



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For The First Half Ended 30 June 2020

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

COMPREHENSIVE INCOME STATEMENT

The Group

	1H20	1H19	Increase / (Decrease)
	S\$'000	S\$'000	%
Revenue			
Commission income	186,283	98,019	90.0
Interest income	63,769	60,060	6.2
Dividend from quoted / unquoted securities	652	711	(8.3)
Other operating income	18,771	13,138	42.9
Total revenue	269,475	171,928	56.7
Foreign exchange gain	7,555	2,837	166.3
Total income	277,030	174,765	58.5
Costs and expenses			
Commission expenses	(48,375)	(22,548)	114.5
Personnel expenses	(72,977)	(58,651)	24.4
Depreciation and amortisation expenses	(10,094)	(7,971)	26.6
Allowance for impairment of trade debtors & bad debts written off	(132)	(35)	277.1
Impairment of goodwill	(299)	(621)	(51.9)
Net fair value (loss)/gain on financial assets / liabilities through profit or loss	(759)	441	N.M
Finance expenses	(26,447)	(22,878)	15.6
Other operating expenses	(30,795)	(30,777)	0.1
	(189,878)	(143,040)	32.7
Profit before tax	87,152	31,725	174.7
Income tax expense*	(10,455)	(3,012)	247.1
Profit after tax	76,697	28,713	167.1
Other comprehensive income (net of tax):			
Foreign currency translation difference	19,133	4,025	375.4
	19,133	4,025	375.4
Total comprehensive income for the period	95,830	32,738	192.7

*Over provision of taxation in respect of prior years in the 6 months ended 30 June 2020 is S\$2,810. (6 months ended 30 June 2019: nil)

N.M. = Not Meaningful.

1H20 and 1H19 = First half of 2020 and 2019 respectively

1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year *(continued)*

COMPREHENSIVE INCOME STATEMENT
(continued)

	The Group		Increase / (Decrease) %
	1H20 S\$'000	1H19 S\$'000	
Profit attributable to:			
Owners of the Company	75,960	28,855	163.2
Non-controlling interests	737	(142)	N.M
	76,697	28,713	167.1
 Total comprehensive income attributable to:			
Owners of the Company	95,040	32,010	196.9
Non-controlling interests	790	728	8.5
	95,830	32,738	192.7

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	As at 30/06/2020 S\$'000	As at 31/12/2019 S\$'000	As at 30/06/2020 S\$'000	As at 31/12/2019 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	576,184	449,153	940	1,513
Outstanding contracts receivable	906,343	570,935	-	-
Trade and other receivables	2,480,442	2,311,657	-	-
Other financial assets, at fair value through profit or loss	72,929	70,903	-	-
Other current assets	100,537	48,251	176,933	168,028
Derivative financial instruments	28,822	21,692	-	-
Total current assets	4,165,257	3,472,591	177,873	169,541
<u>Non-current assets</u>				
Trade and other receivables	116,767	45,183	209	202
Goodwill and other intangible assets	16,966	16,704	-	-
Subsidiaries	-	-	364,868	364,868
Other financial assets, at fair value through profit or loss	1,364	1,337	-	-
Right-of-use assets	16,326	17,935	-	-
Trading rights in Exchanges	99	95	-	-
Memberships in Exchanges	241	240	-	-
Property, plant and equipment	34,595	38,644	-	-
Deferred tax assets	1,565	1,478	-	-
Total non-current assets	187,923	121,616	365,077	365,070
Total assets	4,353,180	3,594,207	542,950	534,611
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	859,538	546,675	-	-
Trade and other payables	319,788	350,102	162,472	137,491
Borrowings	1,198,017	829,460	400	400
Lease liabilities	4,313	5,482	-	-
Debts issued	308,166	292,386	-	-
Income tax payable	16,827	8,210	306	306
Derivative financial instruments	28,799	21,671	-	-
Total current liabilities	2,735,448	2,053,986	163,178	138,197
<u>Non-current liabilities</u>				
Lease liabilities	12,860	13,006	-	-
Deferred tax liabilities	2,320	2,194	-	-
Total non-current liabilities	15,180	15,200	-	-
Total liabilities	2,750,628	2,069,186	163,178	138,197
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	217,887	201,500	217,887	201,500
Reserves	4,796	(14,538)	-	-
Retained earnings	1,359,815	1,318,369	161,885	194,914
Equity attributable to owners of the Company	1,582,498	1,505,331	379,772	396,414
Non-controlling interests	20,054	19,690	-	-
Total equity	1,602,552	1,525,021	379,772	396,414
Total liabilities and equity	4,353,180	3,594,207	542,950	534,611
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	1,770,300	1,044,103	-	-
- with non-related banks	2,108,070	1,536,256	-	-
Margin with clearing houses	33,456	71,553	-	-
Investment in government debt securities	9,084	31,031	-	-
Less: Amounts held in trust	(3,920,910)	(2,682,943)	-	-
	-	-	-	-

