

## NEWS RELEASE

To : All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

### 1. Unaudited income statement for the nine months/third quarter ended 30 September 2016

	<b>9 Months</b>	9 Months	<b>Incr/</b>	<b>3rd Qtr</b>	3rd Qtr	<b>Incr/</b>
	<b>2016</b>	<b>2015</b>	<b>(Decr)</b>	<b>2016</b>	<b>2015</b>	<b>(Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
(a) Gross premiums written	<b>85,484</b>	84,060	1.7	<b>24,397</b>	23,961	1.8
Net earned premiums	<b>33,588</b>	33,267	1.0	<b>11,165</b>	11,312	(1.3)
Less/(Add) :						
Net claims incurred	<b>9,778</b>	12,596	(22.4)	<b>3,790</b>	5,396	(29.8)
Net commissions	<b>(1,608)</b>	(1,498)	7.3	<b>455</b>	10	NM
Management expenses :						
Staff cost	<b>5,338</b>	5,269	1.3	<b>1,799</b>	1,852	(2.9)
Rental expenses	<b>979</b>	938	4.4	<b>326</b>	313	4.2
Depreciation	<b>131</b>	75	74.7	<b>34</b>	26	30.8
Foreign exchange loss	<b>118</b>	217	(45.6)	<b>21</b>	104	(79.8)
Other operating expenses	<b>3,002</b>	2,632	14.1	<b>1,031</b>	781	32.0
Underwriting profit	<b>15,850</b>	13,038	21.6	<b>3,709</b>	2,830	31.1
Gross dividends from investments	<b>4,217</b>	5,082	(17.0)	<b>1,102</b>	1,494	(26.2)
Interest income from investments	<b>5,702</b>	4,880	16.8	<b>2,137</b>	1,681	27.1
Interest on fixed deposits and bank balances	<b>247</b>	158	56.3	<b>68</b>	58	17.2
Amortisation of investments	<b>71</b>	32	121.9	<b>17</b>	25	(32.0)
Miscellaneous income	<b>26</b>	21	23.8	<b>1</b>	1	-
Net fair value gains/(losses) financial derivatives - realised	<b>1,930</b>	(3,847)	150.2	<b>799</b>	(1,100)	172.6
Net fair value (losses)/gains on financial derivatives - unrealised	<b>(671)</b>	384	(274.7)	<b>(1,411)</b>	(628)	124.7
Net (losses)/gains on disposal of available-for-sale investments	<b>(2,456)</b>	2,046	(220.0)	<b>(2,003)</b>	(755)	165.3
Impairment on available-for-sale investments	<b>(1,298)</b>	-	NM	-	-	-
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>(723)</b>	(702)	3.0	<b>(259)</b>	(226)	14.6
Other operating expenses	<b>(573)</b>	(427)	34.2	<b>(156)</b>	(106)	47.2
Exchange differences	<b>(3,295)</b>	2,668	(223.5)	<b>650</b>	2,837	(77.1)
Non-underwriting income	<b>3,177</b>	10,295	(69.1)	<b>945</b>	3,281	(71.2)
Profit before tax	<b>19,027</b>	23,333	(18.5)	<b>4,654</b>	6,111	(23.8)
Tax expense	<b>(3,035)</b>	(3,825)	(20.7)	<b>(728)</b>	(1,050)	(30.7)
Profit after tax	<b>15,992</b>	19,508	(18.0)	<b>3,926</b>	5,061	(22.4)
Profit attributable to equity holders of the Company	<b>15,992</b>	19,508	(18.0)	<b>3,926</b>	5,061	(22.4)
(b) Annualised earnings per share :						
Basic and diluted (cents)	<b>34.87</b>	42.37	(17.7)	<b>25.68</b>	33.10	(22.4)

Note : NM = Not Meaningful

## NEWS RELEASE

### 2. Unaudited statement of comprehensive income for the nine months/third quarter ended 30 September 2016

	<b>9 Months</b> <u>2016</u> \$'000	9 Months <u>2015</u> \$'000	Incr/ <u>(Decr)</u> %	<b>3rd Qtr</b> <u>2016</u> \$'000	3rd Qtr <u>2015</u> \$'000	Incr/ <u>(Decr)</u> %
Net profit	15,992	19,508	(18.0)	3,926	5,061	(22.4)
<b>Other comprehensive income :</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net gains/(losses) on fair value changes of available-for-sale investments	14,526	(17,876)	181.3	9,725	(19,395)	150.1
Income tax relating to available-for-sale investments	(2,463)	3,056	180.6	(1,609)	3,306	148.7
<b>Other comprehensive income for the nine months /3rd Quarter ended 30 September, net of tax</b>	<u>12,063</u>	<u>(14,820)</u>	181.4	<u>8,116</u>	<u>(16,089)</u>	150.4
<b>Total comprehensive income attributable to equity holders of the Company</b>	<u>28,055</u>	<u>4,688</u>	498.4	<u>12,042</u>	<u>(11,028)</u>	209.2

