



**SING INVESTMENTS
& FINANCE LIMITED**

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SING INVESTMENTS & FINANCE LIMITED
HALF YEAR 2021
INTERIM RESULTS ANNOUNCEMENT

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PERFORMANCE HIGHLIGHTS

	1st Half 2021 \$'000	1st Half 2020 \$'000	Variance + / (-) (%)
Summary Statement of Profit & Loss Items			
Interest income and hiring charges	37,148	43,092	(13.8)
Interest expense	(7,901)	(21,048)	(62.5)
Net interest income	29,247	22,044	32.7
Non-interest income	3,474	4,193	(17.1)
Total Income	32,721	26,237	24.7
Operating Expenses	(13,188)	(13,516)	(2.4)
Profit from operations before allowances	19,533	12,721	53.5
Write-back / (Allowances for) credit losses on loans and other assets	2,549	(3,348)	NM
Profit before income tax	22,082	9,373	135.6
Profit after tax attributable to equity holders of the group	18,338	8,044	128.0
Other comprehensive income	(3,347)	4,725	NM
Total comprehensive income	14,991	12,769	17.4
Selected Balance Sheet Items			
	As at 30 Jun 2021	As at 31 Dec 2020	
Total Equity	396,780	387,464	2.4
Total Assets	2,989,036	2,850,450	4.9
Loans and advances	2,250,514	2,077,683	8.3
Deposits and saving accounts of customer	2,364,937	2,278,708	3.8
Key Financial Ratios			
	%	%	
Net Interest Margin	2.15	1.57	
Non interest income to total income	10.6	16.0	
Cost-to income ratio	40.3	51.5	
Loans to deposit ratio ¹	86.7	84.6	
Non-performing loans ratio	2.7	2.8	
Return on Equity ²	9.2	4.2	
Return on Asset ³	1.2	0.6	
Capital Adequacy Ratio	15.1	16.3	
Per Ordinary Share Data			
Basic earnings per share (cents)	23.27	10.21	
Net asset value per share (\$)	2.52	2.46	
(1) Loans- excluding those funded by Monetary Authority of Singapore			
(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

1. Interim Results – Not Audited or reviewed

The condensed interim Group's financial statements and the Company's statement of financial position and statement of changes in equity for the half year ended 30 June 2021 and explanatory notes have not been audited or reviewed.

2. Review of Performance

The Group registered a strong performance for the first half of 2021. Profit from operations before allowances improved by 53.5%, whilst net profit after tax grew by 128.0% to \$18.3 million, driven largely by higher net interest income, as well as write back in loan allowances vis-à-vis a net allowance charge a year ago.

Operating profit benefited from the lower funding costs in the current low interest environment, which contributed to an increase of \$7.2 million or 32.7% in net interest income. Net interest margin rose by 58 basis points to 2.15%. Non-interest income declined, as compared to the same period in 2020, mainly due to lower government COVID 19 related grants received in the first half of 2021, as a result of an improving economic environment. Total operating expenses were well contained, which resulted in a sharp reduction in cost-to-income ratio to 40.3% for the period under review as compared with 51.5% in the same period a year ago.

The Group wrote back \$2.5 million of loan allowances in the first six months of 2021, as compared to a \$3.3 million net charge during the first half of 2020. The write back came primarily from the general allowances for the non-impaired assets, as macroeconomic conditions and outlook improved over the last year.

The decline in Other Comprehensive Income of \$3.3 million during the first half of 2021 was attributed primarily to the decline in fair value of Singapore Government Securities (“SGS”) bonds. The Group purchases SGS as part of its liquid assets for the purpose of maintaining the minimum liquid asset required under the Finance Companies Act.

Total loans and advances grew by \$172.8 million or 8% during the half year, from \$2,077.7 million as at 31 December 2020 to \$2,250.5 million as at 30 June 2021. In tandem with the growth in loan balances, customers’ deposits also increased by 3.8% to \$2,364.9 million as at 30 June 2021 compared to 31 December 2020.

The Group’s Capital Adequacy Ratio remains healthy at 15.1% as at 30 June 2021. The decline in the ratio from 16.3% from 31 December 2020 was primarily due to the dividend payout made during the 2nd Quarter of 2021 for the last financial year.

