not settled as at the balance sheet date using the best information available at that time for individual cases. Provision is also made for the estimated costs of claims incurred but not reported ("IBNR") as at the balance sheet date using statistical methods and compared with the assessment of a certifying actuary as required under the Insurance Act. The Company does not discount its reserve for outstanding claims. Any reduction or increase in the reserve is dealt with in the insurance revenue account of the year in which the reduction or increase arises. Any difference between the estimated cost and subsequent settlement is dealt with in the insurance revenue account of the year in which settlement takes place. For claims from assumed reinsurance, an additional reserve is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

As explained in Note 4, the assumptions used to estimate the reserve require judgement and are subject to uncertainty.

*Liabilities and related assets under liability adequacy test*

Insurance contracts are tested for adequacy by comparing current estimates of all future contractual cash flows with the carrying value of the liability. Where a shortfall is identified, an additional reserve is made and the Company recognises the deficiency in profit or loss for the financial year.

### (j) Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

## 2 Significant Accounting Policies (continued)

### (k) Trade and Other Debtors

Trade debtors comprise receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Bad debts are written off when identified and specific provisions for impairment are made for those debts considered to be doubtful. Other debtors including amount owing by related companies are recognised and carried at amortised cost less an allowance for doubtful debts on any uncollectible amounts. The additional accounting policies applicable to trade and other debtors can be found in Note 2(n)(ii).

### (l) Fixed Assets and Depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

| | % |
|---|---|
| Furniture and fixtures | 10 |
| Office equipment | 20 to 33 1/3 |
| Motor vehicles | 20 |

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount and the impairment loss is charged to the profit or loss. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been recognised in the profit or loss had the provision not been made.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss in the year the asset is derecognised.

### (m) Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

## 2 Significant Accounting Policies (continued)

### (m) Impairment of Non-financial Assets (continued)

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### (n) Financial Assets

**Initial recognition and measurement**

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

**Subsequent measurement**

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates this at every reporting date.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Financial derivatives are classified as held for trading unless they are designated as hedging instruments.

The Company does not designate any financial assets not held for trading as financial assets at fair value through profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Cash and bank balances, fixed deposits, receivables arising from insurance contracts and other debtors are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities - other than those that meet the definition of loans and receivables - that the Company's management has the positive intention and ability to hold to maturity.

## 2 Significant Accounting Policies (continued)

### (n) Financial Assets (continued)

(iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that at initial recognition are either designated in this category or not classified in any of the other categories. Under some rare circumstances, a non-derivative financial asset that has been classified in other categories at initial recognition can be reclassified into the available-for-sale category.

Regular way purchases and sales of financial assets are recognised on settlement date – the date that an asset is delivered to or by the Company. Regular way purchase or sale refers to purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention of the marketplace concerned.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investments in equity instruments classified as available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Financial derivatives with positive and negative fair values are presented as assets and liabilities in the balance sheet respectively.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of investment securities classified as available-for-sale are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Gains and losses on loans and receivables and held-to-maturity investments are recognised in profit or loss when the loans and receivables and held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

Pursuant to FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Asset, investments that are reclassified from other categories into the available-for-sale category are recognised at fair value as at date of reclassification if the reclassification takes place on or after 1 November 2008 or at fair value as at 1 July 2008 if the reclassification is made prior to 1 November 2008.

#### Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

### (o) Financial Liabilities

#### Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

## 2 Significant Accounting Policies (continued)

### (o) Financial Liabilities (continued)

**Subsequent measurement**
The measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*
Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) *Financial liabilities at amortised cost*
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**Derecognition**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (p) Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (q) Impairment of Financial Assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) *Financial assets carried at amortised cost*
For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

## 2 Significant Accounting Policies (continued)

### (q) Impairment of Financial Assets (continued)

(i) *Financial assets carried at amortised cost (continued)*
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Financial assets carried at cost*
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*
Available-for-sale financial assets are subject to impairment review at each balance sheet date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in fair value below cost and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

### (r) Trade and Other Creditors
Liabilities for trade and other creditors and amounts owing to related companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

## 2 Significant Accounting Policies (continued)

### (s) Foreign Currency

(i) *Functional currency*
The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

(ii) *Transactions and balances*
Foreign currency monetary assets and liabilities are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted into the functional currency using the rates of exchange ruling on the transaction dates. Exchange differences are taken up in the insurance revenue accounts or in profit or loss as appropriate.

Exchange differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Exchange differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated under the available-for-sale investment reserve in equity.

### (t) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### (u) Deferred Income Tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements at the balance sheet date. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (v) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits.

## 2 Significant Accounting Policies (continued)

### (w) Dividend Distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

### (x) Employees' Benefits

(i) *Defined contribution plan*

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.

(ii) *Employees' leave entitlement*

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### (y) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### (z) Associate

An associate is an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Company's investment in material associate is accounted for using the equity method.

The Company accounts for its investments in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and associate are eliminated to the extent of the interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associate. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

## 2 Significant Accounting Policies (continued)

**(aa) Share Capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**(ab) Segment Reporting**

The Company is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act (Chapter 142). Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

**(ac) Related Parties**

A related party is a person or entity that is related to the Company.

(i) A person or a close member of that person's family is related to the Company if that person:
- (a) has control or joint control over the Company;
- (b) has significant influence over the Company; or
- (c) is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:
- (a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (c) Both entities are joint ventures of the same third party;
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (f) The entity is controlled or jointly controlled by a person identified in (i); and
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 3 Principal Activities

The principal activities of the Company is the underwriting of general insurance business. There have been no significant changes in the nature of these activities during the financial year.

## 4 Judgements and Inherent Uncertainty in Accounting Estimates

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**(a) Impairment of Available-for-sale Investments**

The Company records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. There was an impairment loss recognised for available-for-sale financial assets for the financial year ended 31 December 2016 amounting to $1,298,000 (2015: $3,416,000).

# Notes to the Financial Statements

for the financial year ended 31 December 2016

## 4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(b) Insurance Risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

The Company's business is primarily derived from Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. The Company has developed a reinsurance management strategy which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Company's reinsurance management strategy include protection of shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing the Company with competitive advantage, sound and diversified reinsurance securities and developing long-term strategic partnership with key reinsurers.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Company's financial statements primarily arises in the technical reserves which include the reserves of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost while the claim liabilities comprise reserve for outstanding claims and their values are carried in the balance sheet as disclosed in Notes 16, 17 and 18 to the financial statements.

Although the premium and claim liabilities are estimated based on management's best knowledge and judgement of current facts including consultations with its certifying actuary as at the balance sheet date, the actual outcome may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

For general insurance contracts, claims reserve, comprising provision for claims reported by policyholders and claims incurred but not reported (IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date. The provisions are revised continuously as part of a regular ongoing process as claims are settled and further claims are reported.

(i) *Estimation process*

The claims reserve estimation process involves estimation of reserve of outstanding reported claims (case reserves), and estimation of additional reserves for IBNR and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims incurred but not enough reported (IBNER). Case reserves are set and periodically reviewed by the claims department. IBNR and IBNER reserves are determined by the Company after taking into account the certifying actuary's assessment. The total claim liabilities are subject to a yearly actuarial review and at year end a formal actuarial report will be provided on the adequacy of the Company's claim liabilities.

In forming their view on the adequacy of the claims reserve, the actuary uses a variety of statistical projection techniques like the Chain Ladder and Bornhuetter-Ferguson methods. Claims reserve is separately analysed by class of business and it is intended to provide a minimum of 75% level of assurance of adequacy, and as such include a provision for adverse deviation (PAD) beyond the best estimate of the claim liabilities.

