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SING INVESTMENTS & FINANCE LIMITED
FIRST HALF ANNOUNCEMENT
Condensed Interim Financial Statements for Six Months ended
30 June 2024

Table of Contents

	<u>PAGE</u>
Performance Review	1 - 2
Audit or Review	3
Significant Trends and Competitive Conditions in the Industry	3
Dividends	3
Other Information Required by SGX Listing Rule Appendix 7.2	4 - 6
Condensed Interim Consolidated Statement of Profit or Loss	7
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Interim Statements of Financial Position	9
Condensed Interim Statements of Changes in Equity	10 - 11
Condensed Interim Consolidated Statement of Cash Flows	12
Notes to the Condensed Interim Consolidated Financial Statements	13 - 26

1. Performance Review

	1H 2024	1H 2023		2H 2023	
	\$'000	\$'000	+ / (-) (%)	\$'000	+ / (-) (%)
Group					
Summary Statement of P&L & OCI ¹					
Interest income and hiring charges	73,687	71,051	4	74,725	(1)
Interest expense	(43,253)	(43,180)	0	(47,700)	(9)
Net interest income	30,434	27,871	9	27,025	13
Non-interest income	3,393	2,993	13	3,103	9
Total income	33,827	30,864	10	30,128	12
Operating expenses	(14,214)	(14,340)	(1)	(14,339)	(1)
Profit from operations before allowances	19,613	16,524	19	15,789	24
(Allowances for credit losses) / Bad debts recovered	(47)	3,305	NM	4,195	NM
Profit before income tax	19,566	19,829	(1)	19,984	(2)
Income tax expense	(3,478)	(3,408)	2	(3,195)	9
Profit after tax	16,088	16,421	(2)	16,789	(4)
Other comprehensive income	(3,425)	(509)	NM	4,699	NM
Total comprehensive income	12,663	15,912	(20)	21,488	(41)
Selected Balance Sheet Items					
	30-Jun-24	30-Jun-23		31-Dec-23	
Total equity	434,932	414,969	5	436,455	(0)
Total assets	3,340,572	3,344,946	(0)	3,412,383	(2)
Loans and advances	2,572,248	2,365,582	9	2,450,789	5
Customer deposits	2,840,000	2,864,214	(1)	2,906,162	(2)
Key Financial Ratios					
	%	%		%	
Net interest margin	1.92	1.72		1.65	
Non-interest income to total income	10.0	9.7		10.3	
Cost to income ratio	42.0	46.5		47.6	
Loan-to-deposit ratio ²	90.6	82.6		84.3	
Non-performing loans ratio ²	0.3	0.8		0.4	
Return on Equity ^{2,3}	7.4	7.9		7.7	
Return on Assets ^{2,3}	1.0	1.0		1.0	
Capital Adequacy Ratio	14.0	14.3		14.6	
Per Ordinary Share					
Basic/diluted earnings per share (cents) ³	13.61	13.89		14.20	
Net asset value per share (\$) ²	1.84	1.76		1.85	

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

(2) The ratios are computed based on the balances at balance sheet dates

(3) The returns and earnings are computed on an annualised basis

NM : Not meaningful

1. Performance Review (continued)

1H 2024 vs 1H 2023

The Group reported a 19% growth in profit from operations before allowances and income tax, reaching \$19.6 million in the first half (“1H”) 2024 compared to \$16.5 million in the same period in 2023. Total income increased by 10% to \$33.8 million, with net interest income (“NII”) and non-interest income growing from a year ago. Effective cost control resulted in 1% reduction in operating costs. However, net profit after tax eased by 2% to \$16.1 million, mainly due to an absence of significant write-back of bad debts and credit loss allowances as compared with \$3.3 million write-back in 1H 2023.

