



**SING INVESTMENTS
& FINANCE LIMITED**

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SING INVESTMENTS & FINANCE LIMITED

SECOND HALF & FULL YEAR ANNOUCEMENT

**Condensed Interim Financial Statements for Six Months & Full Year Ended
31 December 2022**

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1. Performance Review
a) Second half 2022
Key Financial Indicators

<u>Net Profit After Tax</u>	<u>Net Interest Income</u>	<u>Net Interest Margin</u>
\$17.5m	\$32.7m	2.28%
+34% YoY	+11% YoY	+0.21% pt YoY
-11% vs 1H '22	+16% vs 1H '22	+0.18% pt vs 1H '22
<u>Cost/Income Ratio</u>	<u>NPL Ratio</u>	<u>Customer Loans</u>
42%	1.1%	\$2.41b
-0.5% pt YoY	+0.1% pt fr 30.06.22	+11% fr 30.06.22
-2% pt vs 1H '22		

The Group reported second half 2022 ("2H '22") net profit after tax of \$17.5 million, which represented a 34% increase compared to a year ago, and was a second half record performance. Net interest income ("NII") rose 11% to \$32.7 million and net interest margin ("NIM") widened to 2.28% from 2.07%. The rise in loan yield outpaced the increase in cost of deposit.

Business momentum accelerated in the second half, with customer loans expanding by 11% from 30 June '22 to a record \$2.41 billion. NII increased by 16% and NIM expanded by 18 basis points compared to 1H '22. Non-interest income increased by \$0.1 million or 4% compared with 1H '22 due mainly to higher rental income. Operating expenses increased by 10% attributable in part to higher staff cost.

The Group remained well capitalised with capital adequacy ratios ("CAR") sustained comfortably above minimum regulatory requirements throughout 2H '22.

b) Full year 2022
Key Financial Indicators

<u>Net Profit After Tax</u>	<u>Net Interest Income</u>	<u>Net Interest Margin</u>
\$37.2m	\$60.8m	2.19%
+18% YoY	+3% YoY	+0.09% pt YoY
<u>Cost/Income Ratio</u>	<u>NPL Ratio</u>	<u>Customer Loans</u>
43%	1.1%	\$2.41b
+1% pt YoY	-0.6% pt YoY	+12% YoY

For the second consecutive year, the Group posted record profit, with net profit after tax growing 18% year-on-year to \$37.2 million. The performance was driven by write-back from loan recovery, NIM expansion and record lending volume. Compared to 2021, non-interest income declined by 23% to \$4.7 million while operating expenses increased by 4% to \$28 million. Customer loans grew by 12% from 31 December 2021 to \$2.41 billion, representing the highest ever loan book, while asset quality remained stable. \$6.5 million of credit loss allowance was written back compared to \$0.8 million net charge in 2021.

b) Full year 2022 (Cont'd)

Compared to the prior year, NII increased by 3.0% to \$60.8 million as NIM widened by 9 basis points to 2.19%. The rise in loan yield outpaced the increase in cost of deposit. Non-interest income declined by \$1.4 million or 23% primarily due to lower government grants, fees and commissions. Total income remained little changed at \$65.6 million.

Tight cost control reined in the impact of high inflation on business and kept operating cost increase at 4%. The higher cost base is attributable to staff remuneration increase in a tight labour market and higher operating costs due to business cost inflation. Cost to Income ratio increased by 1% to 43%.

Business momentum was strong and accelerated in the second half of 2022. Customer loans expanded by 12% to \$2.41 billion from the end of 2021, with the highest ever loan volume. In tandem with loan growth, customer deposits grew by 13% to \$2.6 billion. Loan to deposit ratio was 92.5% compared with 93.3% a year ago.

Despite higher debt service burden on customers caused by rate hikes, asset quality remained resilient. Non-performing loan ratio improved to 1.1% from 1.7% a year ago. \$6.5 million of net loan recovery was written back from non-performing loans to a corporate customer.

With rising interest rates, our bond portfolio, which comprised Singapore Government Securities held for regulatory liquidity requirements, continued to depreciate by \$19.1 million. This was the key driver for the net deficit in other comprehensive income.

The Group's CAR remained healthy at 15.6%, 3.6% points above the regulatory minimum, and 1.4% points lower than 31 December 2021 as capital was successfully deployed to support loan growth. Our strong capital position will enable our Company to tap on opportunities to grow our business in future.