The best estimates for premium liabilities have been determined such that the total liability reserve would be adequate to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

## 4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

### (b) Insurance Risks (continued)

(ii) *Assumptions*
The principal assumption underlying the actuarial estimate of the claim liabilities is that the past claims development experience of the Company is indicative of likely future claims development, both in terms of expected amounts and variability around those expected amounts. In estimating the required claims reserve, actuary also considers business strategy, trends in claims frequency and severity, rate of settlement, and the impact of changes in the underwriting and claims handling policies of the Company. There is typically a lot of judgement involved in estimating the claim liabilities.

(iii) *Sensitivities*
The estimates of premium and claim liabilities are an inherently uncertain process. The uncertainty may be due to a number of factors, which include variation in the mix of risks insured, changes in social and legal environments, which affect the final settlement costs of unsettled claims, and changes in claim management procedures and, as a consequence of this uncertainty, the eventual value of premium and claim liabilities can vary from the initial estimates.

The following table shows an analysis of sensitivity performed by the certifying actuary on the technical balances on gross and net (i.e. reserve for unexpired risks and reserve for outstanding claims, net of reinsurers' share and deferred acquisition cost), profit before tax and equities.

| Selected Assumption | Movement | Actuary's adjusted estimates $'000 | Actuary's original estimates $'000 | Difference $'000 |
|---|---|---|---|---|
| **2016** | | | | |
| Selected Ultimate Loss Ratio | Increase by 3% | 83,323 | 81,634 | 1,689 |
| | Decrease by 3% | 79,946 | 81,634 | (1,688) |
| | Increase by 1% | 82,197 | 81,634 | 563 |
| | Decrease by 1% | 81,071 | 81,634 | (563) |
| Investment yield | Increase by 3% | 80,682 | 81,634 | (952) |
| | Decrease by 3% | N/A [1] | 81,634 | N/A [1] |
| | Increase by 1% | 81,303 | 81,634 | (331) |
| | Decrease by 1% | 81,978 | 81,634 | 344 |
| **2015** | | | | |
| Selected Ultimate Loss Ratio | Increase by 3% | 85,812 | 84,148 | 1,664 |
| | Decrease by 3% | 82,483 | 84,148 | (1,665) |
| | Increase by 1% | 84,702 | 84,148 | 554 |
| | Decrease by 1% | 83,592 | 84,148 | (556) |
| Investment yield | Increase by 3% | 83,113 | 84,148 | (1,035) |
| | Decrease by 3% | N/A [1] | 84,148 | N/A [1] |
| | Increase by 1% | 83,788 | 84,148 | (360) |
| | Decrease by 1% | 84,520 | 84,148 | 372 |

As the Company's estimates are higher than the certifying actuary's estimates under all selected scenarios, the Company's profit and loss, and equity are not sensitive to changes in the variables tested in the selected scenarios.

[1] There is no result for the reduction of the investment yield by three percentage points because the original investment yield is only 1%.

## 5 Other Income

| | | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| (a) | Dividend income from: | | |
| | Available-for-sale investments | | |
| | – Equity investments | 4,360 | 5,344 |
| | – Unit trusts | 458 | 487 |
| | | 4,818 | 5,831 |
| (b) | Interest income from: | | |
| | Available-for-sale investments | | |
| | – Other Government securities | 487 | 508 |
| | – Fixed income securities | 7,483 | 6,094 |
| | | 7,970 | 6,602 |

## 6 Management Expenses

Included in management expenses are the following:

| | Charged to insurance revenue accounts | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| Depreciation on: | | |
| Furniture and fixtures | 21 | 19 |
| Office equipment | 141 | 80 |
| | 162 | 99 |
| Auditor's remuneration: | | |
| Payable to the auditors of the Company – audit fees | | |
| – Current year | 146 | 135 |
| – Underprovision in respect of prior year | 7 | – |
| | 153 | 135 |
| Foreign exchange loss | 103 | 186 |
| Rental expenses | 1,306 | 1,255 |
| License/levy | 197 | 198 |
| Printing and stationery | 146 | 167 |
| Upkeep of application software | 444 | 395 |
| Allowance for bad debts written off | 1 | – |
| Allowance for doubtful debts | 68 | – |

During the financial year, the Company did not engage the auditor in the provision of non-audit services.

## 7 Staff Information (Including an Executive Director)

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Wages, salaries and other employee benefits | 6,731 | 6,540 |
| Central Provident Fund contribution | 777 | 696 |
| | 7,508 | 7,236 |

| | 2016 | 2015 |
|---|---|---|
| Number of persons employed at the end of year | 97 | 97 |

## 8 Directors' Remuneration

The number of directors of the Company whose total remuneration from the Company falls into the following bands is:

| | 2016 | 2015 |
|---|---|---|
| $500,000 to $749,999 | 1 | 1 |
| $250,000 to $499,999 | – | – |
| Below $250,000 | 7 | 6 |
| Total | 8 | 7 |

## 9 Income Tax

### (a) Tax Expense

The tax expense attributable to profit is made up of:

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| On the profit of the year: | | |
| Singapore current income tax (Note 9(b)) | 3,950 | 3,870 |
| Transfer from deferred taxation (Note 15) | 78 | 325 |
| Income tax expenses recognised in profit and loss | 4,028 | 4,195 |

The tax expense on the results of the Company for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Profit before tax | 27,156 | 26,572 |
| Tax calculated at a tax rate of 17% (2015: 17%) | 4,617 | 4,517 |
| Singapore statutory stepped income exemption | (26) | (26) |
| Exempt income | (510) | (562) |
| Expenses not deductible for tax purposes | 107 | 693 |
| Income not subject to tax | (38) | (323) |
| Income tax rebate | (20) | (20) |
| Income from qualifying debt securities and offshore insurance, taxed at a rate of 10% | (247) | (279) |
| Others | 145 | 195 |
| Actual tax expense | 4,028 | 4,195 |

### (b) Movements in Tax Payables

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Balance at beginning of the financial year | 6,166 | 8,617 |
| Income tax paid | (2,638) | (6,321) |
| Current financial year's tax payable on profit | 3,950 | 3,870 |
| Balance at end of the financial year | 7,478 | 6,166 |

## 10 Earnings Per Share

Earnings per share is calculated by dividing the profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | 2016 | 2015 |
|---|---|---|
| Net profit ($'000) | **23,128** | 22,377 |
| Weighted average number of ordinary shares ('000) | **61,155** | 61,155 |
| Basic and diluted earnings per share (cents) | **37.82** | 36.59 |

## 11 Dividend Paid

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Interim dividend of 3 cents per share (one-tier tax-exempt) (2015: 3 cents per share one-tier tax-exempt in respect of the financial year 2015), in respect of the financial year 2016 | **1,835** | 1,835 |
| Special dividend of 2 cents per share (one-tier tax-exempt) (2015: 2 cents per share one-tier tax-exempt in respect of the financial year 2014), in respect of the financial year 2015 | **1,222** | 1,222 |
| Final dividend of 12 cents per share (one-tier tax-exempt) (2015: 12 cents per share one-tier tax-exempt in respect of the financial year 2014), in respect of the financial year 2015 | **7,339** | 7,339 |
| | **10,396** | 10,396 |

The directors have proposed a final one-tier tax-exempt dividend of 12 cents per share and a special one-tier tax-exempt dividend of 2 cents per share in respect of the financial year ended 31 December 2016 amounting to $8,561,000. These financial statements do not reflect this dividend payable, which, if approved at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2017.

