



HONG LEONG FINANCE

Half-Year Financial Statements And Dividend Announcement

Condensed interim consolidated financial statements for the six months ended 30 June 2021. These figures have not been audited.

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

	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020	+ / (-)
	\$'000	\$'000	%
Interest on loans	91,659	132,234	(30.7)
Hiring charges	23,035	27,232	(15.4)
Other interest income	8,408	18,703	(55.0)
Interest income/hiring charges	123,102	178,169	(30.9)
Less: Interest expense	33,879	96,001	(64.7)
Net interest income/hiring charges	89,223	82,168	8.6
Fee and commission income	4,671	4,813	(3.0)
Other operating income	157	83	89.2
Income before operating expenses	94,051	87,064	8.0
Less: Staff costs	32,558	27,115	20.1
Depreciation of property, plant and equipment	3,991	3,953	1.0
Other operating expenses	6,945	6,731	3.2
Total operating expenses	43,494	37,799	15.1
Profit from operations before allowances	50,557	49,265	2.6
Add/(Less): (Allowances for)/reversal or recovery of doubtful debts and other financial assets	3,039	(6,747)	(145.0)
Profit before tax	53,596	42,518	26.1
Less: Income tax expense	8,911	5,999	48.5
Profit for the period/Comprehensive income attributable to owners of the Company	44,685	36,519	22.4
Annualised earnings per share (cents)			
- Basic	19.97	16.32	
- Diluted	19.96	16.31	

B. Condensed interim statements of financial position

Note	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash at banks and in hand	565,816	613,775	564,811	612,762
Statutory deposit with the Monetary Authority of Singapore ("MAS")	312,131	317,621	312,131	317,621
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note ("FRN")	1,427,756	1,405,434	1,427,756	1,405,434
Hire purchase receivables	1,554,568	1,584,613	1,554,568	1,584,613
Loans, advances and factoring receivables	9,099,687	9,390,068	9,099,687	9,390,068
	10,654,255	10,974,681	10,654,255	10,974,681
Allowances for doubtful debts	(23,742)	(26,772)	(23,742)	(26,772)
	10,630,513	10,947,909	10,630,513	10,947,909
Other receivables, deposits and prepayments	14,068	19,070	14,068	19,069
Subsidiaries and long-term investments	-	-	535	535
Property, plant and equipment	57,998	61,253	57,998	61,253
Total assets	13,008,282	13,365,062	13,007,812	13,364,583
Liabilities				
Deposits and balances of customers	10,830,293	11,194,359	10,834,608	11,198,668
Trade and other payables	223,425	232,213	222,094	230,874
Current tax payable	14,828	19,480	14,826	19,474
Deferred tax liabilities	1,259	897	1,259	897
Total liabilities	11,069,805	11,446,949	11,072,787	11,449,913
Equity				
Share capital	889,250	889,117	889,250	889,117
Reserves	759,266	756,941	759,266	756,941
Accumulated profits	289,961	272,055	286,509	268,612
Equity attributable to owners of the Company	1,938,477	1,918,113	1,935,025	1,914,670
Total equity and liabilities	13,008,282	13,365,062	13,007,812	13,364,583
Acceptances, guarantees and other obligations on behalf of customers	4,049	4,054	4,049	4,054
Number of shares in issue	447,605,573	447,552,473	447,605,573	447,552,473
Net asset value per share (\$)	4.33	4.29	4.32	4.28

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
Group							
At 1 January 2021	889,117	744,744	2,307	2,397	7,493	272,055	1,918,113
Issue of shares under share option scheme	122						122
Value of employee services received for issue of share options				175			175
Value of employee services transferred for share options exercised or lapsed	11			(51)		40	-
Final dividend of 5.5 cents per share (tax exempt one-tier) paid in respect of year 2020						(24,618)	(24,618)
Adjustment under MAS 811					2,201	(2,201)	-
Comprehensive income for the period						44,685	44,685
At 30 June 2021	889,250	744,744	2,307	2,521	9,694	289,961	1,938,477
At 1 January 2020	889,051	728,766	2,307	3,279	15,562	275,278	1,914,243
Issue of shares under share option scheme	62						62
Value of employee services received for issue of share options				99			99
Value of employee services transferred for share options exercised or lapsed	4			(25)		21	-
Final dividend of 10 cents per share (tax exempt one-tier) paid in respect of year 2019						(44,753)	(44,753)
Adjustment under MAS 811					(6,975)	6,975	-
Comprehensive income for the period						36,519	36,519
At 30 June 2020	889,117	728,766	2,307	3,353	8,587	274,040	1,906,170

