

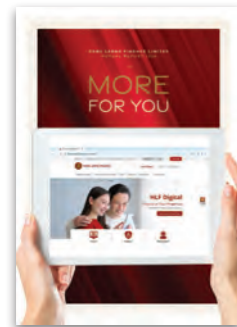
HONG LEONG FINANCE LIMITED  
ANNUAL REPORT 2024

# MORE FOR YOU



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At Hong Leong Finance, “More for You” reflects our unwavering commitment to creating greater value in everything we do. For our customers, it means more tailored financial solutions and enhanced support to create seamless experiences at every touchpoint. Through innovation, we drive smarter and more efficient services, ensuring that individuals and businesses are empowered to achieve their goals with confidence. Beyond finance, we contribute more to the communities we serve, fostering meaningful partnerships and initiatives that have lasting impact. As we continue to grow and evolve, our promise remains the same – doing more, innovating more and delivering more for you.



Scan to visit  
Hong Leong Finance website

# OVERVIEW

## OUR MISSION

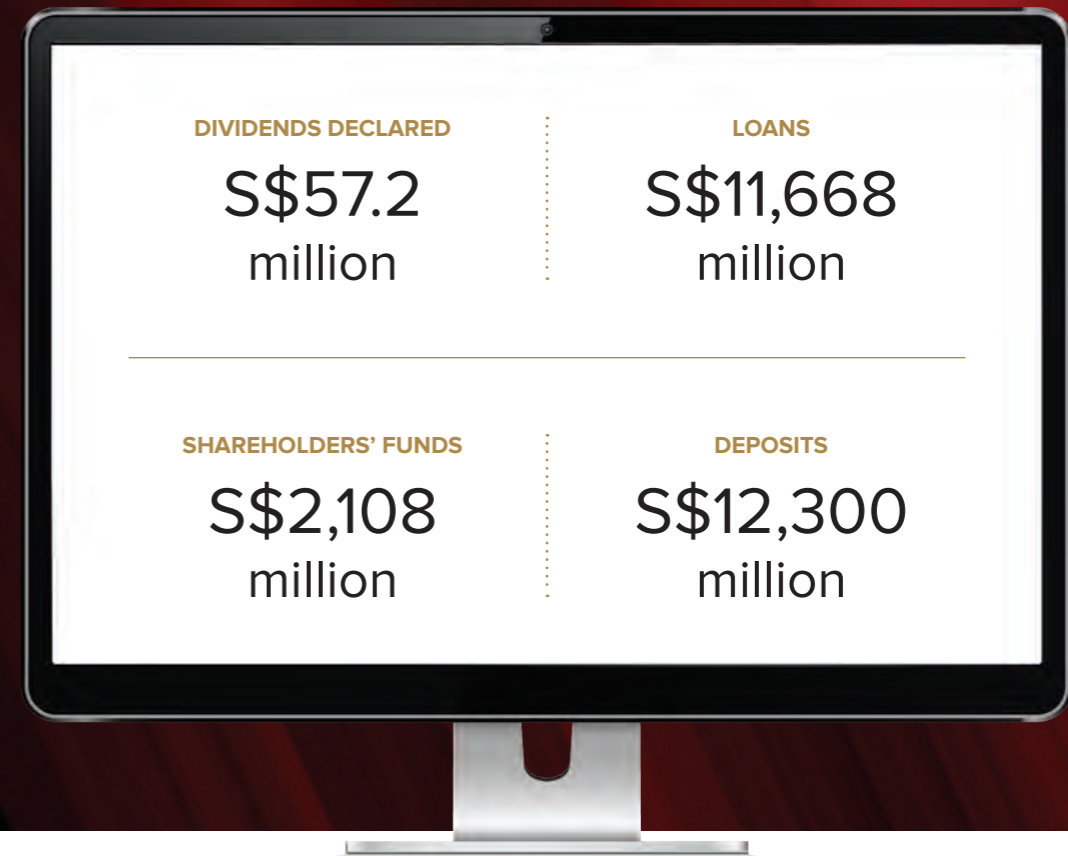
To be a leading Singapore-focused, diversified financial services company that offers superior service levels and value propositions in our chosen niche markets for SMEs and consumers.

## OUR PURPOSE

To help people and business prosper by earning the trust of employees, customers, shareholders and communities, and promoting a strong risk culture.

## OUR CULTURE

We treat everyone with respect and value our employees, customers, shareholders and communities. We are committed to high standards, operations excellence, risk management and business integrity.





EMPOWERING  
CUSTOMERS WITH  
**MORE**

—  
BUILDING LONG-TERM  
RELATIONSHIPS WITH HOLISTIC  
FINANCIAL SERVICES



INNOVATING  
SOLUTIONS WITH  
**MORE**

—  
ENHANCING DIGITALISATION  
TO CREATE SEAMLESS  
CUSTOMER EXPERIENCES



SUPPORTING  
COMMUNITIES WITH  
**MORE**

—  
CREATING GREATER VALUE  
FOR OUR COMMUNITY  
AND STAKEHOLDERS

## FIVE-YEAR FINANCIAL SUMMARY

		FY2024	FY2023	FY2022	FY2021	FY2020
<b>CAPITAL EMPLOYED</b>						
Total assets	\$million	<b>14,634</b>	14,957	14,276	12,952	13,365
Net equity	\$million	<b>2,108</b>	2,060	2,041	1,963	1,918
Net assets per share	\$	<b>4.70</b>	4.59	4.55	4.38	4.29
<b>SHARE CAPITAL</b>						
Number of shares in issue	million	<b>448.6</b>	448.5	448.1	447.8	447.6
<b>LOANS AND DEPOSITS</b>						
Loans net of allowances	\$million	<b>11,668</b>	11,659	11,651	10,695	10,948
Deposits	\$million	<b>12,300</b>	12,648	12,030	10,807	11,194
<b>PROFIT AND RETAINED EARNINGS</b>						
Profit before tax	\$million	<b>124.8</b>	112.0	157.1	101.9	74.7
Profit after tax	\$million	<b>104.1</b>	93.4	130.9	84.8	63.9
Interim/final dividend(s) declared in the year	\$million	<b>57.2</b>	75.1	53.8	41.4	60.4
Earnings retained for the year	\$million	<b>46.9</b>	18.3	77.1	43.4	3.5
<b>EARNINGS PER SHARE AND DIVIDENDS</b>						
Earnings per share	cents	<b>23.2</b>	20.8	29.2	18.9	14.3
Dividend – tax exempt one-tier*	cents	<b>13.75</b>	12.5	17.0	12.0	9.0
Times covered*		<b>1.7</b>	1.7	1.7	1.6	1.6
<b>Number of Employees</b>		<b>632</b>	619	606	608	617

\* Dividend per share and times covered are stated based on the interim/final dividend(s) declared/proposed in respect of each financial year. This differs from the accounting treatment whereby dividends are accounted for in the year declared regardless of the financial year to which they relate.

## FINANCIAL HIGHLIGHTS



# CHAIRMAN'S STATEMENT



## OPERATING PERFORMANCE

The company has delivered a strong financial performance in 2024, demonstrating our resilience in a challenging economic landscape. Our full-year net profit grew by 11.5% to S\$103.9 million driven by revenue growth and operational efficiency.

Our robust operating performance combined with strategic technological initiatives, customer-centric solutions, enhanced security and risk resilience, employee training and upskilling, and sustainability efforts, has positioned us well for the future. We remain focused on delivering long-term value for our stakeholders while navigating an increasingly complex environment.

## Harnessing Technology for Growth

The rapid acceleration of digital adoption has transformed the financial landscape, and we have embraced this transformation to drive growth and enhance customer experience.

The pilot launch of HLF Digital, our digital financial services platform, represents a pivotal milestone to empower our customers' journey by placing finance at their fingertips. The platform has garnered strong interest, and we exceeded our initial target number of sign-ups by more than 30%. The full launch in 2025 will introduce additional features to further elevate user experience. Through an integrated omnichannel approach, our customers can enjoy round-the-clock convenience for financial transactions alongside the personalised face-to-face service of our branches and relationship managers.

The impact of our Application Programming Interface (API)-based vehicle loan digital application initiative continued to expand, allowing us to establish a competitive edge in

automobile financing. The volume of our vehicle loan digital applications has tripled, and we are proud to be Singapore's leading financier for electric vehicles. In response to evolving market needs, we are expanding our offerings to include a non-API dealer portal to benefit more stakeholders.

To support our digital initiatives, we are upgrading our network infrastructure and technology stack, enhancing agility, reliability, security and scalability.

## Scaling Our Business with Customer-Centric Solutions

Our suite of financial solutions, designed to support both corporate and retail customers in navigating the challenges of high inflation, has seen a strong uptake.

As higher Certificate of Entitlement (COE) prices pushed up the cost of cars, causing more consumers to turn to renting and ride-hailing, we identified the opportunity to step up our Small and Medium-sized Enterprise (SME) loans. By enabling car rental companies and taxi operators to expand or replace their fleets, our loans have achieved robust growth in response to the rising demand.

Similarly, BizCap, our working capital loan, provides businesses with the financial support needed for effective cost management through its competitive fixed-rate structure.

The HLF Premium SAVER, a savings account with a higher interest rate to address concerns over rising living costs and retirement planning, experienced an impressive doubling of new accounts year-on-year.

These achievements underscore our dedication to delivering impactful financial solutions. We are deeply honoured to have been recognised as the 'ASEAN Finance Company

of the Year' for the eleventh consecutive year by Asian Banking & Finance, celebrating our innovative approach to meeting customer needs. Furthermore, Brand Finance's recognition of us as one of the 'Top 100 Singaporean Brands' reaffirms our steadfast commitment to service excellence and customer satisfaction.

## Fortifying Security and Risk Resilience

Cybersecurity remains a critical focus area. We deployed new security tools, updated processes to better protect sensitive data, and conducted simulations to bolster our defences against emerging threats. These measures underscore our commitment to safeguarding the trust our customers place in us.

In response to the rise of scams and frauds, we have taken decisive steps to protect our customers and our business. This includes the establishment of a dedicated team to develop anti-fraud policies and guidelines, complemented by employee training to proactively detect and report threats. Our introduction of a 24/7 scam reporting hotline and a 'Kill Switch' function within the HLF Digital platform have further strengthened our efforts to protect customers by enabling them to quickly act in the event of suspicious activities.

To enhance our credit portfolio robustness, we have implemented an 'Early Warning Framework' to identify potential credit risks at an early stage and are developing rating models to enhance our assessment of corporate borrowers.

## Empowering Our Workforce

Our employees are the driving force behind our success. In 2024, we increased total learning hours by more than 20% year-on-year, focusing on key areas such as compliance, cybersecurity, data privacy, and risk management. By developing tailored training programmes, we are equipping our employees with the skills needed to meet evolving market demands.

Recognising the importance of employee well-being, we continue to foster a positive and inclusive work culture and are committed to creating an environment where our employees can thrive and contribute to our collective success.

## Advancing Sustainability and ESG Commitments

Sustainability is a key pillar of our strategy as we contribute to the transition to a low-carbon economy. To support this, we established a dedicated Sustainability Department to complement our Sustainability Reporting Working Committee and spearhead Environmental, Social and Governance (ESG) initiatives. Our achievements have been recognised with a ranking among the top 30 in the Singapore Governance and Transparency Index (SGTI) 2024.

We are aligning our sustainability disclosures with emerging standards and conducting a gap analysis to integrate International Sustainability Standards Board's (ISSB) climate-related reporting requirements with the Task Force on Climate-related Financial Disclosures (TCFD) framework. These efforts underscore our commitment to transparency, accountability, and sustainable growth.

## OUTLOOK

While geopolitical tensions weigh on the economic outlook for 2025, our strategic priorities remain clear. We are committed to leveraging digital solutions to enhance customer experience and convenience, prioritising customer-centric innovation and strengthening our ESG initiatives to meet evolving market demands.

We are confident in our ability to deliver enduring value to our stakeholders, guided by disciplined risk management. Together with a strong foundation and a resilient strategy, we are shaping a future defined by growth, innovation and sustainability.

## APPRECIATION

I would like to extend my sincere gratitude to our valued customers, partners, and shareholders for their continued support and trust, which form the bedrock of our success. I also wish to thank our esteemed Board of Directors for their invaluable guidance and counsel, as well as our management team and employees for their dedication and efforts.

## KWEK LENG BENG

Chairman  
21 February 2025

"TOGETHER WITH A STRONG FOUNDATION AND A RESILIENT STRATEGY, WE ARE SHAPING A FUTURE DEFINED BY GROWTH, INNOVATION AND SUSTAINABILITY."

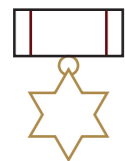
## AWARDS AND ACCOLADES

### INTERNATIONALLY-RECOGNISED FINANCIAL PARTNER OF CHOICE

#### TOP 1000 WORLD BANKS

(SEVENTH CONSECUTIVE YEAR)

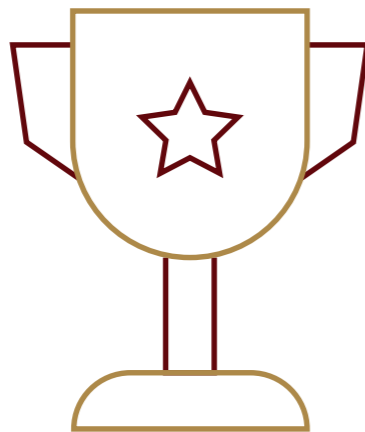
The Banker



#### ASEAN FINANCE COMPANY

(ELEVENTH CONSECUTIVE YEAR)

Asian Banking & Finance



#### TOP 100 SINGAPOREAN BRANDS

(SEVENTH CONSECUTIVE YEAR)

Brand Finance

#### BEST

AUTOMOBILE FINANCING  
PRODUCT IN ASIA  
PACIFIC

TAB Global Excellence in  
Retail Finance Awards

The Asian Banker



### OUTSTANDING COMMITMENT TO SUSTAINABLE CORPORATE GOVERNANCE



#### TOP 5% OF SINGAPORE-LISTED COMPANIES

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX

CPA Australia, NUS Business School's Centre for Governance and Sustainability, Singapore Institute of Directors and The Business Times

## DIRECTORY OF SERVICES

### SME LOANS

- Accounts Receivable Financing/Factoring
- Block Discounting
- Enterprise Financing Scheme
  - SME Fixed Assets Loan
  - SME Working Capital Loan
- Equipment and Commercial Vehicle Loan
- Floor Stock Financing
- Medical Equipment Loan
- Medical Property Loan
- Medical Working Capital Loan
- Property Development Loan
- Rental Vehicle Fleet Financing
- SME BizCap Working Capital Loan
- SME Property Loan
- Suppliers' Invoice Financing
- Term Loan / Revolving Loan
- Vehicle and Charger Green Loans

### PERSONAL LOANS

- Car Loans
  - New and Used Cars
  - Vehicle-Green Loan
- Home Loans
  - For Private Property
  - For Public Housing (HDB)
- Mortgage Equity @50
- Premium Financing
- Share Financing

### DEPOSITS AND SAVINGS

- Business Current Account
- Fixed Deposit Account
- Fixed Savings Account
- Golden 55 Plus Account
- Premium SAVER Account
- Savings Account
- Silver 40 Plus Account

### CORPORATE FINANCE

- Corporate Finance Advisory
  - Financial Adviser
  - Independent Financial Adviser
  - Mergers and Acquisitions
  - Restructuring
- Equity Capital Market and Equity Fund Raising
  - Initial Public Offering
  - Secondary and Dual Listings
  - Placement of Shares
- Singapore Exchange Main Board and Catalyst
  - Issue Manager
  - Full Sponsor
  - Continuing Sponsor

### SERVICES

- Guarantee (including eGuarantee)
- HLF Digital
- Safe Deposit Box





# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**Executive Director**  
**Kwek Leng Beng**  
Board Chairman & Managing Director

**Lead Independent Director**  
**Peter Chay Fook Yuen**

**Independent Non-Executive Directors**  
**Tan Tee How**

**Tan Siew San**  
**Christian Gautier de Charnace**  
**Clarence Yeo Gek Leong**  
**Jeann Low Ngiap Jong**

**Non-Independent Non-Executive Directors**

**Kwek Leng Peck**  
**Kwek Leng Kee**  
**Kevin Hangchi**

## EXECUTIVE COMMITTEE

**Kwek Leng Beng**  
Chairman  
**Kwek Leng Peck**  
also as alternate to Chairman

**Tan Tee How**  
Independent  
**Tan Siew San**  
Independent  
**Clarence Yeo Gek Leong**  
Independent

## AUDIT COMMITTEE

**Peter Chay Fook Yuen**  
Independent, Chairman  
**Tan Tee How**  
Independent  
**Clarence Yeo Gek Leong**  
Independent  
**Jeann Low Ngiap Jong**  
Independent

## BOARD RISK COMMITTEE

**Tan Tee How**  
Independent, Chairman  
**Kwek Leng Beng**  
**Kwek Leng Peck**  
**Kevin Hangchi**  
**Peter Chay Fook Yuen**  
Independent  
**Tan Siew San**  
Independent  
**Christian Gautier de Charnace**  
Independent

## NOMINATING COMMITTEE

**Tan Siew San**  
Independent, Chairman  
**Kwek Leng Beng**  
**Peter Chay Fook Yuen**  
Independent

## REMUNERATION COMMITTEE

**Peter Chay Fook Yuen**  
Independent, Chairman  
**Tan Siew San**  
Independent  
**Clarence Yeo Gek Leong**  
Independent

## HONG LEONG FINANCE SHARE OPTION SCHEME 2001 COMMITTEE

**Peter Chay Fook Yuen**  
Independent, Chairman  
**Kwek Leng Peck**  
**Tan Siew San**  
Independent  
**Clarence Yeo Gek Leong**  
Independent

## BOARD SUSTAINABILITY COMMITTEE

**Kevin Hangchi**  
Chairman  
**Clarence Yeo Gek Leong**  
Independent  
**Jeann Low Ngiap Jong**  
Independent

## PRESIDENT

**Ang Tang Chor**  
(Please refer to page 34 of this Annual Report for additional information on the President)

## SECRETARIES

**Yeo Swee Gim, Joanne**  
**Ng Siew Ping, Jaslin**

## REGISTERED OFFICE

16 Raffles Quay #01-05  
Hong Leong Building  
Singapore 048581  
Tel : 6415 9433  
Fax : 6224 6773  
Email : customerservice@hlf.com.sg

## SHARE REGISTRAR & SHARE TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632  
Tel : 6536 5355  
Fax : 6536 1360

## INVESTOR RELATIONS

Tel : 6415 9570  
Email : ir@hlf.com.sg

## AUDITORS

**KPMG LLP**  
Public Accountants and Chartered Accountants, Singapore  
12 Marina View #15-01  
Asia Square Tower 2  
Singapore 018961  
(Partner-in-charge: Tan Chun Wei (Chen Junwei), appointed from commencement of audit of financial statements for the financial year ended 31 December 2023)

## BANKERS

**Australia and New Zealand Banking Group Limited**  
**BNP Paribas**  
**CIMB Bank Berhad**  
**DBS Bank Ltd**  
**HL Bank**  
**Industrial and Commercial Bank of China**  
**Malayan Banking Berhad**  
**Mizuho Bank, Limited**  
**MUFG Bank, Ltd.**  
**Oversea-Chinese Banking Corporation Limited**  
**Sumitomo Mitsui Banking Corporation**  
**Sumitomo Mitsui Trust Bank**  
**The Hongkong and Shanghai Banking Corporation Limited**  
**United Overseas Bank Limited**

# CORPORATE PROFILE



"WITH OVER SIX DECADES OF EXPERIENCE, HLF HAS EMERGED AS SINGAPORE'S PREMIER FINANCE COMPANY."

Hong Leong Finance Limited ("HLF") is a financial institution within Hong Leong Group Singapore. Founded in 1961, HLF embarked on its journey as a medium-sized enterprise before becoming Singapore's largest finance company. Initially listed on the Stock Exchange of Singapore as Singapore Finance Ltd. in 1974, HLF has since built a legacy of excellence and innovation in the financial sector.

## AWARDS AND ACCOLADES

HLF earned prestigious accolades, reflecting its commitment to excellence. HLF was named 'Top 1000 World Banks' by The Banker for the seventh consecutive year and 'ASEAN Finance Company of the Year' by Asian Banking & Finance for the eleventh consecutive year. In addition, HLF received 'Best Automobile Financing Product in Asia Pacific' at the TAB Global Excellence in Retail Finance Awards by The Asian Banker.

## A LEGACY OF SERVICE AND INNOVATION

With over six decades of experience, HLF has emerged as Singapore's premier finance company. It offers a diverse portfolio encompassing a wide range of financial services, including deposits and savings for both business and individual customers, government assistance programmes for Small and Medium-sized Enterprises ("SME"), corporate finance, and advisory services for corporate entities.

## SERVING THE SME COMMUNITY

HLF has been recognised as a supporter of local businesses, providing tailored financial solutions to facilitate their development. Participation in initiatives like the Local Enterprise Finance Scheme and industry-wide electronic Guarantee programme underscores HLF's commitment to empowering SMEs. Additionally, HLF is the sole finance company in Singapore with full sponsorship status for the SGX Catalyst Board, demonstrating its dedication to fostering growth within the business community.

## CUSTOMER-CENTRICITY AND COMMUNITY ENGAGEMENT

HLF operates a network of 28 branches strategically located throughout Singapore and emphasises personalised service and proximity to customers. Notably, HLF ranks among the 'Top 100 Singaporean Brands' by Brand Finance, testament of its presence and reputation within the market.

## COMMITMENT TO SUSTAINABILITY

HLF is dedicated to conducting business profitably, responsibly, and sustainably. Embracing a high service culture, the company prioritises continuous upskilling of employees, proactive customer support and omnichannel accessibility to enhance the overall customer experience. Moreover, HLF remains steadfast in integrating environmental, social, and governance considerations into its business operations while actively seeking growth opportunities and managing risks effectively.



## BOARD OF DIRECTORS



**KWEK LENG BENG**



**KWEK LENG PECK**



**KWEK LENG KEE**



**KEVIN HANGCHI**



**PETER CHAY FOOK YUEN**



**TAN TEE HOW**



**TAN SIEW SAN**



**CHRISTIAN GAUTIER  
DE CHARNACE**



**CLARENCE  
YEOK GEOK LEONG**



**JEANN  
LOW NGAI JONG**

### **KWEK LENG BENG • 84** CHAIRMAN / EXECUTIVE DIRECTOR

**First appointment as Director**  
1 March 1979

**Appointment as Executive Chairman**  
28 November 1984

**Last re-election as Director**  
27 April 2023  
Will be seeking re-election at the 2025 Annual General Meeting

**Board committees**

- Executive Committee (Chairman)
- Board Risk Committee (Member)
- Nominating Committee (Member)

**Present directorships in other listed companies and principal commitments**

- City Developments Limited\* (“CDL”) (Executive Chairman)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Chairman)
- Millennium & Copthorne Hotels Limited (Executive Chairman)

**Other appointments**

- Singapore Hotel Association (Member)
- Singapore Institute of Directors (Fellow)

**Past directorships in other listed companies and principal commitments held in the preceding three years**  
Nil

Mr Kwek has extensive experience in the finance business, having grown from day one with the original Hong Leong Finance Limited which has since merged its finance business with Singapore Finance Limited (now known as Hong Leong Finance Limited). He also has extensive experience in the real estate business. He joined CDL in the late 1960s and since then has contributed significantly to building CDL’s six decades of track record. He grew the CDL group’s hospitality arm and has been actively involved in its development into Singapore’s largest international hotel group and one of the largest hotel owners and operators in the world. Mr Kwek is also experienced in the trading and manufacturing sectors.

Mr Kwek has received numerous accolades as follows:

1997 - “Businessman of the Year 1996” by Singapore Business Awards, organised by The Business Times and DHL.

2012 - “Partners in the Office of the CEO” award in the Brendan Wood International – Securities Investors Association

**Note:**

Hong Leong Investment Holdings Pte. Ltd. is the immediate and ultimate holding company of the Company. City Developments Limited (“CDL”) is a related company under the Hong Leong Group, Singapore. Millennium & Copthorne Hotels Limited is a subsidiary of CDL

\* listed company  
Information as at 5 March 2025

Singapore (SIAS) TopGun CEO Designation Award with the late Mr Kwek Leng Joo (former Deputy Chairman of CDL). This award is given to CEOs who are best in class as rated by shareholders.

2014 - Inaugural Real Estate Developers’ Association of Singapore (REDAS) Lifetime Achievement Award which honours a pioneering group of real estate leaders.

2015 - Singapore Chinese Chamber of Commerce and Industry (SCCCI) SG50 Outstanding Chinese Business Pioneers Award. The award honours the Republic’s outstanding Chinese business pioneers and their exemplary contributions to nation-building.