3. Comments on Significant Trends and Competitive Conditions in the Industry

According to the Ministry of Trade and Industry (“MTI”)’s advance GDP estimates on 14 July 2021, the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021, extending the 1.3% growth in the previous quarter. The strong growth was largely due to the low base in the second quarter of 2020, when GDP fell by 13.3% due to the Circuit Breaker (CB) measures implemented from 7 April to 1 June 2020. In absolute terms, GDP in the second quarter of 2021 remained 0.9% below its pre-pandemic level in the second quarter of 2019.

On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 2.0% in the second quarter of 2021, a reversal from the 3.1% growth in the preceding quarter.

Although the official forecasted GDP growth for 2021 is expected to be within the range of 4% to 6%, the recovery across the different sectors are expected to be uneven. The construction sector as well as tourism-related services continue to be severely affected by border and safe measure restrictions. The recent spike in COVID cases caused by the Delta variant continues to pose a great challenge to the re-opening of our borders and the economy, even as the mass vaccination programme is being rolled out.

Against this backdrop, the Group continues to be supportive of MAS’ and ESG’s initiatives to help our customers pull through these difficult times. The Group will continue to be vigilant in our risk management, proactive in our management of net interest margin, and invest in our digital transformation, so as to be better prepared to capture opportunities going forward.

Other Information Required by SGX Listing Rule Appendix 7.2

- 4. 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 period, there were no outstanding convertibles (30 June 2020: Nil).

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

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

- 6. 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 (30 June 2020: Nil).

- 7. 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.

By order of the Board

Lee Sze Leong
Managing Director
27 July 2021

- 8. Directors' Confirmation**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial statements and the Company's statement of financial position and statement of changes in equity for the half year ended 30 June 2021 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
27 July 2021

Condensed Interim Consolidated Statement of Profit or Loss for Half-Year Ended 30 June 2021

	Note	1st Half 2021	1st Half 2020	+/-
		\$'000	\$'000	%
Revenue				
Interest income and hiring charges	7	37,148	43,092	(13.8)
Interest expense	7	(7,901)	(21,048)	(62.5)
Net interest income and hiring charges		29,247	22,044	32.7
Fees and commissions		1,241	846	46.6
Dividends	7	70	123	(43.1)
Rental income from investment properties		1,543	1,379	11.9
Other income	7	620	1,845	(66.4)
Income before operating expenses		32,721	26,237	24.7
Staff costs	7	(8,722)	(8,221)	6.1
Depreciation of property, plant and equipment		(899)	(894)	0.5
Depreciation of investment properties	17	(189)	(189)	(0.2)
Depreciation of right of use assets		(15)	(14)	5.0
Other operating expenses	7	(3,363)	(4,198)	(19.9)
Total Operating Expenses		(13,188)	(13,516)	(2.4)
Profit from operations before allowances		19,533	12,721	53.5
Write-back of / (Allowances for) credit losses on loans and other assets	13	2,549	(3,348)	NM
Profit before income tax		22,082	9,373	135.6
Income tax expense	8	(3,744)	(1,329)	181.7
Profit for the period attributable to equity holders of the Company		18,338	8,044	128.0

NM: Not Meaningful

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
for Half-Year Ended 30 June 2021**

	1st Half 2021	1st Half 2020	+ / (-)
	\$'000	\$'000	%
Profit for the period	18,338	8,044	128.0
<u>Other comprehensive income</u>			
Items that will not be reclassified subsequently to profit or loss			
Gain on disposal of equity investments at FVOCI	49	17	188.2
Net change in fair value of Equity Investments at FVOCI	1,884	(928)	NM
Income tax relating to items that will not be reclassified subsequently to profit or loss	(320)	155	NM
	1,612	(756)	NM
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of Debt Investments at FVOCI	(5,976)	6,879	NM
Net change in fair value of Debt Investments at FVOCI reclassified to profit or loss on disposal	-	(276)	NM
Income tax relating to items that may be reclassified subsequently to profit or loss	1,016	(1,122)	NM
	(4,960)	5,481	NM
Other comprehensive income for the period - net of tax	(3,347)	4,725	NM
Total comprehensive income for the period	14,991	12,769	17.4