Note : NM = Not Meaningful

## NEWS RELEASE

### 3. Unaudited statement of financial position

	<u>30-Sep-16</u> \$'000	<u>31-Dec-15</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>237,445</u>	<u>219,786</u>
	<b>329,178</b>	<b>311,519</b>
<b>Liabilities</b>		
Insurance creditors	14,095	15,364
Non-trade creditors and accrued liabilities	4,899	3,119
Amount owing to related companies	1,012	2,459
Derivative financial liabilities	812	128
Tax payable	5,652	6,166
Deferred tax liabilities	6,609	4,146
Deferred acquisition cost - reinsurers' share	9,683	9,428
Gross technical balances		
- Reserve for unexpired risks	64,500	60,893
- Reserve for outstanding claims	<u>148,507</u>	<u>144,013</u>
	<b>255,769</b>	<b>245,716</b>
Total Equity and Liabilities	<u><b>584,947</b></u>	<u><b>557,235</b></u>
<b>Assets</b>		
Bank balances and fixed deposits	46,635	62,535
Insurance debtors	16,671	13,912
Non-trade debtors and accrued interest receivables	3,719	2,845
Derivative financial assets	18	5
Associated company	1	1
Available-for-sale investments	384,750	352,568
Fixed assets	217	332
Deferred acquisition cost - gross	8,505	7,888
Reinsurers' share of technical balances		
- Reserve for unexpired risks	38,325	37,140
- Reserve for outstanding claims	<u>86,106</u>	<u>80,009</u>
Total Assets	<u><b>584,947</b></u>	<u><b>557,235</b></u>
(b) Net asset value per share (S\$)	<b>5.38</b>	5.09
Number of shares issued ('000)	<b>61,155</b>	61,155

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### 4. Unaudited Company statement of changes in equity

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2016	91,733	22,880	18,940	177,966	311,519
Profit net of tax	-	-	-	15,992	15,992
Other comprehensive income for the nine months ended 30 September	-	-	12,063	-	12,063
Total comprehensive income for the nine months ended 30 September	-	-	12,063	15,992	28,055
Dividend for Year 2015	-	-	-	(8,561)	(8,561)
Dividend for Year 2016	-	-	-	(1,835)	(1,835)
<b>Balance at 30 September 2016</b>	<b>91,733</b>	<b>22,880</b>	<b>31,003</b>	<b>183,562</b>	<b>329,178</b>
Balance at 1 January 2015	91,733	22,880	22,438	165,985	303,036
Profit net of tax	-	-	-	19,508	19,508
Other comprehensive income for the nine months ended 30 September	-	-	(14,820)	-	(14,820)
Total comprehensive income for the nine months ended 30 September	-	-	(14,820)	19,508	4,688
Dividend for Year 2014	-	-	-	(8,561)	(8,561)
Dividend for Year 2015	-	-	-	(1,835)	(1,835)
Balance at 30 September 2015	91,733	22,880	7,618	175,097	297,328
Balance at 1 July 2016	91,733	22,880	22,887	181,471	318,971
Profit net of tax	-	-	-	3,926	3,926
Other comprehensive income for the quarter ended 30 September	-	-	8,116	-	8,116
Total comprehensive income for the quarter ended 30 September	-	-	8,116	3,926	12,042
Dividend for Year 2016	-	-	-	(1,835)	(1,835)
<b>Balance at 30 September 2016</b>	<b>91,733</b>	<b>22,880</b>	<b>31,003</b>	<b>183,562</b>	<b>329,178</b>
Balance at 1 July 2015	91,733	22,880	23,707	171,871	310,191
Profit net of tax	-	-	-	5,061	5,061
Other comprehensive income for the quarter ended 30 September	-	-	(16,089)	-	(16,089)
Total comprehensive income for the quarter ended 30 September	-	-	(16,089)	5,061	(11,028)
Dividend for Year 2015	-	-	-	(1,835)	(1,835)
Balance at 30 September 2015	91,733	22,880	7,618	175,097	297,328