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	The Group			
	As at 30/06/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	1,179,629	18,388	816,296	13,164
Amounts repayable after one year	-	-	-	-
Debts issued	-	308,166	-	292,386

As at period end, the Group had debts issued amounting to S\$308,166,261 (December 2019: S\$292,385,644). The debts issued, with derivative in the form of an embedded credit default swap, allow the Group to transfer the underlying assets to the note holders as full and final settlement upon the occurrence of a credit event.

Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$1,179,629,229 (December 2019: S\$816,296,383) are secured by a fixed charge over immovable fixed assets and a floating charge over all assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	1H20 S\$'000	1H19 S\$'000
Operating activities		
Profit before income tax	87,152	31,725
Adjustments for:		
Depreciation and amortisation expenses	10,094	7,971
Gain on disposal of property, plant and equipment	(12)	(52)
Allowance for trade receivables	115	39
Impairment of goodwill	299	621
Dividend from quoted / unquoted securities	(652)	(711)
Interest expense	26,447	22,878
Exchange differences	(2,943)	3,983
Operating cash flows before working capital changes	120,500	66,454
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	(2,011)	(12,475)
Trade, outstanding contracts and other receivables	(624,086)	(12,003)
Debts issued	16,102	86,814
Trade, outstanding contracts and other payables	297,507	172,962
Cash (used in) from operations	(191,988)	301,752
Interest paid	(26,447)	(22,878)
Income tax paid	(1,875)	(3,294)
Net cash (used in) from operating activities	(220,310)	275,580
Investing activities		
Payments for property, plant and equipment	(1,931)	(3,691)
Proceeds from disposal of property, plant and equipment	35	162
Payments for intangible assets acquired	(1,416)	-
Dividends received from quoted / unquoted securities	652	711
Net cash used in investing activities	(2,660)	(2,818)
Financing activities		
Drawdown / (Repayment) of short-term bank loans	363,497	(303,216)
Lease payments	(3,199)	(2,617)
Payment to non-controlling interests for additional interest in a subsidiary	(154)	(99)
Payment to non-controlling interests for dividend	(19)	(194)
Dividends paid	(18,126)	(20,660)
Net cash from (used in) financing activities	341,999	(326,786)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	2,943	(3,983)

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

	The Group	
	1H20 S\$'000	1H19 S\$'000
Net increase / (decrease) in cash and cash equivalents during the financial period	121,972	(58,007)
Cash and cash equivalents at beginning of the financial period	448,266	658,411
Cash and cash equivalents at end of the financial period	570,238	600,404

For the purpose of consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following :

	The Group	
	As at 30/06/2020 S\$'000	As at 30/06/2019 S\$'000
Cash and bank balances	576,184	600,509
Less: Bank overdrafts	(5,946)	(105)
Cash and cash equivalents per consolidated cash flow statement	570,238	600,404

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2020	201,500	2,089	1,578	-	(18,205)	1,318,369	1,505,331	19,690	1,525,021
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	75,960	75,960	737	76,697
Other comprehensive income	-	9	-	-	19,071	-	19,080	53	19,133
Total	-	9	-	-	19,071	75,960	95,040	790	95,830
Transfer from statutory reserve	-	1	-	-	-	(1)	-	-	-
Acquisition of additional interest in a subsidiary	-	6	247	-	-	-	253	(407)	(154)
Final dividend for 2019 paid	16,387	-	-	-	-	(34,513)	(18,126)	-	(18,126)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(19)	(19)
Balance at 30 June 2020	217,887	2,105	1,825	-	866	1,359,815	1,582,498	20,054	1,602,552

