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**FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**


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Full year financial statements on consolidated results for the year ended 31 December 2018. These figures have been audited.

**1(a)(i) Consolidated Statement of Profit or Loss for the year ended 31 December 2018**

|  | <b>2018</b>     | 2017     | + / (-) |
|--|-----------------|----------|---------|
|  | <b>\$'000</b>   | \$'000   | %       |
| <b>Revenue</b>   |                 |          |         |
| Interest income and hiring charges                                       | <b>76,515</b>   | 71,929   | 6.4     |
| Interest expense   | <b>(29,627)</b> | (27,335) | 8.4     |
| <b>Net interest income and hiring charges</b>                            | <b>46,888</b>   | 44,594   | 5.1     |
| Fees and commissions   | <b>1,060</b>    | 854      | 24.2    |
| Dividends  | <b>173</b>      | 149      | 16.1    |
| Rental income from investment properties                                 | <b>3,275</b>    | 3,329    | (1.6)   |
| Other income   | <b>428</b>      | 2,854    | (85.0)  |
| <b>Income before operating expenses</b>                                  | <b>51,824</b>   | 51,780   | 0.1     |
| Staff costs  | <b>(15,111)</b> | (14,570) | 3.7     |
| Depreciation of property, plant and equipment                            | <b>(1,057)</b>  | (708)    | 49.4    |
| Depreciation of investment properties                                    | <b>(377)</b>    | (377)    | -       |
| Other operating expenses   | <b>(7,927)</b>  | (7,302)  | 8.6     |
| <b>Total Operating Expenses</b>  | <b>(24,472)</b> | (22,957) | 6.6     |
| <b>Profit from operations before allowances</b>                          | <b>27,352</b>   | 28,823   | (5.1)   |
| Write-back of/(Allowances for) credit losses on loans and other assets   | <b>1,375</b>    | (2,421)  | NM      |
| <b>Profit before income tax</b>  | <b>28,727</b>   | 26,402   | 8.8     |
| Income tax expense   | <b>(4,699)</b>  | (3,707)  | 26.7    |
| <b>Profit for the year attributable to equity holders of the Company</b> | <b>24,028</b>   | 22,695   | 5.9     |

NM: Not Meaningful

**1(a)(ii) Earnings Per Share of the Group**

|                                       | <b>2018</b>  | 2017  |
|---------------------------------------|--------------|-------|
| Annualised earnings per share (cents) |              |       |
| - Basic                               | <b>15.24</b> | 14.40 |
| - Diluted                             | <b>15.24</b> | 14.40 |

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 157,625,764 (31 December 2017: 157,625,764) shares.

There are no potential dilutive ordinary shares for the years ended 31 December 2018 and 2017.

**1(b) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018**

|   | <u>2018</u>          | 2017   | + / (-) |
|---|----------------------|--------|---------|
|   | <u>\$'000</u>        | \$'000 | %       |
| <b>Profit for the year</b>  | <b>24,028</b>        | 22,695 | 5.9     |
| <u>Other comprehensive income</u>   |                      |        |         |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                 |                      |        |         |
| Net change in fair value of Equity Investments at FVOCI                                   | (121)                | 1081   | NM      |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | 21                   | (184)  | NM      |
|   | <u>(100)</u>         | 897    | NM      |
| <b>Items that may be reclassified subsequently to profit or loss</b>                      |                      |        |         |
| Net change in fair value of Debt Investments at FVOCI                                     | (1,395)              | 2,528  | NM      |
| Income tax relating to items that may be reclassified subsequently to profit or loss      | 237                  | (430)  | NM      |
|   | <u>(1,158)</u>       | 2,098  | NM      |
| <b>Other comprehensive income for the year - net of tax</b>                               | <u>(1,258)</u>       | 2,995  | NM      |
| <b>Total comprehensive income for the year</b>  | <u><u>22,770</u></u> | 25,690 | (11.4)  |