## NEWS RELEASE

### 5. Unaudited statement of cash flows

	9 Months <u>2016</u> \$'000	9 Months 2015 \$'000	3rd Qtr <u>2016</u> \$'000	3rd Qtr 2015 \$'000
<b>Cash flows from operating activities</b>				
Profit before tax	19,027	23,333	4,654	6,111
Adjustments for:				
Movement in net reserve for unexpired risks	2,422	1,507	(697)	(688)
Movement in net deferred acquisition costs	(362)	(595)	116	(395)
Movement in net outstanding claims	(1,603)	(1,790)	(483)	543
Net fair value losses/(gains) on financial derivatives-unrealised	671	(384)	1,411	628
Depreciation	131	75	34	26
Net losses/(gains) on disposal of available-for-sale investments	2,456	(2,046)	2,003	755
Amortisation of investments	(71)	(32)	(17)	(25)
Impairment on available-for-sale investments	1,298	-	-	-
Gross dividends from investments	(4,217)	(5,082)	(1,102)	(1,494)
Interest income from investments	(5,702)	(4,880)	(2,137)	(1,681)
Interest on fixed deposits and bank balances	(247)	(158)	(68)	(58)
Exchange differences	3,309	(2,682)	(647)	(2,949)
Operating profit before working capital changes	<u>17,112</u>	<u>7,266</u>	<u>3,067</u>	<u>773</u>
Changes in working capital:				
Trade and other receivables	(2,499)	(6,395)	1,472	2,056
Trade and other payables	511	6,934	(1,912)	1,054
Amount owing to related companies	(1,447)	(1,219)	(1)	1
Cash generated from operations	<u>13,677</u>	<u>6,586</u>	<u>2,626</u>	<u>3,884</u>
Tax paid	(3,549)	(6,303)	(1,567)	(3,195)
<b>Net cash flow from operating activities</b>	<u>10,128</u>	<u>283</u>	<u>1,059</u>	<u>689</u>
<b>Cash flows from investing activities</b>				
Proceeds from sale of available-for-sale investments	143,537	117,688	30,484	7,698
Purchase of available-for-sale investments	(168,185)	(126,676)	(43,664)	(28,518)
Purchase of fixed assets	(16)	(70)	(1)	(11)
(Placement in)/proceeds from long-term fixed deposits	(3,141)	3,194	(3,035)	6,228
Gross dividends from investments	4,339	5,108	1,125	2,370
Interest income from investments	4,440	4,212	998	799
Interest on fixed deposits and bank balances	253	146	73	52
<b>Net cash flow (used in)/from investing activities</b>	<u>(18,773)</u>	<u>3,602</u>	<u>(14,020)</u>	<u>(11,382)</u>
<b>Cash flow from financing activity</b>				
Dividend paid	(10,396)	(10,396)	(1,835)	(1,835)
<b>Cash flow used in financing activity</b>	<u>(10,396)</u>	<u>(10,396)</u>	<u>(1,835)</u>	<u>(1,835)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(19,041)</u>	<u>(6,511)</u>	<u>(14,796)</u>	<u>(12,528)</u>
Cash and cash equivalents at beginning of period	60,349	52,657	56,104	58,674
<b>Cash and cash equivalents at end of period</b>	<u>41,308</u>	<u>46,146</u>	<u>41,308</u>	<u>46,146</u>

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### 5. Unaudited statement of cash flows (cont'd)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the period :

	<b>9 Months</b> <b><u>2016</u></b> <b>\$'000</b>	9 Months <u>2015</u> \$'000
Cash and bank balances	<b>9,132</b>	10,244
Fixed deposits placement less than 3 months	<b><u>32,176</u></b>	<u>35,902</u>
Cash and cash equivalents	<b><u>41,308</u></b>	46,146
Fixed deposits placement more than 3 months	<b><u>5,327</u></b>	4,433
	<b><u><u>46,635</u></u></b>	<u><u>50,579</u></u>