## 12 Share Capital

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. of shares issued '000 | Amount $'000 | No. of shares issued '000 | Amount $'000 |
| Issued and fully paid, at beginning and end of the financial year | **61,155** | **91,733** | 61,155 | 91,733 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 13 Capital Management

The Company's capital management policy is to create shareholder value, deliver sustainable returns to shareholders, support business growth and maintain an adequate capital position to meet policyholders' obligations, regulatory requirements and the underlying risks of the Company's business and operations. Capital includes equity attributable to the owners of the Company less the available-for-sale investment reserve. There have been no changes to the Company's basis in determining capital.

The Company's capital management processes include the following key measures:

- observing an established dividend policy, which aims to support the Company's business needs, comply with regulatory requirements and reward shareholders reasonably;
- setting appropriate risk limits to control the Company's exposure in the underlying risks of its business and operations;
- investing the Company's funds in liquid and marketable securities and following an appropriate asset allocation strategy to maintain high liquidity and achieve the Company's objective in growth and preservation of capital; and
- stress-testing the Company's financial conditions and capital adequacy under various stress scenarios to assess and enhance the Company's financial stability.

The Company is also required to maintain a minimum amount of capital and solvency requirements as prescribed under the Singapore Insurance Act (Chapter 142) and relevant Regulations. The Company has complied with such requirements during the financial year. The Company monitors its capital level on a regular basis to assess whether the capital adequacy requirements have been met.

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2016. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2016 and 31 December 2015.

The Company's equity as at 31 December 2016 was $335,002,000 (2015: $311,519,000).

## 14 General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Company. The general reserve has not been earmarked for any particular purpose. In the year of 2016, there is no transfer of retained profits to general reserve.

# Notes to the Financial Statements

for the financial year ended 31 December 2016

## 15 Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

| | Balance sheet | | Profit and loss | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $'000 | $'000 | $'000 | $'000 |
| Differences in tax depreciation | 30 | 45 | (15) | (6) |
| Differences in interest receivable | 306 | 213 | 93 | 7 |
| Differences in impairment on investment | – | – | – | 324 |
| Deferred income tax related to other comprehensive income: | | | | |
| Revaluation of available-for-sale investments | | | | |
| – Balance at 1 January | 3,888 | 4,612 | – | – |
| – Credited/(debited) during the financial year directly against available-for-sale investment reserve | 2,192 | (724) | – | – |
| Balance at 31 December | 6,416 | 4,146 | | |
| Deferred income tax expense | | | 78 | 325 |

## 16 Reserve for Unexpired Risks

Movements in reserve for unexpired risks:

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Balance at beginning of the financial year | 60,893 | (37,140) | 23,753 | 64,007 | (39,697) | 24,310 |
| Movement in reserve during the financial year | 2,079 | (2,495) | (416) | (3,114) | 2,557 | (557) |
| Balance at end of the financial year | 62,972 | (39,635) | 23,337 | 60,893 | (37,140) | 23,753 |

# Notes to the Financial Statements
for the financial year ended 31 December 2016

## 17 Deferred Acquisition Costs

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Balance at beginning of the financial year | 7,888 | (9,428) | (1,540) | 8,320 | (9,947) | (1,627) |
| Movement in deferred acquisition cost during the financial year | 52 | 130 | 182 | (432) | 519 | 87 |
| Balance at end of the financial year | 7,940 | (9,298) | (1,358) | 7,888 | (9,428) | (1,540) |

## 18 Reserve for Outstanding Claims

Reserve for outstanding claims will become payable and materialise into claims paid as and when the amounts of insured losses suffered by policyholders or third party claimants are ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the reserve is not ascertainable but is likely to fall within six years.

The reserve is sensitive to many factors such as interpretation of circumstances, legislative changes, judicial decisions and economic conditions and is also subject to uncertainties such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder or a third party claimant an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder or a third party claimant as a result of the event occurring.

Movements in reserve for outstanding claims:

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Balance at beginning of the financial year | 144,013 | (80,009) | 64,004 | 165,748 | (99,773) | 65,975 |
| Claims paid during the financial year | (36,049) | 21,657 | (14,392) | (44,799) | 27,088 | (17,711) |
| Claims incurred | 48,399 | (36,251) | 12,148 | 23,064 | (7,324) | 15,740 |
| Balance at end of the financial year | 156,363 | (94,603) | 61,760 | 144,013 | (80,009) | 64,004 |

# Notes to the Financial Statements

for the financial year ended 31 December 2016

## 18 Reserve for Outstanding Claims (continued)

The following are the Company's actual claims compared with previous estimates on gross and net basis:

| Accident Year | 2006 & prior | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total ($'000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimate of claims incurred – **gross** | | | | | | | | | | | | |
| – at end of accident year | | 35,096 | 36,694 | 33,901 | 41,749 | 44,992 | 50,653 | 80,354 | 51,991 | 49,497 | 67,666 | |
| – one year later | | 34,685 | 39,358 | 34,687 | 43,718 | 54,297 | 53,641 | 79,297 | 54,793 | 48,664 | | |
| – two years later | | 34,065 | 38,386 | 32,437 | 41,440 | 51,295 | 51,420 | 64,022 | 52,172 | | | |
| – three years later | | 31,464 | 35,064 | 29,598 | 38,125 | 48,677 | 46,423 | 59,966 | | | | |
| – four years later | | 29,600 | 33,879 | 27,205 | 34,661 | 43,555 | 43,229 | | | | | |
| – five years later | | 28,846 | 29,886 | 25,430 | 33,576 | 41,559 | | | | | | |
| – six years later | | 22,126 | 26,408 | 23,734 | 31,450 | | | | | | | |
| – seven years later | | 15,541 | 25,631 | 22,734 | | | | | | | | |
| – eight years later | | 15,411 | 22,472 | | | | | | | | | |
| – nine years later | | 15,111 | | | | | | | | | | |
| Current estimate of cumulative claims | | 15,111 | 22,472 | 22,734 | 31,450 | 41,559 | 43,229 | 59,966 | 52,172 | 48,664 | 67,666 | |
| Less: cumulative claims paid to date | | 14,723 | 21,861 | 21,607 | 27,691 | 34,978 | 29,572 | 41,686 | 26,861 | 23,184 | 7,555 | |
| Liability recognised in the balance sheet | 1,058 | 388 | 611 | 1,127 | 3,759 | 6,581 | 13,657 | 18,280 | 25,311 | 25,480 | 60,111 | **156,363** |
| Estimate of claims incurred – **net** | | | | | | | | | | | | |
| – at end of accident year | | 11,076 | 13,528 | 14,784 | 20,394 | 22,500 | 24,853 | 27,458 | 22,829 | 24,872 | 24,275 | |
| – one year later | | 10,554 | 13,997 | 12,433 | 20,277 | 26,822 | 23,624 | 26,472 | 22,111 | 20,214 | | |
| – two years later | | 10,766 | 14,496 | 12,347 | 19,860 | 25,989 | 23,702 | 25,101 | 21,096 | | | |
| – three years later | | 9,262 | 12,737 | 10,625 | 18,338 | 25,338 | 21,261 | 22,665 | | | | |
| – four years later | | 8,388 | 12,251 | 9,760 | 17,172 | 22,218 | 19,585 | | | | | |
| – five years later | | 8,004 | 11,656 | 9,181 | 16,533 | 21,350 | | | | | | |
| – six years later | | 7,144 | 10,956 | 8,688 | 15,464 | | | | | | | |
| – seven years later | | 6,845 | 10,686 | 8,499 | | | | | | | | |
| – eight years later | | 6,816 | 10,409 | | | | | | | | | |
| – nine years later | | 6,842 | | | | | | | | | | |
| Current estimate of cumulative claims | | 6,842 | 10,409 | 8,499 | 15,464 | 21,350 | 19,585 | 22,665 | 21,096 | 20,214 | 24,275 | |
| Less: cumulative claims paid to date | | 6,618 | 9,966 | 7,970 | 13,779 | 17,837 | 14,672 | 15,506 | 11,982 | 8,815 | 2,296 | |
| Liability recognised in the balance sheet | 802 | 224 | 443 | 529 | 1,685 | 3,513 | 4,913 | 7,159 | 9,114 | 11,399 | 21,979 | **61,760** |

## 19 Available-for-sale Investment Reserve

Available-for-sale investment reserve records the cumulative fair value changes of available-for-sale investments, net of deferred income tax, until they are derecognised or impaired.