NM: Not meaningful

FVOCI: Fair Value through Other Comprehensive Income

## 2(a) Statements of Financial Position

|  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2018             | 2017             | 2018             | 2017             |
|  | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>ASSETS</b>  |                  |                  |                  |                  |
| <b>Current assets</b>  |                  |                  |                  |                  |
| Cash on deposit, at banks and in hand                              | 317,119          | 250,568          | 317,040          | 250,499          |
| Other assets   | 8,408            | 6,650            | 8,408            | 6,650            |
| Investments  | 300,550          | 259,775          | 300,213          | 259,448          |
| Loans and advances due within twelve months                        | 434,426          | 420,155          | 434,426          | 420,155          |
| Statutory deposit with the Monetary Authority of Singapore ("MAS") | 62,580           | 55,057           | 62,580           | 55,057           |
| <b>Total current assets</b>  | <b>1,123,083</b> | <b>992,205</b>   | <b>1,122,667</b> | <b>991,809</b>   |
| <b>Non-current assets</b>  |                  |                  |                  |                  |
| Property, plant and equipment                                      | 21,436           | 17,044           | 21,436           | 17,044           |
| Investment properties  | 22,942           | 23,319           | 22,942           | 23,319           |
| Subsidiary   | -                | -                | 25               | 25               |
| Loans and advances due after twelve months                         | 1,646,578        | 1,489,106        | 1,646,578        | 1,489,106        |
| <b>Total non-current assets</b>                                    | <b>1,690,956</b> | <b>1,529,469</b> | <b>1,690,981</b> | <b>1,529,494</b> |
| <b>Total assets</b>  | <b>2,814,039</b> | <b>2,521,674</b> | <b>2,813,648</b> | <b>2,521,303</b> |
| <b>LIABILITIES AND EQUITY</b>                                      |                  |                  |                  |                  |
| <b>Current liabilities</b>   |                  |                  |                  |                  |
| Deposits and balances of customers                                 | 2,402,886        | 2,141,763        | 2,403,642        | 2,142,512        |
| Other liabilities  | 28,670           | 31,452           | 28,170           | 30,958           |
| Enterprise Singapore loans due within twelve months (unsecured)    | 3,837            | 1,660            | 3,837            | 1,660            |
| Provision for employee benefits                                    | 268              | 254              | 268              | 254              |
| Current tax payable  | 7,657            | 3,690            | 7,657            | 3,690            |
| <b>Total current liabilities</b>                                   | <b>2,443,318</b> | <b>2,178,819</b> | <b>2,443,574</b> | <b>2,179,074</b> |
| <b>Non-current liabilities</b>                                     |                  |                  |                  |                  |
| Enterprise Singapore loans due after twelve months (unsecured)     | 5,869            | 2,963            | 5,869            | 2,963            |
| Deferred tax liabilities   | 1,847            | 2,169            | 1,800            | 2,122            |
| <b>Total non-current liabilities</b>                               | <b>7,716</b>     | <b>5,132</b>     | <b>7,669</b>     | <b>5,085</b>     |
| <b>Total liabilities</b>   | <b>2,451,034</b> | <b>2,183,951</b> | <b>2,451,243</b> | <b>2,184,159</b> |
| <b>Equity attributable to equity holders of the Company</b>        |                  |                  |                  |                  |
| Share capital  | 180,008          | 180,008          | 180,008          | 180,008          |
| Reserves   | 182,997          | 157,715          | 182,397          | 157,136          |
| <b>Total equity</b>  | <b>363,005</b>   | <b>337,723</b>   | <b>362,405</b>   | <b>337,144</b>   |
| <b>Total liabilities and equity</b>                                | <b>2,814,039</b> | <b>2,521,674</b> | <b>2,813,648</b> | <b>2,521,303</b> |
| <b>Off-balance sheet items</b>                                     |                  |                  |                  |                  |
| Undrawn loan commitments   | 520,994          | 407,424          | 520,994          | 407,424          |
| Guarantees issued  | 2,293            | 3,481            | 2,293            | 3,481            |
| <b>Total off-balance sheet items</b>                               | <b>523,287</b>   | <b>410,905</b>   | <b>523,287</b>   | <b>410,905</b>   |

**2(b) Net asset value per ordinary share (\$)** **2.30** 2.14 **2.30** 2.14

The net asset value per ordinary share of the Group and of the Company is calculated based on the net assets of the Group and of the Company and the number of ordinary shares in issue of 157,625,764 (31 December 2017: 157,625,764) shares.