Net interest margin (“NIM”) widened by 20 basis points to 1.92%, with increase in asset yields outpacing the cost of deposits. Business momentum remained strong with customer loans expanding by 9% to \$2.57 billion, setting a new record. Non-interest income grew by 13% to \$3.4 million, mainly from higher fees and commissions and rental income from investment properties.

The \$3.4 million deficit in other comprehensive income was due primarily to fair-value losses in the bond portfolio, comprising Singapore Government Securities and MAS Bills held for regulatory liquidity purposes.

1H 2024 vs 2H 2023

Profit from operations increased by 24% compared to the preceding six-month period, lifted by the growth in NII and non-interest income. Operating costs fell by 1%. Despite the strong operating results, net profit after tax declined by 4% due mainly to a significant write-back of bad debts and credit loss allowances of \$4.2 million in 2H 2023.

Higher customer loans and improved NIM resulted in a 13% increase in NII. The Group continued to expand its loan portfolio as customer loans grew by 5% to a record of \$2.57 billion. NIM expanded by 27 basis points from 2H 2023 to 1.92%, with asset yields improving and cost of deposits declining.

Operating costs fell by 1%. Lower salary and other expenses were partially offset by increase in depreciation charges driven by investments in technology to stay competitive. Cost-to-income ratio improved by 5.6 percentage points to 42%.

Total assets declined by 2% as the higher precautionary liquidity reserve kept in 2023 to mitigate the then prevailing liquidity risk was reduced. As a result, loan-to-deposit ratio normalised to 90.6% from 84.3% as at 31 December 2023. Correspondingly, customer deposits were lower by 2% to \$2.84 billion.

A small credit loss allowance of \$47,000 was provided for in the current period, compared with \$4.2 million write-back of bad debts and credit loss allowances recorded in 2H 2023.

Asset quality was resilient as non-performing loan ratio improved by 10 basis points to 0.3%. The Group continued to maintain adequate credit loss allowances for its credit exposures.

The Group remained well capitalised and highly liquid. The Capital Adequacy Ratio (“CAR”) was at 14.0% as at 30 June 2024, 2% points above the regulatory minimum, and 0.6% points lower than 31 December 2023 as capital was successfully deployed to support loan growth.

2. Audit or Review

The condensed consolidated statement of financial position of Sing Investments & Finance Ltd and its subsidiary (the “Group”) as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and the explanatory notes have not been audited or reviewed.

3. Significant Trends and Competitive Conditions in the Industry

According to the advanced estimates released by the Ministry of Trade and Industry (“MTI”) on 12 July 2024, Singapore’s economy grew by 2.9% year-on-year in the second quarter (“2Q”) of 2024, extending the 3.0% expansion in the first quarter (“1Q”). On a quarter-on-quarter basis, the economy grew by 0.4% in 2Q after expanding 0.3% in 1Q and is expected to gain momentum in the second half of 2024. On a full year basis, MTI has forecast that Singapore’s gross domestic product will grow by “1 – 3%”, compared with the 1.1% expansion in 2023.

Singapore is an open economy that is highly dependent on external demand. The Monetary Authority of Singapore (“MAS”) in its Macroeconomic Review issued in April 2024 was cautiously optimistic that the global economy has remained resilient and is expected to continue expanding over the course of 2024 with anticipated easing of monetary policies. However, this outlook is subject to uncertainties, including the timing and pace of monetary easing and whether geopolitical conflicts would intensify in 2024.

Inflation in Singapore continued to decline. MAS Core Inflation came in at 2.9% year-on-year in June, moderating from 4.2% a year ago. The MAS expects the core-inflation to be between 2.5% and 3.5%, or 1.5% and 2.5% excluding the GST hike, in 2024. Nevertheless, the risk of high inflation persisting remains as adverse factors such as geopolitical risks and extreme weather could drive up prices globally and in Singapore.

