



## HONG LEONG FINANCE

### Full Year Financial Statements And Dividend Announcement

Condensed interim consolidated financial statements for the six months and full year ended 31 December 2024.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

**Group**

Note	6 months ended 31 Dec 2024	6 months ended 31 Dec 2023	+ / (-)	12 months ended 31 Dec 2024	12 months ended 31 Dec 2023	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest on loans	<b>216,780</b>	233,096	(7.0)	<b>447,469</b>	450,330	(0.6)
Hiring charges	<b>30,995</b>	24,582	26.1	<b>57,347</b>	48,071	19.3
Other interest income	<b>41,745</b>	38,127	9.5	<b>88,478</b>	70,699	25.1
Interest income/hiring charges	<b>289,520</b>	295,805	(2.1)	<b>593,294</b>	569,100	4.3
Less: Interest expense	<b>177,144</b>	195,056	(9.2)	<b>368,242</b>	366,890	0.4
Net interest income/hiring charges	<b>112,376</b>	100,749	11.5	<b>225,052</b>	202,210	11.3
Fee and commission income	<b>4,107</b>	5,548	(26.0)	<b>8,105</b>	9,952	(18.6)
Other operating income	<b>67</b>	78	(14.1)	<b>126</b>	146	(13.7)
Income before operating expenses	<b>116,550</b>	106,375	9.6	<b>233,283</b>	212,308	9.9
Less: Staff costs	<b>37,964</b>	39,768	(4.5)	<b>81,461</b>	80,453	1.3
Depreciation of property, plant and equipment	<b>4,597</b>	3,756	22.4	<b>8,495</b>	7,560	12.4
Other operating expenses	<b>10,499</b>	8,581	22.4	<b>18,847</b>	16,892	11.6
Total operating expenses	<b>53,060</b>	52,105	1.8	<b>108,803</b>	104,905	3.7
<b>Profit from operations before allowances</b>	<b>63,490</b>	54,270	17.0	<b>124,480</b>	107,403	15.9
Add/(Less): (Allowances for)/reversal or recovery of doubtful debts and other financial assets	<b>(1,839)</b>	1,895	(197.0)	<b>284</b>	4,626	(93.9)
Profit before tax	<b>61,651</b>	56,165	9.8	<b>124,764</b>	112,029	11.4
Less: Income tax expense	<b>10,152</b>	9,367	8.4	<b>20,681</b>	18,655	10.9
<b>Profit for the year/ Comprehensive income attributable to owners of the Company</b>	<b>51,499</b>	46,798	10.0	<b>104,083</b>	93,374	11.5
Annualised earnings per share (cents)						
- Basic	<b>22.96</b>	20.87		<b>23.20</b>	20.82	
- Diluted	<b>22.95</b>	20.85		<b>23.19</b>	20.81	

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash at banks and in hand		<b>772,045</b>	1,156,773	<b>770,957</b>	1,155,367
Statutory deposit with the Monetary Authority of Singapore ("MAS")		<b>336,926</b>	342,362	<b>336,926</b>	342,362
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note ("FRN")		<b>1,777,106</b>	1,710,012	<b>1,777,106</b>	1,710,012
Hire purchase receivables		<b>2,086,790</b>	1,757,249	<b>2,086,790</b>	1,757,249
Loans, advances and factoring receivables		<b>9,599,602</b>	9,922,233	<b>9,599,602</b>	9,922,233
		<b>11,686,392</b>	11,679,482	<b>11,686,392</b>	11,679,482
Allowances for doubtful debts		<b>(18,666)</b>	(20,100)	<b>(18,666)</b>	(20,100)
		<b>11,667,726</b>	11,659,382	<b>11,667,726</b>	11,659,382
Other receivables, deposits and prepayments		<b>16,611</b>	28,091	<b>16,610</b>	28,090
Subsidiaries and long-term investments		-	-	<b>535</b>	535
Property, plant and equipment	E11	<b>63,476</b>	60,996	<b>63,476</b>	60,996
Total assets		<b>14,633,890</b>	14,957,616	<b>14,633,336</b>	14,956,744
<b>Liabilities</b>					
Deposits and balances of customers	E10	<b>12,300,265</b>	12,647,934	<b>12,304,858</b>	12,652,388
Borrowings		<b>1,449</b>	17,922	<b>1,449</b>	17,922
Trade and other payables		<b>201,916</b>	211,884	<b>200,599</b>	210,232
Current tax payable		<b>19,134</b>	17,584	<b>19,120</b>	17,573
Deferred tax liabilities		<b>3,591</b>	2,012	<b>3,591</b>	2,012
Total liabilities		<b>12,526,355</b>	12,897,336	<b>12,529,617</b>	12,900,127
<b>Equity</b>					
Share capital		<b>891,641</b>	891,578	<b>891,641</b>	891,578
Reserves		<b>873,060</b>	841,547	<b>873,060</b>	841,547
Accumulated profits		<b>342,834</b>	327,155	<b>339,018</b>	323,492
Equity attributable to owners of the Company		<b>2,107,535</b>	2,060,280	<b>2,103,719</b>	2,056,617
Total equity and liabilities		<b>14,633,890</b>	14,957,616	<b>14,633,336</b>	14,956,744
Acceptances, guarantees and other obligations on behalf of customers		<b>449</b>	249	<b>449</b>	249
Number of shares in issue		<b>448,568,933</b>	448,543,933	<b>448,568,933</b>	448,543,933
Net asset value per share (\$)		<b>4.70</b>	4.59	<b>4.69</b>	4.59