NM: Not meaningful

FVOCI: Fair Value through Other Comprehensive Income

Condensed Interim Consolidated Statements of Financial Position

	Note	Group		Company	
		30 Jun	31 Dec	30 Jun	31 Dec
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	10	316,213	370,620	316,166	370,560
Statutory deposit with the MAS	10	62,975	59,836	62,975	59,836
Singapore Government Securities and MAS bills	11	301,097	284,989	301,097	284,989
Investment in Equity Securities	11	6,824	4,292	6,531	4,003
Loans and advances	15	2,250,514	2,077,683	2,250,514	2,077,683
Other receivables, deposits and prepayments		5,423	6,227	5,423	6,227
Subsidiary		-	-	25	25
Property, plant and equipment	16	23,993	24,617	23,993	24,617
Investment properties	17	21,997	22,186	21,997	22,186
Total assets		2,989,036	2,850,450	2,988,721	2,850,126
LIABILITIES AND EQUITY					
Deposits and balances of customers		2,364,937	2,278,708	2,365,711	2,279,481
Other liabilities		16,320	23,855	15,853	23,375
Borrowings from MAS	18	199,353	147,168	199,353	147,168
Enterprise Singapore loans (unsecured)	19	2,699	4,670	2,699	4,670
Provision for employee benefits		396	396	396	396
Current tax payable		5,578	4,520	5,578	4,520
Deferred tax liabilities		2,973	3,669	2,933	3,630
Total liabilities		2,592,256	2,462,986	2,592,523	2,463,240
Equity attributable to equity holders of the Company					
Share capital	20	180,008	180,008	180,008	180,008
Reserves	21	216,772	207,456	216,190	206,878
Total equity		396,780	387,464	396,198	386,886
Total liabilities and equity		2,989,036	2,850,450	2,988,721	2,850,126
Off-balance sheet items					
Undrawn loan commitments		699,859	674,025	699,859	674,025
Guarantees issued	23	8,230	1,844	8,230	1,844
Total off-balance sheet items		708,089	675,869	708,089	675,869

Condensed Interim Consolidated Statements of Cash Flows for the Half-Year Ended 30 June 2021

	Note	Group	
		1st Half 2021	1st Half 2020
		\$'000	\$'000
Operating activities			
Profit before income tax		22,082	9,373
Adjustments for:			
Impact of accrual of interest income		1,310	678
Impact of accrual of interest expense		(6,352)	(68)
Interest expense on lease liabilities		2	2
Depreciation of property, plant and equipment		899	895
Depreciation of investment properties	17	189	188
Depreciation of right of use assets		15	14
(Write-back of) / Allowances for credit losses on loans and other assets		(2,549)	3,348
Gain on disposal of investments		-	(293)
Dividends		(70)	(124)
Operating cash flows before movements in working capital		15,526	14,013
Changes in working capital			
Deposits and balances of customers		86,229	(83,033)
Other liabilities		(1,184)	(299)
Borrowings from MAS		52,185	26,385
Enterprise Singapore loans		(1,971)	(1,601)
Statutory deposits with the MAS		(3,139)	3,988
Singapore Government Securities and MAS bills		(22,812)	32,714
Loans and advances *		(170,884)	28,312
Other assets		221	340
Cash (used in) / generated from operating activities		(45,830)	20,819
Income taxes (paid) / refund		(2,697)	1,459
Net cash (used in) / generated from operating activities		(48,527)	22,278
Investing activities			
Purchase of property, plant and equipment and investment properties	16	(274)	(1,192)
Purchase of equity securities		-	(286)
Dividends received		12	124
Proceeds from disposal of equity securities		71	212
Net cash used in investing activities		(191)	(1,142)
Financing activities			
Cash payments of lease liabilities		(15)	(14)
Dividend paid		(5,675)	(9,457)
Net cash used in financing activities		(5,690)	(9,471)
Net (decrease) / increase in cash and cash equivalents		(54,408)	11,665
Cash and cash equivalents at beginning of the year		370,620	282,862
Cash and cash equivalents at end of the period		316,213	294,527

*Changes in the loan movements exclude the non-cash movement for the conversion of loans to equity securities.

Condensed Interim Consolidated Statements of Changes in Equity for the Half-Year Ended 30 June 2021

	Share capital	Statutory reserve	Regulatory Loss		Accumulated profits	Total
			Allowance Reserve	Fair value reserve		
	\$'000	\$'000		\$'000	\$'000	\$'000
Group						
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,771	62,881	387,464
Total comprehensive income for the period						
Profit for the period	-	-	-	-	18,338	18,338
Other comprehensive income for the period - net	-	-	-	(3,396)	49	(3,347)
Total	-	-	-	(3,396)	18,387	14,991
Transfer to Regulatory Loss Allowance Reserve	-	-	1,168	-	(1,168)	-
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 30 June 2021	180,008	120,864	11,108	10,375	74,425	396,780
2020						
Balance at 1 January 2020	180,008	115,965	9,940	9,446	57,622	372,981
Total comprehensive income for the period						
Profit for the period	-	-	-	-	8,044	8,044
Other comprehensive income for the period - net	-	-	-	4,708	17	4,725
Total	-	-	-	4,708	8,061	12,769
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	-	-	-	-	(9,457)	(9,457)
Balance at 30 June 2020	180,008	115,965	9,940	14,154	56,226	376,293