With inflation trending towards central banks’ targets, interest rates are expected to start easing. However, the timing and extent of rate cuts are uncertain. In United States, the US Federal Reserve kept its benchmarking lending rates on hold at 5.25 - 5.50% for the 7th time in a row in June, with no clear indication on when rate cuts will begin. In Singapore, the SORA 3-month compounding rate trended down from 3.70% at the start of the year to 3.64% as at 28 June 2024.

Digitization continues to gather pace in the financial services industry as financial institutions in Singapore persist in enhancing technological capabilities and ecosystems to improve efficiency and to gain competitive edge.

In June, the MAS and the National Bank of Cambodia set up a financial transparency corridor initiative which aims to develop digital infrastructure that supports trades and cross border financial services for small and medium-sized enterprises. SingFinance joined the initiative as one of the three pioneering financial institutions in Singapore, marking another milestone in our digital journey. We will continue to prioritise digital strategy in our long-term growth plan.

4. Dividends

No dividend has been recommended for the six months ended 30 June 2024 (1H 2023: Nil).

5. 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 issued to shareholders.

b) Changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 convertibles (31 December 2023: Nil).

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

During the financial period, there have been no sales, transfers, cancellation and/or use of 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.

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) Other Information

(i) Amount of any adjustment for under provision of tax in respect of prior years – Nil (1H 2023: Nil)

(ii) Amount of profits on any sale of investments - There has been no sale of investments during the financial period (1H 2023: Nil).

g) Disclosure of person occupying a managerial position in the issuer or any of its principal 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	65	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	62	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 of Directors

Lee Sze Leong
 Managing Director
 31 July 2024

Directors' Confirmation

The Directors confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the condensed interim financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
31 July 2024

Condensed Interim Consolidated Statement of Profit or Loss

Note	Group		+/- %	
	1H 2024 \$'000	1H 2023 \$'000		
Revenue				
Interest income and hiring charges	7	73,687	71,051	4
Interest expense	7	(43,253)	(43,180)	0
Net interest income and hiring charges		30,434	27,871	9
Fees and commissions		1,410	956	47
Dividends	7	167	159	5
Rental income from investment properties		1,729	1,660	4
Other income	7	87	218	(60)
Income before operating expenses		33,827	30,864	10
Staff costs	7	(9,789)	(10,167)	(4)
Depreciation of property, plant and equipment		(1,006)	(977)	3
Depreciation of investment properties	17	(189)	(189)	0
Depreciation of right of use assets		(14)	(16)	(13)
Other operating expenses	7	(3,216)	(2,991)	8
Total operating expenses		(14,214)	(14,340)	(1)
Profit from operations before allowances		19,613	16,524	19
(Allowances for credit losses on loans) / Bad debts recovered	7	(47)	3,305	NM
Profit before income tax		19,566	19,829	(1)
Income tax expense	8	(3,478)	(3,408)	2
Profit for the period attributable to equity holders of the Company		16,088	16,421	(2)
Annualised earnings per share (cents)				
- Basic / Diluted	9	13.61	13.89	

NM: Not meaningful

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

	Group		+ / (-) %
	1H 2024	1H 2023	
	\$'000	\$'000	
Profit for the period	16,088	16,421	(2)
<u>Other comprehensive income</u>			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity investments at FVOCI	473	(484)	NM
Income tax relating to items that will not be reclassified subsequently to profit or loss	(80)	82	NM
	393	(402)	NM
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of debt investments at FVOCI	(4,599)	(129)	NM
Income tax relating to items that may be reclassified subsequently to profit or loss	781	22	NM
	(3,818)	(107)	NM
Other comprehensive income for the period - net of tax	(3,425)	(509)	NM
Total comprehensive income for the period	12,663	15,912	(20)