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Balance at 1 January | 18,940 | 22,438 |
| Net change in the reserve, net of tax | 9,674 | (6,333) |
| Net impairment loss recognised on investments, net of tax | 1,077 | 2,835 |
| Balance at 31 December | 29,691 | 18,940 |
| Net change in the reserve arises from: | | |
| – Net gain/(loss) on fair value changes during the financial year, net of tax | 5,426 | (6,040) |
| – Recognised in the profit and loss account on disposal of investments, net of 17% tax (2015: 17%) | 4,248 | (293) |
| | 9,674 | (6,333) |

## 20 Amount Owing to Trade and Non-trade Creditors

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Amount owing to policyholders and agents | 352 | 197 |
| Amount owing to reinsurers | 17,563 | 10,554 |
| Amount retained from reinsurers | 3,248 | 4,613 |
| Insurance creditors | 21,163 | 15,364 |
| Non-trade creditors and accrued liabilities | 4,138 | 3,119 |
| Amount owing to related companies | 2,140 | 2,459 |
| Total financial liabilities carried at amortised cost | 27,441 | 20,942 |

**(a) Amount Owing to Policyholders, Agents and Reinsurers**
These amounts are non-interest bearing and are normally settled on 90-day term.

## 20 Amount Owing to Trade and Non-trade Creditors (continued)

### (b) Amount Retained from Reinsurers

| | 2016 | | |
|---|---|---|---|
| | Gross carrying amount<br>$'000 | Gross amount offset in the balance sheet<br>$'000 | Amount in the balance sheet<br>$'000 |
| Amount retained from reinsurers | 3,248 | – | 3,248 |

| | 2015 | | |
|---|---|---|---|
| | Gross carrying amount<br>$'000 | Gross amount offset in the balance sheet<br>$'000 | Amount in the balance sheet<br>$'000 |
| Amount retained from reinsurers | 4,624 | (11) | 4,613 |

These amounts are interest bearing. They are normally settled on yearly basis.

### (c) Non-trade Creditors and Accrued Liabilities

These amounts are unsecured, non-interest bearing and repayable on demand.

### (d) Amount Owing to Related Companies

These amounts are unsecured, non-interest bearing and repayable on demand.

## 21 Financial Derivatives

Financial derivatives are instruments whose values change in response to the change in prices of the underlying instruments.

The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies.

The table below shows the Company's forward contracts and their fair values measured by valuation technique with market observable inputs at the balance sheet date. The most frequently applied valuation techniques include forward pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. They are classified as level 2 in the fair value hierarchy. These amounts do not necessarily represent future cash flows and amounts at risk of the forward contracts.

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| Recurring fair value measurements | Contract/ notional amount | Derivative financial assets | Derivative financial liabilities | Contract/ notional amount | Derivative financial assets | Derivative financial liabilities |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Foreign exchange forwards | | | | | | |
| Sell USD/Buy SGD | 93,978 | 1 | 1,775 | 37,261 | 3 | 128 |
| Buy USD/Sell SGD | – | – | – | 706 | 2 | – |

For the year ended 31 December 2016, the Company recognised net unrealised fair value losses on financial derivatives of $1,651,000 (2015: net unrealised fair value gains $1,074,000).

The foreign exchange forward contracts have maturity dates in February to March 2017 (2015: February 2016). All counterparties are graded, ranging from A-2 to A-1+.

## 22 Bank Balances and Fixed Deposits

### (a) Cash and Bank Balances

| | 2016 | 2015 |
|---|---|---|
| | $'000 | $'000 |
| Bank balances with: | | |
| Holding company | 6,692 | 5,549 |
| Fellow subsidiaries | 510 | 536 |
| Other financial institutions | 2,853 | 1,864 |
| Cash on hand | 2 | 2 |
| | 10,057 | 7,951 |

Cash and bank balances earn interest at floating rates based on daily deposit rates.

## 22 Bank Balances and Fixed Deposits (continued)

### (b) Fixed Deposits

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Fixed deposits with: | | |
| Holding company | 2,552 | 5,052 |
| Other financial institutions | 47,039 | 49,532 |
| | 49,591 | 54,584 |
| Fixed deposits with: | | |
| 3 months or less | 44,254 | 52,398 |
| More than 3 months | 5,337 | 2,186 |
| | 49,591 | 54,584 |

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 6 months (2015: 6 months) from the financial year end and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of these deposits at 31 December 2016 for the Company was 0.55% (2015: 0.76% for the Company) per annum.

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Total bank balances and fixed deposits | 59,648 | 62,535 |

## 23 Loans and Receivables

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Bank balances and fixed deposits | 59,648 | 62,535 |
| Amount due from policyholders and agents (Note 24 (a)) | 4,698 | 5,789 |
| Amount due from reinsurers (Note 24 (b)) | 13,460 | 6,294 |
| Amount retained by ceding companies (Note 24 (c)) | 2,622 | 1,829 |
| Insurance debtors | 20,780 | 13,912 |
| Non-trade debtors and accrued interest receivables (excluding prepayments of $348,000 in 2016 and $327,000 in 2015) | 2,824 | 2,518 |
| Loans and receivables | 83,252 | 78,965 |

All bank balances, fixed deposits, non-trade debtors and accrued interest receivables are mainly graded, ranging from A to AAA-. Amount due from reinsurers and ceding companies are graded, ranging mainly from B++ to AA.

## 24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies

The Company has arrangements to settle the net amount due to or from each counterparty on a 90-day term basis.

### (a) Amount Due from Policyholders and Agents

| | 2016 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount due from policyholders and agents (Note 23) | 5,774 | (1,076) | 4,698 |
| Amount owing to policyholders and agents (Note 20) | (1,428) | 1,076 | (352) |

| | 2015 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount due from policyholders and agents (Note 23) | 7,257 | (1,468) | 5,789 |
| Amount owing to policyholders and agents (Note 20) | (1,665) | 1,468 | (197) |

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

### (b) Amount Due from Reinsurers

| | 2016 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount due from reinsurers (Note 23) | 40,010 | (26,550) | 13,460 |
| Amount owing to reinsurers (Note 20) | (44,113) | 26,550 | (17,563) |

| | 2015 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount due from reinsurers (Note 23) | 47,235 | (40,941) | 6,294 |
| Amount owing to reinsurers (Note 20) | (51,495) | 40,941 | (10,554) |

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

## 24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies (continued)

### (c) Amount Retained by Ceding Companies

| | 2016 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount retained by ceding companies (Note 23) | 2,622 | – | 2,622 |

| | 2015 | | |
|---|---|---|---|
| | Gross carrying amount $'000 | Gross amount offset in the balance sheet $'000 | Amount in the balance sheet $'000 |
| Amount retained by ceding companies (Note 23) | 1,840 | (11) | 1,829 |

## 25 Associated Company

This represents the Company's investment in the following company:

| Name of company | Country of incorporation & place of business | Principal activity | Cost of investment | | % of paid-up capital held by the Company | |
|---|---|---|---|---|---|---|
| | | | 2016 $'000 | 2015 $'000 | 2016 % | 2015 % |
| United Insurance Agency Pte Ltd* | Singapore | General Insurance Agent | 1 | 1 | 49 | 49 |

* Audited by KPMG LLP, Singapore

The Company's investment in associate is considered immaterial and therefore does not apply equity accounting as at 31 December 2016.