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
Company							
At 1 January 2021	889,117	744,744	2,307	2,397	7,493	268,612	1,914,670
Issue of shares under share option scheme	122						122
Value of employee services received for issue of share options				175			175
Value of employee services transferred for share options exercised or lapsed	11			(51)		40	-
Final dividend of 5.5 cents per share (tax exempt one-tier) paid in respect of year 2020						(24,618)	(24,618)
Adjustment under MAS 811					2,201	(2,201)	-
Comprehensive income for the period						44,676	44,676
At 30 June 2021	889,250	744,744	2,307	2,521	9,694	286,509	1,935,025
At 1 January 2020	889,051	728,766	2,307	3,279	15,562	271,899	1,910,864
Issue of shares under share option scheme	62						62
Value of employee services received for issue of share options				99			99
Value of employee services transferred for share options exercised or lapsed	4			(25)		21	-
Final dividend of 10 cents per share (tax exempt one-tier) paid in respect of year 2019						(44,753)	(44,753)
Adjustment under MAS 811					(6,975)	6,975	-
Comprehensive income for the period						36,482	36,482
At 30 June 2020	889,117	728,766	2,307	3,353	8,587	270,624	1,902,754

D. Condensed interim consolidated statement of cash flows

	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Operating activities		
Profit for the period	44,685	36,519
Adjustments for:		
Impact of accrual of interest income	(1,775)	(6)
Impact of accrual of interest expense	(24,487)	(37,844)
Allowances for doubtful debts	(2,863)	6,944
Interest expense on lease liabilities	172	392
Depreciation of property, plant and equipment	3,991	3,953
Loss on disposal of property, plant and equipment	-	1
Value of employee services received for issue of share options	175	99
Income tax expense	8,911	5,999
	28,809	16,057
Changes in working capital:		
Loans, advances and receivables	320,259	396,649
Other receivables, deposits and prepayments	6,777	3,107
Singapore Government debt securities, MAS Bills and MAS FRN	(22,322)	11,871
Deposits and balances of customers	(364,066)	(548,639)
Trade and other payables	7,332	25,064
Cash used in operations	(23,211)	(95,891)
Income taxes paid	(13,201)	(3,515)
Cash flows used in operating activities	(36,412)	(99,406)
Investing activities		
Purchase of property, plant and equipment	(327)	(267)
Cash flows used in investing activities	(327)	(267)
Financing activities		
Payment for lease liabilities	(3,494)	(3,326)
Proceeds from exercise of share options	122	62
Proceeds from borrowings	11,280	5,145
Dividends paid	(24,618)	-
Cash flows from/(used in) financing activities	(16,710)	1,881
Net decrease in cash and cash equivalents	(53,449)	(97,792)
Cash and cash equivalents at beginning of period	931,396	1,285,823
Cash and cash equivalents at end of period	877,947	1,188,031

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

	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash at banks and in hand	565,816	853,660
Statutory deposit with the Monetary Authority of Singapore ("MAS")	312,131	334,371
Cash and cash equivalents	877,947	1,188,031

In addition to the cash and cash equivalents above, marketable Singapore Government debt securities, MAS Bills and MAS FRN amounted to \$1,427,756,000 (30 June 2020: \$1,519,892,000) 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 half year ended 30 June 2021 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 half year ended 30 June 2021 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 annual financial statements for the year ended 31 December 2020.

The adoption of the new/revised/amendments to SFRS(I)s which came into effect from 1 January 2021 does not have a material impact on the financial statements of the Group and the Company for the period under review.

Other than the above, the accounting policies and methods of computation used in the condensed interim financial statements for the half year ended 30 June 2021 are consistent with those applied in the audited financial statements for the year ended 31 December 2020.

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

3. Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make 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 2020.

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.

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

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.

6. Other operating income includes profit or loss on disposal of plant and equipment amounting to \$Nil (30 June 2020: -\$1,000) for the half year ended 30 June 2021.