Condensed Interim Consolidated Statements of Changes in Equity for the Half-Year Ended 30 June 2021

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000		\$'000	\$'000	\$'000
Company						
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,580	62,494	386,886
Total comprehensive income for the period						
Profit for the period	-	-	-	-	18,337	18,337
Other comprehensive income for the period - net	-	-	-	(3,399)	49	(3,350)
Total	-	-	-	(3,399)	18,386	14,987
Transfer to Regulatory Loss Allowance Reserve	-	-	1,168	-	(1,168)	-
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 30 June 2021	180,008	120,864	11,108	10,181	74,037	396,198
2020						
Balance at 1 January 2020	180,008	115,965	9,940	9,172	57,239	372,324
Total comprehensive income for the period						
Profit for the period	-	-	-	-	8,037	8,037
Other comprehensive income for the period - net	-	-	-	4,813	17	4,830
Total	-	-	-	4,813	8,054	12,867
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	-	-	-	-	(9,457)	(9,457)
Balance at 30 June 2020	180,008	115,965	9,940	13,985	55,836	375,734

Notes to the condensed interim consolidated financial statements

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1. Corporate Information

Sing Investments & Finance Limited, (the 'Company') is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the 'Group'). The primary 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 2021 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 annual financial statements for the year ended 31 December 2020.

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 period ended 30 June 2021 were authorised for issue by the Board of Directors on 27 July 2021.

3. Accounting Policies & adoption of new and revised standards

The accounting policies applied by the Group for this interim financial statements are the same as 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 2021.

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 years.

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 2020.

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 assets 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.

4. Critical accounting judgements and estimates (continued)

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 Covid19 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. Refer to the Note 13 on the Credit Risk and ECL estimates as at June 2021.

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 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	
	1st Half 2021	1st Half 2020
	\$'000	\$'000
Interest income and hiring charges		
Loans and advances and others measured at amortised cost	33,768	36,876
Cash and bank deposits at amortised cost	1,031	2,933
Singapore Government Securities and MAS bills measured at FVOCI	2,349	3,283
	<u>37,148</u>	<u>43,092</u>
Interest expense		
Deposits and others	<u>7,901</u>	<u>21,048</u>
Dividends		
Equity investments	<u>70</u>	<u>123</u>
Other income		
Government grant	583	1,478
Bad debts recovered	19	18
Net gain on sale of Singapore Government Securities and MAS bills	-	276
Rental income from safe boxes	-	55
Others	18	18
	<u>620</u>	<u>1,845</u>
Staff costs		
Salaries and other benefits	7,936	7,406
Contributions to defined contribution plan	786	815
	<u>8,722</u>	<u>8,221</u>
Other operating expenses		
Operating expenses on investment properties	300	288
Maintenance, utilities and property tax	796	573
Legal and professional fees	95	73
Commission expense	1,018	2,006
Others	1,154	1,258
	<u>3,363</u>	<u>4,198</u>

8. Income tax expense

	Group	
	1 st Half 2021	1 st Half 2020
	\$'000	\$'000
Current tax expense		
Current period	3,744	1,329
Deferred tax (debit)/credit		
Reversal of temporary differences	(69)	116
Total income tax expense	<u>3,675</u>	<u>1,445</u>

9. Earnings per share

	Group	
	1 st Half 2021	1 st Half 2020
	\$'000	\$'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	18,338	8,044
Number of ordinary shares	<u>157,626</u>	<u>157,626</u>

There were no potential dilutive ordinary shares for the period ended 30 June 2021.