C. Condensed interim statements of changes in equity

	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Group</b>							
At 1 January 2024	<b>891,578</b>	<b>822,015</b>	<b>2,307</b>	<b>2,090</b>	<b>15,135</b>	<b>327,155</b>	<b>2,060,280</b>
Issue of shares under share option scheme	<b>59</b>						<b>59</b>
Value of employee services received for issue of share options				<b>305</b>			<b>305</b>
Value of employee services transferred for share options exercised or lapsed	<b>4</b>			<b>(451)</b>		<b>447</b>	<b>-</b>
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						<b>(40,371)</b>	<b>(40,371)</b>
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						<b>(16,821)</b>	<b>(16,821)</b>
Adjustment under MAS 811					<b>5,638</b>	<b>(5,638)</b>	<b>-</b>
Comprehensive income for the year						<b>104,083</b>	<b>104,083</b>
Transfer to Statutory reserve		<b>26,021</b>				<b>(26,021)</b>	<b>-</b>
At 31 December 2024	<b>891,641</b>	<b>848,036</b>	<b>2,307</b>	<b>1,944</b>	<b>20,773</b>	<b>342,834</b>	<b>2,107,535</b>
At 1 January 2023	890,553	798,671	2,307	2,203	8,543	338,419	2,040,696
Issue of shares under share option scheme	958						958
Value of employee services received for issue of share options				375			375
Value of employee services transferred for share options exercised or lapsed	67			(488)		421	-
Final dividend of 13.25 cents per share (tax exempt one-tier) paid in respect of year 2022						(59,424)	(59,424)
Interim dividend of 3.5 cents per share (tax exempt one-tier) paid in respect of year 2023						(15,699)	(15,699)
Adjustment under MAS 811					6,592	(6,592)	-
Comprehensive income for the year						93,374	93,374
Transfer to Statutory reserve		23,344				(23,344)	-
At 31 December 2023	891,578	822,015	2,307	2,090	15,135	327,155	2,060,280

C. Condensed interim statements of changes in equity (continued)

	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Company</b>							
At 1 January 2024	<b>891,578</b>	<b>822,015</b>	<b>2,307</b>	<b>2,090</b>	<b>15,135</b>	<b>323,492</b>	<b>2,056,617</b>
Issue of shares under share option scheme	<b>59</b>						<b>59</b>
Value of employee services received for issue of share options				<b>305</b>			<b>305</b>
Value of employee services transferred for share options exercised or lapsed	<b>4</b>			<b>(451)</b>		<b>447</b>	-
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						<b>(40,371)</b>	<b>(40,371)</b>
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						<b>(16,821)</b>	<b>(16,821)</b>
Adjustment under MAS 811					<b>5,638</b>	<b>(5,638)</b>	-
Comprehensive income for the year						<b>103,930</b>	<b>103,930</b>
Transfer to Statutory reserve		<b>26,021</b>				<b>(26,021)</b>	-
At 31 December 2024	<b>891,641</b>	<b>848,036</b>	<b>2,307</b>	<b>1,944</b>	<b>20,773</b>	<b>339,018</b>	<b>2,103,719</b>
At 1 January 2023	890,553	798,671	2,307	2,203	8,543	334,904	2,037,181
Issue of shares under share option scheme	958						958
Value of employee services received for issue of share options				375			375
Value of employee services transferred for share options exercised or lapsed	67			(488)		421	-
Final dividend of 13.25 cents per share (tax exempt one-tier) paid in respect of year 2022						(59,424)	(59,424)
Interim dividend of 3.5 cents per share (tax exempt one-tier) paid in respect of year 2023						(15,699)	(15,699)
Adjustment under MAS 811					6,592	(6,592)	-
Comprehensive income for the year						93,226	93,226
Transfer to Statutory reserve		23,344				(23,344)	-
At 31 December 2023	891,578	822,015	2,307	2,090	15,135	323,492	2,056,617