FVOCI: Fair Value through Other Comprehensive Income

NM: Not meaningful

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 Jun	31 Dec	30 Jun	31 Dec
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and deposits with banks and Monetary Authority of Singapore ("MAS")		190,751	375,626	190,682	375,568
Statutory deposits with the MAS		79,441	75,030	79,441	75,030
Singapore Government Securities and MAS Bills	12	442,189	451,023	442,189	451,023
Investment in equity securities	12	6,318	5,845	6,088	5,601
Loans and advances	15	2,572,248	2,450,789	2,572,248	2,450,789
Other receivables, deposits and prepayments		6,753	10,724	6,753	10,724
Subsidiary		-	-	25	25
Property, plant and equipment	16	20,776	21,761	20,776	21,761
Investment properties	17	20,865	21,054	20,865	21,054
Deferred tax assets		1,231	531	1,261	562
Total assets		3,340,572	3,412,383	3,340,328	3,412,137
LIABILITIES AND EQUITY					
Deposits and balances of customers		2,840,000	2,906,162	2,840,785	2,906,946
Other liabilities		56,962	60,835	56,468	60,350
Borrowings from Enterprise Singapore (unsecured)	18	1,644	1,977	1,644	1,977
Provision for employee benefits		176	176	176	176
Current tax payable		6,858	6,778	6,858	6,778
Total liabilities		2,905,640	2,975,928	2,905,931	2,976,227
Equity attributable to equity holders of the Company					
Share capital	19	180,008	180,008	180,008	180,008
Reserves	20	254,924	256,447	254,389	255,902
Total equity		434,932	436,455	434,397	435,910
Total liabilities and equity		3,340,572	3,412,383	3,340,328	3,412,137

Refer to Note 24 for off-balance sheet commitments.

Condensed Interim Statements of Changes in Equity

Group	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024						
Balance at 1 January 2024	180,008	146,324	15,105	(5,182)	100,200	436,455
<i>Total comprehensive income for the period:</i>						
- Profit for the period	-	-	-	-	16,088	16,088
- Other comprehensive income for the period - net	-	-	-	(3,425)	-	(3,425)
<i>Total</i>	-	-	-	(3,425)	16,088	12,663
<i>Transfer to Regulatory Loss Allowance Reserve</i>	-	-	-	-	-	-
<i>Transactions with owners, recognised directly in equity:</i>						
- Final one-tier tax exempt dividend paid for financial year 2023 of 6 cents per share	-	-	-	-	(14,186)	(14,186)
Balance at 30 June 2024	180,008	146,324	15,105	(8,607)	102,102	434,932
2023						
Balance at 1 January 2023	180,008	138,023	14,710	(9,372)	91,450	414,819
<i>Total comprehensive income for the period:</i>						
- Profit for the period	-	-	-	-	16,421	16,421
- Other comprehensive income for the period - net	-	-	-	(509)	-	(509)
<i>Total</i>	-	-	-	(509)	16,421	15,912
<i>Transfer to Regulatory Loss Allowance Reserve</i>	-	-	17	-	(17)	-
<i>Transactions with owners, recognised directly in equity:</i>						
- Final one-tier tax exempt dividend paid for financial year 2022 of 6.7 cents per share	-	-	-	-	(15,762)	(15,762)
Balance at 30 June 2023	180,008	138,023	14,727	(9,881)	92,092	414,969

The dividend paid for the financial year 2022 per share was restated to reflect the bonus issue allotted on 19 May 2023. Refer to Note 19.