7. 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:

	Group	
	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
	\$'000	\$'000
Current year	8,662	7,259
Adjustment for prior years	(113)	-
Current tax expense	8,549	7,259
Deferred tax expense relating to origination and reversal of temporary differences	362	(1,260)
Total income tax expense	8,911	5,999

The effective tax rate for the period ended 30 June 2021 is 16.8% (30 June 2020: 14.1% mainly due to tax effect of exempt income not taxable for tax purposes including Jobs Support Scheme).

8. 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.

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

8. Financial instruments (continued)

Accounting classifications and fair values (continued)

(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 30 June 2021 (31 December 2020: \$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:-

	Group			
	Carrying amount 30 Jun 2021 \$'000	Fair value 30 Jun 2021 \$'000	Carrying amount 31 Dec 2020 \$'000	Fair value 31 Dec 2020 \$'000
Financial assets				
Loans, advances and receivables	10,630,513	10,645,683	10,947,909	10,959,355
Singapore Government debt securities, MAS bills and MAS FRN	1,427,756	1,439,219	1,405,434	1,423,039
	12,058,269	12,084,902	12,353,343	12,382,394
Financial liabilities				
Deposits and balances of customers	(10,830,293)	(10,847,446)	(11,194,359)	(11,213,180)
	1,227,976	1,237,456	1,158,984	1,169,214

	Company			
	Carrying amount 30 Jun 2021 \$'000	Fair value 30 Jun 2021 \$'000	Carrying amount 31 Dec 2020 \$'000	Fair value 31 Dec 2020 \$'000
Financial assets				
Loans, advances and receivables	10,630,513	10,645,683	10,947,909	10,959,355
Singapore Government debt securities, MAS bills and MAS FRN	1,427,756	1,439,219	1,405,434	1,423,039
	12,058,269	12,084,902	12,353,343	12,382,394
Financial liabilities				
Deposits and balances of customers	(10,834,608)	(10,851,765)	(11,198,668)	(11,217,494)
	1,223,661	1,233,137	1,154,675	1,164,900

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

8. Financial instruments (continued)

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 \$2.37 billion (31 December 2020: \$2.41 billion) against a carrying value of \$2.354 billion (31 December 2020: \$2.396 billion). Singapore Government debt securities, MAS bills and MAS FRN are Level 1 instruments with fair value of \$1.44 billion (31 December 2020: \$1.42 billion). The portion of deposits and balances of customers being Level 2 instruments have a fair value of \$9.21 billion (31 December 2020: \$8.99 billion) against a carrying value of \$9.19 billion (31 December 2020: \$8.97 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.

9. Trade and other payables

Included in trade and other payables are borrowings from MAS SGD Facility as follows:

	Group and Company	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Borrowings from MAS SGD Facility (secured)		
- Amount repayable within one year	5,145	-
- Amount repayable after one year	49,049	42,914
	54,194	42,914

Borrowings from MAS SGD Facility are secured by assignment of eligible loan agreements as collaterals under Enterprise Singapore's Enhanced Enterprise Financing Scheme. Interest expense on MAS SGD Facility amounting to \$25,000 for the period ended 30 June 2021 (30 June 2020: < \$1,000).

There are no bank borrowings as at 30 June 2021 (31 December 2020: \$Nil). Interest expense on bank borrowings amounting to \$Nil for the period ended 30 June 2021 (30 June 2020: \$28,000).

10. There are no outstanding debt securities issuance as at 30 June 2021 (31 December 2020: \$Nil) for the Group and the Company.

F. Other information

1. Review of the performance of the Group

The Group reported a net attributable profit of \$44.7 million for first half year ended 30 June 2021, improved 22.4% from the same period last year. The improvement was driven by stepped-up effort in managing the cost of fund and lower loan loss allowances.

The net interest income for the half year 2021 lifted by 8.6% to \$89.2 million as we calibrated on our funding strategies to pare down the deposit base and tighten funding cost to manage the downward pressure on net interest margin, on the back of sustained low benchmark interest rate.

Fee and commission income remained stable at \$4.7 million for the half year 2021, mainly fee income from lending and corporate finance activities.

Total staff and operating expenses increased by 15.1% to \$43.5 million for the half year 2021 on lower base last year, due to offset of budget relief measures from Singapore Government. Excluding budget relief grants totalling \$0.1 million in the current period and \$7.9 million mainly for the offset of staff cost from Jobs Support Scheme in the corresponding period, total staff and operating expenses decreased by 4.6% with disciplined cost management.