D. Condensed interim consolidated statement of cash flows

	<b>Group</b>	
	<b>12 months ended 31 Dec 2024 \$'000</b>	12 months ended 31 Dec 2023 \$'000
Operating activities		
Profit for the year	<b>104,083</b>	93,374
Adjustments for:		
Impact of accrual of interest income	<b>1,871</b>	1,787
Impact of accrual of interest expense	<b>(15,978)</b>	61,018
(Reversal)/allowances for impairment loss on loans, advances and receivables	<b>258</b>	(4,508)
Interest expense on lease liabilities	<b>1,254</b>	1,129
Interest expense on borrowings	<b>102</b>	173
Depreciation of property, plant and equipment	<b>8,495</b>	7,560
Loss on disposal of property, plant and equipment	<b>-</b>	1
Value of employee services received for issue of share options	<b>305</b>	375
Income tax expense	<b>20,681</b>	18,655
	<b>121,071</b>	179,564
Changes in working capital:		
Loans, advances and receivables	<b>(8,569)</b>	(3,897)
Other receivables, deposits and prepayments	<b>9,576</b>	(4,798)
Singapore Government debt securities, MAS Bills and MAS FRN	<b>(67,094)</b>	(84,663)
Deposits and balances of customers	<b>(347,669)</b>	617,751
Trade and other payables	<b>2,964</b>	270
Cash generated from/(used in) operations	<b>(289,721)</b>	704,227
Income taxes paid	<b>(17,552)</b>	(26,208)
Cash flows from/(used in) operating activities	<b>(307,273)</b>	678,019
Investing activities		
Purchase of property, plant and equipment	<b>(1,868)</b>	(2,935)
Cash flows used in investing activities	<b>(1,868)</b>	(2,935)
Financing activities		
Payment for lease liabilities	<b>(6,061)</b>	(6,070)
Proceeds from exercise of share options	<b>59</b>	958
Proceeds from borrowings	<b>10,564</b>	300
Repayment of borrowings	<b>(27,037)</b>	(18,819)
Interest paid	<b>(1,356)</b>	(1,302)
Dividends paid	<b>(57,192)</b>	(75,123)
Cash flows used in financing activities	<b>(81,023)</b>	(100,056)
Net increase/(decrease) in cash and cash equivalents	<b>(390,164)</b>	575,028
Cash and cash equivalents at beginning of year	<b>1,499,135</b>	924,107
Cash and cash equivalents at end of year	<b>1,108,971</b>	1,499,135

Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprise the following:

	<b>31 Dec 2024 \$'000</b>	31 Dec 2023 \$'000
Cash at banks and in hand	<b>772,045</b>	1,156,773
Statutory deposit with the Monetary Authority of Singapore ("MAS")	<b>336,926</b>	342,362
Cash and cash equivalents	<b>1,108,971</b>	1,499,135

In addition to the cash and cash equivalents above, marketable Singapore Government debt securities, MAS Bills and MAS FRN amounted to \$1,777,106,000 (31 December 2023: \$1,710,012,000) for the Group.

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hong Leong 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 31 December 2024 comprise the Company and its subsidiaries (collectively, the “Group”). The principal activities of the Company are those relating to financing business and provision of corporate advisory services. The principal activities of the subsidiaries are the provision of nominee services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 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 financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and amended standards adopted by the Group

The following amendments to Financial Reporting Standards became effective for the Group on 1 January 2024:

- Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current and Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants
- Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-7 and SFRS(I) 7 Supplier Finance Arrangements

The adoption of these amendments to standards does not have a material effect on the financial statements of the Group.