c) Performance highlights

	2nd Half			Year		
	2022	2021	+ / (-) (%)	2022	2021	+ / (-) (%)
	\$'000	\$'000		\$'000	\$'000	
Summary Statement of P&L & OCI ¹						
Interest income and hiring charges	47,826	36,244	32.0	82,228	73,392	12.0
Interest expense	(15,149)	(6,672)	127.1	(21,395)	(14,573)	46.8
Net interest income	32,677	29,572	10.5	60,833	58,819	3.4
Non-interest income	2,410	2,676	(9.9)	4,732	6,150	(23.1)
Total Income	35,087	32,248	8.8	65,565	64,969	0.9
Operating expenses	(14,680)	(13,625)	7.7	(27,990)	(26,813)	4.4
Profit from operations before allowances	20,407	18,623	9.6	37,575	38,156	(1.5)
Bad debts recovered / (Allowances) for credit losses	12	(3,386)	NM	6,495	(837)	NM
Profit before income tax	20,419	15,237	34.0	44,070	37,319	18.1
Profit after tax	17,519	13,095	33.8	37,203	31,433	18.4
Other comprehensive income	(333)	(4,110)	(91.9)	(15,539)	(7,457)	108.4
Total comprehensive income	17,186	8,985	91.3	21,664	23,976	(9.6)
Selected Balance Sheet Items						
Total equity	414,819	405,765	2.2	414,819	405,765	2.2
Total assets	3,109,956	2,920,103	6.5	3,109,956	2,920,103	6.5
Loans and advances	2,405,641	2,140,813	12.4	2,405,641	2,140,813	12.4
Customer deposits	2,601,466	2,293,465	13.4	2,601,466	2,293,465	13.4
Key Financial Ratios						
	%	%		%	%	
Net interest margin	2.28	2.07		2.19	2.10	
Non-interest income to total income	6.9	8.3		7.2	9.5	
Cost to income ratio	41.8	42.3		42.7	41.3	
Loans to deposit ratio	92.5	93.3		92.5	93.3	
Non-performing loans ratio	1.1	1.7		1.1	1.7	
Return on Equity ²	8.4	6.5		9.0	7.7	
Return on Assets ³	1.1	0.9		1.2	1.1	
Capital Adequacy Ratio	15.6	17.0		15.6	17.0	
Per Ordinary Share						
Annualised earnings per share (cents)	22.23	16.62		23.60	19.94	
Net asset value per share (\$)	2.63	2.57		2.63	2.57	

(1) Summary Statement of Profit or Loss and Other Comprehensive Income

(2) Return on Equity is computed based on ordinary shareholders' equity at balance sheet date

(3) Return on Assets is computed based on total assets at balance sheet date

NM: Not meaningful

2. Audit or Review

The condensed financial statements of Sing Investments & Finance Limited ("the Company") and its subsidiary (collectively, the "Group"), which comprise the condensed consolidated statement of financial position of the Group, and the condensed statement of financial position of the Company as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the condensed statement of changes in equity of the Company for the financial year then ended and the explanatory notes have been audited by Deloitte & Touche LLP, the Group's external auditors. Please refer to attached the auditor's report for the financial year ended 31 December 2022.

The condensed interim financial statements as at and for the six months period ended 31 December 2022 have not been audited or reviewed.

3. Significant Trends and Competitive Conditions in Industry

On a quarter-on-quarter basis, Singapore economy grew 0.8% in the third quarter and 0.1% in the fourth quarter of 2022, based on the Economic Survey of the Ministry of Trade and Industry. For the full year 2022, the domestic economy expanded 3.6% year-on-year, slowing from 8.9% growth in 2021, a high base underpinned by a strong post COVID-19 recovery. All key sectors posted growth but at lower rates compared with 2021. The good producing industries grew 2.9%, slowing from 13.5% growth a year ago while the services industries recorded 4.8% growth, moderating from 7.6% expansion in the prior year.

Geopolitical tensions and supply chain disruptions remained heightened throughout the year. Tight labour markets pushed up wages globally and in Singapore. Supply chain bottlenecks, wage growth and strong demand from border reopening resulted in high inflation rates. In response to rising prices, central banks have been hiking rates and tightening monetary policies aggressively during the year.

In Singapore, local interest rates rose, in line with the hikes in USD interest rates. The rate hikes, strong demand for funds and intensifying competition for customer deposits resulted in deposit rates in Singapore rising from around April 2022. Adding to the pressure is the significant deposit outflows into Singapore Treasury Bills, which offer attractive yields.

Credit demand in Singapore remained strong and asset quality stayed stable notwithstanding higher debt service burden on borrowers caused by the increase in loan rates.

All Singapore digital banks have commenced their operations and the competition in the Singapore financial services sector is expected to stiffen considerably as the digital banks scale up their business.

Looking forward, the Singapore economy is forecast to grow within a modest range of 0.2% to 2.5%, with looming downside risks. US Federal Reserve is widely expected to deliver more rate hikes but at a slower pace and with no clear sign of rate reversal in 2023. Liquidity will remain tight and SGD interest rates are likely to stay elevated, adding burden to borrowers and weighing on asset prices.

Against the less favorable economic backdrop, SIF will continue to stay vigilant in navigating the challenging macro-economic and financial environment. We will monitor our risk exposures closely and will be proactive in managing net interest margin by regularly reviewing our pricing strategies. On the back of the strong business momentum, we will leverage on our existing customer relationships to grow our business and at the same time explore new opportunities.

Despite the challenges, we will not be distracted from our digitization journey. We have launched our internet banking apps for both retail and corporate customers and, will focus on ramping up usage of the apps in order to deliver our products and services efficiently. We will continue to build our technology eco-system to stay competitive.

4. Dividends

In line with the record performance in the financial year 2022, the Board of Directors is pleased to recommend a first and final dividend of 10 cents per share one-tier tax exempt in respect of the financial year 2022 for approval by the shareholders at the next Annual General Meeting.

The proposed dividend is 2.0 cents per share higher than the dividend for the financial year 2021.