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### 6. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<b><u>For nine months ended 30 September 2016</u></b>				
Gross premiums written	<u>65,552</u>	<u>19,932</u>	<u>-</u>	<u>85,484</u>
Net earned premiums	24,421	9,167	-	33,588
Net claims incurred	7,252	2,526	-	9,778
Net commissions	(3,945)	2,337	-	(1,608)
Management expenses	<u>8,211</u>	<u>1,357</u>	<u>-</u>	<u>9,568</u>
Underwriting profit	12,903	2,947	-	15,850
Interest income from investments	3,137	562	2,003	5,702
Interest on fixed deposits and bank balances	126	88	33	247
Other income - net	(1,647)	(343)	3,809	1,819
Management expenses not charged to insurance revenue account - net	<u>(2,386)</u>	<u>(401)</u>	<u>(1,804)</u>	<u>(4,591)</u>
Profit before tax	12,133	2,853	4,041	19,027
Tax expense	<u>(2,063)</u>	<u>(285)</u>	<u>(687)</u>	<u>(3,035)</u>
Profit after tax	<u>10,070</u>	<u>2,568</u>	<u>3,354</u>	<u>15,992</u>
Segment total assets as at 30 September 2016	340,059	74,714	170,174	584,947
Segment total liabilities as at 30 September 2016	208,585	40,729	6,455	255,769
<b><u>For nine months ended 30 September 2015</u></b>				
Gross premiums written	<u>66,505</u>	<u>17,555</u>	<u>-</u>	<u>84,060</u>
Net earned premiums	25,445	7,822	-	33,267
Net claims incurred	8,887	3,709	-	12,596
Net commissions	(3,179)	1,681	-	(1,498)
Management expenses	<u>7,831</u>	<u>1,300</u>	<u>-</u>	<u>9,131</u>
Underwriting profit	11,906	1,132	-	13,038
Interest income from investments	2,726	492	1,662	4,880
Interest on fixed deposits and bank balances	75	50	33	158
Other income - net	1,427	294	1,997	3,718
Miscellaneous income not included in insurance revenue account - net	<u>1,206</u>	<u>46</u>	<u>287</u>	<u>1,539</u>
Profit before tax	17,340	2,014	3,979	23,333
Tax expense	<u>(2,948)</u>	<u>(201)</u>	<u>(676)</u>	<u>(3,825)</u>
Profit after tax	<u>14,392</u>	<u>1,813</u>	<u>3,303</u>	<u>19,508</u>
Segment total assets as at 30 September 2015	327,503	68,571	156,813	552,887
Segment total liabilities as at 30 September 2015	212,426	38,962	4,171	255,559



## NEWS RELEASE

### 6. Segment information (cont'd)

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<b><u>For 3 months ended 30 September 2016</u></b>				
Gross premiums written	19,454	4,943	-	24,397
Net earned premiums	8,122	3,043	-	11,165
Net claims incurred	3,382	408	-	3,790
Net commissions	(307)	762	-	455
Management expenses	2,544	667	-	3,211
Underwriting profit	2,503	1,206	-	3,709
Interest income from investments	1,174	212	751	2,137
Interest on fixed deposits and bank balances	30	28	10	68
Other income - net	(1,088)	(281)	(126)	(1,495)
Miscellaneous income not included in insurance revenue account - net	183	27	25	235
Profit before tax	2,802	1,192	660	4,654
Tax expense	(477)	(119)	(132)	(728)
Profit after tax	2,325	1,073	528	3,926
Segment total assets as at 30 September 2016	340,059	74,714	170,174	584,947
Segment total liabilities as at 30 September 2016	208,585	40,729	6,455	255,769
<b><u>For 3 months ended 30 September 2015</u></b>				
Gross premiums written	19,796	4,165	-	23,961
Net earned premiums	8,706	2,606	-	11,312
Net claims incurred	3,679	1,717	-	5,396
Net commissions	(568)	578	-	10
Management expenses	2,401	675	-	3,076
Underwriting profit	3,194	(364)	-	2,830
Interest income from investments	944	174	563	1,681
Interest on fixed deposits and bank balances	24	19	15	58
Other income - net	(805)	(182)	24	(963)
Miscellaneous income not included in insurance revenue account - net	1,600	195	710	2,505
Profit before tax	4,957	(158)	1,312	6,111
Tax expense	(843)	16	(223)	(1,050)
Profit after tax	4,114	(142)	1,089	5,061
Segment total assets as at 30 September 2015	327,503	68,571	156,813	552,887
Segment total liabilities as at 30 September 2015	212,426	38,962	4,171	255,559



## NEWS RELEASE

### 6. Segment information (cont'd)

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).