E. Notes to the condensed interim consolidated financial statements (continued)

3. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

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

4. Seasonal operations

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

5. Segment information

The majority of the revenue for the Group is from the same business segment. Its principal activities relate to financing business augmented by secondary non-lending activities such as provision of corporate advisory services and provision of nominee services. All activities are carried out in the Republic of Singapore.

E. Notes to the condensed interim consolidated financial statements (continued)

6. Other operating income includes loss on disposal of plant and equipment amounting to less than \$1,000 (2H 2023: \$1,000) for the second half of 2024 and less than \$1,000 (31 December 2023: \$1,000) for the year ended 31 December 2024.

7. Profit after tax

	<b>Group</b>		
	<b>2024</b>	2023	+ / (-)
	<b>\$'000</b>	\$'000	%
- first half year	<b>52,584</b>	46,576	12.9
- second half year	<b>51,499</b>	46,798	10.0

The increase in the profit after tax for the second half of 2024 as compared to the same period in 2023 was mainly attributed to the year-on-year increase in net interest income, driven by improved net interest margin.

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are:

	<b>Group</b>			
	<b>6 months ended</b>	6 months ended	<b>12 months ended</b>	12 months ended
	<b>31 Dec 2024</b>	31 Dec 2023	<b>31 Dec 2024</b>	31 Dec 2023
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Current year	<b>9,446</b>	8,953	<b>19,108</b>	17,588
Adjustment for prior years	<b>(6)</b>	-	<b>(6)</b>	58
Current tax expense	<b>9,440</b>	8,953	<b>19,102</b>	17,646
Deferred tax expense relating to origination and reversal of temporary differences	<b>712</b>	414	<b>1,579</b>	1,009
Total income tax expense	<b>10,152</b>	9,367	<b>20,681</b>	18,655

The effective tax rate for the year ended 31 December 2024 is 16.6% (31 December 2023: 16.6%).



E. Notes to the condensed interim consolidated financial statements (continued)

9. Financial instruments

Accounting classifications and fair values

(i) Loans, advances and receivables and deposits and balances of customers

The fair value of fixed rate loans, advances and receivables and deposits and balances of customers, which will mature and reprice more than six months after the reporting date, has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities with a maturity of six months or less (including other loans, advances and receivables, and other deposits/savings accounts) approximate their fair values.

(ii) Singapore Government debt securities, MAS bills and MAS FRN

Fair value is based on quoted market bid prices at the reporting date.

(iii) Investments (long-term), other financial assets and financial liabilities

Investments (long-term) in unquoted securities amounted to \$12,000, are classified as fair value through other comprehensive income and fully impaired as at 31 December 2024 (31 December 2023: \$12,000, fully impaired).

The carrying amounts of other financial assets and financial liabilities with a maturity of less than one year (including other receivables, other deposits, cash, trade payables and other payables) are estimated to approximate their fair values in view of the short period to maturity.

In accordance with the accounting policy on Financial Instruments, certain financial assets and financial liabilities are not carried at fair value in the statements of financial position as at the reporting dates. The aggregate net fair values of these financial assets and financial liabilities are disclosed in the following table:-

	<b>Group</b>		Carrying amount 31 Dec 2023 \$'000	Fair value 31 Dec 2023 \$'000
	<b>Carrying amount 31 Dec 2024 \$'000</b>	<b>Fair value 31 Dec 2024 \$'000</b>		
<b>Financial assets</b>				
Loans, advances and receivables	<b>11,667,726</b>	<b>11,654,782</b>	11,659,382	11,614,897
Singapore Government debt securities, MAS bills and MAS FRN	<b>1,777,106</b>	<b>1,778,545</b>	1,710,012	1,705,716
	<b>13,444,832</b>	<b>13,433,327</b>	13,369,394	13,320,613
<b>Financial liabilities</b>				
Deposits and balances of customers	<b>(12,300,265)</b>	<b>(12,396,865)</b>	(12,647,934)	(12,817,235)
	<b>1,144,567</b>	<b>1,036,462</b>	721,460	503,378

E. Notes to the condensed interim consolidated financial statements (continued)

9. Financial instruments (continued)

Accounting classifications and fair values (continued)