### 3 Consolidated Statement of Cash Flows for the year ended 31 December 2018

|  | Group                 |                       |
|--|-----------------------|-----------------------|
|  | 2018                  | 2017                  |
|  | \$'000                | \$'000                |
| <b>Operating activities</b>  |                       |                       |
| Profit before income tax   | 28,727                | 26,402                |
| Adjustments for:   |                       |                       |
| Impact of accrual of interest income                                     | (400)                 | 3,905                 |
| Impact of accrual of interest expense                                    | (402)                 | (6,916)               |
| Depreciation of property, plant and equipment                            | 1,057                 | 708                   |
| Depreciation of investment properties                                    | 377                   | 377                   |
| (Write-back of) / Allowances for credit losses on loans and other assets | (1,375)               | 2,421                 |
| Gain on disposal of investments  | -                     | (2,426)               |
| Loss on write-off of property, plant and equipment                       | 13                    | -                     |
| Dividends  | (173)                 | (149)                 |
| Operating cash flows before movements in working capital                 | <u>27,824</u>         | <u>24,322</u>         |
| <b>Changes in working capital</b>  |                       |                       |
| Other assets   | (1,027)               | (248)                 |
| Loans and advances   | (154,048)             | (6,226)               |
| Statutory deposits with the MAS  | (7,523)               | 3,224                 |
| Deposits and balances of customers                                       | 261,123               | (177,509)             |
| Other liabilities  | (2,380)               | 1,592                 |
| Enterprise Singapore loans   | 5,083                 | 2,160                 |
| Provision for employee benefits  | 14                    | (6)                   |
| Cash generated from / (used in) operating activities                     | <u>129,066</u>        | <u>(152,691)</u>      |
| Income taxes paid  | (3,570)               | (2,753)               |
| Net cash generated from / (used in) operating activities                 | <u>125,496</u>        | <u>(155,444)</u>      |
| <b>Investing activities</b>  |                       |                       |
| Purchase of property, plant and equipment                                | (5,462)               | (1,340)               |
| Dividends received   | 103                   | 139                   |
| Purchase of investments  | (354,732)             | (295,085)             |
| Proceeds from disposal and maturity of investments                       | 312,180               | 304,426               |
| Net cash (used in) / generated from investing activities                 | <u>(47,911)</u>       | <u>8,140</u>          |
| <b>Financing activities</b>  |                       |                       |
| Dividend paid  | (11,034)              | (7,881)               |
| Net cash used in financing activities                                    | <u>(11,034)</u>       | <u>(7,881)</u>        |
| Net increase / (decrease) in cash and cash equivalents                   | 66,551                | (155,185)             |
| Cash and cash equivalents at beginning of the year                       | 250,568               | 405,753               |
| <b>Cash and cash equivalents at end of the year</b>                      | <u><u>317,119</u></u> | <u><u>250,568</u></u> |

Note

The high cash movements for investments related to the replacements of short-term one-month MAS Bills, which form part of the liquid assets to be maintained for regulatory purposes.