2015 - Lifetime Achievement Award from Hotel Investment Conference Asia Pacific (HICAP). This accolade honours exceptional individuals who have distinguished themselves through accomplishments and contributions to the hotel industry.

2017 - Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards organised by Enterprise Asia, a regional non-governmental organisation for entrepreneurship. The award was in recognition of outstanding achievements, visionary leadership and steadfast dedication that led to the successful growth of the Hong Leong Group for over five decades.

2017 - Inaugural Global Blue Ocean Shift Award, given at the Global Entrepreneurship Community Summit in Kuala Lumpur.

2018 - Singapore Tatler Diamond Award (Lifetime Achievement) 2018, in recognition of his exceptional leadership that led Hong Leong Group to grow into a globally diversified enterprise.

2020 - EY Family Business Award of Excellence. Received on behalf of Hong Leong Group, Singapore, this award celebrated the Group’s successful, sustainable and long-term oriented strategy, effective and transparent corporate governance approach, and significant socio-economic contributions.

Mr Kwek holds a law degree, LL.B. (London) and is also a fellow of Chartered Secretaries Institute of Singapore. He was also conferred an Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US) and an Honorary Doctorate from Oxford Brookes University (UK).

# BOARD OF DIRECTORS

## KWEK LENG PECK • 68 NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

**First appointment as Director**  
1 January 1998

**Last re-election as Director**  
27 April 2023  
Will be seeking re-election at the 2025 Annual General Meeting

### Board committees

- Executive Committee (Member, and also as alternate to the Chairman)
- Board Risk Committee (Member)
- Hong Leong Finance Share Option Scheme 2001 Committee (Member)

### Present directorships in other listed companies and principal commitments

- China Yuchai International Limited\* (Non-Executive Director)
- Hong Leong Asia Ltd.\* (“HLA”) (Executive Chairman)
- Hong Leong Corporation Holdings Pte. Ltd. (Executive Director)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Director)
- Hong Realty (Private) Limited (Executive Director)
- Tasek Corporation Berhad (Non-Executive Chairman)

### Other appointments

Nil

**Past directorships in other listed companies and principal commitments held in the preceding three years**  
Nil

Mr Kwek has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management as well as extensive involvement in Hong Leong Group, Singapore's real estate developments, investments and hotel operations.

With his in-depth knowledge of the HLA group's business, Mr Kwek has overseen the growth of the HLA group over the last four decades from an integrated building materials group in the 1980s and 1990s to being also a major player in the consumer products and diesel engines industries in China beginning in the 2000s.

### Note:

Hong Leong Investment Holdings Pte. Ltd. is the immediate and ultimate holding company of the Company. Hong Leong Asia Ltd., Tasek Corporation Berhad, China Yuchai International Limited, Hong Leong Corporation Holdings Pte. Ltd. and Hong Realty (Private) Limited are related companies under the Hong Leong Group, Singapore.

\* listed company  
Information as at 5 March 2025

## KWEK LENG KEE • 70 NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

**First appointment as Director**  
1 September 2001

**Last re-election as Director**  
25 April 2024

### Board committees

Nil

### Present directorships in other listed companies and principal commitments

- Hong Leong Holdings Limited (“HLH”) (Assistant Managing Director)
- Tripartite Developers Pte. Limited (Director)

### Other appointments

Nil

### Past directorships in other listed companies and principal commitments held in the preceding three years

Nil

Mr Kwek has more than 35 years of experience in property investment, property development and the building and construction materials business. As the Assistant Managing Director of HLH, he spearheaded the establishment, and oversees the operation, of its subsidiary in Chengdu, People's Republic of China since 2012. Prior to that, he also had many years of experience in a large Beijing project which was successfully completed in 1996. He continues to be a director of Beijing Hong Gong Garden Villa House Property Development Co., Ltd.

He was also appointed as Justice of the Peace by the Prime Minister's Office in May 2008 and was also awarded the Public Service Medal (PBM) in 1998, Public Service Star (BBM) in 2004 and the Public Service Star (Bar) on National Day 2014 in recognition of his significant contributions in public service and community work and support towards Singapore.

### Note:

Hong Leong Investment Holdings Pte. Ltd. is the immediate and ultimate holding company of the Company. Hong Leong Holdings Limited and Tripartite Developers Pte. Limited are related companies under the Hong Leong Group, Singapore.

## KEVIN HANGCHI • 52 NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

**First appointment as Director**  
1 October 2016

**Last re-election as Director**  
25 April 2024

### Board committees

- Board Sustainability Committee (Chairman)
- Board Risk Committee (Member)

### Present directorships in other listed companies and principal commitments

- Hong Leong Management Services Pte Ltd (Senior Vice President)
- Millennium & Copthorne Hotels New Zealand Limited\* (Non-Executive Director)

### Other appointments

Nil

**Past directorships in other listed companies and principal commitments held in the preceding three years**  
Nil

Mr Hangchi joined the Hong Leong Group, Singapore in 1999 and has garnered extensive global transactional experience across many of the Hong Leong Group, Singapore's entities which include listings and public offerings, mergers and acquisitions as well as capital markets issuances and banking facilities. Prior to that, he was an Advocate and Solicitor in Allen & Gledhill LLP from 1997 to 1999.

Mr Hangchi graduated from the University of Southampton in the United Kingdom with a BSc (Social Sciences) (Hons) Degree in Accounting and Law. He was called to the English Bar and admitted to the Rolls as a Barrister-At-Law (Middle Temple) and was also called to the Singapore Bar.

### Note:

Hong Leong Investment Holdings Pte. Ltd. is the immediate and ultimate holding company of the Company. Millennium & Copthorne Hotels New Zealand Limited and Hong Leong Management Services Pte Ltd are related companies under the Hong Leong Group, Singapore.

\* listed company  
Information as at 5 March 2025

## PETER CHAY FOOK YUEN • 65 NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

**First appointment as Director**  
11 June 2019

**Appointment as Lead Independent Director**  
29 April 2021

### Last re-election as Director

25 April 2024

### Board committees

- Audit Committee (Chairman)
- Remuneration Committee (Chairman)
- Hong Leong Finance Share Option Scheme 2001 Committee (Chairman)
- Board Risk Committee (Member)
- Nominating Committee (Member)

### Present directorships in other listed companies and principal commitments

Nil

### Other appointments

Nil

**Past directorships in other listed companies and principal commitments held in the preceding three years**  
Nil

Mr Chay has over 30 years of experience in auditing and advisory work across various industries, primarily in real estate, financial institutions and healthcare, and specific experience in corporate restructuring, insolvency and corporate finance related work.

He retired from the Company's current audit firm, KPMG LLP in September 2017. At the time of his retirement, he was the Deputy Managing Partner, a position he held since 2010. Prior to his appointment as Deputy Managing Partner, he was the Head of Financial Advisory Services (2005 to 2009) and had direct oversight responsibility over services provided by various business units including restructuring, merger and acquisition, transaction advisory services and forensic accounting. During the preceding years prior to his retirement from KPMG LLP, he was particularly active in the provision of corporate restructuring and insolvency services, acting as liquidator, receiver and manager and judicial manager on a number of engagements.

Mr Chay graduated with a Bachelor of Commerce majoring in Accounting, Finance and Systems from the University of New South Wales, Australia. He is a Fellow of the Institute of Singapore Chartered Accountants and a member of the Institute of Chartered Accountants in Australia.

The Lead Independent Director, Mr Peter Chay is available to shareholders should they have any concern and for which approaches through the normal communication channels of the Board Chairman/Managing Director or the President or the Chief Financial Officer have failed to resolve or are inappropriate or inadequate. Mr Chay may be contacted via a link in his profile page under the 'Board of Directors' section as well as the 'Investor Relations' link on the Company's corporate website at [www.hlf.com.sg](http://www.hlf.com.sg).

## BOARD OF DIRECTORS

### TAN TEE HOW • 65 NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director  
11 June 2019

Last re-election as Director  
29 April 2022  
Will be seeking re-election at the 2025 Annual General Meeting

- Board committees**
- Board Risk Committee (Chairman)
  - Executive Committee (Member)
  - Audit Committee (Member)

- Present directorships in other listed companies and principal commitments**
- CapitaLand China Trust Management Limited<sup>^</sup> (Director)
  - Gambling Regulatory Authority (Chairman)
  - National Healthcare Group (Chairman)

- Other appointments**
- MOH Holdings Pte Ltd (Director)
  - Nomura Singapore Limited (Chairman/Director)
  - Nomura Asia-Pacific Holdings Ltd (Director)
  - Temus Pte Ltd (Director)

- Past directorships in other listed companies and principal commitments held in the preceding three years**
- Chip Eng Seng Corporation Ltd (Executive Director) (delisted and privatised in April 2023)

Mr Tan served 34 years in the Singapore Administrative Service, holding various key appointments, including Principal Private Secretary to the then-Prime Minister, Mr Goh Chok Tong (from 1997 to 2000) and founding CEO of National Healthcare Group (from 2000 to 2004). He was the Permanent Secretary of the Ministry of National Development (from 2004 to 2011) and of the Ministry of Home Affairs (from 2011 to 2014). From 2014 to 2018, he was the Commissioner of Inland Revenue Authority of Singapore (“IRAS”) and concurrently the CEO of IRAS. He retired from public service in 2018.

Mr Tan holds a Bachelor of Business Administration (Honours) Degree from the National University of Singapore and a Master of Public Administration Degree from Harvard University. He attended the Wharton Business School Advanced Management Programme in 2002. He was awarded a Fulbright Fellowship in 1989/1990.

\* listed company  
<sup>^</sup> manager of a listed trust  
Information as at 5 March 2025

### TAN SIEW SAN • 73 NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director  
11 June 2019

Last re-election as Director  
27 April 2023

- Board committees**
- Nominating Committee (Chairman)
  - Executive Committee (Member)
  - Board Risk Committee (Member)
  - Remuneration Committee (Member)
  - Hong Leong Finance Share Option Scheme 2001 Committee (Member)

- Present directorships in other listed companies and principal commitments**
- Cortina Holdings Limited\* (Independent Director)

**Other appointments**  
Nil

- Past directorships in other listed companies and principal commitments held in the preceding three years**
- Triton Holding Public Company Limited\* (Independent Director)

Ms Tan was Singapore’s Ambassador to the Kingdom of Thailand from 2012 to 2019. Prior to that, she was Deputy Secretary (Asia Pacific) in the Ministry of Foreign Affairs and Deputy Secretary (Policy) in the Ministry of Defence (“Mindef”). During her public service career, Ms Tan was awarded the Public Administration Medal (Gold) in 1999 and the Public Administration Medal (Silver) in 1990. She retired from the Singapore civil service in June 2019.

Ms Tan has a Bachelor of Social Science (Honours) (Political Science) degree from the University of Singapore and a Master of Arts (Political Science) degree from the University of Wisconsin-Madison, USA. She was granted a Fulbright-Hays scholarship for her graduate studies.

### CHRISTIAN GAUTIER DE CHARNACE • 75 NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director  
5 August 2020

Last re-election as Director  
25 April 2024

- Board committees**
- Board Risk Committee (Member)

- Present directorships in other listed companies and principal commitments**
- Golden Agri-Resources Ltd\* (Independent Director)
  - PT BNP Paribas Sekuritas Indonesia (Independent President Commissioner on the Board of Commissioners)

**Other appointments**  
Nil

**Past directorships in other listed companies and principal commitments held in the preceding three years**  
Nil

Mr de Charnace has over 40 years of broad and diversified international banking experience in corporate and institutional banking and had held various executive management positions having responsibilities in the areas of corporate finance, investment banking, fund raising, capital markets and advisory transactions for clients.

Mr de Charnace was Chief Executive Officer Investment Banking Asia Pacific at BNP Paribas (“BNP”) prior to retiring in 2017, having held that position since 2013. He was with BNP since 1980. During his tenure with BNP, he was Head of Paribas branches and region in Seoul, Taipei and Los Angeles / Western US region (1980 - 1990); Managing Director and Head of Asia Pacific region based in Paris (1991 - 1993); Managing Director and successively Head of Capital Markets and Corporate Finance for Asia Pacific based in London, Singapore, Tokyo and Hong Kong (1993 - 2013). Mr de Charnace started his career in banking at Bank of America and he was Vice President of Multinational Division Paris and Houston (1973 to 1980).

Mr de Charnace graduated from Institut d’Etudes Politiques de Paris in Economy and Finance, and he also holds a Bachelor’s degree from the University of Law in Paris.

\* listed company  
Information as at 5 March 2025

# BOARD OF DIRECTORS

## CLARENCE YEO GEK LEONG • 65 NON-EXECUTIVE AND INDEPENDENT DIRECTOR

### First appointment as Director

1 January 2022

### Last election as Director

29 April 2022

Will be seeking re-election at the 2025 Annual General Meeting

### Board committees

- Executive Committee (Member)
- Audit Committee (Member)
- Remuneration Committee (Member)
- Hong Leong Finance Share Option Scheme 2001 Committee (Member)
- Board Sustainability Committee (Member)

### Present directorships in other listed companies and principal commitments

OKH Global Ltd\*

### Other appointments

- Biometrics Institute (Member of Advisory Council)
- Certis CISCO Security Pte Ltd (Director)
- D.S. Lee Foundation (Director)
- International Border Management & Technologies Association (IBMATA) (Member of Advisory Board)
- Neon Group Limited (Director)
- Singapore Business Advisors & Consultants Council (Member of Governing Council)
- Singapore Institute of Management, Centre for Systems Leadership (Advisor)
- Singapore Tote Board (Member of the Grant Committee)
- Violet Capital Development Pte Ltd (Senior Advisor)

### Past directorships in other listed companies and principal commitments held in the preceding three years

- Ministry of Home Affairs – Senior Advisor (Special Duties)

Mr Yeo held senior public sector leadership appointments as the Commissioner, Immigration & Checkpoints Authority (“ICA”) (September 2010 to September 2018), the Chief Executive of Home Team Academy (“HTA”) (September 2018 to July 2021), and Senior Advisor (Special Duties) in the Ministry of Home Affairs (“MHA”) (August 2021 to July 2024). Besides domain experience relating to his tenures with ICA, HTA and MHA, he also has experience in leading and driving governance, organisational excellence, enterprise risk management, information technology and digitalisation and organisational transformation.

Mr Yeo received several individual awards, including the National Day Public Administration Medal (Gold) (Bar) in 2021, the Public Administration Medal (Gold) in 2013 and the Public Administration Medal (Silver) in 2006. He was also awarded the Medal of Commendation by the Singapore National Trade Union Congress in May 2017 in recognition of his significant contributions towards good labour-management relations.

Mr Yeo holds a Master in Public Policy from the National University of Singapore (now offered under Lee Kuan Yew School of Public Policy), and a BSc (Hons) 2<sup>nd</sup> Class Upper in Economics from the University of London. He is also an alumnus of INSEAD, having attended a Senior Executive Development Programme at Fontainebleau.

## JEANN LOW NCIAP JONG • 64 NON-EXECUTIVE AND INDEPENDENT DIRECTOR

### First appointment as Director

27 April 2023

### Last re-election as Director

Not applicable

(appointed at 2023 Annual General Meeting)

### Board committees

- Audit Committee (Member)
- Board Sustainability Committee (Member)

### Present directorships in other listed companies and principal commitments

- Advanced Info Service Public Company Limited\* (Non-Executive Director)
- Advanced Wireless Network Co., Ltd. (Non-Executive Director)
- Aztech Global Ltd\* (Independent Director)
- CapitaLand Integrated Commercial Trust Management Limited^ (Independent Director)
- Intouch Holdings Public Company Limited\* (Non-Executive Director)
- Lee Kong Chian School of Medicine, Nanyang Technological University of Singapore (Member of Governing Board)
- Singapore Telecommunications Limited\* (Senior Advisor)

### Other appointments

- Prison Fellowship Singapore Limited (Board member)
- Seventy Times Seven (Management Committee member)
- The Turning Point (Executive Committee member)

### Past directorships in other listed companies and principal commitments held in the preceding three years

- Singtel Strategy Pte. Ltd. (Non-Executive Director)
- Singtel Asian Investments Pte Ltd (Non-Executive Director)
- Singtel Strategic Investments Pte Ltd (Non-Executive Director)

Ms Low is currently a Senior Advisor with Singapore Telecommunications Limited (“Singtel”). Prior to her appointment as Senior Advisor, she was with Singtel as its Group Chief Financial Officer from September 2008 to April 2015 before assuming the position of Group Chief Corporate Officer from April 2015 until April 2021. As the Group Chief Corporate Officer, she was responsible for group strategy and planning, mergers and acquisitions, corporate communications and strategic branding, legal, regulatory and group risk management, procurement and digitalisation.

Ms Low received various individual awards including Best Chief Financial Officer (Singapore & Southeast Asia), Corporate-Institutional Investor Awards (2012), Best Chief Financial Officer (Singapore), Asian Excellence Recognition Awards (2012) and Best Chief Financial Officer, Singapore Corporate Awards (2010).

Ms Low holds a Bachelor of Accountancy (Honours) from the National University of Singapore. She is also a Chartered Accountant registered with the Institute of Singapore Chartered Accountants (“ISCA”) and a Fellow member of ISCA.

# CORPORATE GOVERNANCE REPORT

Hong Leong Finance Limited (“HLF” or the “Company”) is committed to maintaining a high standard of business integrity, professionalism and governance in its business dealings, which is essential for the long-term sustainability of the Group’s businesses and the enhancement of shareholders’ value.

To demonstrate its commitment towards excellence in corporate governance, HLF joined the Securities Investors Association Singapore (“SIAS”) and its partners in 2024 in making the following public Statement of Support as part of the SIAS Corporate Governance Week 2024 Initiatives organised by SIAS in September 2024:

*“As a Company, we are committed to upholding high standards of corporate governance to enhance stakeholder value, a sustainable future and making a lasting sustainable transition to a low-carbon environment. We believe practising good environmental, social and corporate governance standards are central to the health and stability of our financial markets and economy.”*

The Company has complied with Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited (“Listing Manual”) by describing in this report its corporate governance practices with specific reference to the principles and provisions in the Code of Corporate Governance, as amended (“CG Code”). Where the Company’s practices differ from the principles under the CG Code, these differences and the Company’s position in respect of the same are explained in this report.

## BOARD OF DIRECTORS

### Executive Director (“ED”)

**Mr Kwek Leng Beng,**  
Executive Chairman & Managing Director

### Non-executive and Non-independent Directors (“NID”)

**Mr Kwek Leng Peck**  
**Mr Kwek Leng Kee**  
**Mr Kevin Hangchi**

### Independent Directors (“ID”)

**Mr Peter Chay Fook Yuen, Lead ID**  
**Mr Tan Tee How**  
**Ms Tan Siew San**  
**Mr Christian Gautier de Charnace**  
**Mr Clarence Yeo Gek Leong**  
**Ms Jeann Low Ngiap Jong**

## KEY OBJECTIVES

Oversees the Company’s business and its performance under its collective responsibility and provides leadership by setting the strategic objectives of the Company together with Senior Management (as defined under Principle 3 below) to achieve long-term success for the Company.

Board Committees	Composition	Key Objectives
<b>Executive Committee (“Exco”)</b>	Mr Kwek Leng Beng, Chairman (ED) Mr Kwek Leng Peck, also as alternate to Chairman (NID) Mr Tan Tee How (ID) Ms Tan Siew San (ID) Mr Clarence Yeo (ID)	Deliberates on Board matters between Board meetings and approves banking-related matters and acquisition, divestment and corporate finance transactions up to certain limits.
<b>Audit Committee (“AC”)</b>	Mr Peter Chay, Chairman (Lead ID) Mr Tan Tee How (ID) Mr Clarence Yeo (ID) Ms Jeann Low (ID)	Assists the Board in the review of the Company’s financial reporting, internal accounting controls and audit function.
<b>Board Risk Committee (“BRC”)</b>	Mr Tan Tee How, Chairman (ID) Mr Kwek Leng Beng (ED) Mr Kwek Leng Peck (NID) Mr Kevin Hangchi (NID) Mr Peter Chay (Lead ID) Ms Tan Siew San (ID) Mr Christian de Charnace (ID)	Assists the Board on matters relating to the review and management of the Company’s key risks under a risk management framework.
<b>Nominating Committee (“NC”)</b>	Ms Tan Siew San, Chairman (ID) Mr Kwek Leng Beng (ED) Mr Peter Chay (Lead ID)	Set and review the board diversity policy, including targets, plans and timelines, and review progress made. Assists the Board in its succession planning through the review of board size, composition and mix, and provides recommendations on the independence of directors, appointment, re-nomination and retirement of Directors. Assists the Board in the evaluation of the performance of the Board, the Board Committees and the Directors. Also reviews the succession plan for key management personnel (“KMP”) (not being a Director).
<b>Remuneration Committee (“RC”)</b>	Mr Peter Chay, Chairman (Lead ID) Ms Tan Siew San (ID) Mr Clarence Yeo (ID)	Assists the Board in the review and determination of the remuneration of the Board and the KMP, including setting appropriate remuneration frameworks and policies to reflect a performance-based remuneration system.
<b>Hong Leong Finance Share Option Scheme 2001 (“SOS”) Committee (“SOSC”)</b>	Mr Peter Chay, Chairman (Lead ID) Mr Kwek Leng Peck (NID) Ms Tan Siew San (ID) Mr Clarence Yeo (ID)	Reviews and approves the grant of options to eligible participants pursuant to the terms of the Company’s SOS.
<b>Board Sustainability Committee (“BSC”)</b>	Mr Kevin Hangchi, Chairman (NID) Mr Clarence Yeo (ID) Ms Jeann Low (ID)	Assists the Board in the review of the Company’s sustainability issues including climate risks, initiatives and performance as well as emerging corporate governance trends and best practices. Reviews the Company’s sustainability and corporate governance reports.

# CORPORATE GOVERNANCE REPORT

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

#### Primary Functions of the Board

The Board oversees the Company's business and its performance under its collective responsibility and provides leadership by setting the strategic objectives of the Company together with Senior Management to achieve long-term success for the Company. The Board sets broad policies, provides guidance on and approves strategic objectives, ensures that necessary financial, operational and human resources are in place for the Company to meet its objectives, reviews the performance of the Company and Management, and satisfies itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguard of shareholders' interests and the Company's assets.

The Board assumes responsibility for good corporate governance and sets the right 'tone at the top' in its policies and decisions to ensure that the Company's corporate values and ethical standards are observed and there is proper accountability throughout the Company and obligations to its shareholders and other stakeholders are clearly understood and met.

#### Sustainability

The Board is also committed to the Company's strategic approach to integrating sustainability in its business and operations, and to advance the Company's sustainability efforts and achievements.

In this regard, the Board has delegated to the BSC the general oversight of the Board's attention to sustainability issues and sustainability reporting. The BSC comprises three Directors, all of whom are non-executive Directors ("NED") with the majority being independent. The BSC's written terms of reference set out, *inter alia*, the roles and responsibilities of the BSC and include its purview over matters relating to the economic, environmental, social and governance ("ESG") framework, ESG targets, the sustainability reporting framework, emerging corporate governance trends and best practices as well as the Company's policies, practices and performance on its material ESG factors which are significant and contribute to the Company's performance, business activities, and/or reputation as a corporate citizen. Further information on the Company's sustainability practices is set out in the Sustainability Report in this Annual Report 2024 ("AR").

The key responsibilities of the BSC as set out in its written terms of reference, approved by the Board, include the following:

- provides oversight on the Company's compliance relating to sustainability governance and reporting

including reviewing the framework put in place by Management for the identification, assessment, management and monitoring of the material ESG factors and climate risks, and setting of targets and key performance indicators for the achievement of the Company's sustainability strategy;

- reviews the Company's material ESG issues, initiatives and performance as well as emerging corporate governance trends and best practices and recommend to the Board the adoption of such trends and best practices;
- reviews the Company's sustainability and corporate governance reports; and
- reviews anti-corruption policies and provides oversight for cases escalated by Management relating to the policies, processes and controls to prevent, identify and investigate acts of corruption, bribery kickback and facilitation payments.

Two BSC meetings were held in 2024. The Company Secretaries maintain records of all BSC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the BSC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("BSC Self-Assessment Checklist").

The BSC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the BSC under its terms of reference and considered the contribution of BSC members to the deliberation and decision-making process at BSC meetings.

Based on the self-assessment, the BSC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

#### Directors' Objective Discharge of Duties and Declaration of Interests (Provision 1.1)

All Directors are fiduciaries who exercise due diligence and objectively discharge their duties and responsibilities in the interests of the Company. This ability to exercise objectivity is one of the assessment criteria in the NC annual evaluation of the Directors.

Directors, who are in any way, directly or indirectly, interested in a transaction or proposed transaction declare the nature of their interests in accordance with the Company's Constitution and provisions of the Companies Act 1967 and the Finance Companies Act 1967, and in the case of any conflicts of interests (actual or potential), recuse themselves from any discussions and abstain from decision-making on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the Board Committees.

