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ANNUAL GENERAL MEETING (AGM) TO BE HELD ON 17 APRIL 2025

Responses to Questions from Shareholders and the Securities Investors Association (Singapore) (SIAS)

Singapore, 4 April 2025 - United Overseas insurance Limited (UOI or the Company) refers to its Notice of AGM dated 26 March 2025, in particular, the invitation to shareholders to submit questions in advance of the AGM.

UOI thanks shareholders for the questions received.

Please refer to Appendix 1 for the Company's responses to the questions received from shareholders up until 12 noon, 3 April 2025. Where appropriate, questions have been rephrased for clarity.

Any substantial and relevant questions received from shareholders after 12 noon, 3 April 2025 will be addressed at the AGM.

UOI also refers to the letter from SIAS received on 29 March 2025 and has set out its responses to SIAS' queries in Appendix 2.

Sherylene Wang
Company Secretary

RESPONSES TO SHAREHOLDERS' QUESTIONS

Q1: What is the reason for the substantial reduction in the audit fee from $750,000 to $443,000 from 2023 to 2024?

UOI Response:
In 2023 there was an increase in audit costs, attributed to a one-time, non-recurring audit fee incurred for auditing the transition and FY2022 comparative results following the adoption of SFRS(I) 17 Accounting for Insurance Contracts. This was completed in 2023, so no additional audit costs were required in 2024.

Q2:
(a) Referring to page 128 of the Company's 2024 Annual Report, the Claims and Benefits increased significantly. Does this rise align with the current insurance claim trends?

UOI Response:
The 2024 claims of S$23.7 million are similar to our claims of S$22.9 million in 2022. But in 2023, we had assessed several large claims reserves as no longer required and had released those leading to lower claims in that year. Our profit margins remain stable.

(b) What is loss on onerous insurance contract? Why does UOI write such contracts and how does UOI manage the associated risks?

UOI Response:
A loss on onerous contracts occurs when the expected income (premiums) is lower than the expected costs (commissions, claims, and expenses). According to SFRS(I) 17, these potential losses are recognised when the contract is issued. However, if actual claims and expenses end up being lower than expected, these contracts can still become profitable.

We are dedicated to offering a wide range of insurance products for our customers while maintaining strong and effective risk management practices. We carefully monitor these onerous contracts as part of our overall risk management strategy, considering them within the context of our entire portfolio for the client, not just on a standalone basis.

Onerous contracts for UOI today includes motor and employer's liability classes. These are compulsory classes for our customers, so we continue to cater to these needs to serve our customers better.

Q3: Based on page 127 of the Company's 2024 Annual Report, the total dividend from equity investments was approximately $7 million. Are these dividends derived solely from Haw Par holdings? If not, please specify the amount attributable to Haw Par shares.

UOI Response:
Dividend income comes from various equity investments and are not solely from Haw Par holdings, which is just one component of our broader investment portfolio.

Our investment portfolio broadly comprises of equity, fixed income securities (FIS), fixed deposits (FDs), investment property and investment funds. From these investments, we would receive dividends, interest income from FIS and FDs, rental income and market value gains.

When such investments perform well, we see value in holding them, as they contribute to both our overall portfolio growth and shareholder returns. Our approach remains focused on identifying and maintaining high-performing assets across the portfolio to maximise long-term value and ensure strong, sustainable dividends for our shareholders.

For the financial year 2024, Haw Par dividends accounted for around 10% of the total investment income.

Q4: On page 145 of the Company's 2024 Annual Report, fixed deposits amounted to approximately $88 million. How does the Company optimise its cash management?

UOI Response:
UOI kept aside a sizable amount of fixed deposits towards the year end for investment optimisation with another fund manager. This was fully deployed in Q1 2025.

Q5: How does the Company optimise the capital management? If excess capital is available, will the Company consider returning it to shareholders?

UOI Response:
The Board and Management regularly assess strategic options and in consideration of our regional opportunities and expansion, we also set aside sufficient capital to cater for any potential natural catastrophe losses.

UOI is in the early stages of its transformation and has seen promising results. Management continuously assesses current growth opportunities and the need for capital. We're already returning some excess capital today and as we continue to grow and when there is more excess capital in future, we will continue to return more.

RESPONSES TO QUERIES OF SIAS

Q1: For the financial year ended 31 December 2024, the group posted a 20% increase in insurance revenue to $113.5 million, which management attributed to the successful execution of its transformation strategy. While the group posted a marginally higher net profit before tax of $33.9 million, this was mainly driven by a 35% rise in non-underwriting income to $14.4 million. Net insurance service and financial result fell 14% due to higher claims and commission expenses. This suggests that business growth may have come at the expense of profitability.

(i) Can management elaborate on the scale and nature of the acquisition-related expenses? Are these one-off costs, or should they be expected to recur in the future?

<u>UOI Response:</u>
Our acquisition-related expenses primarily reflect distribution costs and early-stage transformation investments, leading to an expected rise in insurance service expenses. These costs include expanding our team to strengthen key capabilities and for succession planning and technology investment to support future growth. Despite these planned costs, our strong revenue performance enabled us to maintain stable profitability.

(ii) Was the higher level of incurred claims primarily driven by the group's expansion into new markets or business lines? If so, what strategies are in place to ensure that the group can maintain or improve its profitability moving forward?

<u>UOI Response:</u>
Claims are an inherent part of the insurance business and will naturally increase in line with overall revenue growth. UOI has always maintained a diversified portfolio across multiple insurance lines, to help balance profitability. While expansion into new markets introduces new risks, we continuously assess and manage these risks through disciplined underwriting, data-driven insights, and portfolio diversification. This ensures that we maintain a sustainable risk profile while capturing growth opportunities. Moving forward, we remain focused on optimising our risk selection, refining pricing strategies, and claims management.