4. Dividends (Cont'd)

	<u>Latest Year (2022)</u>	<u>Previous Year (2021)</u>
Name of dividend	First and final	First and final
Dividend type	Cash	Cash
Dividend per share	10 cents	8 cents
Tax rate	Tax exempt one-tier	Tax exempt one-tier
Total annual dividend ('000)		
- Ordinary shareholders	\$15,763	\$12,610

The books closure date and date payable are subject to approval by the shareholders at the forthcoming Annual General Meeting and to be announced at a later date.

5. Bonus Issue

On 24 February 2023, the Company announced the proposal of a bonus issue comprising 78,812,882 bonus shares to its shareholders on the basis of 1 bonus share to be credited at nil consideration without capitalisation of the Company's reserves and as fully paid for every 2 existing shares in the capital of the Company as at the record date to be determined by the directors for the purpose of determining the entitlements of shareholders. The bonus shares will not be entitled to the first and final dividend proposed for the year 2022.

The proposed bonus issue is subject to, *inter alia*, the approval in-principle from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the bonus shares on the Official List of the Main Board of the SGX-ST and the shareholders' approval for the general mandate at the forthcoming Annual General Meeting of the Company.

6. Other Information Required by SGX Listing Rule Appendix 7.2
a) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously provided to shareholders.

b) 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 other purpose since the end of the previous period reported on

There has been no change in the Company's share capital arising from the above issues.

As at the end of the financial period, there were no outstanding share options or convertibles (31 December 2021: Nil).

c) Sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the financial period

During the financial period, no shares were held as treasury shares.

d) Shareholders' mandate for interested party transactions ("IPT")

The Group has not sought any shareholders' mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual nor does it have any IPTs (31 December 2021: Nil).

6. Other Information Required by SGX Listing Rule Appendix 7.2 (Cont'd)
e) SGX-ST Listing Manual Rule 720 (1) – Procurement of undertakings to comply with listing rules from all directors and executive officers

Pursuant to Rule 720 (1) of the SGX-ST Listing Manual, the Company has procured undertakings to comply with the Exchange's listing rules from all its directors and executive officers.

f) Half-yearly income and profit after tax

	2022	2021	+ / (-)
	\$'000	\$'000	%
Total Income:			
First half year	30,478	32,721	(6.9)
Second half year	35,087	32,248	8.8
Full Year	65,565	64,969	0.9
Profit After Tax:			
First half year	19,684	18,338	7.3
Second half year	17,519	13,095	33.8
Full Year	37,203	31,433	18.4

g) Disclosure of person occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the issuer pursuant to Rule 704 (13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lee Sze Leong	64	Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder. Brother of: <ul style="list-style-type: none"> • Lee Sze Siong (Deputy Managing Director & substantial shareholder) • Lee Sze Hao (Substantial shareholder) 	Managing Director/CEO. Year appointed: 1997 Oversees the operations of the company.	Nil.
Lee Sze Siong	61	Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder. Brother of: <ul style="list-style-type: none"> • Lee Sze Leong (Managing Director & substantial shareholder) • Lee Sze Hao (Substantial shareholder) 	Deputy Managing Director Year appointed: 2010 Assists the Managing Director/CEO in overseeing the operations of the company.	Nil.

By order of the Board

Lee Sze Leong
 Managing Director
 24 February 2023

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")		243,061	298,623	242,984	298,572
Statutory deposit with the MAS		69,587	60,848	69,587	60,848
Singapore Government Securities and MAS bills	11	335,017	363,856	335,017	363,856
Investment in equity securities	11	6,015	5,669	5,783	5,404
Loans and advances	14	2,405,641	2,140,813	2,405,641	2,140,813
Other receivables, deposits and prepayments		5,227	4,921	5,227	4,921
Subsidiary		-	-	25	25
Property, plant and equipment	15	22,722	23,564	22,722	23,564
Investment properties	16	21,431	21,809	21,431	21,809
Deferred tax assets		1,255	-	1,284	-
Total assets		3,109,956	2,920,103	3,109,701	2,919,812
LIABILITIES AND EQUITY					
Deposits and balances of customers		2,601,466	2,293,465	2,602,243	2,294,240
Other liabilities		29,501	20,635	28,999	20,159
Borrowings from MAS	17	55,484	190,806	55,484	190,806
Borrowings from Enterprise Singapore (unsecured)	18	1,576	1,118	1,576	1,118
Provision for employee benefits		170	248	170	248
Current tax payable		6,940	6,100	6,940	6,100
Deferred tax liabilities		-	1,966	-	1,932
Total liabilities		2,695,137	2,514,338	2,695,412	2,514,603
Equity attributable to equity holders of the Company					
Share capital	20	180,008	180,008	180,008	180,008
Reserves	21	234,811	225,757	234,281	225,201
Total equity		414,819	405,765	414,289	405,209
Total liabilities and equity		3,109,956	2,920,103	3,109,701	2,919,812
OFF-BALANCE SHEET ITEMS					
Undrawn loan commitments		770,180	777,080	770,180	777,080
Guarantees issued	23	8,740	7,730	8,740	7,730
Total off-balance sheet items		778,920	784,810	778,920	784,810