#### Accountability of the Board and Management

(Provision 1.1)

The Board and Senior Management are committed to conducting business with integrity and sound standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has established various corporate policies which provide a communicable and understandable framework for employees to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with the Company's stakeholders, including customers, suppliers and employees. Further details of these policies are described in the segment entitled 'Corporate Values and Conduct of Business' at the end of this report.

#### Board Orientation and Training/Development

(Provision 1.2)

Every newly appointed Director receives a formal letter, setting out his/her general duties and obligations as a Director pursuant to the relevant legislation. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director and where applicable, a member of the Board Committees, the Company's business, Board processes, corporate governance practices, relevant Company policies and procedures as well as a meeting calendar for the year with a brief of the routine agenda for each meeting of the Board and the Board Committees.

The Company also conducts a comprehensive induction programme for newly appointed Directors and existing Directors pursuant to their appointments to any of the Board Committees, to familiarise Directors with the Group's business, governance practices and processes, internal controls and risk management systems, their responsibilities as directors and in the case of appointments to any of the Board Committees, the role and areas of responsibilities of such Board Committees. The induction programme includes meetings with the chairmen of the Board Committees in the case of appointments to any of the Board Committees, on matters relevant to such Board Committees, various key executives of the Management team to allow the new Directors to be acquainted with, and to facilitate their independent access to the Management team in future. The programme also includes briefings by the President and other members of the Management team on key areas of the Company's operations.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he/she will be required to also attend certain specific modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Manual. Completion of the LED Programme, which focuses on comprehensive training of

company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act 1967, the Listing Manual and the CG Code.

The Board recognises that it is important for Directors to undergo continual training/development. From time to time, the Directors are provided with updates and/or briefings by professional advisors, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislation, risk management and financial reporting standards. They are also regularly kept informed by the Company Secretaries of the availability of appropriate courses, conferences and seminars such as those run by the SID and the Directors are encouraged to attend such training at the Company's expense. The NC and the Board are kept informed of the trainings attended by the Directors during the year. As part of the NC's annual assessment of the skill set of the Board and the respective Board Committees, the NC would also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to the Directors from time to time.

During the year, the trainings attended by the Directors included the SID Audit and Risk Committee Seminar 2024, SID Directors Conference 2024 - Directorship in Transition: Redefining Roles, Risks and Results, SID-Climate Governance Singapore - Understanding Directors' Duties in Climate Risk, briefings and seminars organised by SID and other consultants in relation to board and audit, nominating and remuneration committees matters, climate reporting and sustainability matters. In addition, in-house seminars were also organised in 2024 and conducted by invited external speakers on the following topics:

- Technology and Cybersecurity Risk Training
- Forward Faster towards Business Sustainability
- Artificial Intelligence in Building Operations
- Anti-Money Laundering update and trends

The Company's external auditors also provided members of the AC with updates on applicable Accounting Standards, disclosures on key financial indicators, tax updates such as Base Erosion and Profit Shifting (BEPS) 2.0 Pillar Two, sustainability matters including recommendations by the Sustainability Reporting Advisory Committee and assurance requirements for Singapore-listed companies to achieve assurance-ready ESG reporting, during the year.

All the Board members attended various training webinars, seminars and workshops in 2024 which accounted for more than 80 training hours in aggregate.

In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management

# CORPORATE GOVERNANCE REPORT

should they require any further information or clarification concerning the Company's operations.

## Board Approval (Provision 1.3)

Key matters which are specifically reserved for approval by the Board include decisions over the strategic direction, plans and performance objectives of the Company, the Company's financial objectives, decisions to commence, discontinue or modify significantly any business activity or to enter into or withdraw from a particular market sector, corporate or financial restructuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, material acquisition and disposal of assets, adoption of corporate governance policies and any other matters which require Board approval as prescribed under the relevant legislation as well as the provisions of the Company's Constitution. All issuance of the Company's financial results requires the approval of the Board, including decisions on the Company's dividend policy and payouts.

The Company also has in place an approval matrix with established authority limits for various matters including the granting of loans, guarantees or other credit facilities, corporate finance activities, operation of banking accounts, investments, capital expenditure and lease of properties.

Management is fully apprised of such matters which require the approval of the Board or the Board Committees. The Company also has a structured authority matrix which sets out the delegated authority to the various levels of Management.

## Delegation by the Board (Provision 1.4)

The primary functions of the Board are either carried out directly by the Board or delegated to committees established by the Board with clear written terms of reference setting out their composition, authority and responsibilities, including reporting back to the Board. The committees established by the Board are the Exco, the AC, the BRC, the NC, the RC, the SOSC and the BSC, all collectively referred to as the "Board Committees". Each Board Committee reports key matters to the Board and submits its report to the Board at least once on an annual basis. All terms of reference for the Board Committees are approved by the Board and reviewed periodically to ensure their continued relevance taking into consideration the changes in the governance and regulatory environment.

The Board has also placed its members, from time to time on management committees such as the Loan Sub-Committee

and Management Committee to provide independent review and as a check and balance on the work of those committees involved in the approval of loan and credit proposals. The powers and authorisation limits of the relevant management committees are also approved by the Board.

The delegation of authority by the Board to the Board Committees and management committees enables the Board to achieve operational efficiency by empowering these committees to decide on matters within their respective terms of reference and/or limits of delegated authority, and yet without abdicating the Board's overall responsibility.

The Exco comprises five Directors with majority of its members being independent where the Exco chairman is not independent. The Exco's principal responsibility as set out in its written terms of reference, approved by the Board, is to assist the Board in the discharge of its duties including, in particular, assisting the Board in approving banking-related matters such as opening, closing and operation of banking accounts of the Company and bank facilities (including money market placements) granted to the Company, granting by the Company of loans, guarantees or credit facilities up to a limit fixed by the Board, approve corporate finance dealings for the Company's customers, and approving transactions (acquisition/disposal of certain assets and purchase of investments and certain marketable securities), other than those which are of a dealing nature and in the ordinary course of business and provided that such transactions are non-discloseable pursuant to the Listing Manual up to limits authorised by the Board.

Please refer to the sections on Principles 4, 5, 6, 7, 9 and 10 in this report for further information on the activities of the NC, RC, BRC and AC. Information on the activities of the BSC can be found within this section under Principle 1 in the earlier part of this report. Information on the activities of the SOSC can be found under Principle 7 in this report, the Directors' Statement and the Financial Statements of the AR.

## Board and Board Committee Meetings (Provision 1.5)

Board and Board Committee meetings are held regularly. Three Board meetings were held in 2024. The Board agenda at the Board meetings held in 2024 included the review of the Group's financial and operational performance and updates by the Senior Management on the Company's strategic initiatives and implementation status.

A meeting of the NEDs chaired by the Lead ID was held in 2024. Meetings of the NEDs and the IDs are convened as often as may be warranted by circumstances. The IDs also meet regularly under the various Board Committees' meetings and the Lead ID is a member in some of these Board Committees. No separate meeting of the IDs was required to be convened in 2024.

The proposed meetings for the Board, all Board Committees and the NEDs for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of that calendar year. Additional meetings are convened as and when circumstances warrant. Records of

all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretaries. The Company's Constitution allows for the meetings of its Board and the Board Committees to be held via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of circulating written resolutions.

The attendance (including via electronic means) of the Directors at the annual general meeting ("AGM") and at meetings of the Board, the Board Committees and the NEDs, as well as the frequency of such meetings in 2024 is set out below.

## Directors' Attendance (including via electronic means) at the AGM, and Meetings of the Board, Board Committees and the NEDs in 2024 (Provision 1.5)

	Board	Exco	AC	NC	RC	SOSC	BRC	BSC	NEDs	AGM
<b>Number of meetings held in 2024:</b>	3	1	3	2	2	1	2	2	1	1
<b>Name of Directors</b>	<b>Number of meetings attended in 2024</b>									
<b>Kwek Leng Beng</b>	3	1	N.A.	2	N.A.	N.A.	2	N.A.	N.A.	1
<b>Kwek Leng Peck</b>	2	1	N.A.	N.A.	N.A.	1	1	N.A.	1	1
<b>Kwek Leng Kee</b>	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1
<b>Kevin Hangchi</b>	3	1 <sup>(a)</sup>	N.A.	N.A.	N.A.	N.A.	2	2	1	1
<b>Peter Chay</b>	3	N.A.	3	2	2	1	2	N.A.	1	1
<b>Tan Tee How</b>	3	1	3	N.A.	N.A.	N.A.	2	N.A.	1	1
<b>Tan Siew San</b>	3	1	N.A.	2	2	1	2	N.A.	1	1
<b>Christian de Charnace</b>	3	N.A.	N.A.	N.A.	N.A.	N.A.	2	N.A.	1	1
<b>Clarence Yeo</b>	3	1	3	N.A.	2	1	N.A.	2	1	1
<b>Jeann Low</b>	3	N.A.	3	N.A.	N.A.	N.A.	N.A.	2	1	1

### Note:

(a) Mr Kevin Hangchi attended the Exco meeting by invitation.

(b) All Directors including Mr Kwek Leng Beng, the Board Chairman were in attendance at the AGM in 2024 together with the President and the Company's external auditors.

Directors who were unable to attend any meetings of the Board, the Board Committees or the NEDs, were provided with meeting materials and encouraged to raise discussion points or queries with the Chairman of the Board ("Board Chairman") or chairmen of the respective Board Committees or the Management. Nonetheless, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at the meetings of the Board and/or the Board Committees and/or the NEDs. A Director's contribution also extends beyond the confines of the formal environment

of such meetings, through the sharing of views, advice, experience and through strategic networking relationships which would further the interests of the Company. The Directors also, whether individually or collectively, engage with the Senior Management and the Company's external consultants to better understand the challenges faced by the Company and the input of the Directors, through such engagement, provide valuable perspective to the Management.



# CORPORATE GOVERNANCE REPORT

## Directors' Multiple Board Representations and Time Commitments (Provision 1.5)

When considering the nomination of Directors for re-election, the NC also takes into account the competing time commitments faced by Directors with multiple listed company board representations and/or other principal commitments. An analysis of the directorships (which includes directorships by groups and executive appointments) held by the Directors is reviewed annually by the NC. Each Director is also required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director of the Company and that he/she continues to remain fit and proper for continued appointment on the Board in accordance with the fit and proper guidelines issued by the Monetary Authority of Singapore ("MAS Fit and Proper Guidelines"). Based on the analysis, the Directors' annual confirmation and the Directors' commitments and contributions to the Company which are also evident in their level of attendance and participation at Board, Board Committee and NEDs' meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as Directors of the Company.

The NC noted that including the directorship held in the Company, the number of listed company board representations (including listed trusts) held by each of the Directors ranged from one to five, and those held by the Board Chairman/Managing Director, Mr Kwek Leng Beng, Mr Kwek Leng Peck and Mr Kevin Hangchi are on the boards of the related companies of the Company. On the NC's recommendation and approved by the Board, the maximum number of listed company board representations that a Director may hold was set at six (including the Company), with a view to providing a guide to address potential competing time commitments that may be faced by Directors serving on multiple listed company boards. The NC may review this guideline from time to time and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Board.

In addition to the current procedures for the review of the attendance records and analysis of directorships/principal commitments, a policy has been put in place for Directors to consult the Board Chairman and the chairman of the NC prior to accepting any new listed company board appointments or principal commitments and notifying the Board of any changes in their external appointments. This would allow the Director to review his/her time commitments with the proposed new appointment, and in the case of an ID, to also ensure that his/her independence would not be affected.

## Complete, Adequate and Timely Information (Provision 1.6)

Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant papers submitted by Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management, the Company's external auditors and professional advisors who can provide additional insight into the matters for discussion are also invited from time to time to attend such meetings.

Management also provides all Directors with monthly financial updates on the Company's financial performance including analysis of the said updates. Any material variance between the month and year-to-date ("YTD") under review as compared to the immediate preceding month, the YTD of the preceding year, and the YTD budget, are disclosed and explained. Where the Board's or a Board Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further disclosures, as necessary.

Draft agendas for Board and Board Committee meetings are circulated to the Board Chairman and the chairmen of the Board Committees respectively, in advance, for them to review and suggest items for the agenda. The Board and the Board Committees are also furnished with routine reports, where applicable from Management. Each of the chairmen of the AC, NC, BSC, RC, SOSC and Exco provides an annual report of the respective committee's activities during the year under review to the Board. The chairman of the BRC provides reports to the Board twice yearly on its activities. The minutes of meetings of the Board Committees and the NEDs are circulated to all Board members.

The role and responsibilities of Management and their reporting relationships are set out in the Company's organisation structure which is circulated annually to the Board and as and when there are changes, for noting by the Board.

## Access to Management, Company Secretaries and Independent Professional Advisors (Provision 1.7)

All Directors have direct and independent access to Management. To facilitate this access, all Directors are provided with the contact details of the KMP, the Company Secretaries and other Senior Management members.

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and where circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

The Company Secretaries' appointment and removal are subject to the Board's approval. At least one of the Company Secretaries attends Board meetings and meetings of the AC, NC, RC, SOSC, BRC, BSC, NEDs and IDs and ensure that Board procedures are followed. The Company Secretaries, together with Management, also ensure that the Company complies with the applicable statutory and regulatory rules. Together with Management, they also advise the Board Chairman, the Board and Board Committees on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including ensuring good information flows within the Board and the Board Committees and between the Directors and Management, facilitating the induction for newly appointed Directors and newly appointed Board Committee members, and assisting in the continuing training and development programme for the Directors. On an on-going basis, the Directors have separate and independent access to the Company Secretaries.

## Principle 2: Board Composition and Guidance

### Board Independence (Provisions 2.1, 2.2 and 2.3)

The Board currently comprises ten members. All members of the Board except for the Board Chairman are NEDs. Based on the NC's recommendation, the Board has determined six of them, being more than half of the Board, to be independent ("IDs"), thus providing for a strong and independent element on the Board, capable of exercising objective judgement on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision-making. No alternate Directors have been appointed in respect of any of the Directors.

When reviewing the independence of the IDs, the NC has considered the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the CG Code and its accompanying Practice Guidance. As part of the consideration of their independence, the NC has also taken into account the following:

- other directorships;
- annual declarations regarding their independence;
- disclosures of interests in transactions in which they have a direct/indirect interest;
- their ability to avoid any apparent conflict of interest especially by abstaining from deliberation and decision-making on such transactions;
- their ability to maintain objectivity in their conduct as Directors of the Company; and
- their ability to objectively raise issues and seek clarification as and when necessary from the Board, Management and the Company's external advisors

on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees.

Each of the IDs on the NC recused himself or herself from the NC's deliberations on his/her own independence.

The 6 IDs are Mr Peter Chay, Mr Tan Tee How, Ms Tan Siew San, Mr Christian de Charnace, Mr Clarence Yeo and Ms Jeann Low. None of the IDs is currently employed or has been employed at any time during the past three financial years by the Company or any of its related corporations. These IDs also do not have immediate family members who are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations, and whose remuneration is determined by the RC. For the purposes of determining independence, the IDs have also provided confirmation that they are not related to the Directors and substantial shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. The Board undertook a review of the independence of the IDs with each ID abstaining from participating in his/her own review, and the Board concurred with the NC's determination of the independence of the IDs.

### Board Composition, Size and Diversity (Provision 2.4)

Since 2018, the Company has adopted a Board Diversity Policy ("BDP") which sets out the framework for promoting diversity on the Board. The Company recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline and other aspects of diversity (such as gender and age) of the Directors.

The BDP provides that the NC shall consider all aspects of diversity when reviewing and assessing the composition of the Board and when making recommendations to the Board for the appointment of Directors to arrive at an optimal balanced composition of the Board. The BDP also provides for the NC to discuss and recommend annually to the Board targets and timelines for promoting and achieving diversity on the Board.

The Company has put in place a skills matrix to help identify gaps in the Board. The skills matrix classifies skills, experience and knowledge of the existing Directors into broad categories such as industry knowledge; skills in audit/finance/accounting, risk management, sustainability and digital/information technology/cyber security.

When reviewing and assessing the size and composition of the Board and Board Committees and making recommendations to the Board annually including the re-election of Directors, the

# CORPORATE GOVERNANCE REPORT

NC takes into consideration factors under the BDP including the annual Board targets and timelines for promoting and achieving diversity on the Board. As prescribed under the BDP,

the final decision on the selection of Directors is based on merits against objective criteria and targets considered by the NC annually and recommended to the Board for approval.

## Diversity Targets and Progress in FY 2024

### Skills Diversity

<b>Target</b>	Maintain the Board core-skill set especially in one or more of the following key areas: <ul style="list-style-type: none"> <li>- financial institution experience</li> <li>- audit/finance/accounting</li> <li>- risk management</li> <li>- sustainability</li> <li>- digital/information technology/cyber security</li> </ul>
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**Progress** The Board has continued to maintain these targets for FY 2024.

### Gender diversity

<b>Target</b>	At least 20% female representation on the Board.  The NC noted the recommendations of the Council for Board Diversity for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030.  The NC would strive to consider female candidates with a view to meeting the target of 30% female representation on the Board by 2030. When reviewing candidates for future appointment, whether in addition to existing Board members or as replacement of Directors who retire or resign, the NC will try to ensure that: <ol style="list-style-type: none"> <li>if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;</li> <li>when seeking to identify a new Director for appointment to the Board, the NC could request for female candidates to be fielded for consideration;</li> <li>female representation on the Board be continually improved over time; and</li> <li>the NC is gender diverse.</li> </ol>
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**Progress** The Company has continued to maintain its target of 20% female representation on the Board.  
  
Given that there is currently no need to appoint any new Director, the NC will, in line with the gender diversity target, strive to consider female candidates when reviewing candidates for future appointment with a view to meeting the target of 30% female board representation by 2030.

### Board independence

**Target** IDs to make up 60% of the Board

**Progress** The Board has continued to maintain this target for FY 2024.

### Age diversity

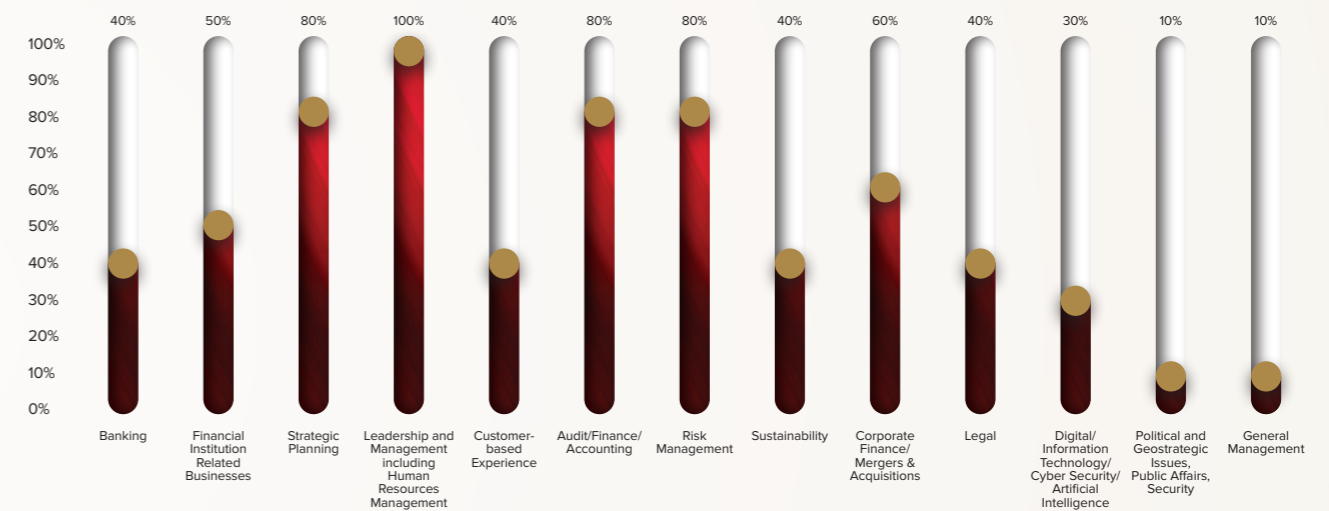
**Target** At least half of the Board members to be 70 years and below.

**Progress** The Board has continued to maintain this target for FY 2024.

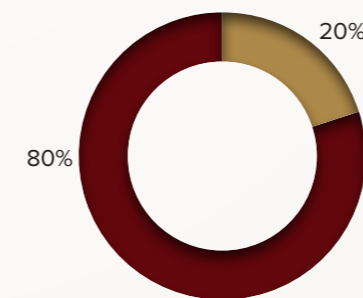
The NC and the Board also agreed that there was no need to set a specific target for ethnicity/nationality so long as the candidates provide distinguishing qualities that complement and expand the skills and experience of the Board as a whole. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in this AR.

Having considered the scope and nature of the operations of the Company, the Board, taking into account the recommendation of the NC, is satisfied that the current size and composition of the Board and Board Committees provide for diversity in line with the BDP (including the plans and targets reviewed and approved by the NC and the Board annually) and allow for informed and constructive discussions and effective decision-making at meetings of the Board and Board Committees. Details of the current Board composition are as follows:

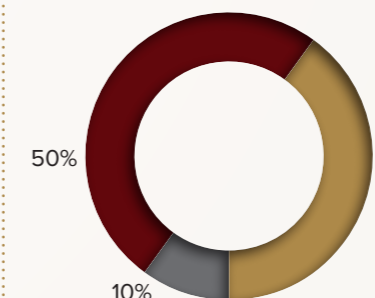
DIRECTORS' SKILLS MATRIX



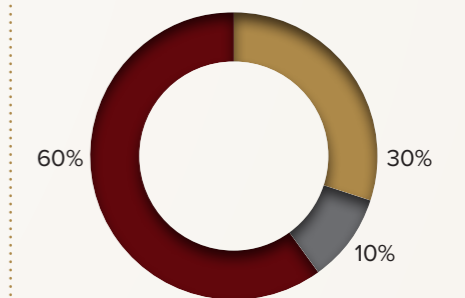
GENDER DIVERSITY



DIRECTORS' AGE GROUP



INDEPENDENCE



### NEDs' Participation (Provision 2.5)

NEDs are encouraged to participate actively at Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's businesses and

performance through monthly and quarterly reports from Management and have unrestricted access to Management. They also sit on various Board Committees and management committees to provide constructive input and the necessary review and monitoring of performance of the Company and Management. Under the chairmanship of the Lead ID,

# CORPORATE GOVERNANCE REPORT

a meeting of the NEDs was convened in 2024 without the presence of Management and the Board Chairman. The Lead ID and the NEDs would also confer among themselves without the presence of Management as and when the need arises. The Lead ID collates the views and/or feedback from the NEDs and communicates to the Board Chairman and the President, as appropriate.

### Principle 3: Chairman and Chief Executive Officer (“CEO”)

#### Roles of Chairman and the CEO (Provisions 3.1 and 3.2)

The Board Chairman, Mr Kwek Leng Beng, is also the Managing Director (“MD”). Mr Kwek Leng Beng plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively. The Board sets out clear division of his responsibilities as the Board Chairman and MD. As Board Chairman with written terms of reference approved by the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of each agenda item, promoting an open environment for debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. As the Board Chairman, he also promotes and leads the Company in its commitment to achieve and maintain high standards of corporate governance. At AGMs and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

As MD, he is the most senior executive in the Company and bears executive responsibility for the Company’s business. He is assisted by the President, Mr Ang Tang Chor and other members of the Senior Management team which comprises:

- Ms Joan Yeo, Executive Vice President (“EVP”)/Chief Financial Officer (“CFO”)
- Ms Peh Guat Hong, EVP (Corporate & Consumer Business)
- Ms Pauline Tan, EVP (Operations)
- Mr Andrew Low, Senior Vice President (“SVP”) (Human Resources)
- Mr Jeffrey Toh, SVP (Corporate & Consumer Business)

- Mr David Thong, SVP (Shared Services)<sup>^</sup>
- Mr Lim Wei Leon, SVP (Transformation and Innovation)
- Mr Chris Tan, SVP (Risk Management)
- Mr Au Siew Wye, SVP (Credit Control & Corporate Finance)<sup>^^</sup>
- Ms Lim Siew Lee, SVP (Legal & Compliance)<sup>^^</sup>

The President joined the Company in 2003. He has a wealth of experience from the banking industry, in particular in the small and medium enterprises (“SME”) lending sector, having worked in Tat Lee Bank Ltd/Keppel Tatlee Bank Ltd for over 27 years before its acquisition by Oversea-Chinese Banking Corporation (“OCBC”). His last held appointment with OCBC prior to joining the Company was that of General Manager, International Banking Division. The President is not related to the Board Chairman.