## 26 Available-for-sale Investments

| | | 2016 Fair value $'000 | 2015 Fair value $'000 |
|---|---|---|---|
| (a) | **Current** | | |
| | Equity shares in corporations | **28,025** | 69,876 |
| | Fixed income securities in corporations | **16,608** | 8,794 |
| | | **44,633** | 78,670 |
| (b) | **Non-current** | | |
| | Equity shares in corporations | **49,825** | 47,175 |
| | Unit trusts | **79,703** | 71,798 |
| | Fixed income securities in corporations | **194,280** | 139,558 |
| | Other Government securities | **12,300** | 15,367 |
| | | **336,108** | 273,898 |
| | Total | **380,741** | 352,568 |

The fixed income securities bear an effective weighted average interest rate of 3.89% (2015: 4.16%) per annum with maturity dates from July 2017 to December 2049 (2015: October 2016 to December 2049). The other government securities bear an effective weighted average interest rate of 4.06% (2015: 3.69%) per annum with maturity dates from November 2020 to January 2025 (2015: November 2020 to April 2023).

The Company's fixed income securities and other government securities are all graded as investment grade.

*Fair value measurements*
The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

(b) Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 26 Available-for-sale Investments (continued)

*Fair value measurements (continued)*
The available-for-sale investments are measured at fair value at 31 December as follows:

| | 2016 | | | |
|---|---|---|---|---|
| **Recurring fair value measurements** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Equity shares in corporations | 77,850 | – | – | 77,850 |
| Fixed income securities in corporations | 210,888 | – | – | 210,888 |
| Other Government securities | 12,300 | – | – | 12,300 |
| Unit trusts | 79,703 | – | – | 79,703 |
| | 380,741 | – | – | 380,741 |

| | 2015 | | | |
|---|---|---|---|---|
| Recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
| | $'000 | $'000 | $'000 | $'000 |
| Equity shares in corporations | 117,051 | – | – | 117,051 |
| Fixed income securities in corporations | 148,352 | – | – | 148,352 |
| Other Government securities | 15,367 | – | – | 15,367 |
| Unit trusts | 71,798 | – | – | 71,798 |
| | 352,568 | – | – | 352,568 |

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices, dealer quotes or net tangible asset values for similar instruments as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

In infrequent circumstances, where a valuation technique for an investment is based on significant unobservable inputs, such instruments are included in Level 3.

## 26 Available-for-sale Investments (continued)

*Reclassification of financial assets*

In September 2008, the equity markets plunged after the incidences of Lehman Brothers and AIG. Arising from these circumstances, on 31 October 2008 the Company decided to reclassify all its investments at fair value through profit or loss out of such category into the available-for-sale category. Pursuant to the Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets, the aforesaid reclassification took effect from 1 July 2008 ("effective date of reclassification"). The amounts reclassified out of investments at fair value through profit or loss and into available-for-sale investments category, their carrying amount and fair value are as follows:

| | | ‹Reclassified assets held on 31 December› | |
|---|---|---|---|
| | | **2016** | 2015 |
| | **Fair value as at date of reclassification** | **Carrying amount/ fair value** | Carrying amount/ fair value |
| | $'000 | **$'000** | $'000 |
| Equity shares in corporations | 2,140 | – | – |
| Fixed income securities in corporations | 23,006 | – | – |
| Singapore Government securities | 4,900 | – | – |
| Unit trusts | 22,306 | – | 1,180 |
| | 52,352 | – | 1,180 |

During the year, investments of carrying amount of $1,220,000 were sold and a loss of $130,000 was recognised in the profit and loss accounts.

## 27 Fixed Assets

| | Furniture and fixtures $'000 | Office equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2015 | 376 | 2,039 | 49 | 2,464 |
| Additions | 13 | 85 | – | 98 |
| Disposals | – | (179) | – | (179) |
| At 31 December 2015 and 1 January 2016 | 389 | 1,945 | 49 | 2,383 |
| Additions | 33 | 21 | – | 54 |
| Disposals | – | (8) | – | (8) |
| **At 31 December 2016** | **422** | **1,958** | **49** | **2,429** |
| **Accumulated depreciation** | | | | |
| At 1 January 2015 | 268 | 1,814 | 49 | 2,131 |
| Depreciation charge for the year | 19 | 80 | – | 99 |
| Disposals | – | (179) | – | (179) |
| At 31 December 2015 and 1 January 2016 | 287 | 1,715 | 49 | 2,051 |
| Depreciation charge for the year | 21 | 141 | – | 162 |
| Disposals | – | (8) | – | (8) |
| **At 31 December 2016** | **308** | **1,848** | **49** | **2,205** |
| **Net book value** | | | | |
| At 31 December 2015 | 102 | 230 | – | 332 |
| **At 31 December 2016** | **114** | **110** | **–** | **224** |

**Fully Depreciated Assets**

Original cost of fully depreciated assets still in use as at 31 December 2016 amounted to $1,940,000 (2015: $1,811,000).

## 28 Commitments

At the balance sheet date, the Company has rental commitments under a non-cancellable operating lease. The minimum lease payments are:

| | **2016 $'000** | 2015 $'000 |
|---|---|---|
| Lease which expires: | | |
| Within one year | **1,306** | 1,306 |
| Between one and three years | **1,198** | 2,504 |
| | **2,504** | 3,810 |

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $1,306,000 (2015: $1,255,000).

## 29 Related Party Transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Gross premium income from: | | |
| – Holding company | 7,238 | 6,649 |
| – Related companies | 58 | 88 |
| – Associated companies of the holding company | 1,075 | 958 |
| Commission expenses paid to: | | |
| – Holding company | 7,480 | 6,711 |
| – Related company | 61 | 57 |
| – Associated company | 718 | 768 |
| Gross claims incurred/(written back) from: | | |
| – Holding company | (1,074) | 767 |
| – Related companies | 13 | 2 |
| – Associated companies of the holding company | 734 | 1,246 |
| Rental paid to an associated company of the holding company | 1,306 | 1,255 |
| Management fee received from an associated company of the holding company | 750 | 750 |
| Management fee charged by a related company | 982 | 936 |
| Service fee charged by holding company | 2,396 | 2,190 |
| Interest income earned from holding company | 6 | 7 |
| Compensation of key management personnel | | |
| – Directors of the Company | 889 | 878 |

Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on costs incurred by the Company.

# Notes to the Financial Statements

for the financial year ended 31 December 2016

## 30 Segment Information

| | SIF<br>$'000 | OIF<br>$'000 | SHF<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **For Year 2016** | | | | |
| Gross premiums written | 83,765 | 23,178 | – | 106,943 |
| Net earned premiums | 33,645 | 11,347 | – | 44,992 |
| Net claims incurred | 6,736 | 5,412 | – | 12,148 |
| Net commissions | (6,172) | 1,906 | – | (4,266) |
| Management expenses | 10,357 | 2,228 | – | 12,585 |
| Underwriting profit | 22,724 | 1,801 | – | 24,525 |
| Gross dividends from investments | 1,508 | 251 | 3,059 | 4,818 |
| Interest income from investments | 4,378 | 802 | 2,790 | 7,970 |
| Interest on fixed deposits and bank balances | 157 | 113 | 44 | 314 |
| Net fair value losses on financial derivatives | (1,978) | (462) | (1,254) | (3,694) |
| Net (losses)/gains on disposal of available-for-sale investments | (4,483) | (718) | 82 | (5,119) |
| Impairment losses on available-for-sale investments | (736) | (116) | (446) | (1,298) |
| Other income | 62 | 9 | 42 | 113 |
| Miscellaneous (management expenses)/income not included in insurance revenue account – net | (35) | 48 | (486) | (473) |
| Profit before tax | 21,597 | 1,728 | 3,831 | 27,156 |
| Tax expense | (3,594) | (103) | (331) | (4,028) |
| Profit after tax | 18,003 | 1,625 | 3,500 | 23,128 |
| Segment total assets as at 31 December 2016 | 361,921 | 74,874 | 169,950 | 606,745 |
| Segment total liabilities as at 31 December 2016 | 223,246 | 41,959 | 6,538 | 271,743 |