Condensed Interim Consolidated Statement of Profit or Loss

	Note	2nd Half * 2022	2nd Half * 2021	+/-	Year 2022	Year 2021	+/(-) %
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue							
Interest income and hiring charges	7	47,826	36,244	32.0	82,228	73,392	12.0
Interest expense	7	(15,149)	(6,672)	127.1	(21,395)	(14,573)	46.8
Net interest income and hiring charges		32,677	29,572	10.5	60,833	58,819	3.4
Fees and commissions		846	922	(8.2)	1,648	2,163	(23.8)
Dividends	7	115	101	13.9	234	171	36.8
Rental income from investment properties		1,416	1,353	4.7	2,659	2,896	(8.2)
Other income	7	33	300	(89.0)	191	920	(79.2)
Income before operating expenses		35,087	32,248	8.8	65,565	64,969	0.9
Staff costs	7	(9,850)	(9,374)	5.1	(18,634)	(18,096)	3.0
Depreciation of property, plant and equipment		(1,013)	(924)	9.6	(2,022)	(1,823)	10.9
Depreciation of investment properties	16	(189)	(189)	-	(378)	(378)	-
Depreciation of right of use assets		(10)	(13)	(23.1)	(24)	(28)	(14.3)
Other operating expenses	7	(3,618)	(3,125)	15.8	(6,932)	(6,488)	6.8
Total Operating Expenses		(14,680)	(13,625)	7.7	(27,990)	(26,813)	4.4
Profit from operations before allowances		20,407	18,623	9.6	37,575	38,156	(1.5)
Bad debts recovered / (Allowances) for credit losses on loans and other assets	7	12	(3,386)	NM	6,495	(837)	NM
Profit before income tax		20,419	15,237	34.0	44,070	37,319	18.1
Income tax expense	8	(2,900)	(2,142)	35.4	(6,867)	(5,886)	16.7
Profit for the period attributable to equity holders of the Company		17,519	13,095	33.8	37,203	31,433	18.4
		2nd Half * 2022	2nd Half * 2021		Year 2022	Year 2021	
Annualised earnings per share (cents)							
- Basic / Diluted	9	22.23	16.62		23.60	19.94	

NM: Not meaningful

*Unaudited

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2nd Half*	2nd Half*		Year	Year	
	2022	2021	+/(−)	2022	2021	+/(−)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	17,519	13,095	33.8	37,203	31,433	18.4
<u>Other comprehensive income</u>						
Items that will not be reclassified subsequently to profit or loss						
Gain on disposal of equity investments at FVOCI	-	98	NM	-	147	NM
Net change in fair value of equity investments at FVOCI	320	(1,116)	NM	345	768	(55.1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(55)	189	NM	(59)	(131)	(55.0)
	265	(829)	NM	286	784	(63.5)
Items that may be reclassified subsequently to profit or loss						
Net change in fair value of debt investments at FVOCI	(721)	(3,953)	(81.8)	(19,067)	(9,929)	92.0
Income tax relating to items that may be reclassified subsequently to profit or loss	123	672	(81.7)	3,242	1,688	92.1
	(598)	(3,281)	(81.8)	(15,825)	(8,241)	92.0
Other comprehensive income for the period - net of tax	(333)	(4,110)	(91.9)	(15,539)	(7,457)	108.4
Total comprehensive income for the period	17,186	8,985	91.3	21,664	23,976	(9.6)

NM: Not meaningful

FVOCI: Fair Value through Other Comprehensive Income

*Unaudited

Condensed Interim Statements of Changes in Equity

Group	Share capital	Statutory reserve	Regulatory Loss		Accumulated profits	Total
			Allowance Reserve	Fair value reserve		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Balance at 1 January 2022	180,008	128,723	11,716	6,167	79,151	405,765
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	37,203	37,203
Other comprehensive income for the year - net	-	-	-	(15,539)	-	(15,539)
Total	-	-	-	(15,539)	37,203	21,664
Transfer to Regulatory Loss Allowance Reserve	-	-	2,994	-	(2,994)	-
Transfer from accumulated profits to statutory reserve	-	9,300	-	-	(9,300)	-
Transactions with owners, recognised directly in equity:						
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	-	-	-	-	(12,610)	(12,610)
Balance at 31 December 2022	180,008	138,023	14,710	(9,372)	91,450	414,819
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,771	62,881	387,464
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	31,433	31,433
Other comprehensive income for the year - net	-	-	-	(7,604)	147	(7,457)
Total	-	-	-	(7,604)	31,580	23,976
Transfer to Regulatory Loss Allowance Reserve	-	-	1,776	-	(1,776)	-
Transfer from accumulated profits to statutory reserve	-	7,859	-	-	(7,859)	-
Transactions with owners, recognised directly in equity:						
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	-	-	-	-	(5,675)	(5,675)
Balance at 31 December 2021	180,008	128,723	11,716	6,167	79,151	405,765

Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
2022						
Balance at 1 January 2022	180,008	128,723	11,716	5,996	78,766	405,209
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	37,201	37,201
Other comprehensive income for the year - net	-	-	-	(15,511)	-	(15,511)
Total	-	-	-	(15,511)	37,201	21,690
Transfer to Regulatory Loss Allowance Reserve	-	-	2,994	-	(2,994)	-
Transfer from accumulated profits to statutory reserve	-	9,300	-	-	(9,300)	-
Transactions with owners, recognised directly in equity:						
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	-	-	-	-	(12,610)	(12,610)
Balance at 31 December 2022	180,008	138,023	14,710	(9,515)	91,063	414,289
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,580	62,494	386,886
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	31,435	31,435
Other comprehensive income for the year - net	-	-	-	(7,584)	147	(7,437)
Total	-	-	-	(7,584)	31,582	23,998
Transfer to Regulatory Loss Allowance Reserve	-	-	1,776	-	(1,776)	-
Transfer from accumulated profits to statutory reserve	-	7,859	-	-	(7,859)	-
Transactions with owners, recognised directly in equity:						
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	-	-	-	-	(5,675)	(5,675)
Balance at 31 December 2021	180,008	128,723	11,716	5,996	78,766	405,209

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		Year	Year
		2022	2021
		\$'000	\$'000
Operating activities			
Profit before income tax		44,070	37,319
Adjustments for:			
Impact of accrual of interest income		(672)	2,305
Impact of accrual of interest expense		5,504	(5,922)
Interest expense on lease liabilities		2	3
Depreciation of property, plant and equipment		2,022	1,823
Depreciation of investment properties	16	378	378
Depreciation of right of use assets		24	28
Allowances for credit losses on loans and other assets		(708)	837
Gain on disposal of property, plant and equipment		-	(187)
Dividends		(234)	(171)
Operating cash flows before movements in working capital		50,386	36,413
Changes in working capital			
Deposits and balances of customers		308,001	14,757
Other liabilities		3,388	2,731
Borrowings from MAS		(135,322)	43,638
Borrowings from Enterprise Singapore		458	(3,552)
Statutory deposits with the MAS		(8,738)	(1,012)
Singapore Government Securities and MAS bills		9,313	(90,093)
Loans and advances		(264,121)	(64,569)
Other assets		801	309
Provision for employee benefits		(79)	(148)
Cash used in operating activities		(35,913)	(61,526)
Income taxes paid		(6,065)	(4,481)
Net cash used in operating activities		(41,978)	(66,007)
Investing activities			
Purchase of property, plant and equipment and investment properties	15	(1,180)	(811)
Dividends received		234	113
Proceeds from disposal of property, plant and equipment		-	187
Proceeds from disposal of equity securities		-	227
Net cash used in investing activities		(946)	(284)
Financing activities			
Cash payments of lease liabilities		(28)	(31)
Dividend paid		(12,610)	(5,675)
Net cash used in financing activities		(12,638)	(5,706)
Net decrease in cash and cash equivalents		(55,562)	(71,997)
Cash and cash equivalents at beginning of the year		298,623	370,620
Cash and cash equivalents at end of the year		243,061	298,623

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate Information

Sing Investments & Finance Limited, (the 'Company') is incorporated and domiciled in Singapore, and is listed on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 cover the Company and its wholly owned subsidiary, Sing Investments & Finance Nominees (Pte.) Ltd, (collectively, the 'Group'). The principal activities of the Company are those of a licensed finance company. The principal activities of the subsidiary are those of a nominee service company.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's and Company's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The financial statements have been prepared on a going concern basis under the historical cost convention except for financial assets classified as fair value through other comprehensive income.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

The condensed interim financial statements as at and for the six months ended 31 December 2022 were authorised for issue by the Board of Directors on 24 February 2023.

3. Accounting Policies & Adoption of New and Revised Standards

The accounting policies applied by the Group are consistent with those applied in the previous financial year, which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of the new and revised SFRS(I)s that are effective for the annual period beginning on 1 January 2022.

The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior year.

4. Critical Accounting Judgements and Estimates

In preparing the condensed interim financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. Critical Accounting Judgements and Estimates (Cont'd)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Management is of the opinion that the application of judgement is not expected to have a significant effect on the amounts recognised in the financial statements, except as follows:

Significant increase of credit risk in the estimates of Expected Credit Loss ("ECL")

ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 and Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. SFRS(I) 9 does not define what constitutes a significant increase in credit risk, including considerations relating to COVID 19 impact.

In assessing whether the credit risk of an asset has significantly increased, the Group takes into account reasonable and supportable qualitative and quantitative forward looking information. In line with regulatory guidelines, customer's utilisation of relief measures due to COVID 19 economic impact does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customer's risk of default continues to be performed holistically, taking into account the customer's ability to make payments based on the rescheduled payments and their creditworthiness in the long term.

Models and assumptions used

The Group uses credit rating models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in the model, including assumptions that relate to key drivers of credit risk.

Management is of the opinion that the key sources of estimation uncertainty is the calculation of loss allowances as discussed below:

Calculation of loss allowance

The following are key estimations that the management has used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/customer segment and determining the forward-looking information relevant to each scenario: When measuring ECL and considering the current COVID 19 economic impact, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

5. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

6. Segmented Revenue and Results for Business or Geographical Segments

Segment reporting is not required as the Group operates only in one segment. Its principal activities relate to financing business and related nominee services. All activities are carried out in the Republic of Singapore.