The Board had considered Mr Kwek Leng Beng’s roles as the MD and Board Chairman and the strengths he brings to these roles by virtue of his stature and experience. Through the appointment of the Lead ID (see more information below) and the establishment of various Board Committees with power and authority to perform key functions without undue influence from the Board Chairman, and the implementation of internal controls for proper accountability and to allow for effective oversight by the Board of the Company’s business, the Board ensures that there is appropriate balance of power which allows the Board to exercise objective decision-making in the interest of the Company. The Board is of the view that Mr Kwek Leng Beng’s roles as the MD and the Board Chairman would continue to facilitate the Company’s decision-making and implementation process without diminishing the capacity of the Board for independent decision-making.

#### Lead Independent Director (Provision 3.3)

Taking cognizance that the Board Chairman is the MD and thus not independent, the Board has appointed Mr Peter Chay as Lead ID to serve as a sounding board for the Board Chairman and as an intermediary between the NEDs/IDs and the Board Chairman. The role of the Lead ID is set out under the written terms of reference of the Lead ID, which has been approved by the Board. The Lead ID is available to shareholders should they have any concern and for which approaches through the normal communication channels of the Board Chairman/MD or the President or the CFO have failed to resolve or are inappropriate or inadequate. Shareholders can contact the Lead ID via the Company’s corporate website.

### Principle 4: Board Membership

#### NC Composition and Role (Provisions 4.1 and 4.2)

Two out of the three members of the NC, including the NC chairman, are independent. The Lead ID is one of the independent members of the NC.

The key responsibilities of the NC as set out in its written terms of reference approved by the Board are as follows:

- examine Board size,
- review all Board and Board Committees composition and membership,
- review the board diversity policy and recommend to the Board objectives for diversity (both qualitative and quantitative) and review the progress made towards achieving the Board’s objectives for diversity,
- review succession plans for the Directors (including the Board Chairman) and the KMP which comprises the MD, the President and the CFO,
- determine each Director’s independence annually and as and when circumstances require,
- evaluate the effectiveness of the Board and Board Committees as well as the contributions of the Board Chairman and chairmen of the Board Committees, and the performance of the Board, the Board Committees and Directors,
- review appointments, re-election of Directors (including alternate directors, if any), and the reasons for their resignations,
- review appointments and reasons for resignations and terminations of the KMP,
- review and confirm the induction programmes for newly appointed Directors and for existing Directors in respect of their appointments to any of the Board Committees, and
- review training and continuous professional development programme for the Directors.

Two NC meetings were held in 2024. The Company Secretaries maintain records of all NC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the NC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist (“NC Self-Assessment Checklist”).

The NC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NC under its terms of reference and

considered the contribution of NC chairman and members to the deliberation and decision-making process at NC meetings.

Based on the self-assessment, the NC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

#### Nomination of Directors and Determination of Independence (Provisions 4.3 and 4.4)

The NC reviews the nomination of the relevant Directors for re-election as well as the independence of Directors annually. When considering the nomination of Directors for re-election, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple listed company board representations and/or other principal commitments, and also reviews their independence having regard to the provisions in the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the CG Code as well as factors considered under Principle 2 above in relation to Board independence. The NC also considered the Directors’ annual confirmation in accordance with the MAS Fit and Proper Guidelines for continued appointment to the Board. The recommendation of the NC on the annual nomination of the Directors for re-election is submitted to the Board for decision and thereafter put to the shareholders for approval at the AGM.

The Constitution of the Company provides that not less than one-third of the Directors for the time being who are longest serving since their last re-election or appointment shall retire as Directors at each AGM. All new Directors appointed by the Board shall hold office until the next AGM and be eligible for re-election at the said AGM. Excluding new Directors who will be seeking re-election at the first AGM immediately after their initial appointment, the remaining Directors will retire from office at least once in every three years.

In accordance with the Constitution of the Company, Mr Kwek Leng Beng, Mr Kwek Leng Peck, Mr Tan Tee How and Mr Clarence Yeo will be retiring by rotation at the 2025 AGM.

As recommended by the NC, the Board recommends the re-election of Mr Kwek Leng Beng as an Executive Director, Mr Kwek Leng Peck as a non-independent NED, and Mr Tan Tee How and Mr Clarence Yeo as IDs. In recommending the re-election of these Directors who have offered themselves for re-election at the 2025 AGM, the NC has considered their contribution and performance and recommended to the Board to nominate their re-election at the 2025 AGM. These Directors continue to be fit and proper for appointment based on the MAS Fit and Proper Guidelines.

<sup>^</sup> left the Company on 15 January 2025

<sup>^^</sup> joined the Company on 1 November 2024

# CORPORATE GOVERNANCE REPORT

## Criteria and Process for Nomination and Selection of New Directors (Provision 4.3)

The NC also reviews all nominations and interviews candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees. Searches for and selection of candidates to be considered for appointment as Directors are facilitated through recommendations from the Directors and various other sources. Where necessary, the NC may consider the use of external search consultants to find appropriate candidates. Candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

In reviewing and recommending to the Board any new Director appointments, including appointments to the appropriate Board Committee(s), the NC considers the following as well as factors prescribed under the Company's BDP, details of which are set out under the sub-header 'Board Composition, Size and Diversity (Provision 2.4)':

- (a) the candidate's track record, experience and capabilities, or such other factors including age and gender as may be determined by the NC to be relevant and which would contribute to the Board's collective skills and diversity;
- (b) the composition requirements for the Board and Board Committees after matching the candidate's skill set to the requirement of the relevant Board Committees (if the candidate is proposed to be appointed to any of the Board Committees);
- (c) whether the candidate is fit and proper in accordance with the MAS Fit and Proper Guidelines which require the candidate to be competent, honest, to have integrity and be of sound financial standing;
- (d) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments; and
- (e) the candidate's independence, in the case of the appointment of an ID.

As a finance company, all new appointments to the Board are approved by the MAS, before they are appointed by the Board or by shareholders at the AGM (as the case may be).

## Key Information on Directors (Provision 4.5)

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, which includes the dates of their first appointment and last re-election to the Board (if applicable), their academic/professional qualification, directorships held in listed companies and principal commitments for both the current and the preceding three

years, and other relevant information; 'Additional Information on Directors seeking re-election'; and the 'Notice of Annual General Meeting' for information on Directors proposed for re-election at the 2025 AGM.

## Succession Planning for the Board, the Board Chairman and KMP (Provision 4.1)

The Board believes in carrying out succession planning for itself, the Board Chairman and the KMP to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews the composition of the Board and Board Committees, which includes size and mix, annually and recommends to the Board the selection and appointment of new Directors, whether in addition to existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board skill set taking into account the Company's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board. The NC also conducts annual review on the succession planning to ensure continuity of leadership for the KMP.

## Board Development (Provision 4.5)

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Board Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. Further trainings for the Directors in specific areas are also being recommended by the NC, where required, based on the NC's review of the annual evaluation checklists from the Board and the Board Committees. A separate programme is established for new Directors, details of which are set out in the relevant paragraphs under the subject heading 'Board Orientation and Training/Development' above.

The Board is kept apprised twice yearly on a list of training programmes attended by the Directors during the year.

## Principle 5: Board Performance

### Board Evaluation Process (Provision 5.1)

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The NC assesses the Board's performance as a whole annually using criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the Board composition, the Directors' independence, the feedback from individual Directors on areas relating to the Board's

role on strategy and performance, the Board's process and governance (including risk management and internal controls) and the effectiveness of the Board Chairman. The results of the overall evaluation of the Board by the NC including its recommendation for improvements, if any, are presented to the Board.

The NC also undertook an evaluation of the performance of the NC, RC, BRC, BSC and the AC with the assistance of self-assessment checklists completed by these Board Committees as well as reports provided by the chairmen of the Exco and SOSOC.

The annual evaluation process for the Board Chairman's and the individual Director's performance comprises two parts: (a) background information concerning the Director including his/her attendance record at Board and, where applicable, Board Committee meetings; and (b) NC's evaluation based on certain assessment parameters. The assessment parameters were recommended by the NC and approved by the Board.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions to avoid any conflict of interest.

The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman (who is also a member of the NC), to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-election of retiring Directors. The Board Chairman, as a member of the NC, is fully apprised of the results of the performance evaluation for the individual Directors and would take into consideration such evaluation and act as appropriate on the recommendation of the NC. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

### Board Evaluation Criteria (Provision 5.2)

The qualitative criteria used by the NC to evaluate the Board cover five areas relating to Board structure, the Board's review of the Company's strategy and performance, the Board's oversight on the Company's governance including risk management and internal controls, and the effectiveness of the Board Chairman and Board processes.

The quantitative criteria used to evaluate the overall Board performance comprises the Company's monthly and year-to-date performance as compared to corresponding periods in the preceding year and the budget, quarterly performance indicators which include a comparison of the Company's performance for the financial period under review against the Company's performance and industry players for the corresponding period.

### Individual Director Evaluation Criteria (Provision 5.2)

Factors taken into account in the assessment of a Director's performance include his/her abilities and competencies, his/her objectivity and the level of participation at Board and, where applicable, Board Committee meetings including his/her contributions to Board processes and the business strategies and performance of the Company. The performance evaluation of each Director is taken into account in the NC's consideration with regard to his/her re-election as a Director.

## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

**RC Composition and Role (Provisions 6.1, 6.2, 6.3 and 6.4)**  
The RC comprises three NEDs, all of whom including the chairman of the RC are independent.

The key responsibilities of the RC as set out in its written terms of reference approved by the Board are to review and recommend, for the endorsement of the Board, a framework of remuneration for the Board and KMP as well as the specific remuneration packages for each Director and the KMP.

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company has identified the MD who is the only ED of the Company, the President and the CFO as the Company's KMP for FY 2024. On an annual basis, the RC reviews and recommends fees payable to the Directors for the Board's consideration before approval is sought from the shareholders at the AGM. The RC also reviews and recommends annually the specific remuneration packages for the Directors and the KMP including salary adjustments/increments, where applicable, variable bonuses and share options to be granted to the KMP for approval by the Board. The KMP's contracts of service which have been reviewed by the RC do not contain any unfair or unreasonable termination clauses.

All the members of the RC also sit on the SOSOC and the chairman of the RC is also the chairman of the SOSOC.

The RC has access to appropriate advice from the Company's Head of Human Resources ("HR Head"), who attends all RC and SOSOC meetings. No remuneration consultants from outside the Company were appointed. In considering the level of remuneration for the Directors and the KMP, the RC also considered industry practice based on latest available information.

The Company Secretaries maintain records of all RC and SOSOC meetings including records of discussions on key deliberations and decisions taken. Two meetings of the RC were convened during 2024.

# CORPORATE GOVERNANCE REPORT

For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist (“RC Self-Assessment Checklist”). The RC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the RC under its terms of reference and considered the contribution of RC members to the deliberation and decision-making process at RC meetings.

Based on the self-assessment, the RC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

## Principle 7: Level and Mix of Remuneration

### Remuneration of Directors and KMP (Provisions 7.1, 7.2 and 7.3)

The Company’s remuneration policy for Directors comprises the following distinct objectives:

- to ensure that the procedure for determining remuneration for Directors is formal and transparent;
- to ensure that the level of remuneration is sufficient (without being excessive) to attract and retain Directors to provide good stewardship and exercise oversight responsibility over the Company so as to ensure a sustainable performance and long-term value creation for the Company; and
- to ensure that no Director is involved in deciding on his/her own remuneration.

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the HR Head, considers the level of remuneration based on the Company’s remuneration policy for the EDs and KMP (not being a Director) which is substantially aligned with that of the employees and which comprises the following three distinct objectives:

- to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company’s needs;
- to ensure that the remuneration reflects employees’ duties and responsibilities; and
- to reward employees for achieving corporate and individual performance targets in a fair and equitable way.

The Company adopts a performance-based remuneration framework that is flexible and responsive to the market,

and the performance of the Company and the individual employees. In designing the remuneration framework for the EDs and KMP (not being a Director), the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between the current and longer-term objectives of the Company.

Based on the remuneration framework, the remuneration packages for the KMP comprise a fixed component (in the form of a base salary and where applicable, fixed allowances), a variable component (which would normally comprise short-term incentives in the form of variable bonuses and long-term incentives in the form of share options) and benefits-in-kind, if any.

In determining the fixed and variable components for a KMP, the KMP’s individual performance is taken into consideration together with any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company’s Human Resources department. This is then reviewed along with the Company’s performance, taking into consideration the Company’s financial performance including specific performance indicators tracked over time as well as other factors (internal or external) which may have impacted the Company’s performance during the year. Besides profitability, these specific indicators include those that track the growth and the quality of the Company’s core business especially the size and quality of its loan assets, level and growth of deposits and percentage of non-performing loans. The monitoring and management of interest spreads, loan/deposits ratio, profitability, are also considered. The Company exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The overall level of remuneration is not considered to be at a level which is likely to promote behavior contrary to the Company’s risk profile.

The Company currently has in place a long-term incentive scheme, which is the SOS.

As one of the objectives for the implementation of the SOS including the extension thereof is to make the total compensation of the participants more attractive and competitive for the Company to attract, retain and motivate good employees, the Company does not require the KMP to continue to hold their shares upon exercise of the options after the vesting period. Options granted under the SOS to the KMP vest progressively over a period of three years. To-date, the Company has granted only Market Price (as defined in the SOS) options. Information on the SOS is set out in the Directors’ Statement and the Financial Statements of the AR.

The SOS was first approved by the shareholders at an extraordinary general meeting in 2001 for an initial period of ten years commencing on 31 January 2001. It was extended at the AGM in April 2010 for a further period of ten years from 31 January 2011 to 30 January 2021. At the AGM held in June 2020, the shareholders approved the second extension of the duration of the SOS for another period of ten years from 31 January 2021 to 30 January 2031.

The Company does not discourage Directors from holding shares in the Company. There is, however, no requirement under the Company’s Constitution for Directors to hold shares in order to be qualified to act as a Director. The RC was of the view that the grant of options under the SOS to NEDs should not be used as a scheme to encourage NEDs to hold shares in the Company. Although the NEDs are eligible to participate in the SOS, no options were granted to them since the implementation of the SOS in 2001. The RC has also considered and is satisfied that the payment of Directors’ fees to the NEDs in cash is appropriate under the present circumstances.

The letter of offer of options to eligible participants (including the KMP) under the SOS includes a claw-back provision which gives the Company the right to recover or cancel the options (whether in whole or in part, before they are exercised) in the event of exceptional circumstances involving a misstatement of the financial results of the Company for the financial year on which the grant is based, or any misconduct by an employee of the Company, resulting in financial loss to the Company.

When reviewing the structure and level of Directors’ fees, which comprise base Director’s fee and additional fees for services rendered under the various Board Committees and fee for the Lead ID, the RC takes into consideration the Directors’ respective roles and responsibilities in the Board and Board Committees and the changes in the business, corporate governance practices and regulatory rules. The RC also compared the Company’s fee structure against industry practices. Other factors taken into consideration in the fee review include the frequency of Board and Board Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year. The RC is mindful that the remuneration for IDs should not be excessive in order not to compromise or reasonably be perceived to compromise their independence. No Director is involved in deciding his/her own remuneration.

Each of the Directors receives a base Director’s fee, with the MD receiving an additional fee for serving as the Board Chairman. The Lead ID also receives an additional fee to reflect his expanded responsibility. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the chairmen of the Board Committees receiving a higher fee in respect of their service as chairman of the respective committees. The structure of fees payable to Directors of the Company for FY 2024 is as follows:

Appointment	Fees per annum (\$)
<b>Director</b>	80,000 (Basic fee)
<b>Additional Fees:</b>	
<b>Board Chairman</b>	25,000
<b>Lead Independent Director</b>	15,000
<b>Executive Committee (Exco)</b>	
- Exco Chairman	35,000
- Exco Member	25,000
<b>Nominating Committee (NC)</b>	
- NC Chairman	25,000
- NC Member	18,000
<b>Remuneration Committee (RC)</b>	
- RC Chairman	25,000
- RC Member	18,000
<b>Hong Leong Finance Share Option Scheme 2001 Committee (SOSC)</b>	
- SOSC Chairman	5,000
- SOSC Member	3,500
<b>Audit Committee (AC)</b>	
- AC Chairman	70,000
- AC Member	50,000
<b>Board Risk Committee (BRC)</b>	
- BRC Chairman	70,000
- BRC Member	50,000
<b>Board Sustainability Committee (BSC)</b>	
- BSC Chairman	12,000
- BSC Member	8,000

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## Principle 8: Disclosure of Remuneration

**Disclosure of Remuneration** (Provisions 8.1(a) and 8.3)  
The compensation packages for the KMP comprised a fixed component (in the form of a base salary and fixed allowances), a variable component (in the form of variable bonuses and share options) and benefits-in-kind, taking into account amongst other factors, the individual's performance, the Company's performance and industry practices.

There were no termination, retirement or post-employment benefits granted to any Director or KMP in 2024.

The remuneration of each Director for FY 2024 including a breakdown in percentage terms earned through base salary, variable bonuses/allowances, fees, share option grants and other benefits for FY 2024, is set out below:

Name of Director	Total Remuneration \$	Base Salary <sup>(1)</sup> %	Variable Bonuses/ Allowances <sup>(1)</sup> %	Board/Board Committee Fees <sup>(2)</sup> %	Share Option Grants <sup>(3)</sup> %	Other Benefits %	Total %
<b>Executive Director</b>							
<b>Kwek Leng Beng (MD)</b>	3,273,082	37	55	6	1	1	100
<b>Non-executive Directors</b>							
<b>Kwek Leng Peck</b>	158,500	-	-	100	-	-	100
<b>Kwek Leng Kee</b>	80,000	-	-	100	-	-	100
<b>Kevin Hangchi</b>	142,000	-	-	100	-	-	100
<b>Peter Chay Fook Yuen</b>	263,000	-	-	100	-	-	100
<b>Tan Tee How</b>	225,000	-	-	100	-	-	100
<b>Tan Siew San</b>	201,500	-	-	100	-	-	100
<b>Christian Gautier de Charnace</b>	130,000	-	-	100	-	-	100
<b>Clarence Yeo Gek Leong</b>	184,500	-	-	100	-	-	100
<b>Jeann Low Ngiap Jong</b>	138,000	-	-	100	-	-	100

**Notes:**

- (1) The salary and variable bonuses/allowances paid/payable are inclusive of employer's central provident fund contributions.  
 (2) These fees comprise Board and Board Committee fees for FY 2024, which are subject to approval by shareholders as a lump sum at the 2025 AGM.  
 (3) These relate to options granted during FY 2024. The fair value of the options as at the date of grant is \$0.1056 for each share under option taking into account the vesting schedule using the Black-Scholes Option Pricing Formula.

**Remuneration of KMP** (not being a Director or CEO) (Provisions 8.1(b) and 8.3)

For FY 2024, the Company identified the President and the CFO as its KMP (not being a Director or CEO).

The aggregate remuneration paid to members of the Senior Management team including the KMP (not being a Director or CEO) in respect of FY 2024 was S\$7,401,445. This aggregate includes remuneration paid to members of the Senior Management team for services rendered in FY 2024.

While corporate governance guidelines recommend that at least the remuneration of the top five KMP (who are not the Directors or CEO) be disclosed, the Board believes that it is not in the interest of the Company to do so having regard to the highly competitive talent environment.

## Remuneration of Director's, CEO's or Substantial Shareholder's Immediate Family Members for FY 2024

(Provision 8.2)

There were no employees of the Company who were substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder of the Company during the year.

## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

#### Oversight of Risk Management

(Provision 9.1)

The Board has overall responsibility of overseeing the Company's risk management framework and policies and ensuring that Management maintains a sound system of internal controls and risk management. The BRC, a dedicated risk committee at Board level assists the Board on matters relating to the risk management function of the Company.

The BRC comprises seven Directors, six of whom including the chairman of the BRC are NEDs. The current members of the BRC possess the relevant business experience and are suitably qualified to discharge their responsibilities within the BRC's written terms of reference which have been approved by the Board.

Other duties of the BRC within its written terms of reference include:

- review of the risk management framework; and
- review of the risk governance structure of the Company and monitoring and assessment of the adequacy and effectiveness of the Company's risk management function and organisational structure.

The BRC is supported by the risk management department ("RMD") in maintaining an effective control environment that reflects the risk appetite and business objectives of the Company. The risk management team is independent of the business units. Management is accountable to the Board through the BRC for ensuring the effectiveness of the risk management framework. Departments perform regular self-assessments to assess the adequacy and effectiveness of their internal controls. The results of the evaluations are reviewed by Management.

The Company's approach to risk management is set out in the 'Risk Management Report' of this AR.

The BRC receives regular reports from the RMD on the risk management activities of the Company. The AC also receives regular reports from the RMD to help the AC review the adequacy and effectiveness of the Company's material internal controls that address the Company's financial, operational, compliance and IT controls.

The BRC met twice in 2024 and carried out its duties as set out within its terms of reference. The Company Secretaries maintain records of all BRC meetings including records of discussions on key deliberations and decisions taken.

During the year, the BRC did a self-assessment of its performance based on the self-assessment checklist ("BRC Self-Assessment Checklist"). The BRC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the BRC under its terms of reference. Based on the self-assessment, the BRC was of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

**Assurances from the KMP** (Provision 9.2)  
In relation to Provision 9.2 of the CG Code and Rule 1207(10) of the Listing Manual, the AC and the Board received:

- written assurance from the KMP that the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- written assurance from the KMP that the Company's risk management and internal control systems in place are adequate and effective to address in all material aspects the financial, operational, compliance and IT risks in the context of the current scope of the Company's business operations.

The process of reviewing and strengthening the Company's control environment is an ongoing process. The Board and Management will take action to rectify areas which require

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enhancement and strengthen the internal controls and risk management systems with a view to maintain a high level of governance and internal controls. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

The AC reviewed the adequacy of the Company's internal controls that address the Company's financial, operational, compliance and IT risks, and risk management systems for FY 2024, with the assistance of the BRC, Management, RMD, Credit Control department, Compliance department, IT department and the internal and external auditors.

Based on the work performed by Internal Audit ("IA"), and the statutory audit by the Company's external auditors, KPMG LLP ("KPMG") and the periodic reports from the BRC and RMD, as well as the assurances from the KMP, the Board with the concurrence of the AC, is of the opinion that the system of risk management and internal controls in place as at 31 December 2024 to address in all material aspects the financial, operational, compliance and IT risks, are adequate and effective in the context of the current scope of the Company's business operations. Further details on the Company's Risk Management can be found in the 'Risk Management Report' of this AR.

## Principle 10: Audit Committee

### Composition of AC (Provisions 10.2 and 10.3)

The AC comprises four NEDs, all of whom including the chairman of the AC are independent. All the members including the AC chairman possess the relevant accounting or related financial management expertise and experience. With the current composition, the AC believes that it has the relevant accounting or related financial management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Based on the written terms of reference of the AC, a former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the AC: (a) within a period of two years commencing on the date of his/her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest in the auditing firm or auditing corporation. Mr Chay ceased as the Deputy Managing Partner of the Company's existing auditors, KPMG in September 2017 and does not have any financial interest in KPMG. The other AC members do not have any relationship with KPMG.

### Powers and Duties of the AC (Provisions 10.1 and 10.5)

The AC is authorised by the Board to review or investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the external auditors ("EA"), the internal auditors, Management and any officer and employee of the Company. It may invite any Director, Management, any officer or employee of the Company, the EA and internal auditors to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense.

The principal responsibility of the AC is to oversee the financial reporting, internal controls, internal and external audit functions. Other duties within its written terms of reference, include:

- to review significant financial reporting issues and judgements so as to ensure the integrity of the Company's financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board;
- to review annually the scope and results of the external audit and the independence and objectivity of the EA, and in this regard to also review the nature and extent of any non-audit services provided by the EA to the Company;
- to make recommendations to the Board on the nomination for the appointment, re-appointment and removal of EA, and to approve the remuneration and terms of engagement of the EA;
- to assess the role and effectiveness of the IA function in the overall context of the Company's internal controls and risk management systems, and to consider the results of their review and evaluation of the Company's internal controls, including financial, operational, compliance and IT controls;
- to approve the appointment or dismissal of the Head of IA;
- to review interested person ("IP") transactions and related party lending transactions to ensure that they are entered on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders;
- to oversee the establishment and operation of the whistle-blowing policy and arrangements in place for raising, in confidence, concerns about possible improprieties on matters of financial reporting or any other matters; and

- to ensure that the Company has fraud policies and programmes in place to identify and prevent fraud.

In the review of the financial statements for FY 2024, the AC had discussed with Management and EA the significant matters that required Management's estimation and judgement. The AC was satisfied that the key significant matter identified impacting the financial statements was as follows:

Loan, advances and receivables represent a significant component of total assets with potential material impact to the Group's financial statements. The determination of the adequacy of the impairment allowance for loan, advances and receivables involves Management's assessment and judgement as disclosed in the Notes to the Financial Statements.