#### 4 Statements of Changes in Equity for the year ended 31 December 2018

| Group  | Share   | Statutory | Regulatory                   | Fair value | Accumulated | Total    |
|--|---------|-----------|------------------------------|------------|-------------|----------|
|  | capital | reserve   | Loss<br>Allowance<br>Reserve | reserve    | profits     |          |
|  | \$'000  | \$'000    | \$'000                       | \$'000     | \$'000      | \$'000   |
| <b>2018</b>  |         |           |                              |            |             |          |
| Balance at 31 December 2017  | 180,008 | 104,960   |                              | 9,731      | 43,024      | 337,723  |
| Adjustment on initial application of SFRS(I) 9                                       | -       | -         |                              | -          | 13,546      | 13,546   |
| Adjustment on initial application of revised MAS Notice 811                          | -       | -         | 6,761                        | -          | (6,761)     | -        |
| Balance at 1 January 2018  | 180,008 | 104,960   | 6,761                        | 9,731      | 49,809      | 351,269  |
| Total comprehensive income for the year  |         |           |                              |            |             |          |
| Profit for the year  | -       | -         | -                            | -          | 24,028      | 24,028   |
| Other comprehensive income for the year - net  | -       | -         | -                            | (1,258)    | -           | (1,258)  |
| Total  | -       | -         | -                            | (1,258)    | 24,028      | 22,770   |
| Transfer to Regulatory Loss Allowance Reserve  | -       | -         | 1,630                        | -          | (1,630)     | -        |
| Transfer from accumulated profits to statutory reserve                               | -       | 6,004     | -                            | -          | (6,004)     | -        |
| Transactions with owners, recognised directly in equity                              |         |           |                              |            |             |          |
| Final one-tier tax exempt dividend paid for financial year 2017 of 7 cents per share | -       | -         | -                            | -          | (11,034)    | (11,034) |
| Balance at 31 December 2018  | 180,008 | 110,964   | 8,391                        | 8,473      | 55,169      | 363,005  |
| Balance at 1 January 2017  | 180,008 | 99,289    | -                            | 6,736      | 33,881      | 319,914  |
| Total comprehensive income for the period  |         |           |                              |            |             |          |
| Profit for the Year  | -       | -         | -                            | -          | 22,695      | 22,695   |
| Other comprehensive income for the year - net  | -       | -         | -                            | 2,995      | -           | 2,995    |
| Total  | -       | -         | -                            | 2,995      | 22,695      | 25,690   |
| Transfer from accumulated profits to statutory reserve                               | -       | 5,671     | -                            | -          | (5,671)     | -        |
| Transactions with owners, recognised directly in equity                              |         |           |                              |            |             |          |
| Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share | -       | -         | -                            | -          | (7,881)     | (7,881)  |
| Balance at 31 December 2017  | 180,008 | 104,960   | -                            | 9,731      | 43,024      | 337,723  |

#### 4 Statements of Changes in Equity for the year ended 31 December 2018

|   | Share<br>capital | Statutory<br>reserve | Regulatory<br>Loss<br>Allowance<br>Reserve | Fair value<br>reserve | Accumulated<br>profits | Total    |
|---|------------------|----------------------|--|-----------------------|------------------------|----------|
|   | \$'000           | \$'000               | \$'000                                     | \$'000                | \$'000                 | \$'000   |
| <b>Company</b>  |                  |                      |  |                       |                        |          |
| <b>2018</b>   |                  |                      |  |                       |                        |          |
| Balance at 31 December 2017   | 180,008          | 104,960              |  | 9,510                 | 42,666                 | 337,144  |
| Adjustment on initial application of SFRS(I) 9  | -                | -                    |  | -                     | 13,546                 | 13,546   |
| Adjustment on initial application of revised MAS<br>Notice 811                          | -                | -                    | 6,761                                      | -                     | (6,761)                | -        |
| Balance at 1 January 2018   | 180,008          | 104,960              | 6,761                                      | 9,510                 | 49,451                 | 350,690  |
| Total comprehensive income for the year   |                  |                      |  |                       |                        |          |
| Profit for the year   | -                | -                    | -  | -                     | 24,016                 | 24,016   |
| Other comprehensive income for the year - net   | -                | -                    | -  | (1,267)               | -                      | (1,267)  |
| Total   | -                | -                    | -  | (1,267)               | 24,016                 | 22,749   |
| Transfer to Regulatory Loss Allowance Reserve   | -                | -                    | 1,630                                      | -                     | (1,630)                | -        |
| Transfer from accumulated profits to statutory reserve                                  | -                | 6,004                | -  | -                     | (6,004)                | -        |
| Transactions with owners, recognised directly in equity                                 | -                | -                    | -  | -                     | -                      | -        |
| Final one-tier tax exempt dividend paid for financial year<br>2017 of 7 cents per share | -                | -                    | -  | -                     | (11,034)               | (11,034) |
| Balance at 31 December 2018   | 180,008          | 110,964              | 8,391                                      | 8,243                 | 54,799                 | 362,405  |
| Balance at 1 January 2017   | 180,008          | 99,289               | -  | 6,490                 | 33,536                 | 319,323  |
| Total comprehensive income for the year   |                  |                      |  |                       |                        |          |
| Profit for the year   | -                | -                    | -  | -                     | 22,682                 | 22,682   |
| Other comprehensive income for the year - net   | -                | -                    | -  | 3,020                 | -                      | 3,020    |
| Total   | -                | -                    | -  | 3,020                 | 22,682                 | 25,702   |
| Transfer from accumulated profits to statutory reserve                                  | -                | 5,671                | -  | -                     | (5,671)                | -        |
| Transactions with owners, recognised directly in equity                                 | -                | -                    | -  | -                     | -                      | -        |
| Final one-tier tax exempt dividend paid for financial year<br>2016 of 5 cents per share | -                | -                    | -  | -                     | (7,881)                | (7,881)  |
| Balance at 31 December 2017   | 180,008          | 104,960              | -  | 9,510                 | 42,666                 | 337,144  |