7. Profit before Income Tax

The following items have been included in arriving at profit for the period:

	Group		Group	
	2 nd Half 2022	2 nd Half 2021	Year 2022	Year 2021
	\$'000	\$'000	\$'000	\$'000
Interest income and hiring charges				
Loans and advances and others measured at amortised cost	41,448	32,818	72,180	66,586
Cash and bank deposits at amortised cost	2,063	691	2,798	1,722
Singapore Government Securities and MAS bills measured at FVOCI	4,315	2,735	7,250	5,084
	<u>47,826</u>	<u>36,244</u>	<u>82,228</u>	<u>73,392</u>
Interest expense				
Deposits and balances of customers	15,116	6,672	21,362	14,573
Borrowings from banks	33	-	33	-
	<u>15,149</u>	<u>6,672</u>	<u>21,395</u>	<u>14,573</u>
Dividends				
Equity investments	115	101	234	171
Other income				
Government grants	11	109	145	692
Net gain on property, plant and equipment written off /disposed	-	187	-	187
Others	22	4	46	41
	<u>33</u>	<u>300</u>	<u>191</u>	<u>920</u>
Staff costs				
Salaries and other benefits	9,090	8,733	17,020	16,669
Contributions to defined contribution plan	839	789	1,693	1,575
Write-back of provision for unutilised leave	(79)	(148)	(79)	(148)
	<u>9,850</u>	<u>9,374</u>	<u>18,634</u>	<u>18,096</u>

7. Profit before Income Tax (Cont'd)

	Group		Group	
	2 nd Half 2022	2 nd Half 2021	Year 2022	Year 2021
	\$'000	\$'000	\$'000	\$'000
Other operating expenses				
Audit fees	79	157	156	157
Non-audit fees	32	44	47	44
Operating expenses on investment properties	386	343	707	643
Maintenance, utilities and property tax	901	1,014	1,863	1,810
Legal and professional fees	259	79	432	174
Commission expense	708	649	1,356	1,667
Others	1,253	839	2,371	1,993
	3,618	3,125	6,932	6,488

	Group		Group	
	2 nd Half 2022	2 nd Half 2021	Year 2022	Year 2021
	\$'000	\$'000	\$'000	\$'000
Total net loss allowance (write back) / charge to P&L				
Non-impaired assets (ECL Stage 1 & 2)				
Cash and deposits with banks	(413)	21	(413)	100
Loans and advances	413	(491)	413	(2,620)
Impaired assets (Stage 3)				
Bad debts recovered	(474)	-	(5,787)	-
Loans and advances	462	3,856	(708)	3,357
Total charge /(write-back) to P&L	(12)	3,386	(6,495)	837

8. Income Tax Expense

	Group		Group	
	2 nd Half 2022	2 nd Half 2021	Year 2022	Year 2021
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current period	2,938	2,287	6,905	6,031
Deferred tax debit				
Reversal of temporary differences	(38)	(145)	(38)	(145)
Total income tax expense	2,900	2,142	6,867	5,886

9. Earnings per Share

	Group		Group	
	2nd Half 2022	2nd Half 2021	Year 2022	Year 2021
	\$'000	\$'000	\$'000	\$'000
Basic and diluted earnings per share are based on:				
Net profit attributable to ordinary shareholders	17,519	13,095	37,203	31,433
Number of ordinary shares	157,626	157,626	157,626	157,626
Annualised earnings per share (cents)	22.23	16.62	23.60	19.94

There were no potential dilutive ordinary shares for the period ended 31 December 2022 (31 December 2021: Nil).

10. Categories of Financial Instruments

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
At amortised cost:				
Cash and deposits with banks and Monetary Authority of Singapore ("MAS")	243,061	298,623	242,984	298,572
Statutory deposit with the MAS	69,587	60,848	69,587	60,848
Loans and advances	2,405,641	2,140,813	2,405,641	2,140,813
Other receivables, deposits and prepayments	3,543	2,413	3,543	2,413
At FVOCI:				
Singapore Government Securities and MAS bills	335,017	363,856	335,017	363,856
Investment in equity securities	6,015	5,669	5,783	5,404
Financial liabilities				
At amortised cost:				
Deposits and balances of customers	2,601,466	2,293,465	2,602,243	2,294,240
Other liabilities	29,501	20,635	28,999	20,159
Borrowings from MAS	55,484	190,806	55,484	190,806
Borrowings from Enterprise Singapore	1,576	1,118	1,576	1,118

11. Financial Assets at Fair Value through Other Comprehensive Income

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets at FVOCI				
At FVOCI:				
Singapore Government Securities and MAS bills	335,017	363,856	335,017	363,856
Investment in equity securities	6,015	5,669	5,783	5,404

During the year ended 31 December 2022, no disposal of the Group's investment in equity securities was made (2021: Disposal of equity securities at fair value of \$209,000, with cumulative gain, net of tax, of \$147,000 reclassified from fair value reserve to retained profits).