The Group developed Expected Credit Loss ("ECL") model to compute the impairment loss allowance for non-credit impaired financial assets taking into consideration factors such as risk parameters, forward-looking estimates and management overlay based on a combination of statistical data, assumptions and judgements. In 2024, the Group had refreshed its parameters and incorporated the latest economic outlooks and scenarios. The shortfall between the Stages 1 and 2 ECL and the Minimum Regulatory Loss Allowance as required under Revised MAS Notice 811 is recorded under Regulatory Loss Allowance Reserve.

Loss allowance for credit impaired financial assets is assessed based on individual exposures against the estimated collateral values, taking into account its enforceable or net realizable value and discounting period.

The AC has reviewed the approach and methodology adopted by Management for the assessment of impairment of loans, advances and receivables and the total allowances recorded. The AC is satisfied with the reasonableness of the key judgements in estimating ECLs, and the allowances for impairment losses have accordingly been adequately provided for.

Given the magnitude of the loans, advances and receivables and the estimation uncertainty over ECL allowances, the impairment allowances on loans, advances and receivables is considered the key audit matter by the EA. The key audit risk was discussed with the AC. Please refer to the Independent Auditors' report in the AR.

The AC held three meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretaries maintain records of all AC meetings including records of discussions on key deliberations and decisions taken. The AC meets with the internal auditors and EA, each separately without the presence of Management, at least once annually.

The AC members continually keep themselves abreast of changes to accounting standards and issues which have a direct impact on financial statements.

For the financial year under review, the AC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("AC Self-Assessment Checklist").

The AC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the AC under its terms of reference, and considered the contribution of the AC members to the AC's deliberation and decision-making process.

Based on the self-assessment, the AC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

### External Auditors (Provisions 10.1(d) and 10.1(e))

Taking cognizance that the EA should be free from any business or other relationships with the Company that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of KPMG and gave careful consideration to the Company's relationships with them during 2024. The AC considered the Company's policies, processes and safeguards to protect and preserve audit independence. The AC also considered and approved the nature of the provision of the non-audit services in 2024 and the corresponding fees and ensured that such non-audit fees did not impair or threaten the audit independence. KPMG's confirmation of their audit independence was further noted. Based on the review, the AC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Company's statutory financial audit. The fees paid and/or payable to KPMG in respect of audit and non-audit services for FY 2024 are set out below:

	\$'000
<b>Audit fees</b>	470
<b>Non-audit fees</b>	60

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2025, the AC considered the adequacy of the resources, experience and competence of KPMG including its Audit Quality Indicators information. Consideration was also given to the engagement partner and key team members' overall business acumen, knowledge and experience in the financial services industry. The size and complexity of the audit of the Company and the level of audit fee were further taken into account. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. The AC also appreciated the candour

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of the EA in discussions on audit issues with the AC, both in a private session and during meetings.

KPMG has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of the auditors of the Company and its subsidiaries.

On the basis of the above, the AC has recommended to the Board the nomination of KPMG for re-appointment as EA at the 2025 AGM.

#### Related Party and Interested Person Transactions

Taking a risk-based approach, the Company has established policies and procedures on related party (“RP”) and IP transactions to ensure that such transactions are undertaken on an arm’s length basis, on normal commercial terms

consistent with the Company’s usual business practices and policies, not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the RPs and/or IPs (as defined in Chapter 9 of the Listing Manual), than those extended to other unrelated third parties under similar circumstances. IA reviews all IP transactions and the RP lending transactions annually and as part of its review, updates the AC on such transactions reviewed and updates the Board on comments/findings if any relating to any loan related/connected to any AC member.

A list of RPs and IPs is maintained by the Company for monitoring purposes.

Particulars of IP transactions required to be disclosed under Rule 907 of the Listing Manual are as follows:

Name of IP	Nature of Relationship	Aggregate value of all IP transactions in FY 2024 (excluding transactions less than \$100,000 and transactions conducted under any shareholders’ mandate pursuant to Rule 920) (\$’000)	Aggregate value of all IP transactions conducted in FY 2024 under shareholders’ mandate* pursuant to Rule 920 (excluding transactions less than \$100,000) (\$’000)
<b>Kingston Property Maintenance Services Pte Ltd (“KPMS”)</b>	Hong Leong Investment Holdings Pte. Ltd. (“HLIH”) is the immediate and ultimate holding company of the Company. KPMS, RPL, CCPL, CHPL, and CDLMS, being subsidiaries of HLIH, are IPs.	Cleaning, security and building maintenance services: <b>146</b>	Not applicable
<b>Robinvestments Pte Ltd (“RPL”)</b>		Lease of office/branch premises: <b>3,143</b>	Not applicable
<b>CDL Cityscape Pte. Ltd. (“CCPL”)</b>		Lease of office/branch premises: <b>1,093</b>	Not applicable
<b>City Hotels Pte Ltd (“CHPL”)</b>		Purchase of goods and services: <b>137</b>	Not applicable
<b>CDL Management Services Pte Ltd (“CDLMS”)</b>		Receipt of corporate secretarial services: <b>409</b>	Not applicable
		<b>Total:</b> <b>4,928</b>	

\* The Company has not sought any shareholders’ mandate for IP transactions pursuant to Rule 920 of the Listing Manual.

The above IP transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

#### Material Contracts

Except as disclosed above and in the financial statements for FY 2024, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of FY 2024 or, if not then subsisting, entered into since the end of the previous financial year.

#### Whistleblowing Policy (Provision 10.1(f))

HLF has in place a whistleblowing policy where employees of the Company or other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters or other matters without fear of reprisals in any form.

The Company is committed to maintaining procedures for the confidential submission of reports and the identity of the whistle-blower concerned will not be disclosed if so requested by the whistle-blower who lodged the report and the whistle-blower will be protected from any unfair treatment as a result of his/her report. Investigations of such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

The AC has the responsibility of overseeing the whistleblowing policy which is administered by the Head of IA. The AC has also designated the Heads of IA and HR as the independent designated officers to investigate whistleblowing reports and submit the results to the AC.

In order to facilitate and encourage the reporting of such matters, an abridged version of the whistleblowing policy, together with the dedicated whistleblowing communication channels (email and postal address as well as telephone contact numbers) are available on the Company’s corporate website and is easily accessible by all employees and other persons.

The whistleblowing policy is reviewed by the AC annually to ensure that it remains current. For more details on the said policy including the procedures for raising concerns, please refer to the Company’s corporate website at [www.hlf.com.sg](http://www.hlf.com.sg).

#### Anti-Fraud and Anti-Scam Policy

HLF has in place an anti-fraud and anti-scam policy which provides guidance to the officers and employees of the Company on matters relating to the prevention, detection, reporting and investigation of frauds and scams. The AC reviews this policy, which is administered by the Head of Compliance Department, periodically at least once every two years or when there are material changes in the regulatory requirements.

#### Anti-Corruption Policy

HLF has in place an anti-corruption policy to provide guidance and assistance to officers and employees of the Company on matters relating to the prevention, detection, reporting and investigation of corruption and bribery. The BSC reviews this policy, which is administered by the Head of Compliance Department, periodically at least once every two years or when there are material changes in the regulatory requirements.

#### Internal Audit (Provisions 10.4 and 10.5)

The IA function is independent of the activities it audits. The Head of IA’s primary reporting line is to the AC with an administrative line of reporting to the President of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and/or approved by the AC. The AC also evaluates the annual performance appraisal of the Head of IA and approved all bonus payments and salary adjustments for this position within the compensation policies established by the Company. The AC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the AC, the Board and Management, and has unrestricted access to all records, files, documents, personnel and physical properties relevant to the performance of audits and retention of copies of the documents obtained, where required.

IA operates within the framework stated in its IA Charter which is approved by the AC and reviewed on an annual basis. The standards of the IA Charter are consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Head of IA, Mr Sia Nam Chie, took over from Ms Joyce Tay who resigned in September 2024. He has a total of 30 years of working experience, holding senior positions in various functions such as Risk Management, Operations, Legal and Compliance. The IA team members have the relevant qualifications and experience; and most of them are members of professional bodies (CPA, CA and ACCA), Certified Internal Auditor and Certified Fraud Examiner. Processes are in place to ensure that the professional competence of the IA staff is maintained or upgraded through training programmes, and the AC reviews on an annual basis the continuing professional education programme for the IA team which comprises technical and non-technical training for professional and personal development of the IA staff.

#### Role and Activities of IA

The primary role of the IA is to assist the Board and the AC to evaluate and improve the adequacy and effectiveness of the internal controls and risk management processes of the Company, by ensuring that the scope of the IA’s work is reasonably comprehensive to enable effective and regular review of the key operational, financial and related activities of the Company.



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The AC approved the 2024 IA plan in January 2024 and received regular reports during 2024 on the progress of the audit work under the IA plan. Key observations, recommendations and management responses were also reviewed and discussed at the AC meetings. The AC was satisfied that recommendations made were dealt with by Management in a timely manner with any outstanding recommendations being closely monitored and reported back to the AC.

The AC reviewed the effectiveness and adequacy of the IA function including its resources through a review of the IA activities on an ongoing basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework which covers IA organisation, resources and continuing training, audit plans, work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment conducted for 2024, the AC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate independent standing within the Company to perform its functions effectively.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNet.

#### General Meetings (Provisions 11.1, 11.2 and 11.3)

Shareholders are informed of general meetings through notices sent to them. All shareholders are entitled to attend and vote at general meetings in person or by proxy or in the case of a corporate shareholder, through its appointed representative. They are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters concerning the Company.

The rules for the appointment of proxies, including information that the voting will be conducted by way of poll, are set out in the notice of general meetings. In accordance with the Constitution of the Company, shareholders who are not relevant intermediaries may appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings. Proxy forms must be deposited at such place or places specified in the notice or document

accompanying the notice convening the general meetings at least seventy-two (72) hours before the time set for the general meetings.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election of each Director as a separate resolution. Should the resolutions be bundled, the Company will explain the reasons and material implications for doing so in the notice of the general meeting. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in the AR.

All Directors, including the Lead ID, the chairmen of the respective Board Committees, the President and other members of the Senior Management team, the EA and legal advisors (where necessary) are present at general meetings to address queries from the shareholders. Questions relating to the conduct of the audit and the preparation and content of the EA's report may be addressed by the EA. At each AGM, the President or the CFO delivers a presentation to update shareholders on the Company's financial performance in the preceding year.

#### 2024 AGM

The 2024 AGM was held on 25 April 2024 in a wholly physical mode at M Hotel Singapore. Arrangements for the submission of questions to the Chairman of the Meeting in advance of the 2024 AGM and voting at the 2024 AGM by shareholders or their duly appointed proxy(ies) were set out in the Notice of AGM which was released on SGXNet on 27 March 2024. The Notice of AGM together with a copy each of the detachable proxy form and AR request form were also despatched to shareholders by post.

All the Directors including the Board Chairman and the chairmen of the respective Board Committees, members of the Senior Management team including the President and the CFO and the EA were in attendance at the 2024 AGM.

#### FORTHCOMING 2025 AGM

The forthcoming 2025 AGM will continue to be held in a wholly physical mode at M Hotel Singapore on 24 April 2025. Shareholders will receive, via post, the Notice of the 2025 AGM together with a copy each of the detachable proxy form and AR request form for shareholders' use. These documents will also be made available on the Company's corporate website. The AR, Notice of the 2025 AGM and the accompanying proxy form will also be published on the SGX website.

Further, as part of the Company's commitment towards environmental sustainability, printed AR will only be sent to shareholders upon receipt of duly completed AR request

forms. Arrangements relating to the submission of questions in advance of the 2025 AGM and voting at the 2025 AGM by shareholders or their duly appointed proxy(ies) or representative(s) in the case of corporate shareholder, are set out in the Notes of the Notice of the 2025 AGM.

#### Voting at General Meetings (Provision 11.4)

Shareholders are given the opportunity to vote at general meetings even when they are not in attendance as they may appoint proxy(ies) to vote on their behalf. However, as the authentication of shareholder identity information and other related integrity issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Electronic poll voting will be conducted at the 2025 AGM. In support of greater transparency and to allow for a more efficient voting system, the Company had been conducting electronic poll voting since its 2012 AGM (except the 2020 to 2022 AGMs which were held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the checklist issued by ACRA, MAS and SGX RegCo). With electronic poll voting, shareholders present in person or represented by proxy at the AGM will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be displayed on-screen at the meeting and announced via SGXNet after the AGM. Voting procedures for the electronic poll voting will be explained at the AGM and an external firm which is independent of the firm appointed to undertake the electronic poll voting process, will be appointed as scrutineers for the AGM voting process.

#### Minutes of General Meetings (Provision 11.5)

The Company also maintains minutes of its general meetings, which include the key comments and queries raised by shareholders and the responses from the Board, Senior Management and/or the EA. The minutes of the general meetings are available on the Company's corporate website and the SGX website as soon as practicable after the meetings.

#### Dividend Policy (Provision 11.6)

The Company has a formalized dividend policy which aims to pay dividends twice a year, at rates which balance returns to shareholders with prudent capital and financial management. Before proposing any dividends, the Board will consider a range of factors, including the Group's financial performance taking into consideration the macroeconomic outlook and business environment; maintaining prudent capital and liquidity positions above regulatory requirements to support lending activities; sufficiency of retained earnings and cash to support business operation and sustain growth as well as maintaining a sustainable return to shareholders as part of profit distribution. The Board will review the dividend policy

from time to time and reserves the right to modify, amend and update the policy.

The Company strives to maintain a strong capital position to ensure market confidence, and to meet the expectations of depositors, customers and investors, while ensuring compliance with regulatory minimum capital adequacy ratio at all times, and to transfer a requisite proportion of its annual net profit to the statutory reserve which is not available for distribution to shareholders.

In line with the Company's dividend policy, the Board has recommended a final dividend of \$0.10 per share. This will bring the total dividend for FY 2024 to \$0.1375 per share. The dividend payouts in the current and past four years are set out in the 'Five Year Financial Summary' section of the AR.

### Principle 12: Engagement with Shareholders

The Company notifies its investors in advance of the date of release of its financial results via SGXNet. For FY 2024, results for the first half-year ("1H") were released to shareholders within 45 days of the end of 1H whilst annual results were released within 60 days from the financial year end. In presenting the Group's financial results, the Board aims to provide investors with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

For the financial year under review, the KMP provided assurance to the AC and the Board on the integrity of the 1H unaudited financial statements and the Board in turn provided negative assurance confirmation in respect of the unaudited financial statements for 1H in accordance with the regulatory requirements.

The Company ensures that investors are notified of all material information in an accurate and timely manner. Should there be an inadvertent disclosure made to a select group, the Company will release the same information promptly via SGXNet. The financial statements and other presentation materials presented at the Company's general meetings including material and price-sensitive information, are disseminated and publicly released via SGXNet on a timely basis. All shareholders are notified of general meetings and the documents relating thereto which are made available on the Company's corporate website and SGX website.

#### Shareholder Communication (Provision 12.1)

Shareholders and investors can contact the Company or access information on the Company at its website at [www.hlf.com.sg](http://www.hlf.com.sg) which has a dedicated "Investor Relations" ("IR") link that provides, *inter alia*, information on the Board of Directors, Annual Reports, financial results as released by the

# CORPORATE GOVERNANCE REPORT

Company on SGXNet, financial highlights and matters relating to the Company's AGM, and minutes of general meetings. The website also provides contact details for shareholders to submit their feedback/enquiry and raise any questions to the Lead ID via a link in his profile page under the Board of Directors section as well as via Investor Relations.

Shareholders are encouraged to attend the 2025 AGM in person so that they can engage with the Board directly.

## Investor Relations Policy (Provisions 12.2 and 12.3)

The Company aims to build investor confidence and trust through effective open, two-way communication with shareholders and the investment community. The Company's IR Policy which is available on the Company's corporate website ([www.hlf.com.sg](http://www.hlf.com.sg)), sets out the process and mechanism to engage its stakeholders, including the channel of communication through which shareholders and investors may pose queries and through which the Company may respond. The IR Policy outlines the principles and framework in which the Company communicates and engages with investors and other IR stakeholders to provide balanced, clear and pertinent information.

## MANAGING STAKEHOLDER RELATIONSHIPS

### Principle 13: Engagement with Stakeholders

The Company has identified its stakeholders and has arrangements in place to engage with them through a variety of channels (including via the Company's corporate website) in order to determine the environmental, social and governance issues that are important to them. These issues form the materiality matrix upon which targets, metrics, initiatives and progress are reviewed by the Management team and reported to the BSC and the Board for approval, before they are published annually in the Company's sustainability report. Further information on the Company's approach to stakeholder engagement and its materiality assessment can be found in the Sustainability Report in this AR.

### Corporate Values and Conduct of Business

The Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has in place an internal code of conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers,

regulators and amongst employees, including situations where there are potential conflicts of interests. In addition to the code, the Company has in line with MAS' guidelines, developed and implemented an Individual Accountability and Conduct Policy. The key objectives include:

- identify senior managers and material risk personnel with responsibility for the core functions of the Company's operations
- establish and promote good governance and a strong risk culture
- establish clear roles and responsibilities of senior managers and material risk personnel to facilitate accountability
- ascertain that senior managers and material risk personnel are fit and proper for their roles

In line with the Board's commitment to maintain high ethical standards which are integral to the Company's corporate identity and business, the Company also has the following corporate policies and procedures in place:

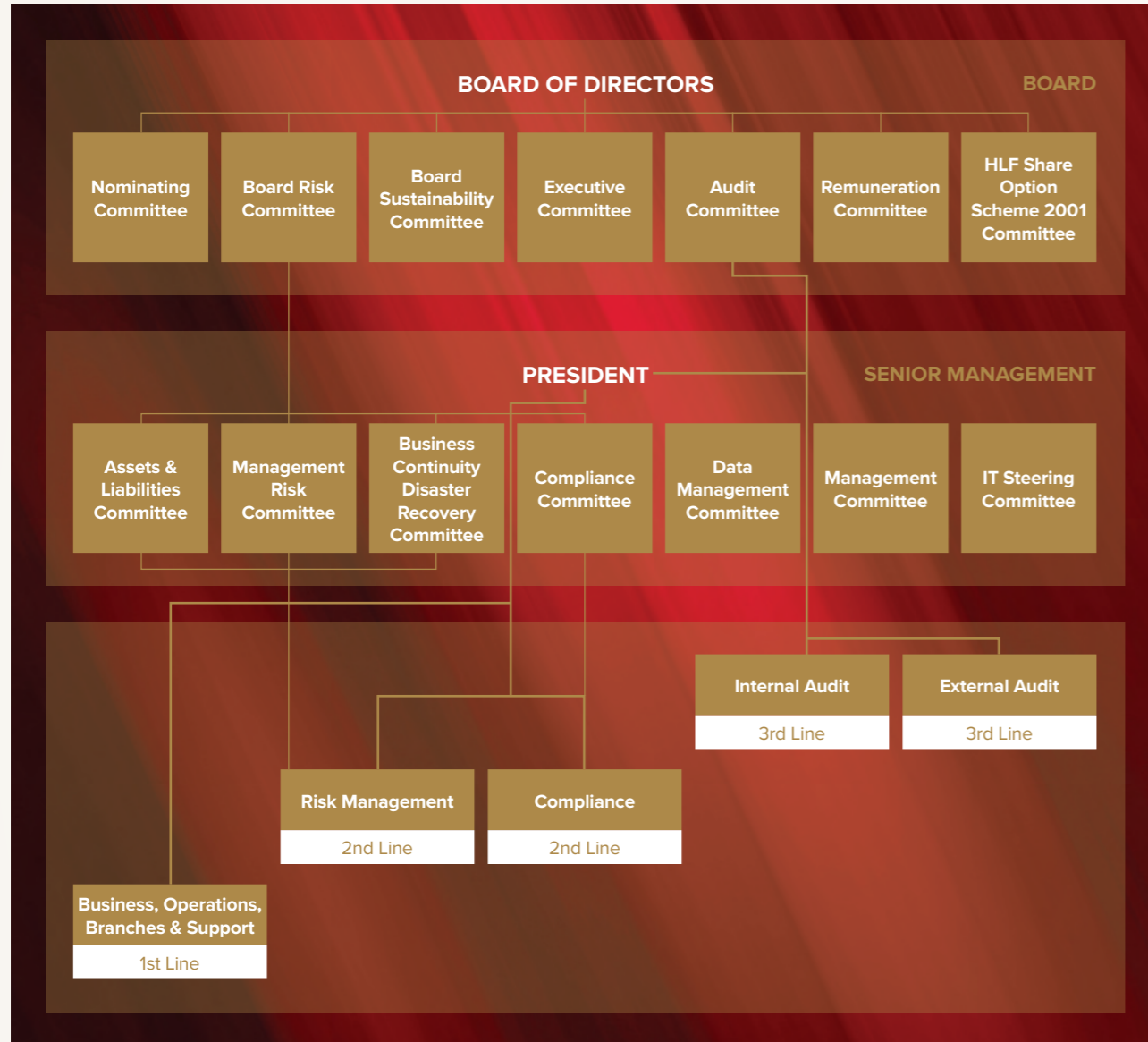
- (i) Anti-Money Laundering and Countering the Financing of Terrorism Policy which provides guidance to the Company's officers and employees on the conduct of the Company's business with a view to conformity with high ethical standards, and guarding against establishing any business relations or undertaking any transaction, that is or may be connected with or may facilitate money laundering or terrorism financing;
- (ii) Anti-Fraud and Anti-Scam Policy, details of which are set out under the sub-header 'Anti-Fraud and Anti-Scam Policy' above;
- (iii) Whistleblowing Policy, details of which are set out under the sub-header 'Whistleblowing Policy' above;
- (iv) Anti-Corruption Policy, details of which are set out under the sub-header 'Anti-Corruption Policy' above;
- (v) Procurement Policy which is adopted to ensure that the procurement process in the Company is fair, consistent and transparent. The policy provides guidance to the Company's officers and employees to conduct the Company's procurement activities in a manner above reproach, with complete impartiality and with no preferential treatment;
- (vi) Personal Data Protection Policy and related data management policies which provides guidance to employees on matters related to the Personal Data Protection Act 2012;

- (vii) Competition Law Policy which states the Company's policy to compete fairly and ethically in the conduct of business and provides direction and guidance to employees in their relationships and communication with competitors and customers;
- (viii) Policy on transactions with RP/IP which provides guidance to the Company's officers and employees to conduct RP/IP transactions on an arm's length basis and on normal commercial terms consistent with its usual business practices and policies, not prejudicial to the interest of the Company and its minority shareholders and on terms which are not more favourable to the RP/IP than those extended to other unrelated third parties under similar circumstances;
- (ix) Complaint Handling Procedures which ensure that all complaints from customers are dealt with professionally, fairly, promptly and diligently and decisions are clearly communicated to customers; and
- (x) Compliance Policy which states the principles to be followed by Management and employees in managing regulatory risk.

### Internal Code on Dealing in Securities

The Company has in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit all Directors and employees from dealing in the Company's securities (a) on short-term considerations; (b) while in possession of unpublished material price-sensitive information in relation to such securities; and (c) during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the date of announcement of the Company's full year financial statements (if the Company is required to announce its quarterly financial statements), and during the period commencing one month before the date of announcement of the Company's 1H and full year financial statements (if the Company is not required to announce its quarterly financial statements). The Directors and employees of the Company are notified in advance of the commencement of each "closed period" relating to dealing in the Company's securities.

# RISK MANAGEMENT REPORT



Risk Management is at the centre of our business strategy to protect our customers, shareholders and all the stakeholders to achieve sustainable growth in targeted market segments. This is achieved through informed risk decisions and robust risk management, supported by a consistent risk-focused culture.

The Company is committed to embrace governance, risk management and controls to undertake risks responsibly through a robust risk management framework, which is aligned with the industry best practices.

The Company believes that a strong risk management process will support effective business strategies and capital

allocations to increase shareholders' value. Therefore, risk and return are evaluated and managed to produce sustainable revenue and reduce earnings volatility.

The Company's risk management framework is supported by:

- Strong tone from the top and prudent risk appetite that are set at the Board's level;
- Clear directives through policies and guidelines that are issued by the Board and management;
- Appropriate governance processes that are executed through various Board and management committees;
- Ongoing monitoring and timely escalation processes that are performed by risk owners and controls units.

The Company has adopted three lines model in the organisation structure to instil ownership, accountability, and independent management of risks.

### THREE LINES MODEL

All staff are responsible for understanding and managing risks within the context of their individual roles and responsibilities. In the first line, the Business, Operations, and Support departments are risk owners who are primarily responsible for identifying, assessing, and managing risks through the implementation of effective controls. These controls are embedded, performed, owned and overseen within the day-to-day business processes.

In the second line, departments such as Risk Management, Credit Control and Compliance establish frameworks, policies, guidelines, and limits to manage Credit, Market and Liquidity, Operational, and Environmental risks. They are also responsible for monitoring risks against limits and escalate exceptions where necessary. In addition, Credit Control review and endorse the credit proposals before they are submitted for approvals.

In the third line, Internal and External Audit functions provide independent assurance over the effectiveness of governance, risk management and controls.