Condensed Interim Statements of Changes in Equity

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
2024						
Balance at 1 January 2024	180,008	146,324	15,105	(5,337)	99,810	435,910
<i>Total comprehensive income for the period:</i>						
- Profit for the period	-	-	-	-	16,086	16,086
- Other comprehensive income for the period - net	-	-	-	(3,413)	-	(3,413)
Total	-	-	-	(3,413)	16,086	12,673
<i>Transfer to Regulatory Loss Allowance Reserve</i>	-	-	-	-	-	-
<i>Transactions with owners, recognised directly in equity:</i>						
- Final one-tier tax exempt dividend paid for financial year 2023 of 6 cents per share	-	-	-	-	(14,186)	(14,186)
Balance at 30 June 2024	180,008	146,324	15,105	(8,750)	101,710	434,397
2023						
Balance at 1 January 2023	180,008	138,023	14,710	(9,515)	91,063	414,289
<i>Total comprehensive income for the period:</i>						
- Profit for the period	-	-	-	-	16,416	16,416
- Other comprehensive income for the period - net	-	-	-	(500)	-	(500)
Total	-	-	-	(500)	16,416	15,916
<i>Transfer to Regulatory Loss Allowance Reserve</i>	-	-	17	-	(17)	-
<i>Transactions with owners, recognised directly in equity:</i>						
- Final one-tier tax exempt dividend paid for financial year 2022 of 6.7 cents per share	-	-	-	-	(15,762)	(15,762)
Balance at 30 June 2023	180,008	138,023	14,727	(10,015)	91,700	414,443

The dividend paid for the financial year 2022 per share was restated to reflect the bonus issue allotted on 19 May 2023. Refer to Note 19.

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		1H 2024	1H 2023
		\$'000	\$'000
Operating activities			
Profit before income tax		19,566	19,829
Adjustments for:			
Impact of accrual of interest income		2,065	(6,133)
Impact of accrual of interest expense		(2,496)	30,524
Interest expense on lease liabilities		2	4
Depreciation of property, plant and equipment		1,006	977
Depreciation of investment properties	17	189	189
Depreciation of right of use assets		14	16
Write-back of allowances for credit losses on loans	7	47	(3,157)
Gain from disposal of property, plant and equipment	16	-	(173)
Dividends		(167)	(159)
Operating cash flows before movements in working capital		20,226	41,917
Changes in working capital			
Deposits and balances of customers		(66,162)	262,748
Other liabilities		(1,363)	(6,441)
Borrowings from MAS		-	(52,185)
Borrowings from Enterprise Singapore		(333)	251
Statutory deposits with the MAS		(4,411)	(5,302)
Singapore Government Securities and MAS Bills		6,711	(86,061)
Loans and advances		(121,506)	43,217
Other assets		(583)	(326)
Provision for employee benefits		-	(1)
Cash (used in) / generated from operating activities		(167,421)	197,817
Income taxes paid		(3,398)	(3,450)
Net cash (used in) / generated from operating activities		(170,819)	194,367
Investing activities			
Purchase of property, plant and equipment	16	(21)	(385)
Proceeds from disposal of property, plant and equipment	16	-	173
Dividends received		167	159
Net cash generated from / (used in) investing activities		146	(53)
Financing activities			
Cash payments of lease liabilities		(16)	(18)
Dividend paid		(14,186)	(15,762)
Net cash used in financing activities		(14,202)	(15,780)
Net (decrease) / increase in cash and cash equivalents		(184,875)	178,534
Cash and cash equivalents at beginning of the period		375,626	243,061
Cash and cash equivalents at end of the period		190,751	421,595

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 30 June 2024 comprise 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 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“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 positions and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

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 consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the six months ended 30 June 2024 were authorised for issue by the Board of Directors on 31 July 2024.

3. Accounting policies & adoption of new and revised standards

The accounting policies applied by the Group for these interim financial statements are the same as those applied in the previous financial year, which were prepared in accordance with 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 2024.

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 period.

4. Critical accounting judgements and estimates

In preparing the condensed interim financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

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 2023.

4. Critical accounting judgements and estimates (continued)

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

Expected Credit Loss (“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.