## 30 Segment Information (continued)

| | SIF $'000 | OIF $'000 | SHF $'000 | Total $'000 |
|---|---|---|---|---|
| For Year 2015 | | | | |
| Gross premiums written | 84,567 | 20,316 | – | 104,883 |
| Net earned premiums | 33,644 | 9,990 | – | 43,634 |
| Net claims incurred | 9,706 | 6,034 | – | 15,740 |
| Net commissions | (5,452) | 925 | – | (4,527) |
| Management expenses | 10,289 | 2,034 | – | 12,323 |
| Underwriting profit | 19,101 | 997 | – | 20,098 |
| Gross dividends from investments | 2,457 | 373 | 3,001 | 5,831 |
| Interest income from investments | 3,685 | 666 | 2,251 | 6,602 |
| Interest on fixed deposits and bank balances | 112 | 75 | 43 | 230 |
| Net fair value losses on financial derivatives | (1,798) | (303) | (1,085) | (3,186) |
| Net gains/(losses) on disposal of available-for-sale investments | 605 | 323 | (575) | 353 |
| Impairment (losses)/gains on available-for-sale investments | (2,219) | 80 | (1,277) | (3,416) |
| Other income | 68 | 5 | 32 | 105 |
| Miscellaneous income/(management expenses) not included in insurance revenue account – net | 55 | (155) | 55 | (45) |
| Profit before tax | 22,066 | 2,061 | 2,445 | 26,572 |
| Tax expense | (3,804) | (278) | (113) | (4,195) |
| Profit after tax | 18,262 | 1,783 | 2,332 | 22,377 |
| Segment total assets as at 31 December 2015 | 328,939 | 67,763 | 160,533 | 557,235 |
| Segment total liabilities as at 31 December 2015 | 204,182 | 37,183 | 4,351 | 245,716 |

The Company is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and Singapore Financial Reporting Standards (FRS).

## 30 Segment Information (continued)

*Information about major external customers*
For the year ended 31 December 2016 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

*Geographical information*
Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

| | Revenue for | | Non-current assets as at | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore | **86,013** | 85,921 | **224** | 332 |
| ASEAN countries | **15,295** | 14,701 | **–** | – |
| Others | **5,635** | 4,261 | **–** | – |
| | **106,943** | 104,883 | **224** | 332 |

The Company's non-current assets presented above consist of fixed assets only.

## 31 Financial Risk Factors and Management

The Company's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Foreign Exchange Risk
The Company has transactional currency exposures arising from its offshore insurance business.

The Company is also exposed to foreign exchange risk arising from its investing activities. The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies. Other than its investment in fixed income securities, the Company does not consider its exposure to foreign exchange risk to be significant.

## 31 Financial Risk Factors and Management (continued)

### (a) Foreign Exchange Risk (continued)

The Company monitors its exposure in each foreign currency as well as its aggregate exposure in all foreign currencies on a regular basis. The Company's net position in foreign currencies is as follows:

| | Total net assets/(liabilities) position | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| | Amount in foreign currency 1,000 units | Amount in reporting currency $'000 | Amount in foreign currency 1,000 units | Amount in reporting currency $'000 |
| Australian Dollar | – | – | 804 | 830 |
| Chinese Renminbi | (2,457) | (507) | (1,620) | (355) |
| Euro | 2 | 4 | (2) | (2) |
| Hong Kong Dollar | (3,904) | (263) | 80,962 | 14,933 |
| Indian Rupee | (74,470) | (1,559) | (91,276) | (2,094) |
| Indonesian Rupiah | 15,468,306 | 1,666 | 50,152,083 | 5,138 |
| Japanese Yen | (7,631) | (102) | (12,553) | (136) |
| Korean Won | (36,245) | (44) | (15,555) | (19) |
| Malaysian Ringgit | (728) | (237) | 644 | 212 |
| New Taiwan Dollar | 35,560 | 1,595 | 109,892 | 4,714 |
| Thai Baht | 15,992 | 652 | 4,696 | 179 |
| US Dollar | 14,880 | 21,516 | 21,305 | 30,114 |
| | | 22,721 | | 53,514 |

The following table shows the sensitivity of the Company's profit before tax and the Company's equity to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

| | Increase/ Decrease in $ exchange rate | Effect on profit before tax $'000 | Effect on equity net of tax $'000 |
|---|---|---|---|
| **2016** | + 5% | (483) | 1,344 |
| | – 5% | 483 | (1,344) |
| 2015 | + 5% | 340 | 1,939 |
| | – 5% | (340) | (1,939) |

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

## 31 Financial Risk Factors and Management (continued)

### (b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's operating cash outflow commitment is substantially independent of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of fixed income securities classified as available-for-sale.

During 2016 and as at 31 December 2016, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be $269,000 (2015: $219,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2016 is estimated to be $1,030,000 (2015: $730,000) lower/higher due to unrealised loss/gain on available-for-sale fixed income securities.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

### (c) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company exposures are within the concentration limits set by the respective local regulators.

### (d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company has no significant concentration of credit risk.

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound.

Notwithstanding the measures taken, the failure of one or more of the Company's policyholders, agents, ceding companies, reinsurers and other counter-parties to honour their contractual obligations, may result in doubtful or bad debts being incurred and this will adversely affect the Company's financial position.

## 31 Financial Risk Factors and Management (continued)

### (d) Credit Risk (continued)

The Company generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Company is as follows:

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Up to 3 months $'000 | 3 to 6 months $'000 | Above 6 months $'000 | Total $'000 | Up to 3 months $'000 | 3 to 6 months $'000 | Above 6 months $'000 | Total $'000 |
| Amount due from policyholders and agents (Note 24 (a)) | 3,888 | 472 | 406 | 4,766 | 4,250 | 1,059 | 480 | 5,789 |
| Less Allowance for doubtful debts | – | – | (68) | (68) | – | – | – | – |
| | 3,888 | 472 | 338 | 4,698 | 4,250 | 1,059 | 480 | 5,789 |
| Amount due from Reinsurers (Note 24 (b)) | 12,677 | 34 | 749 | 13,460 | 2,747 | 2,889 | 658 | 6,294 |

There was an allowance for doubtful debts amounting to $68,000 for the year ended 31 December 2016 (2015: nil). The increase in allowance for doubtful debts of $68,000 was charged to insurance revenue account.

The ageing summary of the gross receivables not subject to offsetting arrangements is as follows:

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Up to 3 months $'000 | 3 to 6 months $'000 | Above 6 months $'000 | Total $'000 | Up to 3 months $'000 | 3 to 6 months $'000 | Above 6 months $'000 | Total $'000 |
| Amount due from policyholders and agents (Note 24 (a)) | 4,708 | 576 | 490 | 5,774 | 5,443 | 1,119 | 695 | 7,257 |
| Amount due from Reinsurers (Note 24 (b)) | 33,895 | 3,654 | 2,461 | 40,010 | 29,008 | 8,488 | 9,739 | 47,235 |

Financial assets that are neither past due nor impaired

Amounts due from policyholders, agents and reinsurers that are neither past due nor impaired are mainly creditworthy debtors with good payment record with the Company. With regard to other financial assets of the Company, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

The Company's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

## 31 Financial Risk Factors and Management (continued)

### (e) Liquidity Risk

The Company is not exposed to significant liquidity risk.