#### Information about major external customer

For the nine months/third quarter ended 30 September 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:

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>9 Months</u> <u>2016</u> \$'000	9 Months <u>2015</u> \$'000	<u>9 Months</u> <u>2016</u> \$'000	9 Months <u>2015</u> \$'000
Singapore	67,304	67,560	217	328
Asean	13,441	13,135	-	-
Others	4,739	3,365	-	-
	<u>85,484</u>	<u>84,060</u>	<u>217</u>	<u>328</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>3rd Qtr</u> <u>2016</u> \$'000	3rd Qtr <u>2015</u> \$'000	<u>3rd Qtr</u> <u>2016</u> \$'000	3rd Qtr <u>2015</u> \$'000
Singapore	20,090	20,118	217	328
Asean	2,641	2,619	-	-
Others	1,666	1,224	-	-
	<u>24,397</u>	<u>23,961</u>	<u>217</u>	<u>328</u>

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

## NEWS RELEASE

### 7. Review of performance

#### Highlights and Performance Indicators

\$'000	<b>9 Months 2016</b>	9 Months 2015	9M16/ 9M15 %	<b>3rd Quarter 2016</b>	3rd Quarter 2015	3Q16/ 3Q15 %
Gross premiums written	<b>85,484</b>	84,060	+ 1.7	<b>24,397</b>	23,961	+ 1.8
Net earned premiums	<b>33,588</b>	33,267	+ 1.0	<b>11,165</b>	11,312	- 1.3
Net claims incurred	<b>9,778</b>	12,596	- 22.4	<b>3,790</b>	5,396	-29.8
Net commissions	<b>(1,608)</b>	(1,498)	+ 7.3	<b>455</b>	10	NM
Management expenses	<b>9,568</b>	9,131	+ 4.8	<b>3,211</b>	3,076	+ 4.4
Underwriting profit	<b>15,850</b>	13,038	+21.6	<b>3,709</b>	2,830	+31.1
Non-underwriting income	<b>3,177</b>	10,295	- 69.1	<b>945</b>	3,281	- 71.2
Profit before tax	<b>19,027</b>	23,333	- 18.5	<b>4,654</b>	6,111	-23.8

Note : NM = Not Meaningful

#### 9 Months 2016 ("9M16") versus 9 Months 2015 ("9M15")

Gross premiums increased by \$1.4 million or 1.7% to \$85.5 million due mainly to organic growth and increase in new business. Net earned premiums increased by \$0.3 million or 1.0% as compared with the same period of last year. Net claims incurred decreased by \$2.8 million or 22.4% due to improvement in claims experience. Net commission income increased by \$0.1 million or 7.3% due to increase in reinsurance commission recovery from reinsurers. Management expenses increased by \$0.4 million to \$9.6 million.

Consequently, underwriting profit increased by \$2.8 million or 21.6% to \$15.9 million due mainly to lower net claims incurred and higher net earned premiums and net commission income.

Non-underwriting income decreased to \$3.2 million from \$10.3 million when compared against the corresponding period last year due mainly to losses from the sale of investments and impairment on available-for-sale investments. During the period under review, an exchange loss of \$3.3 million was incurred. However, under a hedging arrangement made, the loss had been offset by a gain of \$1.3 million. The net negative impact on profit and loss when compared against the corresponding period amounted to \$1.2 million. Consequently, profit before tax was lower by \$4.3 million or 18.5% to \$19.0 million.

#### 3rd Quarter 2016 ("3Q16") versus 3rd Quarter 2015 ("3Q15")

The Company's gross premiums increased by \$0.4 million or 1.8% to \$24.4 million. Net earned premiums decreased by \$0.1 million or 1.3% in 3Q16 as compared to 3Q15 due to higher premium reserve strain. Net claims incurred decreased by \$1.6 million or 29.8% due to improvement in claims experience. Net commission was an expense of \$0.5 million. Consequently, underwriting profit in 3Q16 increased by \$0.9 million or 31.1% to \$3.7 million.

The Company recorded a lower non-underwriting income of \$0.9 million in 3Q16 due mainly to losses from the sale of investments.

Profit before tax decreased by \$1.5 million to \$4.7 million due to lower contribution from non-underwriting income.

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### 8. **Prospects for the next reporting period and the next 12 months**

Lacklustre regional economic growth combined with continued intense competition will impact premium growth and likely profitability.

Non-underwriting income will continue to be subjected to volatility given the many uncertainties globally.

### 9. **Accounting policy**

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the nine months ended 30 September of 2016 are the same as those adopted in the preceding year.

### 10. **Dividend**

No dividend has been declared for the third quarter ended 30 September 2016.

### 11. **Borrowings, contingent liabilities and loan capital**

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 30 September 2016 (30 September 2015: nil).

### 12. **Interested person transactions**

The Company has not obtained a general mandate from shareholders for interested person transactions.

### 13. **Confirmation by directors**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the 9 months/third quarter ended 30 September 2016 to be false or misleading.

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## NEWS RELEASE

14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 26 October 2016