10. Categories of Financial Instruments

The following tables set out the financial instruments as at 30 June 2021 and 31 December 2020

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Financial assets				
At amortised cost:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	316,213	370,620	316,166	370,560
Statutory deposit with the MAS	62,975	59,836	62,975	59,836
Loans and advances	2,250,514	2,077,683	2,250,514	2,077,683
Other receivables, deposits and prepayments	2,839	3,681	2,839	3,681
At FVOCI:				
Singapore Government Securities and MAS bills	301,097	284,989	301,097	284,989
Investment in Equity Securities	6,824	4,292	6,531	4,003
Financial liabilities				
At amortised cost:				
Deposits and balances of customers	2,364,937	2,278,708	2,365,711	2,279,481
Other liabilities	16,320	23,855	15,853	23,375
Borrowings from MAS	199,353	147,168	199,353	147,168
Enterprise Singapore loans	2,699	4,670	2,699	4,670

11. Financial assets at fair value through other comprehensive income

	Group		Company	
	30 June 2021 \$'000	31 Dec 2020 \$'000	30 June 2021 \$'000	31 Dec 2020 \$'000
Financial assets at FVOCI				
At FVOCI:				
Singapore Government Securities and MAS bills	301,097	284,989	301,097	284,989
Investment in Equity Securities	6,824	4,292	6,531	4,003

During the interim period, the Group disposed of certain of its investment in equity securities for cash and realised the capital appreciation. These investments had a fair value \$71,000 at the date of disposal. The cumulative gain, net of tax, on disposal of \$49,000 (1st Half 2020:\$17,000) was 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:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
30 June 2021				
Financial instruments measured at FVOCI				
Financial Assets				
Quoted equity securities	6,824	-	-	6,824
Singapore Government Securities and MAS bills	301,097	-	-	301,097
31 December 2020				
Financial instruments measured at FVOCI				
Financial Assets				
Quoted equity securities	4,292	-	-	4,292
Singapore Government Securities and MAS bills	284,989	-	-	284,989

13. Credit Risk

There has been no change to the Group's exposure to the type of financial risks as well as the risk management policies and processes as described in the last annual financial statements ended 31 December 2020. Credit Risk remains the key financial risk for the Group and the disclosures below provide the status as at 30 June 2021.

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 deposit with banks and MAS at amortised cost				
Group				
30 June 2021				
Strong	316,765	-	-	316,765
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	316,765	-	-	316,765
Loss allowance	(552)	-	-	(552)
Carrying amount	316,213	-	-	316,213
31 December 2020				
Strong	371,094	-	-	371,094
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	371,094	-	-	371,094
Loss allowance	(474)	-	-	(474)
Carrying amount	370,620	-	-	370,620
Company				
30 June 2021				
Strong	316,718	-	-	316,718
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	316,718	-	-	316,718
Loss allowance	(552)	-	-	(552)
Carrying amount	316,166	-	-	316,166

13. Credit Risk (Continue)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Cash and deposit with banks and MAS at amortised cost				
Company				
31 December 2020				
Strong	371,034	-	-	371,034
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	371,034	-	-	371,034
Loss allowance	(474)	-	-	(474)
Carrying amount	370,560	-	-	370,560
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Singapore Government Securities ('SGS') & MAS bills				
Group & Company				
30 June 2021				
Strong	301,097	-	-	301,097
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	301,097	-	-	301,097
Loss allowance	-	-	-	-
Carrying amount	301,097	-	-	301,097
31 December 2020				
Strong	284,989	-	-	284,989
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	284,989	-	-	284,989
Loss allowance	-	-	-	-
Carrying amount	284,989	-	-	284,989

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

13. Credit Risk (Continue)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances at amortised cost				
Group & Company				
30 June 2021				
Strong	128,513	17,952	-	146,465
Satisfactory	1,470,024	454,148	-	1,924,172
Higher Risk	63,922	68,706	-	132,628
Impaired	-	-	55,932	55,932
Total gross carrying amount	1,662,459	540,806	55,932	2,259,197
Loss allowance	(1,939)	(1,718)	(5,026)	(8,683)
Carrying amount	1,660,520	539,088	50,906	2,250,514
31 December 2020				
Strong	322,257	15,403	-	337,660
Satisfactory	1,194,211	359,588	-	1,553,799
Higher Risk	65,261	73,879	-	139,140
Impaired	-	-	58,405	58,405
Total gross carrying amount	1,581,729	448,870	58,405	2,089,004
Loss allowance	(3,203)	(2,583)	(5,535)	(11,321)
Carrying amount	1,578,526	446,287	52,870	2,077,683
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Total net loss allowance charge/(write back) to P&L				
Group & Company				
Deposits, balances with and loans to bankers, agents and other financial institutions	79	-	-	79
Loans and advances	(1,269)	(860)	(499)	(2,628)
Total write back in 1H 2021	(1,190)	(860)	(499)	(2,549)
Deposits, balances with and loans to bankers, agents and other financial institutions	1,463	-	-	1,463
Loans and advances	1,792	643	(550)	1,885
Total charged in 1H 2020	3,255	643	(550)	3,348

The write back came primarily from the non-impaired Stage 1 & 2 assets, as macroeconomic variables and forward looking information improved over the last six months.