Liquidity risk is the risk that the Company is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Company and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

The Company has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times. The Company aims to honour all cash outflow commitments on an ongoing basis and to avoid raising funds from credit facilities or through the forced sale of investments.

*Maturity profile*

The table below summaries the maturity profile of the Company's assets and liabilities excluding the prepayments and technical balances based on remaining undiscounted contractual obligations.

| | 2016 | | | | |
|---|---|---|---|---|---|
| | < 3 months<br>$'000 | 3 – 12 months<br>$'000 | > 1 year<br>$'000 | Total<br>$'000 | Carrying amount<br>$'000 |
| Available-for-sale investments | | | | | |
| Equity securities* | 157,553 | – | – | 157,553 | 157,553 |
| Fixed income securities | – | 7,000 | 212,798 | 219,798 | 223,188 |
| Insurance debtors | 16,565 | 3,767 | 448 | 20,780 | 20,780 |
| Non-trade debtors and accrued interest receivables excluding prepayments | 2,824 | – | – | 2,824 | 2,824 |
| Bank balances and fixed deposits | 54,311 | 5,337 | – | 59,648 | 59,648 |
| Derivative financial assets | 1 | – | – | 1 | 1 |
| Associated company* | 1 | – | – | 1 | 1 |
| Fixed assets | 224 | – | – | 224 | 224 |
| **Assets** | 231,479 | 16,104 | 213,246 | 460,829 | 464,219 |
| | | | | | |
| Insurance creditors | 17,915 | 3,248 | – | 21,163 | 21,163 |
| Non-trade creditors and accrued liabilities | 4,138 | – | – | 4,138 | 4,138 |
| Amount owing to related companies | 2,140 | – | – | 2,140 | 2,140 |
| Derivative financial liabilities | 1,775 | – | – | 1,775 | 1,775 |
| Tax payable | 7,478 | – | – | 7,478 | 7,478 |
| Deferred tax liabilities | – | – | 6,416 | 6,416 | 6,416 |
| **Liabilities** | 33,446 | 3,248 | 6,416 | 43,110 | 43,110 |

* No maturity date

## 31 Financial Risk Factors and Management (continued)

### (e) Liquidity Risk (continued)

| | 2015 | | | | |
|---|---|---|---|---|---|
| | < 3 months $'000 | 3 – 12 months $'000 | > 1 year $'000 | Total $'000 | Carrying amount $'000 |
| Available-for-sale investments | | | | | |
| Equity securities* | 188,849 | – | – | 188,849 | 188,849 |
| Fixed income securities | – | 8,750 | 155,728 | 164,478 | 163,719 |
| Insurance debtors | 8,826 | 4,604 | 482 | 13,912 | 13,912 |
| Non-trade debtors and accrued interest receivables excluding prepayments | 2,518 | – | – | 2,518 | 2,518 |
| Bank balances and fixed deposits | 60,349 | 2,186 | – | 62,535 | 62,535 |
| Derivative financial assets | 5 | – | – | 5 | 5 |
| Associated company* | 1 | – | – | 1 | 1 |
| Fixed assets | 332 | – | – | 332 | 332 |
| **Assets** | 260,880 | 15,540 | 156,210 | 432,630 | 431,871 |
| Insurance creditors | 10,751 | 4,613 | – | 15,364 | 15,364 |
| Non-trade creditors and accrued liabilities | 3,119 | – | – | 3,119 | 3,119 |
| Amount owing to related companies | 2,459 | – | – | 2,459 | 2,459 |
| Derivative financial liabilities | 128 | – | – | 128 | 128 |
| Tax payable | 6,166 | – | – | 6,166 | 6,166 |
| Deferred tax liabilities | – | – | 4,146 | 4,146 | 4,146 |
| **Liabilities** | 22,623 | 4,613 | 4,146 | 31,382 | 31,382 |

* No maturity date

Due to the nature of its business, the Company's premium and claim liabilities, which comprise reserve for unexpired risks and reserve for outstanding claims, are excluded from the above analysis as management are of opinion that, due to inherent uncertainties as to amount and timing, no meaningful maturity analysis of such items are practicable. The inherent liquidity risk assumed by the Company in this respect is mitigated by the Company's liquidity policy.

### (f) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to equity price risk arising from its investment in quoted equity instruments and has established an investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity instruments are listed on the Singapore Exchange in Singapore or other regulated stock exchanges overseas and are classified as available-for-sale financial assets.

At the balance sheet date, if the market prices of the equity investments had been 2% (2015: 2%) higher/lower with all other variables held constant. The Company's equity would have been $2,615,000 (2015: $3,135,000) higher/lower, arising as a result of an increase/decrease in the fair value of available-for-sale equity instruments.

The Company does not have exposure to commodity price risk.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

## 32 Fair Values of Financial Instruments

The carrying values of the financial assets and financial liabilities as at the balance sheet date approximate their fair values as shown in the balance sheet.

## 33 Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 7 February 2017.

United Overseas Insurance Limited (Incorporated in Singapore)
31 December 2016

# Investor Reference

# Statistics of Shareholdings

as at 23 February 2017

## Distribution of Shareholdings

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 120 | 6.82 | 1,981 | 0.00 |
| 100 – 1,000 | 310 | 17.61 | 206,490 | 0.34 |
| 1,001 – 10,000 | 1,034 | 58.75 | 4,007,119 | 6.55 |
| 10,001 – 1,000,000 | 291 | 16.54 | 16,122,980 | 26.37 |
| 1,000,001 and above | 5 | 0.28 | 40,816,430 | 66.74 |
| **Total** | **1,760** | **100.00** | **61,155,000** | **100.00** |

## Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed be at all times held by the public.

Based on information available to the Company as at 23 February 2017, approximately 41.4% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

## Twenty Largest Shareholders *(as shown in the Register of Members and Depository Register)*

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | Tye Hua Nominees Private Limited | 35,707,500 | 58.39 |
| 2 | Ng Poh Cheng | 1,771,650 | 2.90 |
| 3 | DBS Nominees (Private) Limited | 1,166,280 | 1.91 |
| 4 | Chong Chew Lim @ Chong Ah Kau | 1,166,000 | 1.91 |
| 5 | Chen Siong Seng | 1,005,000 | 1.64 |
| 6 | Citibank Nominees Singapore Pte Ltd | 886,850 | 1.45 |
| 7 | India International Insurance Pte Ltd - SIF | 603,750 | 0.99 |
| 8 | Thia Cheng Song | 579,200 | 0.95 |
| 9 | Chong Chin Chin (Zhang JingJing) | 530,000 | 0.87 |
| 10 | Chong Kian Chun (Zhang JianJun) | 512,000 | 0.84 |
| 11 | Ng Ean Nee Mrs Chee Ying Lin @ Ooi Ean Nee | 500,000 | 0.82 |
| 12 | Tang Ngiik Ung @ Tang Nguik Huat | 491,500 | 0.80 |
| 13 | Singapore Reinsurance Corporation Ltd - Shareholders | 470,000 | 0.77 |
| 14 | OCBC Securities Private Limited | 465,512 | 0.76 |
| 15 | Chen Swee Kwong | 460,000 | 0.75 |
| 16 | Yeoh Phaik Ean | 375,000 | 0.61 |
| 17 | Estate of Teo Guan Seng, Deceased | 340,650 | 0.56 |
| 18 | Tan Chong Hock | 317,250 | 0.52 |
| 19 | Tan Suat Lay @ Tan Suat Ngor | 245,250 | 0.40 |
| 20 | United Overseas Bank Nominees (Private) Limited | 240,700 | 0.39 |
| | **Total** | **47,834,092** | **78.23** |

## Substantial Shareholder *(As shown in the Register of Substantial Shareholder)*

| Name of substantial shareholder | Shareholding registered in the name of substantial shareholder<br>No. of Shares | Other shareholding in which the substantial shareholder is deemed to have an interest<br>No. of Shares |
|---|---|---|
| United Overseas Bank Limited | – | *35,707,500 |

Note:

* United Overseas Bank Limited is deemed to have an interest in the 35,707,500 UOI shares held by Tye Hua Nominees Private Limited.