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2019	184,265	1,957	1,443	-	(24,222)	1,287,150	1,450,593	18,765	1,469,358
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	28,855	28,855	(142)	28,713
Other comprehensive income	-	83	-	-	3,072	-	3,155	870	4,025
Total	-	83	-	-	3,072	28,855	32,010	728	32,738
Transfer from statutory reserve	-	(2)	-	-	-	2	-	-	-
Final dividend for 2018 paid	17,235	-	-	-	-	(37,895)	(20,660)	-	(20,660)
Payment of dividend by a subsidiary	-	-	-	-	-	-	-	(194)	(194)
Acquisition of additional interest in a subsidiary	-	3	77	-	-	-	80	(179)	(99)
Balance at 30 June 2019	201,500	2,041	1,520	-	(21,150)	1,278,112	1,462,023	19,120	1,481,143

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2020	201,500	194,914	396,414
Total comprehensive income for the period	-	1,484	1,484
Final dividend for 2019 paid	16,387	(34,513)	(18,126)
Balance at 30 June 2020	217,887	161,885	379,772

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2019	184,265	199,955	384,220
Total comprehensive income for the period	-	1,317	1,317
Final dividend for 2018 paid	17,235	(37,895)	(20,660)
Balance at 30 June 2019	201,500	163,377	364,877

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares	Number of shares	
	Half year ended 30/6/2020	Half year ended 30/6/2019
Balance at beginning of period	821,680,133	806,195,039
Issue of shares under scrip dividend scheme	15,286,038	15,485,094
Balance at end of period	836,966,171	821,680,133

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

	30 June 2020	31 December 2019
No. of shares	836,966,171	821,680,133

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910. (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report. (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies in the financial statements for the current reporting period compared to the audited financial statements as at 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	Half year ended 30/06/20	Half year ended 30/06/19
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	9.24 cents	3.58 cents
(ii) On a fully diluted basis	9.24 cents	3.58 cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

	The Group		The Company	
	As at 30/06/2020	As at 31/12/2019	As at 30/06/2020	As at 31/12/2019
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	189.08 cents	183.2 cents	45.37 cents	48.24 cents

Net asset value is derived after deducting 2.4 cents (December 2019: 2.4 cents) per share attributable to non-controlling interests.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affect the turnovers, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Operating Profit and Expenses

1H20 vs 1H19

The Group recorded pre-tax profit of S\$87.2 million and after tax profit of S\$76.7 million, an increase of 174.7% and 167.1% respectively.

Commission income increased from S\$98.0 million to S\$186.3 million, up by 90.0% mainly due to active retail participation across regional and US markets as a result of market volatility. Interest income grew from S\$60.1 million to S\$63.8 million or 6.2% as a result of higher margin and structured loans. Other operating income increased 42.9% from S\$13.1 million to S\$18.8 million with more structured lending and corporate finance activities. Total income rose 58.5% from S\$174.8 million to S\$277.0 million.

Overall commission and personnel expenses increased due to higher business volume. Commission increased 114.5% from S\$22.5 million to S\$48.4 million and personnel expenses rose 24.4% from S\$58.7 million to S\$73.0 million. Finance expenses increased 15.6% with higher funding requirements.

Balance Sheet

The Group's net asset value position remained healthy at S\$1.60 billion as at 30 June 2020. There were no significant changes in the composition of Group balance sheet items except for working capital items that fluctuate with prevailing trading volumes towards the end of each reporting period.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

1H2 2020 has been tumultuous in nearly all conceivable fronts. The year started on an optimistic note on thawing of Sino – US trade relations following the announcement of Phase One Sino-US trade agreement. Regional markets were jolted in January 2020 with the killing of Iranian general Qasem Soleimani which gave rise to fears of political unrest in the middle-east.

Market sentiment degenerated further as the Covid-19 pandemic gripped the world leading to crashing stock markets across the globe in mid March 2020. Panic selling gripped global markets driving stock market trading volumes to record highs. Quick reaction by Central Banks to release liquidity triggered a tsunami of frenetic stock trading culminating from the pronounced market volatility.

With the exception of our Indonesia office, all our regional operations benefited substantially from commissions generated from the largely retail led trading volumes from the unprecedented volatility.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months (continued).

With near zero global interest rates we expect stock trading momentum to sustain for the rest of our financial year driving our brokerage income. The macro outlook remains grim however as global economies struggle to emerge from lock-downs originating from the Covid-19 pandemic. This represents the key risk to the hitherto strong performance seen of the global markets and could dampen market sentiment and trading volumes.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? *None*

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? *None*

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared / recommended for the half year ended 30 June 2020

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPTs mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

15 Confirmation of the Board

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for the half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wee Ee-chao
Managing Director

Esmond Choo
Executive Director

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
14 August 2020