	<b>Company</b>			
	<b>Carrying amount</b>	<b>Fair value</b>	Carrying amount	Fair value
	<b>31 Dec 2024 \$'000</b>	<b>31 Dec 2024 \$'000</b>	31 Dec 2023 \$'000	31 Dec 2023 \$'000
<b>Financial assets</b>				
Loans, advances and receivables	<b>11,667,726</b>	<b>11,654,782</b>	11,659,382	11,614,897
Singapore Government debt securities, MAS bills and MAS FRN	<b>1,777,106</b>	<b>1,778,545</b>	1,710,012	1,705,716
	<b>13,444,832</b>	<b>13,433,327</b>	13,369,394	13,320,613
<b>Financial liabilities</b>				
Deposits and balances of customers	<b>(12,304,858)</b>	<b>(12,401,531)</b>	(12,652,388)	(12,821,698)
	<b>1,139,974</b>	<b>1,031,796</b>	717,006	498,915

*Fair value hierarchy*

Fair value measurements for financial assets and financial liabilities by the levels in the fair value hierarchy are based on the inputs to valuation techniques. The different levels are defined as follows:-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability including prices of an item that is not identical.

*Group/Company financial assets and financial liabilities not carried at fair value but for which fair values are disclosed\**

The fair value of the portion of loans, advances and receivables being Level 3 instruments amounts to \$3.41 billion (31 December 2023: \$2.74 billion) against a carrying value of \$3.424 billion (31 December 2023: \$2.782 billion). Singapore Government debt securities, MAS bills and MAS FRN are Level 1 instruments with fair value of \$1.78 billion (31 December 2023: \$1.71 billion). The portion of deposits and balances of customers being Level 2 instruments have a fair value of \$9.38 billion (31 December 2023: \$10.54 billion) against a carrying value of \$9.28 billion (31 December 2023: \$10.37 billion).

\*Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature or frequent repricing and where the effect of discounting is immaterial.

E. Notes to the condensed interim consolidated financial statements (continued)

10. Borrowings

Included in borrowings are borrowings from MAS SGD Facility and borrowings from Enterprise Singapore as follows:

<b>Group and Company</b>	
<b>31 Dec 2024</b>	31 Dec 2023
<b>\$'000</b>	\$'000
Borrowings from MAS SGD Facility	
- Amount repayable within one year	15,389
- Amount repayable after one year	-
-	15,389
Borrowings from Enterprise Singapore	
- Amount repayable within one year	1,003
- Amount repayable after one year	1,530
<b>808</b>	1,530
<b>641</b>	2,533
<b>1,449</b>	2,533
Total Borrowings	
<b>1,449</b>	17,922

Borrowings from MAS SGD Facility for ESG loans are secured by assignment of eligible loan agreements as collaterals under Enterprise Singapore's Enhanced Enterprise Financing Scheme. There are no outstanding borrowings from MAS SGD Facility for ESG loans as at 31 December 2024. Interest expense on MAS SGD Facility for ESG loans amounting to \$2,000 (2H 2023: \$47,000) for the second half of 2024 and \$28,000 for the year ended 31 December 2024 (31 December 2023: \$106,000).

Borrowings from MAS SGD Term Facility are secured by debt securities as collaterals. There are no outstanding borrowings from MAS SGD Term Facility as at 31 December 2024 (31 December 2023: \$Nil). Interest expense on MAS SGD Term Facility amounting to \$28,000 for the second half of 2024 and the year ended 31 December 2024 (2H 2023 and 31 December 2023: \$Nil).

Borrowings from Enterprise Singapore represents unsecured advances from Enterprise Singapore under the Local Enterprise Finance Scheme ("LEFS") and Extended Local Enterprise Finance Scheme ("ELEFS") to finance LEFS and ELEFS borrowers. Interest expense on Enterprise Singapore amounting to \$20,000 (2H 2023: \$30,000) for the second half of 2024 and \$45,000 for the year ended 31 December 2024 (31 December 2023: \$67,000).

There are no outstanding bank borrowings as at 31 December 2024 (31 December 2023: \$Nil). Interest expense on bank borrowings amounting to \$1,000 (2H 2023: \$Nil) for the second half of 2024 and \$1,000 for the year ended 31 December 2024 (31 December 2023: \$Nil).

11. During the six months ended 31 December 2024, the Group acquired property, plant and equipment amounting to \$8,931,000 (2H 2023: \$941,000) and disposed of property, plant and equipment amounting to \$337,000 (2H 2023: \$273,000).
12. There are no debt securities issuance as at 31 December 2024 (31 December 2023: \$Nil) for the Group and the Company.