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## 5 Accounting Policies and Comparative Figures

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as in the audited financial statements for the year ended 31 December 2017 except as stated below:

- i. With effect from 1 January 2018, the Group has reported our financial results for the first time under the new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”). There are no material differences from the previous financial periods in adopting the transitional requirements under SFRS(I)1, First Time Adoption of Singapore Financial Reporting Standards ( International).
- ii. For the period beginning 1 January 2018 the Group has adopted all new SFRS(I)s as appropriate. The application of these new standards had no material impact on the financial statements except for SFRS(I)9, Financial Instruments. The Accumulated Profits at 1 January 2018 had been increased by a net amount of \$13.5 million because of assessing the allowances for impairment of financial assets under the Expected Loss Model introduced in SFRS(I)9.
- iii. Additionally, the Monetary Authority of Singapore had under Revised Notice 811 ( Credit Files, Grading and Provisioning ) with effect from 1 January 2018 determined the requirement of a regulatory loss allowance reserve for financial assets to be set aside from accumulated profits. This has resulted in an amount of \$6.8 million transferred from Accumulated Profits at 1 January 2018 to a Regulatory Loss Allowance Reserve. This change from the amount of \$4.2m reported in the previous quarters is due to re-evaluation of Regulatory Loss Allowance Reserve arising from the year-end audit.

## 6 Review of Performance

The Group delivered another strong performance in 2018. We recorded a net profit after tax of \$24.0 million, an improvement of \$1.3 million or 5.9% from \$22.7 million in 2017. The loan books achieved an all-time high of \$2.08 billion, which propelled the total income to a new peak of \$51.8 million.

Net interest income and hiring charges rose by \$2.3 million or 5.1% to \$46.9 million compared to \$44.6 million in previous year. Interest income and hiring charges grew by \$4.6 million driven by higher loan volume, which more than offset the \$2.3 million increase in interest expenses arising from additional customer deposits to support the enlarged loan base.

Total loans and advances for the first time exceeded the \$2 billion mark to reach \$2.08 billion as at 31 December 2018, a growth of \$171 million or 9.0% from \$1.91 billion as at 31 December 2017. In tandem with the higher loan balance, deposits and balances of customers also increased by \$261 million (12.2%) from \$2.14 billion as at 31 December 2017 to \$2.40 billion as of 31 December 2018.

Non-interest income decreased by \$2.3 million primarily due to the absence of \$2.4 million gain from sale of Singapore Government Securities (“SGS”) bonds in 2017. Operating expenses increased by \$1.5 million (6.6%) mainly from higher other operating expenses (\$0.6 million) and staff costs (\$0.5 million) to support added business activities. Depreciation also increased as a result of greater investments in technology infrastructure as part of our digital transformation journey.

The Group wrote back \$1.4 million for loan allowances for 2018 compared to \$2.4 million allowances a year ago. The Group continues to maintain adequate loss allowances in respect of its loan portfolio and other assets.

In compliance with the revised regulatory requirement for loan allowance, there was an additional transfer of \$1.6 million to the Regulatory Loan Allowance Reserve for the full year 2018. The transfer is reflected in the Statement of Changes in the Equity.

The drop in the Other Comprehensive Income amounting to \$1.3 million is attributed primarily to the decline in the fair value of the SGS bonds during the year. The Group purchases SGS as part of its liquid assets for the purposes of maintaining the minimum liquid assets required under the Finance Companies Act.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of financial year and the date of this report.