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. 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 post model adjustments and 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 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, 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”): 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”): 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 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	
	1H 2024	1H 2023
	\$'000	\$'000
Interest income and hiring charges		
Loans and advances and others measured at amortised cost	62,363	56,580
Cash and bank deposits at amortised cost	4,761	7,359
Singapore Government Securities and MAS Bills measured at FVOCI	6,563	7,112
	<u>73,687</u>	<u>71,051</u>
Interest expense		
Deposits and others	<u>43,253</u>	<u>43,180</u>
Dividends		
Equity investments	<u>167</u>	<u>159</u>
Other income		
Government grant	45	41
Net gain on property, plant and equipment disposed	-	173
Others	42	4
	<u>87</u>	<u>218</u>
Staff costs		
Salaries and other benefits	8,882	9,214
Contributions to defined contribution plan	907	953
	<u>9,789</u>	<u>10,167</u>
Other operating expenses		
Audit fees	98	142
Non-audit fees	16	21
Operating expenses on investment properties	358	346
Maintenance, utilities and property tax	890	743
Legal and professional fees	136	149
Commission expense	386	558
Others	1,332	1,032
	<u>3,216</u>	<u>2,991</u>

7. Profit before income tax (continued)

	Group	
	1H 2024	1H 2023
	\$'000	\$'000
Total net loss allowance charge / (write back) to P&L		
<u>Impaired asset (Stage 3)</u>		
Bad debts recovered	-	(148)
Loans and advances	47	(3,157)
Total net charge / (write back) to P&L	47	(3,305)

8. Income tax expense

	Group	
	1H 2024	1H 2023
	\$'000	\$'000
Current tax expense		
Current period	3,478	3,408
Total income tax expense	3,478	3,408

9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Group	
	1H 2024	1H 2023
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders (\$'000)	16,088	16,421
Number of ordinary shares:		
Weighted average number of ordinary shares ('000)	236,439	236,439
Annualised earnings per share (cents)	13.61	13.89

There were no potential dilutive ordinary shares for the period ended 30 June 2024 and 2023.

10. Related company and related party transactions

There were no changes in the related party transactions described in the Annual Report 2023 that have had a material effect on the financial position or performance of the Group in the period ended 30 June 2024. All related party transactions that have taken place in the period were similar in nature to those disclosed in the Annual Report 2023.

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

	Group and Company	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
Deposits	27,277	63,209
	1H 2024	1H 2023
	\$'000	\$'000
Profit or loss transactions:		
- Interest expenses on deposits	599	1,850
- Professional fee	10	2
- Rental income	160	123

11. Categories of financial instruments

The following tables set out the financial instruments as at the end of the reporting period:

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<u>At amortised cost:</u>				
Cash and deposits with banks and Monetary Authority of Singapore ("MAS")	190,751	375,626	190,682	375,568
Statutory deposits with the MAS	79,441	75,030	79,441	75,030
Loans and advances	2,572,248	2,450,789	2,572,248	2,450,789
Other receivables, deposits and prepayments	4,564	9,103	4,564	9,103
<u>At FVOCI:</u>				
Singapore Government Securities and MAS Bills	442,189	451,023	442,189	451,023
Investment in equity securities	6,318	5,845	6,088	5,601

11. Categories of financial instruments (continued)

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
<u>At amortised cost:</u>				
Deposits and balances of customers	2,840,000	2,906,162	2,840,785	2,906,946
Other liabilities	56,962	60,835	56,468	60,350
Borrowings from Enterprise Singapore	1,644	1,977	1,644	1,977

12. Financial assets at fair value through other comprehensive income

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<u>At FVOCI:</u>				
Singapore Government Securities and MAS Bills	442,189	451,023	442,189	451,023
Investment in equity securities	6,318	5,845	6,088	5,601

During the six months ended 30 June 2024 and 2023, no disposal of the investment in equity securities of the Group was made.

13. 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).

13. Fair value measurement (continued)

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
30 June 2024				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	6,318	-	-	6,318
Singapore Government Securities and MAS Bills	442,189	-	-	442,189
31 December 2023				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	5,845	-	-	5,845
Singapore Government Securities and MAS Bills	451,023	-	-	451,023
<u>Company</u>				
30 June 2024				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	6,088	-	-	6,088
Singapore Government Securities and MAS Bills	442,189	-	-	442,189
31 December 2023				
Financial instruments measured at FVOCI				
<u>Financial Assets</u>				
Quoted equity securities	5,601	-	-	5,601
Singapore Government Securities and MAS Bills	451,023	-	-	451,023

14. Credit risk

There has been no change to the Group's exposures to the types of financial risk as well as the risk management policies and processes as described in the Annual Report 2023. Credit risk remains the key financial risk for the Group and the disclosures below provide the status as at 30 June 2024.