(iii) Can the board, particularly the independent directors, look into how the company can enhance its transparency by providing a more comprehensive financial summary, including essential ratios that enable shareholders to better understand the company's performance over the long term?

<u>UOI Response:</u>
The Company adopted SFRS(I) 17 Insurance Contracts which was effective on 1 January 2023 and replaced SFRS(I) 4. The Company has restated comparative information for 2022 applying the transitional provisions. As only the financial years from 2022 were audited under SFRS(I) 17, these are disclosed accordingly in our annual report.

Previous ratios such as incurred loss, net commissions, management expenses and underwriting profit ratio were based on SFRS(I) 4 and are no longer available under SFRS(I) 17. We are working and consulting with our external auditor on relevant metrics using SFRS(I) 17 such as insurance revenue, service expenses, net expenses from reinsurance contracts and insurance service result and will share relevant SFRS(I) 17 insurance metrics accordingly.

Q2: On 17 March 2025, the company announced that it would not be tabling resolutions proposed by a number of minority shareholders of the company at the upcoming annual general meeting (AGM).

The proposed resolutions concern the distribution of shares in Haw Par Corporation, held by the company, to its shareholders, and for the appointment of a financial advisor to explore options to unlock shareholder value. The company has stated that the requisition "*did not satisfy the relevant statutory requirements*". However, it has committed to presenting its response during the AGM.

(i) Can the company provide a clear explanation of the relevant statutory requirements and outline why the requisition from minority shareholders did not meet these requirements?

UOI Response:
The relevant requirements are set out in the Singapore Companies Act, and the requisition did not meet all the criteria set. Regardless, the Board and Management have acknowledged the concerns raised by these minority shareholders and will address these matters at the upcoming AGM.

(ii) Beyond the legal considerations, what are the independent directors' assessments of the proposed resolutions in terms of value creation for shareholders?

UOI Response:
The Board welcomes constructive suggestions from shareholders, and we will present our response at the Company's AGM on 17 April 2025.

(iii) Will the board commit to maintaining a high level of transparency by publishing the AGM presentation slides, along with the company's responses to proposed resolutions, on SGXNet in advance of the AGM, for the benefit of all shareholders?

UOI Response:
All shareholders are entitled to attend and participate in the AGM. Shareholders who are present at the AGM will be given time to ask questions. The presentation slides and the minutes of AGM, which record substantial and relevant comments or questions from shareholders, and responses from our Board and Management, will continue to be posted on SGXNet and the Company's website within one month after the AGM.

Q3: On 28 March 2024, the company announced the appointment of Mr Cheo Chai Hong as an independent director, effective 1 June 2024.

(i) Would the nominating committee (NC) elaborate further on the rationale, selection criteria, board diversity considerations and search and nomination process, that led to the nomination and appointment of Mr Cheo Chai Hong, as required in the SGX template?

UOI Response:
Board succession planning is facilitated by a skills matrix. Our Board reviewed each Director's skills and experience to ensure that the composition of our Board is of an appropriate mix of relevant skills, knowledge, experience, gender and age, which supports the Company in its strategic and business goals. Our Board continued to maintain a majority of independent directors and at least one female director in 2024.

The appointment of Directors is based on the needs of the Company and on the merits of the candidate. Directors are appointed primarily on merit, taking into consideration the candidate's qualification for office, personal attributes, fitness and propriety for office, and current commitments. Our NC will refer to our Board Diversity Policy in its assessment of the candidates. Any Director may nominate candidates for appointment. In anticipation of the retirement of Professor Ho Yew Kee and Mr Chng Hwee Hong, our NC reviewed candidates for appointment to our Board. After a rigorous process of review, our Board appointed Mr Cheo Chai Hong and Mr Andrew Lim as Directors on 1 June 2024.

(ii) Can the NC provide insights into the number of candidates shortlisted, the key criteria for selection, and any external advisory firms involved in the process?

UOI Response:
Four candidates were shortlisted, and no external advisory firm was involved, please refer to our response above for the detailed selection criteria.

(iii) Given Mr Cheo Chai Hong's long-standing association with UOB, can the NC clarify whether this connection could impair, or be perceived to impair, his independence as an independent director? How was his prior experience, including his ties to UOB, evaluated in terms of potential conflicts of interest or independence concerns?

UOI Response:
When assessing the independence of each Director, our NC is guided by the criteria in the Insurance Regulations, the SGX-ST Listing Rules and the MAS Guidelines. In addition to the regulatory requirements, our NC also takes into account the Director's conduct and contributions during and outside meetings. Account is also taken of the Director's other appointments, relationships with the Company's Management and self-assessment on matters relating to his independence, fitness and propriety.

A Director who has an interest in a matter that may conflict with his duties to the Company must disclose such interests, and recuse himself from the discussions and decisions involving the issues of conflict. Directors must notify the Company in a timely manner of any change in their interests and appointments. Directors notify the NC of new appointments, and the NC assesses whether the proposed appointment will give rise to any conflict of interests or hamper the Director in the discharge of his duties to the Company.

Mr Cheo Chai Hong has not been with UOB for the past eight years. He does not have any management or business relationship with, or connection to, UOI, its related corporations, Directors or officers that could interfere or be reasonably perceived to interfere with the exercise of his independent business judgement. Neither does he have any family members in the employ of UOI or its related corporations in the current or past three financial years. He has demonstrated independence in conduct, character and judgement in his participation at Board meetings and on occasions outside Board meetings.