F. Other information required by SGX Listing Rule Appendix 7.2

1. Review

The consolidated statement of financial position of Hong Leong Finance Limited (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2024 and its related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended have been audited in accordance with Singapore Standards on Auditing.

The condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2024 and 31 December 2023 have not been audited or reviewed.

2. Review of the performance of the Group

In the second half year of 2024, the Group posted a strong net profit of \$51.5 million, grew by 10.0% as compared to the second half year 2023. The strong earning lifted the full year 2024’s net profit to \$104.1 million, rose 11.5% as compared to a year ago. It was driven by expanded net interest margin at 1.6% on the growth of asset yields and moderated funding cost.

For the second half 2024, net interest income increased by 11.5% to \$112.4 million with saving in interest expenses outpacing lower interest income as compared to the corresponding prior period. For the full year 2024, the year-on-year increase in hiring charges outweigh the year-on-year increase in interest expenses, attributed to the overall improvement in net interest income by 11.3% to \$225.1 million on effective management of loan and deposit repricing cost. Other interest income surged 9.5% to \$41.7 million and 25.1% to \$88.5 million for second half 2024 and full year respectively on strategic management of liquid asset.

Fee and commission income declined by 26.0% to \$4.1 million for second half 2024 and 18.6% to \$8.1 million for the full year 2024 from lending business as property financing activities in the financial market remained subdued amid slower market sentiments.

For second half and full year 2024, total operating expenses increased by 1.8% at \$53.1 million and 3.7% at \$108.8 million respectively mainly due to higher depreciation charge on the capital investment for the launch of HLF Digital application in August 2024. Professional, cybersecurity and infrastructure costs related to digital front end system attributed to the higher other operating expenses. The staff cost and other operational cost were well under control.

Net allowances for loans and other financial assets for second half 2024 was a net charge of \$1.8 million compared to a net reversal of \$1.9 million for same period last year, arising from higher allowance for non credit-impaired loans on updated risk parameters. ECL for the full year 2024 was a net reversal for loans and other financial assets at \$0.3 million compared to \$4.6 million in 2023 on lower net exposures. With the adoption of prudent lending practices, the non-performing loan ratio was at a new low of 0.4%. The Group continues to set aside pre-emptive loss allowances to cover its loan portfolio.

Net loan assets totalling \$11,668 million as at 31 December 2024, increased by 0.1% or \$9 million over the previous year’s base of \$11,659 million as at 31 December 2023. The loan portfolio remained largely secured.

F. Other information (continued)

2. Review of the performance of the Group (continued)

Deposits and balances of customers decreased to \$12,300 million as at 31 December 2024, representing a decrease of 2.7% or \$348 million over the previous year's base of \$12,648 million as at 31 December 2023 on a higher loan/deposit ratio to maximise loan funding. Cash and cash equivalents including statutory deposit with the Monetary Authority of Singapore ("MAS") together with Singapore Government debt securities, MAS Bills and MAS FRN held as liquid assets amounted to \$2,886 million as at 31 December 2024 (31 December 2023: \$3,209 million). The Group maintained liquidity buffer above regulatory Minimum Liquid Asset ("MLA") and remained well-positioned to weather the market uncertainties. The surplus funds were placed into high interest-yielding liquid assets to optimize net returns.

Group shareholders' funds as at 31 December 2024 totalled \$2,108 million (31 December 2023: \$2,060 million) with higher net asset value at \$4.70 per share (31 December 2023: \$4.59 per share). The Group's Capital Adequacy Ratio stood at 16.3% as at 31 December 2024, well above regulatory requirement.

The Group's solid capital, funding and liquidity levels provide ample headroom to continue funding growth opportunities as they arise.

There has been no forecast or prospect statement previously disclosed to shareholders in respect of the period under review.

3. Commentary on significant trends and competitive conditions in the industry

According to Ministry of Trade and Industry ("MTI"), Singapore's economy expanded by 5.0% year-on-year in the fourth quarter of 2024, slower than the 5.7% growth in third quarter. Overall, the economy grew by 4.4% in 2024, faster than the 1.8% growth recorded in 2023. The significant improvement was driven by expansions in the manufacturing sector (4.3%), construction sector (4.5%), and services producing sectors (4.4%) including the finance and insurance sector. In 2025, MTI expects Singapore's economy to grow by 1.0% to 3.0%.