The tables below analyse the significant changes in gross carrying amount of each class of financial assets during the period by credit quality.

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Cash and deposits with banks and MAS at amortised cost				
Group				
30 June 2024				
Strong	190,911	-	-	190,911
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	190,911	-	-	190,911
Loss allowance	(160)	-	-	(160)
Carrying amount	190,751	-	-	190,751
31 December 2023				
Strong	375,786	-	-	375,786
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	375,786	-	-	375,786
Loss allowance	(160)	-	-	(160)
Carrying amount	375,626	-	-	375,626
Company				
30 June 2024				
Strong	190,842	-	-	190,842
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	190,842	-	-	190,842
Loss allowance	(160)	-	-	(160)
Carrying amount	190,682	-	-	190,682

14. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Cash and deposits with banks and MAS at amortised cost				
<u>Company</u>				
31 December 2023				
Strong	375,728	-	-	375,728
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	375,728	-	-	375,728
Loss allowance	(160)	-	-	(160)
Carrying amount	375,568	-	-	375,568
Singapore Government Securities (“SGS”) & MAS Bills				
<u>Group & Company</u>				
30 June 2024				
Strong	442,189	-	-	442,189
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	442,189	-	-	442,189
Loss allowance	-	-	-	-
Carrying amount	442,189	-	-	442,189
31 December 2023				
Strong	451,023	-	-	451,023
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	451,023	-	-	451,023
Loss allowance	-	-	-	-
Carrying amount	451,023	-	-	451,023

No loss allowance is provided for the SGS and MAS Bills as they are 'AAA' rated with no history of default.

14. Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances at amortised cost				
Group & Company				
30 June 2024				
Strong	140,365	6,573	-	146,938
Satisfactory	2,005,061	350,825	-	2,355,886
Higher Risk	17,752	48,341	-	66,093
Impaired	-	-	7,722	7,722
Total gross carrying amount	2,163,178	405,739	7,722	2,576,639
Loss allowance	(2,277)	(1,301)	(813)	(4,391)
Carrying amount	2,160,901	404,438	6,909	2,572,248
31 December 2023				
Strong	119,165	9,905	-	129,070
Satisfactory	1,887,837	363,526	-	2,251,363
Higher Risk	15,831	49,857	-	65,688
Impaired	-	-	9,028	9,028
Total gross carrying amount	2,022,833	423,288	9,028	2,455,149
Loss allowance	(1,952)	(1,627)	(781)	(4,360)
Carrying amount	2,020,881	421,661	8,247	2,450,789

15. Loans and advances

	Group and Company	
	30 Jun	31 Dec
	2024	2023
	\$'000	\$'000
Housing, factoring receivables and other loans	1,982,203	1,876,991
Hire purchase receivables	653,723	634,642
Unearned interests and charges	(59,287)	(56,484)
Allowances for impairment on loans and advances	(4,391)	(4,360)
	2,572,248	2,450,789
Due within 12 months	879,789	795,462
Due after 12 months	1,692,459	1,655,327
	2,572,248	2,450,789

15. Loans and advances (continued)

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

	Group and Company	
	2024	2023
	\$'000	\$'000
Stage 3 loss allowance		
At 1 January	781	7,866
Allowance for impairment losses during the period	47	(3,157)
Receivables written off against allowances	(16)	-
At 30 June	<u>812</u>	<u>4,709</u>
Stage 1 and 2 loss allowance		
At 1 January	3,579	3,579
Allowance for impairment losses during the period	-	-
At 30 June	<u>3,579</u>	<u>3,579</u>
Total allowances for impairment on loans and advances		
At 1 January	<u>4,360</u>	<u>11,445</u>
At 30 June	<u>4,391</u>	<u>8,288</u>

16. Property, plant and equipment

During the six months ended 30 June 2024, the Group and the Company acquired assets amounting to \$20,921 (1H 2023: \$385,132) and disposed of assets amounting to Nil (1H 2023: disposed of assets with Nil net asset value at \$173,000 gain).