### RISK MANAGEMENT DEPARTMENT

The department is independent of the business units, and performs the role of establishing risk management policies and guidelines. The main functions include:

- Supporting the BRC in carrying out its oversight of the risk management programme;
- Supporting senior management in achieving the strategic priorities by maintaining and enhancing the risk framework; and
- Promoting a strong risk culture that emphasizes every employee's accountability for appropriate risk management.

The department monitors and reports risk profiles, exposures and trends regularly to senior management and the BRC. In addition, risk management policies, limits and systems are reviewed regularly to reflect changes in regulations, markets, products and best practices.

The following paragraphs describe the ways which various risk types are measured and managed.

### STRATEGIC RISK

Strategic risk is the risk that adverse business decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, execution and/or other intrinsic risks of business will impact the Company's ability to meet its objectives.

Business environment and strategies are key drivers of the risk profile. The senior management scan the environment regularly for changes and impacts. Strategies are formulated to manage new risks and tap on emerging opportunities.

An integrated business planning and budgeting process is adopted to manage strategic risk. A key component of this process is the alignment of strategies, goals, tactics and resources by the various business units and support departments. A planning process flows through the business units, identifying business unit plans that are aligned with the Company's direction.

Management has formed Management Committee ("MC") to oversee strategic risk.

### CREDIT RISK

Credit risk is the potential loss arising from the failure of borrowers and/or counterparties to meet their contractual obligations. The Company is exposed to credit risk from lending activities to retail, corporate and institutional borrowers.

Management has formed Management Risk Committee ("MRC"), Loans Collection Committee and Development Loan Committee to oversee various aspects of credit risk.

### Policies, Guidelines and Processes

The credit risk management is governed by policies, guidelines and processes, which are reviewed and approved regularly to ensure the credit processes identify, measure and monitor credit risk exposures, and manage them to an acceptable level, consistent with the risk tolerance and aligned with the relevant business strategy.

### Credit Portfolio Management and Concentration Risk

The Company's guiding principle in its lending activity is to diversify its loan portfolio mix and avoid undue concentration of credit risks in its loan portfolio. Credit concentration risks are managed by setting credit portfolio limits, which are reviewed regularly to reflect changing business strategies and environment.

### Mitigation

In line with the prevailing business plan, the Company will continue to pursue credit risk exposures mainly in secured lending. As a fundamental credit principle, HLF does not grant credit facilities solely on the basis of collaterals provided. Instead, facilities are granted primarily based on the borrowers' credit worthiness, debt servicing abilities and sources of repayment. Where practical, the Company takes collateral as a secondary recourse of repayment to mitigate credit risks. The values of collaterals, including cash, properties, motor vehicles, shares, trade receivables, plants and equipment, are monitored periodically.

# RISK MANAGEMENT REPORT

## Stress Test

Regular Credit Stress Tests are conducted to identify the impact on asset quality, earnings performance and capital adequacy to a range of adverse scenarios. Our stress test scenarios include potential but plausible macroeconomic conditions and geopolitical events in varying degrees of severity. This helps the Company to assess its capital adequacy, identify potentially risky portfolio segments, and plan preventive actions.

More details on credit risk could be found in the Financial Statements on pages 148 to 153 of the AR.

## MARKET RISK

Market risk is the risk to earnings and capital arising from changes in the interest rates environment. Mismatches in the repricing periods of assets and liabilities expose the Company to market risks. Interest rate risks in the banking book are driven by customers' deposit taking and lending activities, holdings in the statutory liquid asset portfolio and funding activities.

Management has formed Assets and Liabilities Committee ("ALCO") to oversee various aspects of market risks.

## Policies, Guidelines and Processes

The market risk management is governed by policies, guidelines and processes which are subjected to regular reviews to ensure that they remain relevant to the current market practices and regulatory guidelines. This involves quantifying the magnitude of interest rate risk within the balance sheet through various risk techniques such as repricing gap analysis, net interest income simulation and present value of a basis point (PV01).

## Mitigation

The mitigation of interest rate risks is deployed through the pro-active management of deposits strategies. Limits are set and reviewed regularly. Exposures are monitored against approved limits to ensure that risks are within tolerable thresholds.

## Stress Tests

Regular stress tests are performed to assess the impact on net interest income to extreme interest rate movements. These tests provide early signals to warn of potential extreme losses, which facilitate the proactive management of interest rate risk in a fast changing financial environment.

More details on interest rate risk could be found in the Financial Statements on pages 157 to 160 of the AR.

## LIQUIDITY RISK

Liquidity risk is the risk that arises from the Company's inability to meet its obligations to honour withdrawal of deposits and fund increases in assets as they fall due.

Management has formed ALCO to oversee various aspects of liquidity risk.

## Policies, Guidelines and Processes

The liquidity risk management is governed by policies, guidelines and processes, as approved by the ALCO. These are subjected to regular reviews to ensure that they remain relevant to the current market practices and regulatory guidelines.

Exposures are monitored through liquidity gaps and liquidity risk ratios such as the loans to deposits, top depositors and minimum liquid asset ratios. Early warning indicators and triggers are implemented to identify potential liquidity crisis before they arise.

## Mitigation

In the management of liquidity risk, the Company ensures that there are sufficient funds at all times over a range of market conditions to meet both contractual and regulatory obligations. These include minimising excessive funding concentrations by diversifying the sources of funds and maintaining a portfolio of high quality liquid assets in excess of regulatory requirements. Exposures are managed against approved limits to ensure that risks are within tolerable levels.

The Company's funding and liquidity position is underpinned by its significant customer deposits base, and supported by strong relationships with corporate customers to supplement its retail deposits base.

## Stress Tests

Liquidity stress tests under a range of adverse crisis scenarios are performed regularly to assess the potential impact of extreme market events on our liquidity position. In the event of a liquidity crisis, there are various contingency funding strategies and action plans in place, which can be activated to minimise the impact of a liquidity crunch.

More details on liquidity risk could be found in the Financial Statements on pages 153 to 156 of the AR.

## OPERATIONAL RISK

The Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events that are neither market nor credit related. It includes risks arising from frauds, errors, regulatory violations, natural disasters, systems failures, cyber security and lapses by outsourced service providers, but exclude reputational risk.

Management has formed MRC, Compliance Committee, Information Technology Steering Committee, Data Management Committee and Business Continuity Disaster Recovery Committee to oversee various aspects of operational risk.

## Policies, Guidelines and Processes

Operational risk is governed by a set of policies, guidelines and processes approved by various committees and are subjected to regular reviews to remain relevant to the best practices and regulations. The policies require all departments to achieve their objectives through the effective identification, assessment, measurement, mitigation, monitoring and reporting of operational risks.

The Company issues various policies and guidelines to address specific areas of operational risk, such as compliance, cyber security and outsourcing risks, amongst others. In particular, policies are issued to direct the compliance with various laws and regulations applicable to anti-money laundering and countering the financing of terrorism, fraud and bribery/corruption, and personal data protection.

## Mitigation

Business units implement processes and controls to mitigate operational risk. Management tools, such as operational risk self-assessment, key risk indicators and risk event report, are implemented to identify and monitor risk profiles. Where gaps are noted, appropriate action plans are formulated to mitigate the risks.

## Business Continuity Management

The Company strives to mitigate risks of business disruptions in the event of unforeseen disasters through the planning and building of business resilience. Business impact analyses are performed to identify key processes, where recovery strategies are formulated, in consultation with Risk Management department.

The business continuity plans are tested regularly to validate their feasibilities and to enhance the staff's familiarity and preparedness for disruptions and crises.

## Reputational Risk

Reputational risk can arise from events relating to credit risk, regulatory, legal, operational risks and failure to maintain strong risk conduct. The Company takes serious considerations in managing its reputational risk through its corporate governance structure, various risk management and compliance frameworks, as well as controls embedded in the operational processes.

## ENVIRONMENTAL RISK

Environmental risks, such as climate changes, may impact credit, market, liquidity, and operational risks. Considerations of environmental risks, including climate-related risks, are integrated in our risk management process, including risk identification, assessment, mitigation, monitoring and reporting.

The management considers the potential credit risk impact by climate changes to be the most material.

## Policies, Guidelines and Processes

Environmental risk is governed by a set of policies, guidelines and processes approved by various committees and are subjected to regular reviews to remain updated.

Management has formed Sustainability work groups to implement key ESG-related initiatives and manage material environmental risk issues. The Sustainability work groups report its work progress regularly to the MC.

## Responsible Financing

Responsible financing, covering environmental, social and governance ("ESG") issues, is a topic of increasing importance and one that affects lending decisions to corporate borrowers. In support of promoting responsible financing lending practices, checks are performed for companies operating in sectors with elevated ESG risk profiles or those noted to have ESG issues from the previous assessment. Relationship managers are trained on the ESG framework, policies and guidelines.

## Mitigation

Risk Management department is working closely with Credit Control and business units to conduct analyses of the climate-related risks and impacts on the borrowers, especially those in high-environmental risk sectors.

More details on environmental risk could be found in the Sustainability Report on pages 64 to 72 of the AR.



# SUSTAINABILITY REPORT

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## ABOUT THIS REPORT

Hong Leong Finance Limited ("HLF") is pleased to present our Sustainability Report 2024 ("SR"), which communicates our approach on managing the material Economic, Environmental, Social and Governance ("EESG") topics that affect our business. The SR outlines our policies, practices, initiatives, performance and targets, and provides an update on our progress for the financial year ending 31 December 2024 ("FY 2024").

## Reporting Framework

This SR has been prepared

- in accordance with the Singapore Exchange Securities Trading Limited Mainboard Listing Rules 711A and 711B on Sustainability Reporting, as well as Practice Note 7.6 Sustainability Reporting Guide; and the Task Force on Climate Related Financial Disclosures ("TCFD") recommendations for climate-related disclosures; and
- with reference to the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") issued in October 2021 by the Global Sustainability Standards Board. GRI Standards was adopted as it provides practical sustainability reporting principles and material topics.

## Reporting Scope

The SR covers the operations of HLF which operates solely in Singapore. The content of the report focuses on activities carried out within FY 2024, though where applicable, data from previous financial years are included for comparison.

## Data and Internal Assurance

We apply a standardised approach to data collection and analysis in accordance with our Sustainability Reporting Policy to ensure that the sustainability reporting process is fair, consistent and transparent. The sustainability practices within HLF are subject to review by internal audit. As part of good governance practices, we established internal audit process ensuring that sustainability reports meet the necessary standards of accuracy, transparency, and compliance. We will engage external auditors' assurance over time.

We welcome your feedback and suggestions at [sustainability@hlf.com.sg](mailto:sustainability@hlf.com.sg).

This SR, which is part of our Annual Report 2024, is published on our website at <https://www.hlf.com.sg/ar.html>.

# SUSTAINABILITY REPORT

## BOARD STATEMENT

As we reflect on the progress made in 2024, we are proud to report that sustainability remains as one of our core values in HLF and forms part of our long-term strategy. This year, the global dialogue on climate change has been significantly shaped by the 29<sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate Change (“COP29”), which reinforced the urgent need for collective action to address the climate crisis. At HLF, we are committed to accelerate the transition to a low-carbon economy, advance climate resilience and promote material economic, environmental, social and governance (“EESG”) strategies across our business operations.

Over the past year, we made significant strides in embedding sustainability into our operations, product offerings, and partnerships, while continuously striving to enhance transparency, risk management, data protection, and foster a culture of inclusivity. We focused on deepening our engagement with stakeholders, ensuring that their expectations are met while driving positive social impact. We are pleased to announce that we have successfully met our FY2024 EESG targets. Building on this momentum, we are excited to embark on the next phase of our sustainability journey by establishing long-term EESG targets in FY2025. These targets will provide a strategic roadmap to guide our efforts in creating lasting value for our stakeholders while addressing critical EESG challenges.

By embracing innovation, collaboration and accountability, we aim to meet our customers and stakeholders needs and create sustainable growth and long-term value for our business.

## Driving Climate Action and Sustainability

HLF established a Sustainability Department this year to complement our Sustainability Reporting Working Committee (“SRWC”) in spearheading EESG initiatives across the organisation and integrating EESG principles into all aspects of HLF’s operations. This aligns with global best practices, and bolsters efforts to drive sustainability performance.

In preparation for transition to the new International Sustainability Standards Board (“ISSB”) Standards, HLF has engaged an external consultant to conduct a comprehensive gap analysis of our sustainability disclosures in the Annual Report, with a focus on aligning Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations and the ISSB Standards’ climate-related disclosures, as part of future reporting enhancements.

Through these strategic decisions, HLF strives to advance our sustainable business practices, while fostering long-term value creation for the organisation and stakeholders.

## Responsible Corporate Citizenship

As a responsible corporate citizen, HLF is dedicated to promoting social well-being and workplace fairness, and ensuring the safety and security of our employees

and the communities we serve. Our approach reflects a deep commitment to creating a supportive and equitable environment where everyone can thrive.

Workplace diversity, equity, and inclusion are the cornerstone of HLF’s organisational culture and values. These principles are not only integral to our identity but also critical to the sustained growth and success of the Company. In line with this commitment, we adhere strictly to the Tripartite Alliance for Fair and Progressive Employment Practices (“TAFEP”). These guidelines form the foundation of our recruitment and employment processes, ensuring fairness, meritocracy, and non-discrimination at every stage.

For customers, who are at the core of everything we do, we are committed to continually enhancing our products and services to meet their needs. In 2024, we advanced our operations through digitalisation, introducing streamlined processes to provide greater convenience and benefits to our customers. We also have a dedicated webpage to raise awareness about fraud and scams, empowering our customers and the public with the knowledge to safeguard themselves against potential threats.

Through these efforts, we aim to contribute positively to the communities we operate in while building a workplace culture rooted in respect, fairness, and opportunity for all.

## Sustainable Corporate Governance

At HLF, strong governance and transparency form the foundation of our business. We are proud to be ranked 21st in the Singapore Governance and Transparency Index (“SGTI”) 2024, a notable progress from our earlier ranking of 38th in 2023. This ranking reflects our unwavering commitment to ethical conduct, compliance, accountability, and robust disclosure practices.

We remain committed to further strengthen our governance framework and transparency efforts, ensuring sustainable value creation for the long term. By aligning technology with strong governance principles, we aim to create a future-ready organisation that delivers sustainable value creation and upholds transparency and accountability.

## Looking Ahead

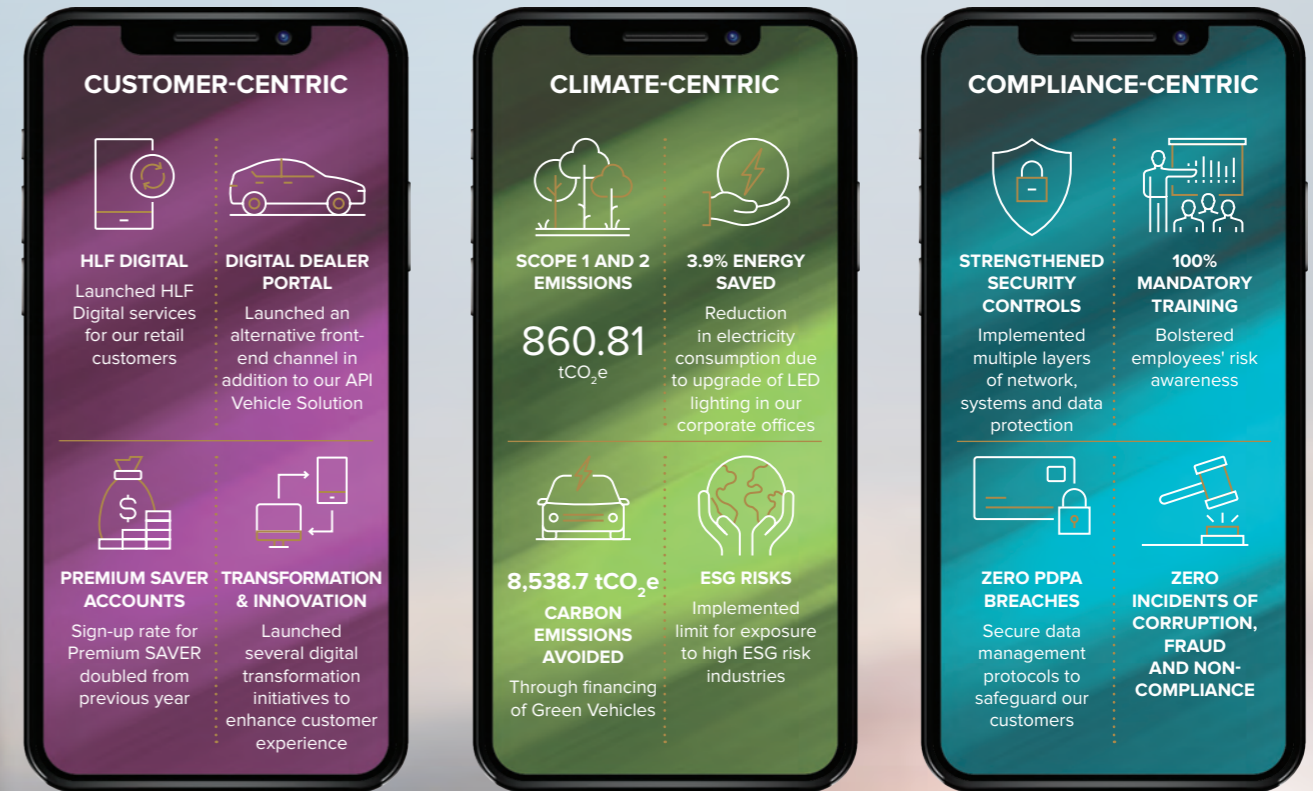
Moving forward, we continue to leverage our 3-C strategic approach – Climate-centric, Customer-centric and Compliance-centric to guide our business decisions and advance our sustainability goals. With the growing momentum around climate action, social responsibility and sustainable finance, we are committed to driving innovation, fostering meaningful partnerships, and implementing strategies to deliver long-term sustainable value for both our business and society.

On behalf of the Board of Directors and Senior Management of HLF, we thank our Staff, Partners and Stakeholders for the strong support, and we look forward to our continuing partnership.

## KEY HIGHLIGHTS FOR 2024

Guided by our sustainability vision, mission and values, we achieved progress across our 3-Cs strategic approach—Customer-centric, Climate-centric and Compliance-centric. Through this approach, we delivered meaningful

contributions to the environment and society, supported our customers in their transition to a low-carbon future, and reinforced our commitment to driving sustainable growth for the communities we serve.



# SUSTAINABILITY REPORT

## SUSTAINABILITY AT HLF

At HLF, sustainability means adopting a long-term perspective in managing the key issues that impact our business. Our efforts are guided by our Sustainability Approach, which ensures we maintain a thriving and profitable enterprise while fulfilling our climate and social responsibilities as a preferred employer and a valued community member. We remain committed to making meaningful progress each year in our ongoing journey toward sustainability.

## Our Sustainability Approach

Our Sustainability Approach is integral to our business strategy, rooted in our vision, mission, and corporate values. It is built on two core pillars that shape our strategic direction. The first, Sustainable Business Priorities, focuses on areas

that drive long-term profitability and create sustainable value for our business and stakeholders. The second, Responsible Business Practices, encompasses the essential responsibilities that safeguard the trust, value, and success of our daily operations.

We embrace a 3-C strategic approach—Customer-centric, Climate-centric, and Compliance-centric—to guide our business decisions and operations. This strategy also shapes the management of our seven material topics: Economic and Customer Value Creation, Responsible Finance, Sustainable Finance, Environmental Footprint, Regulatory Compliance, Employee Learning and Retention, and Supporting Communities.



## Materiality Assessment and Target Setting



In 2024, we continued to engage with stakeholders and monitor emerging trends, regulatory developments, and industry best practices to ensure our sustainability strategy remained aligned with key economic, environmental, social, and governance ("EESG") priorities.

The seven material topics remain pertinent for 2024. We have intensified our efforts to address these priorities and will continue to conduct annual reviews on areas where our organisation has, or could potentially have, a significant impact on the economy, environment, and society through our activities or business relationships. To ensure our material topics remain aligned with evolving stakeholder expectations and business needs, we will conduct a comprehensive materiality assessment in FY2025.



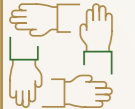
This report highlights the progress of the targets set for FY2024. Looking ahead to FY2025, in addition to conducting a comprehensive materiality assessment, we will refine our sustainability approach and establish medium and long-term targets. Progress on these sustainability targets will subsequently be monitored, reviewed and reported in future sustainability reports.

## Stakeholder Engagement

Creating and sustaining long-term value for all stakeholders is essential, as they are integral to our business success. We actively engage with stakeholders through various platforms and feedback channels to understand their concerns and expectations. This includes ensuring our products and services remain relevant in a changing environment and continuously refining our practices and performance.

Our Key Stakeholders	Forms of Engagement	Key Topics Raised	Our Response
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Website feedback form</li> <li>Calls to Customer Service Centre</li> <li>Formal correspondence</li> <li>Face-to-face meetings</li> <li>Newsletters, emails, SMS alerts</li> <li>Sustainability Report ("SR")</li> <li>Annual Report ("AR")</li> </ul>	<ul style="list-style-type: none"> <li>Customers' challenges in managing inflation</li> <li>Scam concerns</li> <li>Feedback on products and services</li> </ul>	<ul style="list-style-type: none"> <li>New loan packages and enhanced savings products were rolled out to assist customers in their business continuity and inflation management</li> <li>Dedicated webpage called "Security Centre" in our corporate website to provide more information about scam alerts and security tips to help protect customers</li> <li>Increased awareness on scams with notices at the branches and flyers distributed over-the-counter</li> <li>Implemented customer delivery improvements on customer feedback received by Customer Experience Committee ("CEC")</li> <li>Implemented an Anti-Scam Support Group for frontliners and the respective Branch Managers to contact for assistance required in potential scam cases encountered over-the-counter. This Support Group consists of our Fraud Officer, Branch Operations' officers and selected senior Branch Managers</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Performance appraisals</li> <li>Seminars and training sessions</li> <li>Employee orientation</li> <li>Sports and Recreation Club for employees and their family members</li> <li>SR</li> <li>AR</li> </ul>	<ul style="list-style-type: none"> <li>Employee welfare, health and safety</li> <li>Upgrading of skills</li> <li>Career development</li> </ul>	<ul style="list-style-type: none"> <li>Provided extensive learning resources through Microsoft Sharepoint, internal and external courses</li> <li>Implemented Fraud &amp; Scam Awareness micro-site to increase staff awareness on scams</li> </ul>

# SUSTAINABILITY REPORT

Our Key Stakeholders	Forms of Engagement	Key Topics Raised	Our Response
 <b>Regulators</b>	<ul style="list-style-type: none"> <li>• Consultations and meetings</li> <li>• Inspection reports</li> <li>• Survey, business and financial information updates</li> <li>• Half-yearly financial statements, annual audited financial statements, inclusive of regulatory and tax returns/ surveys as prescribed by Monetary Authority of Singapore (“MAS”) Notices and SGX circulars and regulations</li> <li>• Participation in workshops and trainings</li> <li>• SR</li> <li>• AR</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of financial fraud and money laundering and countering the financing of terrorism</li> <li>• Regulations, accounting, taxes and financial reporting</li> <li>• Enhancements in IT security to address IT risks such as cyberattacks</li> <li>• Strengthened data management processes</li> <li>• Strengthened anti-scam processes</li> <li>• Understanding of regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulatory guidelines, advisories and notices by the relevant authorities</li> <li>• Implemented revised policies and procedures to ensure business and operations meet the stipulated standards and requirements by the relevant authorities</li> <li>• Actively participated in consultation papers issued by regulators where relevant</li> <li>• Regularly reviewed and updated IT security policies</li> <li>• Hosted regular IT Security Awareness Employee Training</li> <li>• Established Fraud and Scam Awareness Team (HLF-FSAT)</li> <li>• Money Laundering and Terrorism Financing monitoring controls through a screening system</li> <li>• New Anti-Fraud and Anti-Scam Policy and Guidelines, superseding Anti-Fraud Policy, to include scam-related matters</li> </ul>
 <b>Investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting (“AGM”)</li> <li>• AGM presentation slides and minutes released via SGXNet</li> <li>• Disclosure of material information through SGXNet and press releases</li> <li>• Half-yearly results announcements</li> <li>• SR</li> <li>• AR</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Accurate and timely disclosures of material information relating to the Company and its financial performance</li> <li>• HLF’s plans towards digital transformation</li> <li>• Dividend payment approach</li> </ul>	<ul style="list-style-type: none"> <li>• HLF is positioned among the top 5% out of 477 listed companies in The Singapore Governance Transparency Index, a leading index for assessing corporate governance practices of companies listed in Singapore</li> <li>• Maintained good practices in corporate governance, business ethics and integrity</li> <li>• Implemented various digitalisation and transformation initiatives</li> <li>• Dividend policy which aims to pay dividends twice a year, at rates which balance returns to shareholders with prudent capital and financial management</li> </ul>
 <b>Local Community</b>	<ul style="list-style-type: none"> <li>• Community engagement activities, donations</li> </ul>	<ul style="list-style-type: none"> <li>• Community projects, local charities</li> </ul>	<ul style="list-style-type: none"> <li>• Supported community projects and organisations</li> </ul>

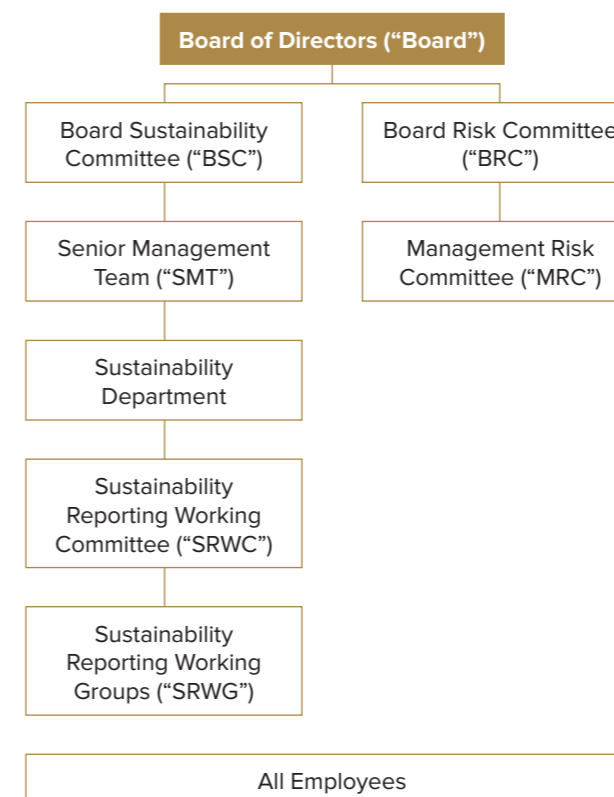
## Sustainability Governance

Effective governance is fundamental to achieving our purpose and executing our business strategy. It ensures accountability, transparency, and ethical decision-making throughout the organisation. We understand that integrating sustainability practices into our operations is both a responsibility and a key driver of long-term success. By embedding sustainability into our governance frameworks, we align our efforts with corporate objectives, uphold regulatory compliance, and enhance resilience to address evolving environmental, social, and economic challenges.