In its January 2025 review, the Monetary Authority of Singapore ("MAS") eased its tight monetary policy setting on moderated inflationary pressures. The MAS forecasts core inflation to decline to 1.0% to 2.0% in 2025.

On the global front, the Federal Reserve, which cut interest rate by a full percentage point in 2024, held its policy rate unchanged in the range of 4.25% to 4.50% in the last policy review in January 2025, flagging uncertainty in the economic outlook with potential inflation risk from the surge in trade tariffs.

F. Other information (continued)

3. Commentary on significant trends and competitive conditions in the industry (continued)

In 2024, Hong Leong Finance (“HLF”) sustained a robust performance navigating a dynamic financial landscape shaped by interest rate evolutions triggered by the US rate cut cycle and market volatility due to macroeconomic factors. With emerging technologies advancement, HLF has taken significant strides in digital transformation with its commitment to remain competitive while enhancing product offerings, customer experiences and operational efficiency. It has successfully rolled out the pilot launch of HLF Digital, a mobile platform which empowers our customers to access a comprehensive suite of financial services online. We have also advanced our strategic partnership with the launch of digital vehicle loan application portal, accelerating our loan growth and market share.

As a testament of its service excellence, HLF was proud to be recognized as “Top 1000 World Banks 2024” by The Banker, “ASEAN Finance Company 2024” by Asian Banking & Finance, “Top 100 Singaporean Brands” by Brand Finance and ranked among the “Top 30 in the Singapore Governance and Transparency Index”. In addition, we are honored to be named the Best Automobile Financing Product in Asia Pacific for 2025 by The Asian Banker TAB Global Excellence in Retail Finance Awards 2025. The award recognizes our excellent automobile financing business performance in serving the evolving customer needs with the adoption of digital ecosystems to drive customer engagement and process efficiency.

Looking ahead, Singapore’s economy is projected to grow at a more moderate pace in 2025, as escalating global trade tensions and geopolitical uncertainties could pose challenges to sustained growth. As the business environment continues to evolve, HLF will focus on driving digital adoption and pursuing strategic business growth opportunities, integrating our commitment to sustainable financing for consumers and Small and Medium Enterprise (“SME”) with responsible lending practices. By leveraging emerging technologies and maintaining a strong risk and compliance management framework, we will continue to adapt to market dynamics and remained well-positioned to deliver sustainable growth and long-term value to our stakeholders.

F. Other information (continued)

4. Dividends

A Final Dividend of 10 cents per share (tax exempt one-tier) is recommended by the directors for approval by shareholders in respect of the year ended 31 December 2024. Subject to shareholders' approval at the Annual General Meeting to be held on 24 April 2025, the dividend will be payable on 22 May 2025.

Latest Year

(i)	Name of Dividend	Final (Proposed)
	Dividend Type	Cash
	Dividend Rate	10 cents per share
	Total Dividend	\$44,857,000*
	Tax Rate	Tax exempt one-tier
(ii)	Name of Dividend	Interim (Paid on 5 September 2024)
	Dividend Type	Cash
	Dividend Rate	3.75 cents per share
	Total Dividend	\$16,821,000
	Tax Rate	Tax exempt one-tier

Previous Year

(i)	Name of Dividend	Final (Paid on 24 May 2024)
	Dividend Type	Cash
	Dividend Rate	9 cents per share
	Total Dividend	\$40,371,000
	Tax Rate	Tax exempt one-tier
(ii)	Name of Dividend	Interim (Paid on 31 August 2023)
	Dividend Type	Cash
	Dividend Rate	3.5 cents per share
	Total Dividend	\$15,699,000
	Tax Rate	Tax exempt one-tier

\* The amount of dividend is computed on the shares in issue as at 31 December 2024. This amount is subject to change arising from the issue of shares upon exercise of options, if any, under the Hong Leong Finance Share Option Scheme 2001 ("Share Option Scheme") between 31 December 2024 and the last day for exercise of options to determine shareholders' entitlement to the dividend.

F. Other information (continued)

5. Shares issued and outstanding convertibles

Since the end of the previous half year,

- (i) pursuant to the Hong Leong Finance Share Option Scheme 2001 (“Share Option Scheme”), market price options to subscribe for 2,793,000 shares at an exercise price of \$2.44 per share were granted on 17 September 2024;
- (ii) options to 451,500 shares under the Share Option Scheme to subscribe for shares granted on 17 September 2024 were not accepted;
- (iii) the Company issued the following 6,500 shares upon exercise of options under the Share Option Scheme

Share price	Number of shares issued
\$2.31	1,000
\$2.38	5,500
Total	<u>6,500</u>

- (iv) options to 430,765 shares under the Share Option Scheme lapsed upon cessation of employment of participants; and
- (v) options to 1,101,500 shares granted prior to 17 September 2024 under the Share Option Scheme lapsed upon expiry of options.