14. Capital Adequacy Ratio (CAR)

The Group's capital position was as follows:

	Group	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000
<u>Capital element</u>		
Core capital		
Share capital	180,008	180,008
Disclosed reserves	177,976	183,619
	<u>357,984</u>	<u>363,627</u>
Risk weighted assets	<u>2,372,000</u>	<u>2,233,672</u>
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	<u>15.1</u>	<u>16.3</u>

15. Loans and advances

	Group and Company	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Housing, factoring receivables and other loans	1,742,556	1,568,993
Hire purchase receivables	573,929	575,278
Unearned interests and charges	(57,288)	(55,267)
Allowances for impairment on loans and advances	(8,683)	(11,321)
	<u>2,250,514</u>	<u>2,077,683</u>
Due within 12 months	464,864	399,009
Due after 12 months	1,785,650	1,678,674
	<u>2,250,514</u>	<u>2,077,683</u>

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

	Group and Company	
	2021 \$'000	2020 \$'000
Stage 3 loss allowance		
At 1 January	5,535	3,340
(Write back) of impairment losses during the period	(499)	(550)
Receivables written off against allowances	(10)	(100)
At 30 June	<u>5,026</u>	<u>2,690</u>

15. Loans and advances (Continue)

	Group and Company	
	2021	2020
	\$'000	\$'000
Stage 1 and 2 loss allowance		
At 1 January	5,786	2,618
(Write back) / Allowances for impairment losses during the period	(2,129)	2,436
At 30 June	<u>3,657</u>	<u>5,054</u>
Total allowances for impairment on loans and advances		
At 1 January	<u>11,321</u>	<u>5,958</u>
At 30 June	<u>8,683</u>	<u>7,744</u>

16. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$274,016 (30 June 2020: \$1,192,012) and disposed of assets amounting to \$6,229 (30 June 2020: Nil)

17. Investment properties

	Group and Company	
	2021	2020
	\$'000	\$'000
At cost:		
At 1 January	<u>28,794</u>	<u>28,794</u>
Accumulated depreciation:		
At 1 January	6,608	6,230
Depreciation charge for the period	189	189
At the end of June	<u>6,797</u>	<u>6,419</u>
Carrying amount:		
At the end of June	<u>21,997</u>	<u>22,375</u>

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 2020 and based on the fair value hierarchy, it is considered in the Level 2 hierarchy.

18. Borrowings from MAS

	Group and Company	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Due within 12 months	25,866	-
Due after 12 months	173,487	147,168
	<u>199,353</u>	<u>147,168</u>

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”).

19. Borrowing from Enterprise Singapore

	Group and Company	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Due within 12 months	1,339	3,658
Due after 12 months	1,360	1,012
	<u>2,699</u>	<u>4,670</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.

20. Share capital

	Group and Company			
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	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	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Statutory reserve	120,864	120,864	120,864	120,864
Fair value reserve	10,375	13,771	10,181	13,580
Accumulated profits	74,425	62,881	74,037	62,494
Regulatory loss allowance reserve	11,108	9,940	11,108	9,940
	<u>216,772</u>	<u>207,456</u>	<u>216,190</u>	<u>206,878</u>

21. Reserves (Continue)

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 2020 that have had a material effect on the financial position or performance of the Group in the period ended 30 June 2021. All related party transactions that have taken place in the period were similar in nature to those disclosed in the Annual Report 2020.

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

	Group and Company	
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
(a) Deposits	5,080	20,553
(b) Profit or loss transactions		
- Interest expenses on deposits	17	116
- Rental income	116	78

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	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Guarantees issued and financing of goods imported	8,230	1,844

As at 30 June 2021, guarantees issued for the Group and the Company's operational requirements amounted to Nil (Dec 2020 : \$51,485). These contingent liabilities are not secured on any of the Group's assets and not included on the statements of financial position of the Group and Company in accordance with the Group's accounting policy.

24. Net Asset Value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$	\$	\$	\$
Net asset value per ordinary share	2.52	2.46	2.51	2.45

25. Dividends

No dividend has been recommended for the half year ended 30 June 2021 (30 June 2020: Nil).

26. Subsequent events

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