Net allowances for loans and other financial assets for the first half 2021 was a net write-back of \$3.0 million arising from lower allowances for credit-impaired loan and non credit-impaired loans as compared to corresponding period which included the conservative build-up of \$4.5 million in general allowances at the outset of Covid-19 pandemic. The Group continues to stay vigilant in its credit control and underwriting parameters and maintain adequate loss allowances given the uncertainties in the macroeconomic environment.

Net loan assets totalling \$10,631 million as at 30 June 2021, came down by 2.9% or \$317 million over the previous year's base of \$10,948 million as at 31 December 2020 and 4.7% or \$520 million over corresponding period as at 30 June 2020. The loan portfolio remained well-secured.

In tandem with the slower loan growth and to optimise loan funding, deposits and balances of customers were managed down to \$10,830 million as at 30 June 2021, representing a decrease of 3.3% or \$364 million over the previous year's base of \$11,194 million as at 31 December 2020 and 7.9% or \$928 million over corresponding period as at 30 June 2020. 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 \$2,306 million as at 30 June 2021 (31 December 2020: \$2,337 million). The Group's balance sheet remained resilient with ample liquidity and strong capital to sustain lending activities and weather the pandemic.

Group shareholders' funds as at 30 June 2021 totalled \$1,938 million (31 December 2020: \$1,918 million) with higher net asset value at \$4.33 per share (31 December 2020: \$4.29 per share).

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

F. Other information (continued)

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

The Ministry of Trade and Industry reported that the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021, an improvement from the 1.3% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0%, a reversal from the 3.1% growth in the preceding quarter.

The manufacturing sector expanded by 18.5% year-on-year in the second quarter of 2021, extending the 11.3% growth in the preceding quarter. Growth was supported by output expansions in all clusters except for the biomedical manufacturing cluster. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector shrank by 1.8%, a pullback from the 11.4% expansion seen in the first quarter.

The construction sector expanded by 98.8% on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1% decline in the previous quarter. The sharp upturn was due to low base effects as the Circuit Breaker (CB) measures had resulted in a stoppage of most construction activities in the second quarter of last year. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 11.0% in the second quarter of 2021, a reversal from the 4.5% growth in the preceding quarter.

The services producing industries grew by 9.8% in the second quarter of 2021, reversing the 0.5% contraction in the preceding quarter. Among the services producing industries, the wholesale and retail trade, transportation and storage sectors grew by 9.3%, reversing the 1.7% contraction in the preceding quarter. Information & communications, finance & insurance and professional services sectors collectively expanded by 7.8%, extending the 3.2% growth in the previous quarter. The remaining group of service industries (accommodation and food services, real estate, administrative & support services) expanded by 13.4%, a turnaround from the 3.8% contraction in the previous quarter. The performance of the service industries was supported by a low base as strict domestic and border restrictions during CB had led to a sharp decline in activities in the second quarter of last year. On a quarter-on-quarter seasonally-adjusted basis, the service industries contracted by 1% in the second quarter of 2021, in contrast to the 1% growth recorded in the first quarter.

Singapore posted a stellar rebound in the second quarter of 2021, as GDP jumped to 14.3% year-on-year. Besides benefiting from the low base from last year, growth has been attributed to the expansion of economic activities and improved momentum of vaccination rollout. Finance Minister Mr. Lawrence Wong commented that the latest Phase 2 (Heightened Alert) is not expected to derail Singapore's economic recovery, and it is set to remain on track for a 4% to 6% GDP growth this year as long as external demand remains healthy.

In the June Federal Open Market Committee (FOMC) meeting, while the Fed held the target range for its benchmark policy rate unchanged at 0.0% to 0.25% despite inflation spike, US rate hike expectations have been brought forward to 2023 where two 25 bps hikes are now widely expected, projecting a faster-than-anticipated pace of tightening policies. An upside implication on Singapore benchmark rate is expected as it tracks against US Federal Reserve fund rate.

F. Other information (continued)

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

Global economy recovery is gaining traction with the stepped up of the vaccination campaign to contain threats posed by the more transmissible Delta variant and the ongoing fiscal policy stimulus. On the domestic front, the Singapore Government endeavors to reach the critical threshold with two-thirds of the population vaccinated by August, allowing for significant easing of mobility restrictions. If variant-related transmissions remain under check, the coming months will be marked by a steady stream of easing measures, which ought to help consumer and business sentiments, pushing up retail sales, travel/tourism, events-related spending, loans and investment. Nevertheless, Singapore's economic outlook will continue to depend on the global Covid-19 situation, and any exacerbation seen could inject risks to its overall growth prognosis.