## 7 Comments on Significant Trends and Competitive Conditions in the Industry

As announced by the Ministry of Trade and Industry (“MTI”) on 15 February 2019, Singapore’s economy grew at a slower pace of 1.9% on a year-on-year basis in the fourth quarter of 2018, easing from the 2.4% growth in the preceding quarter. For the whole of 2018, the economy grew by 3.2%, marginally lower than the initial estimates of 3.3%.

For 2019, MTI maintained its forecast GDP growth range of 1.5% to 3.5%. The Ministry expects growth to be “slightly below the mid-point” of the forecasted range. MTI warned that uncertainties and downside risks in the global economy have increased since three months ago, including a looming slowdown in the Chinese economy, further escalation in the on-going trade tensions between United States and its key trading partners as well as the possibility of a “no-deal Brexit” in Britain’s withdrawal from the European Union. The heightened uncertainties and risks in the global economy have also led to a rise in volatility in the global financial markets.

In view of the expected economic slowdown in 2019 and the external headwinds mentioned above, the Group will continue to be prudent in our credit lending, vigilant in our risk monitoring as well as proactive in our management of interest margin.

## 8 Dividends

The Board of Directors is pleased to recommend a first and final dividend of 7 cents per share one-tier tax exempt in respect of the financial year 2018 for approval by the shareholders at the next Annual General Meeting.

|                  | <b>Latest Year (2018)</b>                    | Previous Year (2017)                  |
|------------------|--|---------------------------------------|
| Name of Dividend | <b>First and Final</b>                       | First and Final                       |
| Dividend Type    | <b>Cash</b>                                  | Cash                                  |
| Dividend         | <b>7 cents per share one-tier tax exempt</b> | 7 cents per share one-tier tax exempt |

### a) Total Annual Dividend

|              | <b>Latest Year (2018)</b> | Previous Year (2017) |
|--------------|---------------------------|----------------------|
|              | <b>\$'000</b>             | \$'000               |
| Ordinary     | <b>\$11,034</b>           | \$11,034             |
| Preference   | -                         | -                    |
| <b>Total</b> | <b>\$11,034</b>           | \$11,034             |

### b) Date Payable

Subject to approval by the shareholders at the next Annual General Meeting and to be announced at a later date.



c) Books closure date

Subject to approval by the shareholders at the next Annual General Meeting and to be announced at a later date.

**9 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.**

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

As at the end of the financial year, there were no outstanding convertibles (31 December 2017: Nil).

**10 Sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the financial period.**

Not Applicable. During the financial year, no shares were held as treasury shares.

**11 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 2017: Nil).

**12 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.

**13 Comparative Figures of the Group's Borrowings and Debt Securities**

|  | As at 31/12/2018  |                     | As at 31/12/2017  |                     |
|--|-------------------|---------------------|-------------------|---------------------|
|  | Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| Amount repayable in one year or less, or on demand | -                 | 3,837               | -                 | 1,660               |
| Amount repayable after one year                    | -                 | 5,869               | -                 | 2,963               |

**14 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.

### 15 Half-Yearly Income and Profit After Tax

|                                       | 2018          | 2017   | Increase /<br>Decrease |
|---------------------------------------|---------------|--------|------------------------|
|                                       | \$'000        | \$'000 | %                      |
| Total Income for first half year      | <b>25,996</b> | 26,153 | (0.6)                  |
| Total Income for second half year     | <b>25,828</b> | 25,627 | 0.8                    |
| Profit After Tax for first half year  | <b>12,209</b> | 11,600 | 5.3                    |
| Profit After Tax for second half year | <b>11,819</b> | 11,095 | 6.5                    |

### 16 Other Information

- (a) Amount of any adjustment for overprovision of tax in respect of prior years – \$102,048 (2017: \$62,233)
- (b) Amount of any pre-acquisition profits – Nil (2017: Nil)
- (c) Amount of profits on any sale of investments, property, plant and equipment – Nil (2017: \$2,426,310 – gain from sale of government bonds)