Our Sustainability Governance Structure, outlines clear delegation, and oversight to enable sound decision-making. It defines the roles and responsibilities of the Board and Senior Management, supporting our strategy to become a purpose-driven organisation that prioritises stakeholder interests.

## Sustainability Governance Structure

The structure provides guidance on the approach to manage material topics and promote accountability.



The Board and BSC ensure that sustainability is integrated into the company’s overall strategy, policies and operations, and provide oversight and guidance on the sustainability approach and strategy.

BRC provides oversight of the EESG risk management, ensuring the impact of climate changes on credit, market, operational and liquidity risks are properly managed.

SMT oversees the proper execution of sustainability actions along with those related to climate risks through regular reviews and progress monitoring conducted during monthly meetings.

MRC supports the BRC in the monitoring of environment risk through quarterly reports prepared by Risk Management Department.

Sustainability Department oversees the development and implementation of sustainability strategies, monitor sustainability performance and ensures compliance with EESG regulations.

SRWC supports the SMT in the management and execution of sustainability action plans and in sustainability reporting.

SRWG are formed to engage a broader group of employees to assist the SRWC in its management and execution of sustainability plans and in sustainability reporting for some material topics. The SRWG are led by appointed SRWC members.

Sustainability is every employee’s responsibility. It involves collective efforts of all employees in shaping the environmental and social impact of the company.

## Sustainability-Related Policies and Guidelines

Our overarching principles and approach towards sustainability are stipulated in the sustainability-related policies and guidelines, implemented across our business to assess, mitigate and manage sustainability risks within the Company’s operations, as well as business relations. They are:

- Sustainability Reporting Policy (“SR Policy”)
- Environment Risk Management (“EnRM”) Guidelines (formulated primarily to operationalise MAS Guidelines on Environmental Risk Management (Banks) Dec 2020)
- SME Green Finance Framework
- Credit Risk Management Policy
- Credit Manual



# SUSTAINABILITY REPORT

## ECONOMIC

### ECONOMIC AND CUSTOMER VALUE CREATION

Customer-centric

#### Why is it Material?

We are dedicated to building a sustainable and responsible business that delivers value to all our stakeholders. Our long-term financial growth and ability to generate shareholder value are intrinsically linked to the success of our customers, business partners, employees, and the communities we serve.

HLF prioritises our customers in our operations, consistently improving our products and services to fulfill their needs. By leveraging technologies and data-driven insights, we aim to enhance customer experiences, strengthen relationships, and build loyalty. Our dedication to resource efficiency supports these efforts, reducing costs and minimising our environmental impact, ensuring our operations are sustainable.

#### Our Direct Economic Impact

In 2024, we generated total income (before operating expenses) of S\$233.3 million, of which S\$81.5 million were distributed in employee compensation and benefits for 632 employees. Income tax accrued was S\$20.7 million, and dividends of S\$57.2 million were distributed to shareholders.

We aim to continue achieving sustainable growth, of which the returns are distributed to our stakeholders through employee compensation, taxes to the government and dividends to our shareholders.

#### Our Indirect Economic Impact

Investing in digitalisation is pivotal for a sustainable business model. Digitalisation allows for seamless, personalised interactions, fostering lasting customer connections. We prioritise customers' experience by listening attentively to their financial needs, addressing them, and tailoring reliable financial solutions. This underscores our commitment to customer-centricity, builds customer trust and establishes a foundation for sustained success.

## DIGITAL TRANSFORMATION

### KEY INITIATIVES

#### 2024

##### LAUNCHED HLF DIGITAL APP

Rolled out to provide existing retail customers with convenient and secure access to financial services and onboarded about 5% of our existing customer base during the soft launch

##### EXPANDED FRONT-END CHANNEL THROUGH LAUNCH OF DEALER PORTAL

Enhanced digitalisation of loan referrals by piloting a Dealer Portal for car dealers, complementing API mode

##### 28% GROWTH IN PAYNOW TRANSACTION

As more customers move towards digital payment, PayNow online transactions have increased

#### Upcoming Initiatives

##### IMPLEMENTING REAL-TIME FRAUD MONITORING

To further enhance our security infrastructure and ensure compliance with MAS regulations

##### ENHANCEMENT OF HLF DIGITAL APP

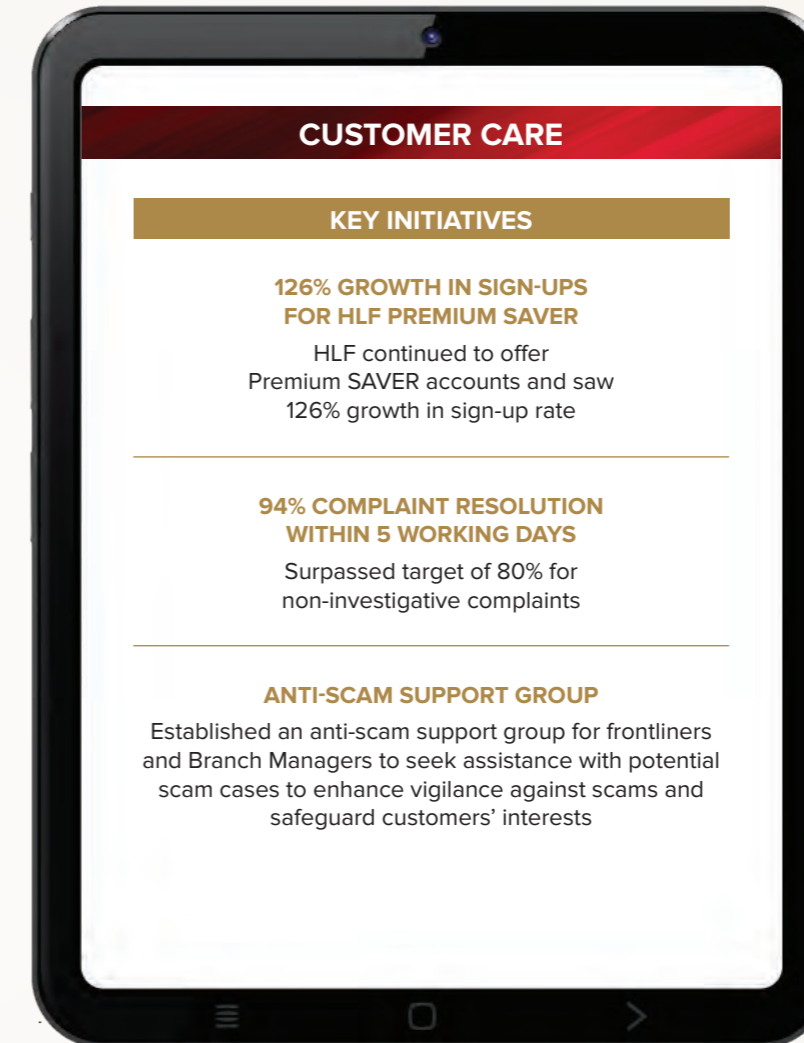
Roll out to provide corporate customers with the same 24/7 access and convenience in 2025

##### DIGITALISE SME LOAN ORIGINATION

In progress of developing SME loan origination with paperless process and digital signature

##### INTRODUCE ONLINE ACCOUNT OPENING

In progress of developing paperless account opening experience at suitable customer touchpoints



## CUSTOMER CARE

### KEY INITIATIVES

#### 126% GROWTH IN SIGN-UPS FOR HLF PREMIUM SAVER

HLF continued to offer Premium SAVER accounts and saw 126% growth in sign-up rate

#### 94% COMPLAINT RESOLUTION WITHIN 5 WORKING DAYS

Surpassed target of 80% for non-investigative complaints

#### ANTI-SCAM SUPPORT GROUP

Established an anti-scam support group for frontliners and Branch Managers to seek assistance with potential scam cases to enhance vigilance against scams and safeguard customers' interests

### OUR 2024 TARGETS

#### Our 2024 Targets

Achieve sustainable growth.

Facilitate online transaction capabilities to migrate paper base transactions, thereby amplifying customer experience.

Achieve at least 80% complaint resolution within five working days for non-investigative cases.\*

#### Our 2024 Performance

HLF Digital app has garnered over 6,000 retail sign-ups since its launch in August 2024.

Digital car loan applications grew by three times in 2024.

Achieved 94% complaint resolution within five working days for non-investigative cases.

\* According to Monetary Authority of Singapore (MAS), non-investigative cases refer to complaints that do not require a detailed investigation. They might be resolved through simpler means, such as providing additional information or clarification to the complainant.

# SUSTAINABILITY REPORT

## ENVIRONMENTAL

### ELEVATING OUR CLIMATE COMMITMENT Climate-centric

As Singapore's leading finance company, HLF plays a pivotal role in advancing sustainability through our corporate lending, as credit from banking institutions remains the leading source of finance in Singapore. By integrating EESG considerations into our core strategies, we aim to reinforce our sustainability strategy within the financial sector.

The Paris Agreement's objective to limit global temperature rise to well below 2°C—and ideally 1.5°C—demands significant changes in how economies are financed. In advancing climate action, we strive to address climate and environmental risks, which are increasingly recognised as material to our financial performance and long-term stability. To effectively manage these risks, we have adopted frameworks such as the Task Force on Climate-related Financial Disclosures ("TCFD") and placed greater emphasis on Environmental Risk Management ("EnRM") to assess and disclose our exposures. By incorporating these risks into risk management frameworks and decision-making processes, we can ensure resilience while guiding customers and stakeholders in addressing their climate vulnerabilities.

The recent COP29 provides a platform for financial institutions to advocate for enhanced transparency, standardised metrics, and stronger global commitments that promote a just and equitable transition. By prioritising these actions, not only can we mitigate climate-related risks but we can also ensure the flow of capital supports a sustainable future, aligning our strategies with global climate ambitions while maintaining

competitiveness in an increasingly environmentally conscious market.

In fulfilling these roles, HLF aims to contribute to shaping a more resilient and equitable economy.

### Climate-Related Disclosures

HLF embraces the globally recognised TCFD framework as a critical tool for integrating climate-related risks and opportunities into our risk management, strategic planning, and decision-making processes. Recognising the importance of addressing climate-related risks and opportunities, our alignment with and commitment to the TCFD framework reflect our dedication to increasing market transparency and stability. Through this effort, we aim to uphold and strengthen the trust and confidence of our stakeholders.

While our current reporting is primarily aligned with the TCFD framework, we are actively working towards integrating the ISSB's requirements into our sustainability reporting, with a focus on enhancing transparency, consistency, and comparability across our climate-related disclosures. As we continue to align our practices with the ISSB standards, we remain committed to providing our stakeholders with clear and reliable information on how we manage climate-related risks and opportunities.

We have adopted the TCFD recommendations that are structured around four thematic areas across HLF's core operations: governance, strategy, risk management, and metrics and targets.



## GOVERNANCE

Robust governance framework to address Climate Risk is in place.  
(Refer to Sustainability Governance for details)

## STRATEGY

Acknowledging the urgency of addressing climate change, HLF is accelerating our progress toward sustainability with a strategic focus on addressing environmental challenges, specifically through the lens of the TCFD framework. We have completed assessments of both direct and indirect carbon emissions from our business operations and disclosed our Scope 1 and 2 carbon emissions this year. Building on our carbon assessment, we will embark on identifying risks on our financing activities and implement effective mitigation measures. This strategy ensures that climate-related factors are integrated into our financial decision-making and risk management processes.

We are committed to managing transition risks (as defined on Page 66 under the section title of "Risk Management") as we navigate the shift to a low-carbon economy. To achieve this, we are evaluating the potential impacts on our operations and identifying proactive measures to address associated uncertainties. At the same time, we aim to explore and capitalise on opportunities presented by a net-zero future.

This forward-looking approach enables HLF to contribute meaningfully to the global transition to a low-carbon economy. By embedding sustainability into our core values, we foster resilience, promote responsible financial practices, and ensure long-term value for our stakeholders in the face of environmental challenges.

## RISK MANAGEMENT

Climate-related risks are incorporated in our risk management process, including risks identification, assessment, monitoring and reporting. The implementation of EnRM Guidelines is another step taken to raise awareness among staff and operationalise the controls to manage climate-related risks.

In the first line, relationship managers identify climate-related risks at the borrower level. In the second line, the Credit Control Department monitors unmitigated ESG issues at the borrower level and Risk Management Department reviews the climate risks at portfolio levels.

The impact of climate risks, arising from physical and transition changes, are considered and integrated into the credit assessment process. For instance, if a borrower is assessed to be adversely impacted by climate changes, its credit worthiness will be impacted.

The exposures to high-risk industries, as defined by the Association of Banks in Singapore, are managed.

They are non-material, as they amounted to less than 0.9% of the company's total exposures.

# SUSTAINABILITY REPORT

## RISK MANAGEMENT (CONTINUED)

HLF defines physical and transition risks as:

### Physical Risks

- High Risk – Physical risks faced or expected to be faced by the customer: (i) are diverse, (ii) have significant impact on its own operation, business performance or business value chain, or (iii) require significant efforts on the implementation of mitigation measures.
- Medium Risk – Physical risks faced or expected to be faced by the customer (i) are few in number, (ii) having limited impact on its operation, business performance or business value chain, or (iii) can be readily addressed through mitigation measures.
- Low Risk – Physical risks faced or expected to be faced by the customer only have minimal impact or no impact to its operation, business performance and value chain.

### Transition Risks

- High Risk – risks faced or expected to be faced by the customer: (i) are imminent, (ii) have significant impact on its operations, or (iii) require significant efforts on the implementation of mitigation measures.
- Medium Risk – risks faced or expected to be faced by the customer (i) are likely to materialise within the next 3 to 5 years, (ii) having limited impact on its operations and/or (iii) can be readily addressed through mitigation measures.
- Low Risk – risks faced or expected to be faced by the customer only have minimal impact or no impact to its operation, business performance and value chain.

## METRICS & TARGETS

The key metrics (Scope 1 and 2) set by HLF relate to Greenhouse Gas (“GHG”) emissions. We report on climate-related metrics in the FY24 Sustainability Report under “Environmental Performance” section, which includes our Scope 1 and 2 emissions.

In FY24, HLF’s energy consumption amounted to 2,049 MWh across our corporate offices, SME centres and branches located islandwide. Our total emissions are estimated at 860.81 tCO<sub>2</sub>e, comprising of Scope 1 (16.67 tCO<sub>2</sub>e) and Scope 2 (844.14 tCO<sub>2</sub>e).

Looking ahead to FY2025, we will refine our sustainability approach and establish medium and long-term targets.

## RESPONSIBLE FINANCE

Compliance-Centric

### Why is it Material?

Responsible finance involves providing financial products and services while adhering to ethical, social, and governance principles. It plays a vital role in integrating ethical considerations into financing practices, ensuring that capital is directed toward initiatives that promote positive change and drive economic growth. Increasingly, stakeholders including investors, regulators and consumers expect transparency and accountability in how financial institutions manage their impact on ESG factors. By embracing responsible finance, we enhance resilience, foster innovation, build trust and mitigate operational and credit risks. Ultimately, responsible finance is critical to balancing profitability with the ethical and sustainable stewardship of resources, ensuring compliance with evolving regulations and ensuring that HLF contributes to an inclusive, equitable and sustainable growth.

### Responsible Lending Practices

The responsible finance function operates within and supports the company’s overarching EnRM Guidelines that have been rolled out. We continue to identify and closely monitor borrowers operating in high ESG risk industries as defined by Association of Banks in Singapore. This year, we have implemented a limit for exposure to high ESG risk industries. This limit is being actively monitored, and it is within limits in 2024.

We have expanded the coverage to include High Carbon Emission (“HCE”) Industries. For customers in high ESG risk and HCE industries, we increased our touchpoints with these borrowers through the implementation of an Environmental Risk Questionnaire. With contents adapted from the Association of Banks Singapore, borrowers responded to questions on physical and transition risks related to climate change.

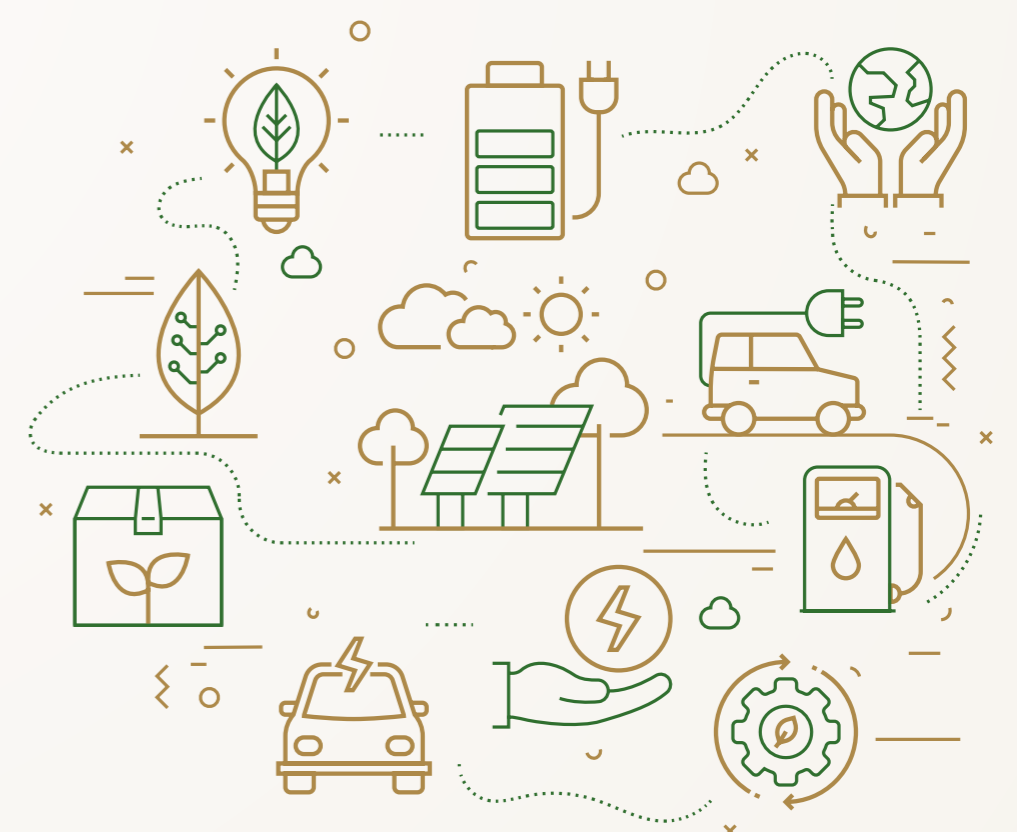
## OUR 2024 TARGETS

### Our 2024 Targets

Step up the review and monitoring of borrowers in the eleven identified high ESG risk industries as part of transition financing.

### Our 2024 Performance

Implemented Environmental Risk Questionnaire with our borrowers and ensured that loan exposure to borrowers in high ESG risk industries remained within the established limit.



# SUSTAINABILITY REPORT

## SUSTAINABLE FINANCE

Climate-centric

### Why is it Material?

Sustainable finance is the process of integrating environmental, social, and governance ("ESG") criteria into financial decision-making to support long-term sustainable development and involves funding projects or companies that promote positive environmental outcome, such as green infrastructure and green vehicles. As sustainability continues to gain traction in Singapore, it is crucial for small and medium-sized enterprises ("SMEs") to understand the benefits and importance of adopting green practices. By expanding our portfolio with more green loans, we aim to support our stakeholders and contribute positively to the environment and the community. This conscious effort underscores our dedication to promoting sustainable development and giving back to society.

### Key Initiatives

#### Green Financing for SMEs









Sustainable finance presents a strategic business opportunity for HLF. By integrating sustainable finance practices, we can tap into a burgeoning market that not only drives business growth but also contributes significantly to environmental and social well-being. This approach aligns with the evolving values of the market and expectations of our stakeholders, showcasing our commitment to responsible and ethical business practices.

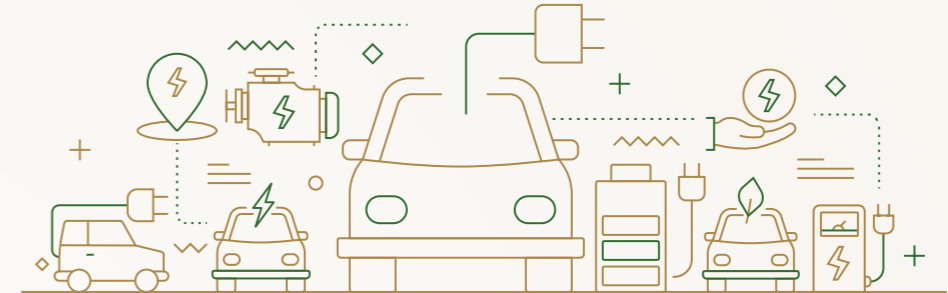
As consumers and investors increasingly prioritise sustainability, green financing plays a pivotal role in supporting consumers and small and medium-sized enterprises (SMEs) as they transition to greener practices. The focus on both profitability and positive impact underscores our dedication to fostering long-term value for both our business and the broader community.

HLF has established a Green Project Finance Team ("GPFT") tasked with the responsibility to develop and review HLF's SME Green Finance Framework ("Framework") on an ongoing basis to ensure the relevance of the Framework. The Framework has been developed in accordance with Green Loan Principles ("GLP") issued by the Loan Markets Association ("LMA") based on the following four core components:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

The Framework governs green loans products, in whole or in part, for new and/or existing eligible Green Projects. There are four categories of Green Projects under the scope of the Framework, namely:

GREEN PROJECTS	
Project Category	UN SDGs
Green buildings	  
Clean transportation	 
Energy efficiency (in progress)	
Eco-efficient and/or circular economy adapted products, production technologies and processes (in progress)	 



**8,538.7**  
tonnes CO<sub>2</sub>e\*

**Estimated Carbon Emissions Avoided through the Financing of Green Vehicles**

=  
Equivalent to carbon sequestered by:  
**141,188** tree seedlings grown for 10 years



\* Carbon emissions avoidance figure is computed based on latest emission factors published by Land Transport Authority (LTA) and UK Department for Environment, Food and Rural Affairs (Defra) in 2024. Estimated vehicle mileage retrieved from LTA Average Annual Kilometres Travelled Per Vehicle (data.gov.sg). Carbon sequestered conversion is computed from EPA Greenhouse Gas Equivalencies Calculator.

In support of the government's green initiatives, HLF continues to offer financing options for the following categories of Green Projects – green buildings and clean transportation, while the development of the other two categories (i.e. energy efficiency and eco efficient and/or circular economy adapted products, production technologies and processes) is underway.