12. Fair Value Measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

The table below provides an analysis of categorisation of fair value measurements into the different levels of the fair value hierarchy:

<u>Group</u>	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2022				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	6,015	-	-	6,015
Singapore Government Securities and MAS bills	335,017	-	-	335,017
31 December 2021				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	5,669	-	-	5,669
Singapore Government Securities and MAS bills	363,856	-	-	363,856

12. Fair Value Measurement (Cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Company</u>				
31 December 2022				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	5,783	-	-	5,783
Singapore Government Securities and MAS bills	335,017	-	-	335,017
31 December 2021				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	5,404	-	-	5,404
Singapore Government Securities and MAS bills	363,856	-	-	363,856

13. Capital Adequacy Ratio (CAR)

The Group's capital position was as follows:

	Group	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Capital element		
<u>Core capital</u>		
Share capital	180,008	180,008
Disclosed reserves	229,374	207,782
	409,382	387,790
Risk weighted assets		
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	15.6	17.0

14. Loans and Advances

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Housing, factoring receivables and other loans	1,837,010	1,655,550
Hire purchase receivables	629,415	552,902
Unearned interests and charges	(49,339)	(55,737)
Allowances for impairment on loans and advances	(11,445)	(11,902)
	2,405,641	2,140,813
Due within 12 months	708,591	385,370
Due after 12 months	1,697,050	1,755,443
	2,405,641	2,140,813

14. Loans and Advances (Cont'd)

Movements in allowances for impairment on loans and advances are as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
Stage 3 loss allowance		
At 1 January	8,736	5,535
Write back of impairment losses during the period	(1,170)	(499)
Receivables written off against allowances	(54)	(10)
At 30 June	7,512	5,026
Allowances for impairment losses during the period	462	3,856
Receivables written off against allowances	(108)	(146)
At 31 December	7,866	8,736
Stage 1 and 2 loss allowance		
At 1 January	3,166	5,786
Write back of impairment losses during the period	-	(2,129)
At 30 June	3,166	3,657
Allowances for / (Write back) of impairment losses during the period	413	(491)
At 31 December	3,579	3,166
Total allowances for impairment on loans and advances		
At 1 January	11,902	11,321
At 30 June	10,678	8,683
At 31 December	11,445	11,902

15. Property, Plant and Equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to \$331,829 (2nd Half 2021: \$536,817) and wrote off assets with nil net book value (2nd Half 2021: Disposal of assets with nil net book value at \$186,917 gain).

During the year 2022, the Group acquired assets amounting to \$1,180,172 (2021: \$810,833) and wrote off assets with nil net book value (2021: Disposal of assets with nil net book value at \$186,917 gain).

16. Investment Properties

	Group and Company		Group and Company	
	2nd Half	2nd Half	Year	Year
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At cost:				
At beginning of period	28,794	28,794	28,794	28,794
Accumulated depreciation:				
At beginning of period	7,174	6,796	6,985	6,607
Depreciation charge	189	189	378	378
At the end of December	7,363	6,985	7,363	6,985
Carrying amount:				
At the end of December	21,431	21,809	21,431	21,809

16. Investment Properties (Cont'd)

The investment properties relate to the office spaces at the head office and part of the premise at the Bedok Branch which are leased to a related party and third parties for rental. Each of the leases contains an initial non-cancellable period of 2 to 3 years. Subsequent renewals are negotiated with the lessee.

Fair value measurement of the Group's leasehold land and buildings

The Group's land and buildings are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at every year end, based on the property's highest and best use. There has been no significant change to the fair value as described in the annual financial statements for 2021 and based on the fair value hierarchy, it is considered in the Level 2 hierarchy.

17. Borrowings from MAS

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Due within 12 months	55,484	136,090
Due after 12 months	-	54,716
	55,484	190,806

Borrowings from MAS represents amounts advanced by MAS to the Group in order to partially finance the Enterprise Singapore ("ESG") loan schemes for Small and Medium Enterprises ("SMEs"), administered by Enterprise Singapore. The ESG Loan Schemes comprise the Enhanced Enterprise Financing Scheme - SME Working Capital Loan ("EFS-WCL") and the Temporary Bridging Loan Programme ("TBLP").

The borrowings are secured by assignment of eligible loan agreements as collaterals under the ESG Loan Schemes.

18. Borrowings from Enterprise Singapore

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Due within 12 months	313	803
Due after 12 months	1,263	315
	1,576	1,118

Enterprise Singapore loans represent amounts advanced by Enterprise Singapore under the Local Enterprise Finance Scheme ("LEFS") and Extended Local Enterprise Finance Scheme ("ELEFS") to finance LEFS and ELEFS borrowers. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under the above schemes.

These borrowings are unsecured.

19. Borrowings from Banks

There are no bank borrowings as at 31 December 2022 (31 December 2021: Nil).

Interest expense on bank borrowings amounted to \$33,326 for the six months ended and the financial year ended 31 December 2022 (2021: Nil).

20. Share Capital

	Group and Company			
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	No. of shares (‘000)	No. of shares (‘000)	\$’000	\$’000
Issued and fully paid:	157,626	157,626	180,008	180,008

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

21. Reserves

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$’000	\$’000	\$’000	\$’000
Statutory reserve	138,023	128,723	138,023	128,723
Fair value reserve	(9,372)	6,167	(9,515)	5,996
Accumulated profits	91,450	79,151	91,063	78,766
Regulatory loss allowance reserve	14,710	11,716	14,710	11,716
	234,811	225,757	234,281	225,201

The statutory reserve is maintained in compliance with the provision of Section 18 of the Finance Companies Act, Chapter 108.

The fair value reserve comprises the cumulative net change in the fair value of FVOCI investments until such investments are disposed.