Hong Leong Finance's (HLF) robust capital growth in 2020 has earned its 665th rank in the TOP 1000 World Banks 2021. This is the fourth consecutive year that HLF is in the World Bank Ranking since its participation in 2018. In Singapore, HLF is honoured to be ranked first in the overall performance by The Banker, attributed to the performance scores in asset quality, soundness and leverage. In addition, HLF scored its eighth consecutive ASEAN Finance Company of the Year Award for 2021. The good track record is a testament of HLF's success in introducing outstanding products and services that successfully met customers' needs and adapted with the rapidly evolving landscape. This included introduction of customer-centric programmes in support of Covid-19 relief measures, flexi-hire purchase for Small and Medium-sized Enterprises (SMEs) and individual customers, adoption of effective digital marketing platform and online customer services to reduce branch footfall during the pandemic, as well as building an agile workforce and operating responsibly in support for the community.

With the extension of the existing industry-wide support measures for individuals and SMEs for sectors that continue to face financial difficulties due to the Covid-19 pandemic, HLF remains committed to rendering further cash flow assistance via an extension of the debt relief programs to help our customers in their recovery journey.

HLF has also launched vehicle-green and charger-green loans as part of our overall strategy to promote and support sustainable finance as well as to align with the Government's ramped up efforts to propel Singapore towards a green and sustainable city.

While we are watchful of the uncertainties in the prevailing operating environment, our strong balance sheet and capital position will enable us to capitalise on opportunities arising from the improved economic condition. We will continue to drive more digital capabilities and build front-end solutions, enhance our products offering to support our customers' needs and drive long-term sustainable value for our stakeholders.

We remain steadfast in supporting our customers and employees through these challenging times to emerge from the impact of Covid-19 pandemic and navigate the new normal operating environment.

F. Other information (continued)

3. Dividends

The directors are pleased to declare an interim dividend of 3.75 cents per share (tax exempt one-tier) (2020: 3.5 cents per share, tax exempt one tier) in respect of the financial year 2021. The interim dividend will be paid on 8 September 2021.

	Latest Period	Previous Period
Name of Dividend	Interim	Interim (paid on 9 September 2020)
Dividend Type	Cash	Cash
Dividend Rate	3.75 cents per share	3.5 cents per share
Total Dividend	\$16,785,000*	\$15,664,000
Tax Rate	Tax exempt one-tier	Tax exempt one-tier

* The amount of dividend is computed on the shares in issue as at 30 June 2021. 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 30 June 2021 and the last day for exercise of options to determine shareholders' entitlement to the interim dividend.

4. Shares issued and outstanding convertibles

Since the end of the previous financial year,

- (i) the Company issued the following 53,100 shares upon exercise of options under the Share Option Scheme

Share price	Number of shares issued
\$2.28	25,600
\$2.34	21,500
\$2.23	6,000
Total	<u>53,100</u>

- (ii) options to 289,500 shares under the Share Option Scheme lapsed upon cessation of employment of participants.

As at the end of the period, unissued shares of the Company under options amounted to 14,893,350 shares (30 June 2020: 14,945,750 shares).

Pursuant to the Finance Companies Act, Chapter 108, the Company does not hold treasury shares and accordingly, there were no treasury shares held as at 30 June 2021 and 30 June 2020. There were also no shares held as subsidiary holdings as at 30 June 2021 and 30 June 2020.

F. Other information (continued)

5. Closure of books

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed from 5.00 pm on 23 August 2021 up to (and including) 24 August 2021. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902 up to 5.00 pm on 23 August 2021 will be registered to determine shareholders' entitlement to the interim dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim dividend will be paid by the Company to CDP which will distribute the interim dividend to holders of the securities accounts.

6. 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.

7. 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.

BY ORDER OF THE BOARD
YEO SWEE GIM, JOANNE
COMPANY SECRETARY

Dated this 5th day of August 2021

Directors' Confirmation

The Directors hereby 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 condensed interim financial statements for the half year ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Kwek Leng Beng

Director

Peter Chay Fook Yuen

Director

Singapore

5 August 2021