### 17 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 | 60  | Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder.<br>Brother of : <ul style="list-style-type: none"> <li>• Lee Sze Siong (Deputy Managing Director &amp; substantial shareholder)</li> <li>• Lee Sze Hao (substantial shareholders)</li> </ul> | Managing Director/CEO.<br>Year Appointed: 1997<br><br>Oversees the operations of the company. | Nil.  |



|               |    |   |  |     |
|---------------|----|---|--|-----|
| Lee Sze Siong | 57 | Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder.<br>Brother of : <ul style="list-style-type: none"><li>• Lee Sze Leong (Managing Director/substantial shareholder)</li><li>• Lee Sze Hao (substantial shareholders)</li></ul> | Deputy Managing Director<br>Year Appointed: 2010<br><br>Assists the Managing Director/CEO in overseeing the operations of the company. | Nil |
|---------------|----|---|--|-----|

By order of the Board

Lee Sze Leong  
Managing Director

19 February 2019

## **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 accompanying 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 2018, 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, 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 2018 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

#### 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.

| Key Audit Matters   | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Allowance for impairment on loans and advances</b></p> <p>The allowance for impairment on loans and advances to customers is considered to be a matter of most significance as it requires the application of judgment by management. The Group records allowances of loans and advances to customers, in accordance with requirements set out by SFRS(I) 9.</p> <p>As loans and advances constitute approximately 73.9% of the Group's total assets. The Group's gross loan and advances' portfolio is mainly concentrated in land and construction, commercial properties, private residential, and hire purchase receivables. The customers comprise of both corporates and individuals.</p> | <p>Our audit procedures include understanding and testing of the design and implementation and operating effectiveness of the key controls over the following:</p> <ul style="list-style-type: none"> <li>▪ Timeliness of loan reviews</li> <li>▪ Identification and timeliness of identifying significant increase in credit risk</li> <li>▪ Validity and valuation of collaterals</li> <li>▪ Expected credit loss model</li> </ul> <p>Our audit procedures to assess management's provision for allowances included the following:</p> <p>We obtained an understanding of the Group Credit Policy and Expected Credit Loss Model and evaluated the processes for identifying significant increase in credit risk and consequently, the grading of loans for compliance on the classification according to MAS Notice 811.</p> <p>We selected and tested loan samples according to its total credit exposure (by customer) to the Group and assessed the Group's credit review process. The sample selection covers loans classified as Stage 1, Stage 2 and Stage 3.</p> <p>We challenged and evaluated management's conclusions on the credit worthiness and classification of the selected loans. We assessed the reasonableness of management's conclusion through our understanding of the prevailing industry trends relevant to the customers, macroeconomic factors, customer repayment conduct, customer financial health and forecasts, collateral valuation and validity, etc.</p> <p>For the selected loans classified as Stage 3, we also evaluated management's forecasts on the recoverable cash flows, valuation of collaterals used and other sources of repayment.</p> |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED**

| <b>Key Audit Matters</b> | <b>How our audit addressed the key audit matter</b>   |
|--------------------------|---|
|                          | <p>With respect to the Group's loans and advances classified as Stage 1, Stage 2 and Stage 3, we assessed the:</p> <ul style="list-style-type: none"> <li>▪ Group's expected credit loss model, in particular focusing on the following areas: <ul style="list-style-type: none"> <li>○ alignment of the expected credit model and its underlying methodology with the requirements of SFRS(I) 9; and</li> <li>○ approach to the incorporation of forward looking macroeconomic factors; and</li> </ul> </li> <li>▪ effectiveness of relevant controls relating to the: <ul style="list-style-type: none"> <li>○ data used to determine the provision for credit impairment, including transactional data captured at loan origination, ongoing internal credit quality assessments and inputs to the expected credit loss model; and</li> </ul> </li> <li>• computation of expected credit loss</li> </ul> <p>We involved our specialists in the performance of these procedures where their specific expertise was required.</p> <p>We have also assessed the adequacy of the Group's disclosure on the allowance for impairment of loans and the related credit risk in the Notes to the financial statements.</p> |

**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, Directors' Statement, Board of Directors and Additional Information, 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 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.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED**

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.

### **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:

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED**

- (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.

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.



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED**

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 Giam Ei Leen.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

February 19, 2019