The regulatory loss allowance reserve is maintained in compliance with the MAS Notice to Finance Companies No. 811 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

22. Related Company and Related Party Transactions

There were no changes in the related party transactions described in the Annual Report 2021 that have had a material effect on the financial position or performance of the Group in the year ended 31 December 2022. All related party transactions that have taken place in the period were similar in nature to those disclosed in the Annual Report 2021.

22. Related Company and Related Party Transactions (Cont'd)

The transactions with directors of the Company and other related parties are as follows:

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
(a) Deposits	83,465	17,601
(b) Profit or loss transactions for the year		
- Interest expenses on deposits	812	33
- Professional fee	4	13
- Rental income	233	232

23. Contingent Liabilities

Commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations to the Group and the Company and for the Group and the Company's operational requirements are as follows:

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Guarantees issued and financing of goods imported	8,740	7,730

As at 31 December 2022, guarantees issued for the Group and the Company's operational requirements amounted to Nil (Dec 2021 : Nil).

24. Dividends

	Group and Company	
	Year 2022	Year 2021
	\$'000	\$'000
Ordinary dividends paid: First and final exempt dividends	12,610	5,675
Dividend per share (cents)	8.0	3.6

25. Net Asset Value

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$	\$	\$	\$
Net asset value per ordinary share	2.63	2.57	2.63	2.57

26. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

Kindly refer to the Note 5 of the Announcement for the proposal of a bonus issue announced by the Company on 24 February 2023.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sing Investments & Finance Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity 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 Group 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 year. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Key Audit Matter	How our audit addressed the key audit matter
<p>Expected credit loss on non-credit impaired loans and advances</p> <p>Refer to Note 2.4 for the Group's accounting policy on impairment of loans and advances, Note 3 on critical judgements and estimation uncertainty and Note 4(b)(i) for the Group's credit risk disclosures.</p> <p>Loans and advances constitute approximately 77.4% of the Group's total assets. SFRS(I) 9 Financial Instruments requires the Group to recognise Expected Credit Losses ("ECL") on these loans and advances. As at 31 December 2022, the expected credit losses on non-credit-impaired loans and advances was \$3.58 million.</p> <p>The determination of ECL involves the use of significant judgement and estimates including: forward looking macro-economic factors, criteria used to determine the significant increase in credit risk, probability of default, loss given default, and post model adjustments to account for limitations in the ECL models.</p> <p>Given the significant judgements and high degree of estimation uncertainty involved in the determination of ECL arising from the matters described above, and the size of the loan and advances, we have identified the expected credit losses on non-credit-impaired loans and advances to be a matter of significance in the audit, and therefore a key audit matter.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> • We tested the design, implementation and operating effectiveness of key controls over the determination of ECL which includes the following: <ul style="list-style-type: none"> i. Accuracy of data inputs in the ECL model ii. Identification of significant increases in credit risk iii. Review and approval over post model adjustments by Risk Management Committee. • We involved our internal credit modelling specialist to assist us in understanding and evaluating the appropriateness of the Group's ECL methodology against the requirements of SFRS(I) 9 <i>Financial Instruments</i>. • We tested the accuracy of key inputs into the ECL model by comparing against source systems and documents. • We assessed the basis and appropriateness of management's post model adjustments. • For selected samples, we re-computed the ECL to test the mathematical accuracy of the ECL model.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Key Audit Matters (cont'd)

<p>Loss allowances for Stage 3 credit-impaired loans and advances</p> <p>Refer to Note 2.4 for the Group's accounting policy on impairment of loans and advances, Note 3 on critical judgements and estimation uncertainty and Note 4(b)(i) for the Group's credit risk disclosures.</p> <p>As at 31 December 2022, the loss allowances for impaired loans was \$7.87 million.</p> <p>The determination of stage 3 credit-impaired loans and advances and the resultant loss allowances involves the use of significant judgement and estimates including: identification of impairment indicators, classification of loan grading, and estimation of recoverable cash flows.</p> <p>Given the significant judgements and high degree of estimation uncertainty involved in determining the amount of impairment, we have identified the loss allowances for stage 3 credit impaired loans and advances to be a matter of significance in the audit, and therefore a key audit matter.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> • We tested the design, implementation and operating effectiveness of key controls over allowances for credit-impaired loans and advances, which includes the following: <ul style="list-style-type: none"> i. Oversight of credit risk by Risk Management Committee ii. Classification of loan grading and monitoring iii. Identification of impairment indicators iv. Existence and valuation of collaterals • We tested selected loan files and credit reviews performed by the Group to assess the appropriateness of the classification of loan grading and challenged management's evaluations and conclusions on the credit worthiness, and classification of the selected loans. • For selected credit-impaired loans, we evaluated management's estimation of recoverable cash flows, including amount and timing of repayments, recoverable values of collaterals and other sources of repayment.
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Corporate Information, Performance Review, 5 Years Financial Summary, and Directors' Statement, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Board of Directors, Additional Information, Chairman's Statement, Corporate Governance Statement, Sustainability Report, and Statistics of Shareholdings, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement, Corporate Governance Statement, Sustainability Report, and Statistics of Shareholdings, 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 SFRS(I)s, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Auditor's Responsibility 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:

- (a) 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.
- (b) 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 Group'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 Group to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

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 and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy Phua.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

24 February 2023