# Notice of Annual General Meeting

## United Overseas Insurance Limited

(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

Notice is hereby given that the **46th Annual General Meeting** of members of the Company will be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624 on Thursday, 13 April 2017 at 10.00 am to transact the following business:

### AS ORDINARY BUSINESS

**Resolution 1** To receive the Financial Statements, the Directors' Statement and the Auditor's Report for the year ended 31 December 2016.

**Resolution 2** To declare a final one-tier tax-exempt dividend of 12 cents per share and a special one-tier tax-exempt dividend of 2 cents per share for the year ended 31 December 2016.

**Resolution 3** To approve Directors' fees of $207,500 for 2016 (2015: $182,500).

**Resolution 4** To re-appoint Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix its remuneration.

To re-elect the following Directors (retiring by rotation):

**Resolution 5** Mr David Chan Mun Wai

**Resolution 6** Mr N Ganesan

**Resolution 7** Mr Chng Hwee Hong

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolution:

**Resolution 8** "THAT authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (**SGX-ST**)) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time this Resolution is passed, after adjusting for:

   (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting (**AGM**) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

## Notes to Resolutions

**Resolution 2** is to approve the final and special dividends. The Transfer Books and Register of Members will be closed on 24 April 2017, for the preparation of dividends. Registrable transfers received up to 5.00 pm on 21 April 2017 will be entitled to the final and special dividends. If approved, the dividends will be paid on 3 May 2017.

**Resolution 3** is to approve Directors' fees for 2016. If approved, the Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited. Mr David Chan Mun Wai, an employee of the Company, will not receive a Director's fee.

**Resolution 5** is to re-elect Mr David Chan Mun Wai as a director. Mr Chan is a non-independent director.

**Resolution 6** is to re-elect Mr N Ganesan as a director. Mr N Ganesan is an independent director and will, if re-elected, continue as a member of the Audit Committee.

**Resolution 7** is to re-elect Mr Chng Hwee Hong as a director. Mr Chng is an independent director and will, if re-elected, continue as a member of the Audit Committee.

**Resolution 8** is to empower the Directors to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company, but with a sub-limit of 10 per cent for issue of Shares other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued shares in the capital of the Company shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that Resolution 8 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

By ORDER OF THE BOARD

Vivien Chan
Company Secretary

Singapore
21 March 2017

Notes

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

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

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

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

(3) To be effective, the instrument appointing a proxy must be deposited at 80 Raffles Place, #04-20, UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time set for holding the AGM of the Company.

## PERSONAL DATA PRIVACY

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

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# Proxy Form

UOI
MEMBER OF THE UOB GROUP

UNITED OVERSEAS INSURANCE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy UOI shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any query regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

I/We ______________________________ (Name), NRIC/Passport/Co Reg No. ______________

of ______________________________________________________ (Address)

being a member/members of United Overseas Insurance Limited (the **Company** or **UOI**), hereby appoint

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

and/or (delete as appropriate)

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

or failing him/them, the **Chairman of the Meeting** as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the **46th Annual General Meeting** of members of the Company, to be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624 on **Thursday, 13 April 2017 at 10.00 am** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no voting instruction is specified, the proxy/proxies may vote or abstain from voting as he/they deem(s) fit on the resolutions, and on any other matter arising at the Meeting.

| No. | Ordinary Resolutions | No. of Votes For* | No. of Votes Against* |
|---|---|---|---|
| Resolution 1 | Financial Statements, Directors' Statement and Auditor's Report | | |
| Resolution 2 | Final and Special Dividends | | |
| Resolution 3 | Directors' Fees | | |
| Resolution 4 | Auditor and its remuneration | | |
| Resolution 5 | Re-election (Mr David Chan Mun Wai) | | |
| Resolution 6 | Re-election (Mr N Ganesan) | | |
| Resolution 7 | Re-election (Mr Chng Hwee Hong) | | |
| Resolution 8 | Authority to issue ordinary shares | | |

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to cast your votes both "For" and "Against" the relevant resolution, please indicate the number of votes "For" or "Against" each resolution.

Dated this ______________ day of ______________ 2017.

| Shares in: | No. of Ordinary Shares |
|---|---|
| (i) Depository Register | |
| (ii) Register of Members | |
| Total (Note 1) | |

______________________________
Signature(s) or Common Seal of Shareholder(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which, the appointment shall be invalid.

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

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at 80 Raffles Place, #04-20, UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time appointed for holding the Meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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*2nd fold*

UOI

MEMBER OF THE UOB GROUP

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 07399

The Company Secretary
**United Overseas Insurance Limited**
80 Raffles Place, #04-20, UOB Plaza 2
Singapore 048624

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*Fold and glue overleaf. Do not staple.*

# Corporate Information

## Board of Directors

Wee Cho Yaw *(Chairman)*
David Chan Mun Wai *(Managing Director and Chief Executive)*
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
N Ganesan
Ho Yew Kee
Chng Hwee Hong

## Audit Committee

Yang Soo Suan *(Chairman)*
Hwang Soo Jin
N Ganesan
Chng Hwee Hong

## Nominating Committee

Hwang Soo Jin *(Chairman)*
Wee Cho Yaw
Yang Soo Suan

## Remuneration Committee

Wee Cho Yaw *(Chairman)*
Hwang Soo Jin
Yang Soo Suan

## Secretary

Vivien Chan

## Assistant General Managers

Faridah Rahmat Ali *(Underwriting)*
Tony Seah Eng Wah *(Business Development/Direct Marketing)*
Andrew Tang Ming Leung *(Corporate Services)*

## Business Address

3 Anson Road #28-01
Springleaf Tower
Singapore 079909
Telephone: (65) 6222 7733
Facsimile: (65) 6327 3869/6327 3870
E-mail: ContactUs@uoi.com.sg
Website: uoi.com.sg

## Registered Office

80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No: 197100152R
Telephone: (65) 1800 222 2121
Facsimile: (65) 6534 2334

## Investor Relations

Andrew Tang Ming Leung
3 Anson Road #28-01
Springleaf Tower
Singapore 079909
Facsimile: (65) 6327 3870
Email: andrewtang@uoi.com.sg

## Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

## Internal Auditor

*For Financial Year 2016*
UOB Group Audit
United Overseas Bank Limited
396 Alexandra Road, #18-00
Singapore 119954

*For Financial Year 2017*
PricewaterhouseCoopers Risk Services Pte. Ltd.
8 Cross Street, #17-00
PWC Building
Singapore 048424

## External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Vincent Toong Weng Sum
*(Appointed on 24 April 2014)*

## Myanmar Representative Office

Room No. 1401, 14th Floor
Olympic Tower
Corner of Maharbandoola Street and Bo Aung Kyaw Street
Kyauktada Township
Yangon
Myanmar
Telephone: (95) (1) 392 917
Facsimile: (95) (1) 392 916

**United Overseas Insurance Limited**
Company Registration No.: 197100152R

**Registered Office**
80 Raffles Place
UOB Plaza
Singapore 048624
Tel (65) 1800 222 2121
Fax (65) 6534 2334

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