17. Investment properties

	Group and Company	
	2024	2023
	\$'000	\$'000
At cost:		
At 1 January	<u>28,794</u>	<u>28,794</u>
Accumulated depreciation:		
At 1 January	7,740	7,363
Depreciation charge for the period	189	189
At 30 June	<u>7,929</u>	<u>7,552</u>
Carrying amount:		
At 30 June	<u>20,865</u>	<u>21,242</u>

The investment properties relate to the office spaces at the head office and part of the premises 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 lessees.

17. Investment properties (continued)

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

The Group's leasehold 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 Report 2023 and based on the fair value hierarchy, it is considered in the Level 2 hierarchy.

18. Borrowings from Enterprise Singapore (unsecured)

	<u>Group and Company</u>	
	<u>30 Jun</u>	<u>31 Dec</u>
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Due within 12 months	75	21
Due after 12 months	1,569	1,956
	<u>1,644</u>	<u>1,977</u>

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.

19. Share capital

	<u>Company</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>No. of shares</u>	<u>No. of shares</u>	<u>\$'000</u>	<u>\$'000</u>
	<u>('000)</u>	<u>('000)</u>		
Issued and fully paid:				
At 1 January	236,439	157,626	180,008	180,008
Bonus issue during the period	-	78,813	-	-
At 30 June	<u>236,439</u>	<u>236,439</u>	<u>180,008</u>	<u>180,008</u>

The Company has allotted and issued 78,812,858 bonus shares to its shareholders at Nil consideration and without capitalisation of the Company's reserves on 19 May 2023. Following the allotment and issue of the bonus shares, the total number of issued shares of the Company has increased from 157,625,764 shares to 236,438,622 shares. There has been no other change in the Company's share capital.

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

20. Reserves

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Statutory reserve	146,324	146,324	146,324	146,324
Regulatory Loss Allowance Reserve	15,105	15,105	15,105	15,105
Fair value reserve	(8,607)	(5,182)	(8,750)	(5,337)
Accumulated profits	102,102	100,200	101,710	99,810
	<u>254,924</u>	<u>256,447</u>	<u>254,389</u>	<u>255,902</u>

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

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.

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

21. Dividends

No dividend has been recommended for the six months ended 30 June 2024 (1H 2022: Nil).

22. Capital Adequacy Ratio (CAR)

The Group's capital position was as follows:

	Group	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
Core capital		
Share capital	180,008	180,008
Disclosed reserves	<u>232,070</u>	<u>232,091</u>
	<u>412,078</u>	<u>412,099</u>
Risk weighted assets	<u>2,934,826</u>	<u>2,822,400</u>
Capital adequacy ratio		
Core capital/risk weighted assets (%)	<u>14.0</u>	<u>14.6</u>

23. Net asset value

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$	\$	\$	\$
Net asset value per ordinary share	<u>1.84</u>	<u>1.85</u>	<u>1.84</u>	<u>1.85</u>

24. Off-balance sheet commitments

	Group and Company	
	30 Jun	31 Dec
	2024	2023
	\$'000	\$'000
Undrawn loan commitments	1,090,942	978,336
Guarantees and financing of goods imported	3,760	8,740
	<u>1,094,702</u>	<u>987,076</u>

Undrawn loan commitments include commitments that are unconditionally cancellable at any time.

Guarantees and financing of goods imported are 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.

25. Subsequent events

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