As at the end of the year, unissued shares of the Company under options amounted to 16,444,160 shares (31 December 2023: 16,170,025 shares).

Pursuant to the Finance Companies Act 1967, the Company does not hold treasury shares and accordingly, there were no treasury shares held as at 31 December 2024 and 31 December 2023. There were also no shares held as subsidiary holdings as at 31 December 2024 and 31 December 2023.



F. Other information (continued)

6. Closure of books

Notice is hereby given that, subject to shareholders' approval of the payment of a final dividend of 10 cents per share in respect of the year ended 31 December 2024 at the Annual General Meeting to be held on 24 April 2025, the Share Transfer Books and Register of Members of the Company will be closed from 5.00 pm on 6 May 2025 up to (and including) 7 May 2025. Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 pm on 6 May 2025 will be registered to determine shareholders' entitlement to the dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will distribute the said dividend to holders of the securities accounts.

7. Shareholders' mandate for interested person transactions

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Rules").

8. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

9. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Beng	84	Cousin of Mr Kwek Leng Peck and Mr Kwek Leng Kee; and uncle of Mr Kevin Hangchi.	Chairman/Managing Director Full responsibilities as Chief Executive Officer. Managing Director of the Company since March 1979. Chairman of the Company since 1984.	-

BY ORDER OF THE BOARD  
 YEO SWEE GIM, JOANNE  
 NG SIEW PING, JASLIN  
 COMPANY SECRETARIES

Dated this 21<sup>st</sup> day of February 2025



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## **Independent auditors' report**

### **Members of the Company Hong Leong Finance Limited**

#### **Report on the audit of the financial statements**

##### *Opinion*

We have audited the financial statements of Hong Leong Finance Limited (the "Company") and its subsidiaries (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 2024, consolidated statement of 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 material accounting policy information, as set out on pages 14 to 72.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 "*Auditors' 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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

## **Impairment of loans, advances and receivables**

(Refer to Note 12 to the financial statements)

### ***The key audit matter***

The Group's loans, advances and receivables to customers represent 80% of its total assets. We considered this as a key audit matter due to the inherent estimation uncertainty arising from the significant judgement and assumptions. The key areas where we identified greater levels of judgement and assumptions are:

- Appropriateness of the model methodology and parameters including the probability of default and loss given default; and
- Identification of exposures with significant increase in credit risk.

The ECL allowances for credit-impaired exposures is highly subjective due to the judgement applied by management in estimating the realisable value of collaterals, if relevant, and consequently the ECL.

### ***How the matter was addressed in our audit***

We tested the design, implementation and operating effectiveness of the key controls in place over the credit approval and credit review process. We also assessed the reasonableness of criteria used to determine significant increase in credit risk. We selected a sample of credit reviews to assess the reasonableness of staging by challenging key judgements and considering disconfirming or contradictory evidence and any objective evidence of impairment.

For a sample of credit-impaired exposures, we critically assessed the expected recoveries from realisable values of collaterals and other possible sources of repayment. This includes comparing the collateral valuations against external evidence, where available, including independent valuation reports.

In respect of non credit-impaired exposures, we assessed the appropriateness of the ECL model methodologies and models for compliance with SFRS(I) 9 requirements. We assessed the reasonableness of key economic variables to external sources. We tested the accuracy and integrity of the data inputs into the ECL calculations. We also applied sensitivity analysis to assess the impact of different economic scenarios on ECL.

For a sample of non credit-impaired exposures, we re-calculated the ECL allowance using the modelled attributes to test the mathematical accuracy of the calculations produced by the ECL model.

We found that the methodology and key assumptions adopted by management in the ECL model were appropriate and the ECL allowances computation was consistent with the ECL model.

### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the analysis of shareholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' 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 Report, 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.

### *Auditors' responsibilities 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 auditors' 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:

- 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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 those subsidiary corporations 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 auditors' report is Tan Chun Wei (Chen Junwei).

### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

### **Singapore**

21 February 2025