Response has been positive with significant growth in loans to green buildings and green vehicles, comprising electric vehicles ("EVs") and hybrid vehicles. In 2024, new EV loans financed have quadrupled from previous year, with total

new green vehicle loans increasing by 94%. The total green vehicle loan now comprises 47.7% of our total vehicle loan portfolio, whereas we have an increase of approximately 21.3% in overall green building loans in 2024. By providing green financing for electric and hybrid vehicles, we have avoided an estimated 8,538.7 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions in 2024.

We are encouraged by the strong participation of the green loans by our customers and will progressively develop the other two green financing categories alongside with other lead banks and valued customers.

OUR 2024 TARGETS	
Our 2024 Targets	Our 2024 Performance
Reach out to borrowers to provide support, information and guidance to help them on their green journey.	HLF continues to offer financing options to our borrowers through the four categories of Green Projects – green buildings, clean transportation, energy efficiency and eco-efficient and/or circular economy adapted products, production technologies and processes.
Roll out more green loan products.	In 2024, new green vehicle loans have increased by 94% from previous year and they now comprise 47.7% of our total vehicle loan portfolio, whereas we have an increase in 21.3% in overall green building loans in 2024 from 2023.

# SUSTAINABILITY REPORT

## ENVIRONMENTAL FOOTPRINT

Climate-centric

### Why is it Material?

Environmental sustainability is a critical aspect of long-term business resilience and societal well-being. As global challenges such as climate change, resource depletion, and biodiversity loss intensify, businesses must address their environmental impact to mitigate risks, seize emerging opportunities, and contribute to a more sustainable future.

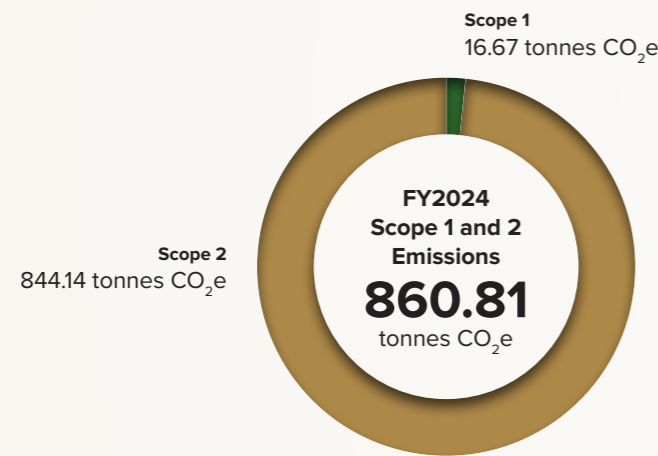
For HLF, environmental sustainability is material because it directly affects our operational efficiency, regulatory compliance, and reputation. Managing environmental risks, such as energy use, waste generation, and carbon emissions, is essential to ensuring business continuity and

meeting the expectations of our stakeholders, including customers, investors, and regulators. Furthermore, integrating sustainable practices into our operations enables us to improve cost efficiencies, foster innovation, and enhance our competitive advantage in a rapidly evolving marketplace. By aligning our business strategies with environmental goals, we not only address pressing global challenges but also create shared value for the communities we serve.

### Measuring Our Carbon Footprint

At HLF, we are committed to understanding and managing our environmental impact. As part of our sustainability efforts, we have measured our carbon emissions in alignment with the globally recognised Greenhouse Gas ("GHG") Protocols, encompassing emissions from Scope 1 and Scope 2 categories.

## ENVIRONMENTAL PERFORMANCE FOR FY2024



Scope	Emission Source Category		FY2024 Emissions (tCO <sub>2</sub> e)
	FY2024 Emissions (tCO <sub>2</sub> e)		FY2024 Emissions (tCO <sub>2</sub> e)
Scope 1 emissions <sup>1</sup>	Direct emissions from stationary sources	Refrigerants	16.67
Scope 2 emissions <sup>2</sup>	Purchased electricity, heat, steam or cooling	Electricity	844.14
<b>Total Emissions</b>			<b>860.81</b>

<sup>1</sup> Scope 1 emissions figures are computed based on the latest conversion factors published by UK Department for Environment, Food and Rural Affairs (Defra) in 2024.

<sup>2</sup> Scope 2 emission figures are computed based on the latest conversion factors published by the Energy Market Authority (Electricity Grid Emission Factor updated in September 2023).

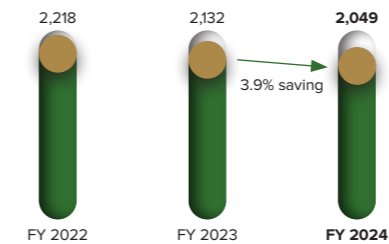
## KEY INITIATIVES

### Reducing Energy Consumption

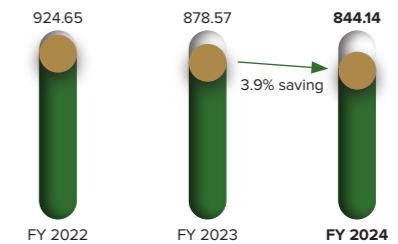
At HLF, we remain committed to reducing our energy consumption as part of our broader sustainability strategy. To achieve this, we encourage our employees to adopt energy-efficient practices while prioritising sustainable upgrades to our infrastructure and facilities. We aim to minimise energy use across our operations and contribute to reducing our carbon footprint.

As part of our sustainability efforts, we have upgraded the lighting systems across all corporate offices to energy-efficient LED lighting. This transition significantly reduces energy consumption, lowers maintenance costs, and improves the quality of lighting in our workspaces. According to the International Energy Agency (IEA), switching from fluorescent to LED lighting can achieve energy savings of up to 60%. With the LED lighting conversion at Hong Leong Building completed in September 2024, HLF is projected to save over 14,000 kWh of energy annually.

### ENERGY CONSUMPTION (MWh)



### SCOPE 2: PURCHASED ELECTRICITY (tCO<sub>2</sub>e)\*



\* Scope 2 emission figures are computed based on the conversion factors published by the Energy Market Authority (Electricity Grid Emission Factor updated in September 2022 and 2023). FY2023 emissions data has been restated due to the update of emission factor in 2023.

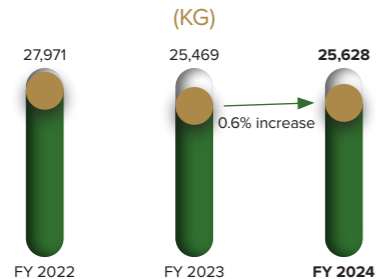
Due to our overall energy saving initiatives across the organisation, we have managed to save a total of 3.9% in energy consumption in 2024 compared to 2023.

Looking ahead, we will continue to invest in energy-saving equipment and technologies to improve our overall energy efficiency. The planned next phase of the energy reduction project involves upgrading the branches with energy-efficient LED lighting and exploring the feasibility of installing motion sensors to control the lighting at all premises, including corporate offices and branches.

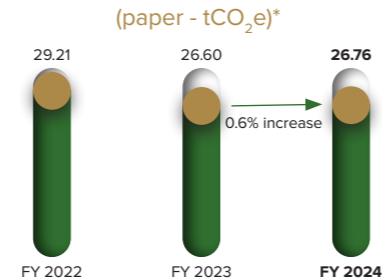
# SUSTAINABILITY REPORT

## Resource Management

### PAPER CONSUMPTION (KG)



### PURCHASED GOODS EMISSIONS (paper - tCO<sub>2</sub>e)\*



\* Purchased goods emissions figures are computed based on the latest conversion factors published by UK Department for Environment, Food and Rural Affairs (Defra) in 2024.

In 2024, HLF continued to strive for a 5% reduction in A4 and computer paper usage. There was a slight increase of 0.6% in paper consumption compared to the year before, attributed to higher business volume which led to improved business performance. We are currently exploring the possibility of reducing paper usage originating from Information Technology ("IT") Department to the various locations, including initiatives to phase out personal printers and encouraging the use of all-in-one printers, to achieve both energy and paper savings.

## Waste Management

### Electronic Waste (e-waste) Recycling

In 2024, HLF engaged in e-waste recycling efforts that led to a reduction in carbon emissions. By recycling 2,604kg of e-waste, we avoided approximately 3.87 tonnes of CO<sub>2</sub>e emissions compared to producing raw materials. This resulted in a negative carbon impact, which accounted for emissions

generated during the recycling process and emissions avoided from decreased raw material production.

### Paper Waste

The total paper waste collected from our corporate offices amounted to approximately 0.04 tonnes of CO<sub>2</sub>e emissions. This waste is securely disposed to ensure the confidentiality of sensitive documents.

To minimise paper waste, HLF is enhancing our digitalisation initiatives to transition toward a paperless environment. By leveraging technologies and streamlining processes, we aim to reduce our reliance on physical documents, promote operational efficiency, and contribute to a more sustainable future. These efforts not only align with our commitment to environmental responsibility but also improve convenience and accessibility for our customers and stakeholders.



## OUR 2024 TARGETS

### Our 2024 Targets

To achieve a 5% reduction in paper usage.

Accelerate efforts to upgrade to energy-efficient LED lighting systems in more offices.

### Our 2024 Performance

Increase of 0.6% in paper usage from 2023, attributed to higher business volume.

In 2024, we upgraded lighting systems in all our corporate offices to energy-efficient LED lighting.

# SUSTAINABILITY REPORT

## SOCIAL

### EMPLOYEE LEARNING AND RETENTION Customer-centric

#### Why is it Material?

Our employees are the cornerstone of our company's success and sustainability. Their dedication and support are essential to achieving our long-term sustainability goals.

Fostering a culture of continuous learning has deepened the alignment and engagement between our people and the company, helping us build a resilient and adaptable workforce. This culture encourages ongoing personal and professional development, empowering employees to grow alongside the business.

We are committed to enhancing our workforce through targeted upskilling and reskilling programmes, and improving the overall employee experience across the organisation.

#### Our Culture

Our corporate culture is built on shared values and ethical standards, as guided by HLF Corporate Culture & Conduct Policy. We balance our responsibilities as a financial institution to earn the trust and loyalty of our employees, customers, shareholders, and communities and recognise that the success of HLF depends largely on our employees.

Culture is a key driver of conduct. Our employees are our greatest assets and cultivating a resilient and well-supported workforce is critical for both individual fulfilment and the Company's success. We strive to create a positive and inclusive environment that values business integrity, teamwork, operations excellence, and risk management.

Our holistic approach to talent management is to foster a nurturing environment in which employees can learn, grow, and excel. We empower our employees to embrace change and shape their own professional paths through the wide range of relevant training programmes offered by our Learning and Development Department. Through training, coaching and on-the-job learning, our employees are empowered to perform their best every day, while upholding what is right and ethical.

### Fair Labour and Equitable Work Practices

Every employee is entrusted with the responsibility to uphold the Company's Code of Conduct Policy. Additionally, the Company holds Senior Managers and Material Risk Personnel accountable, guided by the Company's Individual Accountability & Conduct Policy. We expect all employees to adhere to the guidelines set forth by these policies.

We strictly prohibit any form of discrimination, bullying, or harassment, regardless of race, gender, expression, religion, nationality, age, disability, sexual orientation, or socioeconomic status. The Company has a Disciplinary Policy in place to address any instances of discriminatory behaviour or harassment. HLF is dedicated to promoting a work environment based solely on merit and proficiency and is committed to providing a safe and supportive workplace for all employees.

We ensure that the Tripartite Guidelines on Fair Employment Practices, issued by the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"), are followed in our recruitment process.

Our recruitment and selection process is based on merit, irrespective of age, race, gender, religion, marital status, or disability.

### Diversity, Equity and Inclusiveness

Creating a diverse and inclusive environment that mirrors the diversity of our society enables us to better support our customers, while enhancing our employees' welfare and sense of belonging. With a diverse customer base, an inclusive workforce is crucial for understanding and addressing their varied needs, including those of new digital customers we aim to engage.

We are dedicated to fostering a fair, caring, and inclusive workplace that respects and nurtures individuals, improves performance, and encourages innovation. A diverse workforce is a competitive advantage, helping us achieve our business goals, attract and retain top talent, and meet our stakeholders' expectations.

# SUSTAINABILITY REPORT

Our Leading Principles are defined as follows:

- To support all types of diversity, both visible (gender, race, age, etc.) and invisible (professional and life experiences, education, religion, values and beliefs, personality, etc.).
- To promote an inclusive working environment in which all individual differences are valued, respected, and enhanced. Having a diverse workforce is a competitive advantage that helps us to attain our business objectives, attract and retain the best talent and meet the expectations of our stakeholders.
- To commit to offering equal opportunities to all. Managers and employees are selected, remunerated, and promoted based on merit without any kind of discrimination.
- The Human Resources policies, processes, systems, and tools do not entail any bias that may give rise to situations of discrimination of any kind.
- Our customers are diverse and having a diverse workforce will help us to better understand their needs. The new kind of digital customers that the Company is targeting will also require us to have a diverse profile.
- Our products reflect the diversity of our customers and are accessible to all.
- We comply with the prevailing legislations on diversity, inclusion, and equal opportunities.

- Heads of Department and Senior Management play an active role in diversity management.

### Employee Engagement and Well-Being

At HLF, we believe that a motivated and healthy workforce is crucial for achieving our goals and sustaining long-term growth. To this end, we offer a range of initiatives designed to support the physical, mental, and emotional well-being of our employees. These include employee well-being programmes and opportunities for professional development. By fostering an inclusive and supportive work environment, we encourage our employees to share their ideas, collaborate effectively, and take pride in their contributions. Our commitment to employee engagement and well-being not only enhances job satisfaction and productivity but also strengthens our ability to innovate and respond to changing market demands.

Through flexible work arrangements, we empower our employees to manage their professional and personal responsibilities effectively. Initiatives such as hybrid work models and staggered work schedules ensure our team remains engaged, motivated, and supported. By creating an inclusive and adaptable work environment, we aim to enhance productivity and promote a culture of care and collaboration.

## KEY INITIATIVES

### Dementia and Mental Health Awareness Workshop (Virtual)

Our staff attended a 2-hour virtual workshop by the Agency for Integrated Care ("AIC") that focuses on dementia, a neurological condition that primarily affects older adults by impairing cognitive and social abilities. In the customer service environment, staff may encounter customers with dementia, and it is crucial to handle such situations with care and understanding. This session equipped our staff with valuable information and strategies to better interact and assist customers with dementia in a compassionate and professional manner. To promote inclusivity and raise awareness across the organisation, the workshop has also been extended to employees from all departments. The workshop is available monthly for our staff from 2024 onwards.

### SafeOffice Dynamics: Embracing Health and Safety at Work

Our commitment to workplace health and safety is reinforced through a concise e-learning course designed to educate and empower our employees. This course covers essential safety protocols, social responsibility goals, and best practices for maintaining a safe work environment. It emphasises the importance of personal responsibility and collective vigilance in preventing accidents and ensuring the well-being of all team members. By fostering a culture of safety, we aim to protect our workforce and contribute to the overall sustainability of our organisation. This proactive approach not only enhances employee well-being but also aligns with our broader goals of operational excellence and long-term resilience.

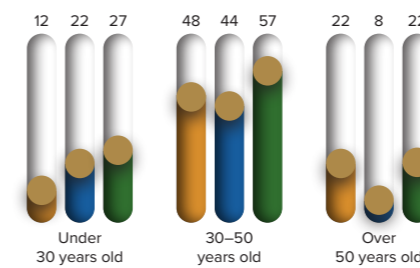


## OUR EMPLOYEES IN NUMBERS

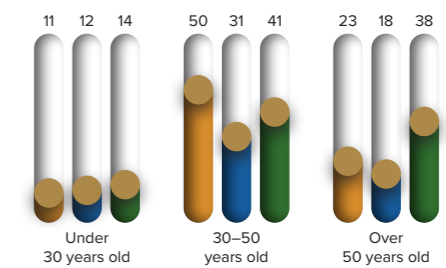
TOTAL HEADCOUNT:

# 632 Employees

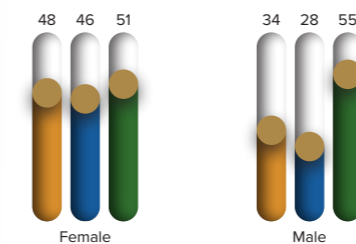
### NEW HIRES BY AGE GROUP



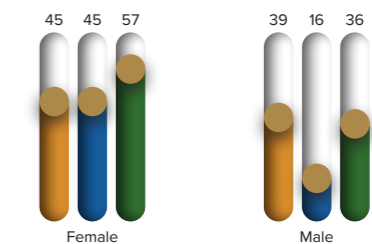
### VOLUNTARY ATTRITION BY AGE GROUP



### NEW HIRES BY GENDER



### VOLUNTARY ATTRITION BY GENDER



As at 31 Dec 2022 As at 31 Dec 2023 As at 31 Dec 2024

### Maintaining a Dedicated Workforce

At HLF, we recognise that our employees are our greatest asset, and we are committed to fostering a work environment that supports their professional development, well-being, and job satisfaction. We believe that by investing in our workforce, we can build a more sustainable and resilient organisation. Our diversity and inclusive approach focuses on hiring, developing and retaining the best people. We maintain a well-balanced workforce, with employees hired across all age categories. Our comprehensive training and development programmes empower employees with the skills and knowledge necessary to advance our sustainability initiatives.

Our attrition rate increased this year, driven by a rise in voluntary departures among retiring employees in the age group "Over 50 years old". The number of attritions in this age group more than doubled from 18 in FY2023 to 38 in FY2024. This trend reflects the natural career progression aligned with

Singapore's government guidelines, which set the statutory retirement age at 63 and the re-employment age up to 68, and highlights the strength and stability of our workforce. These retirements offer us the chance to honour and celebrate the invaluable contributions of our senior staff, whose dedication has laid a strong foundation for our company's success.

This transition not only opens avenues for new talent and innovation but also reaffirms our dedication to providing growth opportunities for our existing team. We take pride in building a diverse and inclusive workforce and are pleased to have achieved gender balance in our new hires this year, with almost equal representation for each gender, and have increased hiring in our "Over 50 years old" category. At HLF, we remain dedicated to fostering a dynamic and adaptable workforce, prepared to tackle future challenges and drive sustainable growth.

# SUSTAINABILITY REPORT

## Employee Training

We prioritise our employees' professional growth through continuous skill-building and development to keep pace with the dynamic financial sector and meet the diverse needs of our customers. Employees are encouraged to initiate developmental conversations with their managers to identify growth areas. Managers and employees collaborate to select customised learning curriculum based on individual needs, in consultation with the Learning & Development Department. These programmes include courses, coaching, teambuilding, and other targeted initiatives.

As our services undergo digitisation, it is crucial to prioritise training in technology and cybersecurity to enhance threat

awareness among employees. Additionally, we provide Micro Learning Series on Microsoft 365 to foster collaboration and streamline workflows, which are essential for advancing our digitalisation efforts. Our Sustainability learning series emphasises that sustainability is a collective responsibility, helping employees integrate sustainable practices into their work and contribute to a greener economy.

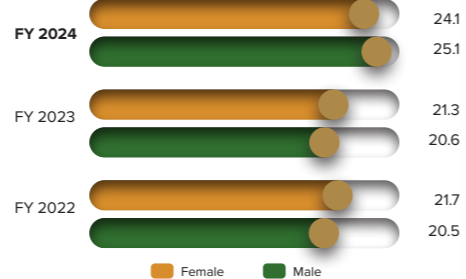
For more information on technology and cybersecurity training, refer to page 81. In 2024, the number of training places increased by 27.9%, reaching a total of 16,676 hours while average training hours increased to 24.3 hours.

## Learning Data\*

### NO. OF TRAINING PLACES



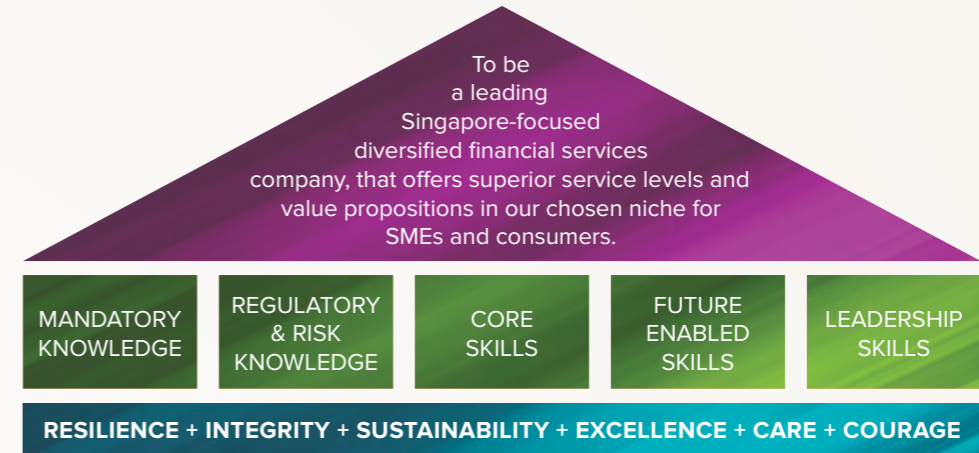
### AVERAGE LEARNING HOURS BY GENDER



### AVERAGE LEARNING HOURS BY EMPLOYEE CATEGORY



\*All 2022 and 2023 learning data has been restated to exclude interns.  
\*\*Total number of learners for the full year of 2024, including those who left due to attrition.



In 2024, we reviewed and updated our HLF learning programme, with the integration of our dynamic learning pillars in our training and development programmes, focusing on mandatory knowledge, regulatory and risk management, future-ready skills, core competencies, and leadership development. These pillars are designed to equip our team with the expertise required to thrive in the evolving financial services landscape. By fostering a culture of continuous learning and aligning with our core values, we reinforce our commitment to our mission of becoming a leading and diversified financial services provider.

At HLF, we believe that investing in our people is essential to our long-term success. We are committed to providing our employees with the training and development they need to reach their full potential and contribute to our company's goals.

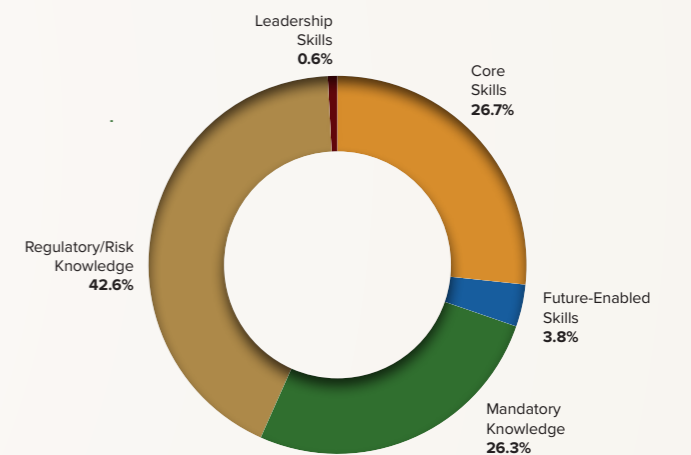
## Talent Management

Talent management is an important part of our sustainability strategy. We believe that by investing in our people, we can create a more sustainable and resilient organisation. Our talent management initiatives help us to attract and retain top talent, build a strong corporate culture, and develop future leaders.

In 2024, we redesigned the performance appraisal with inclusion of the sections on Company Values Assessment and career and/or developmental conversation with employees:

1. Helps employees create a plan for professional growth. By aligning their achievements with company values, employees can work toward advancing to higher roles within the organisation.

## TRAINING CATEGORY:



2. Regular performance appraisal evaluations allow managers to provide actionable feedback, recognise achievements, and encourage accountability. This can lead to increased employee engagement and motivation.
3. Alignment of company values fosters a sense of common purpose and commitment.
4. Employees feel aligned with company values, and tend to be more engaged, productive, and loyal to the organisation.

Successful performance appraisals involve constructive feedback, and a focus on growth and development. We are committed to continuous improvement in our talent management efforts. We regularly review our initiatives and make adjustments as needed to ensure that we are meeting the needs of our employees and organisation.



# SUSTAINABILITY REPORT

## KEY INITIATIVES

In the past year, we implemented several key initiatives to support our talent management efforts, including:

- **Redesigned performance appraisal:** We have redesigned the performance appraisal to include sections on Company Values Assessment and career and/or developmental conversation with employee to increase employee engagement and motivation.
- **Culture learning pathway:** We are developing a culture learning pathway to help employees learn about our company's culture and values. The pathway includes a variety of resources, such as eLearning modules, workshops, and videos.
- **Workshops:** A variety of workshops on topics such as communication, teamwork, and problem-solving were conducted for employees.
- **Company-wide learning pathway:** We reviewed and updated our learning programme this year, integrating our learning pathways into five dynamic pillars: core, future enabled, mandatory, regulatory/risk knowledge and leadership skills. This pathway provides employees with access to a variety of learning resources to help them develop their skills and knowledge.
- **Mandatory refresher courses:** All employees completed mandatory refresher courses on company-wide knowledge topics, such as our code of conduct and information security policy.
- **Internal mobility:** We encourage employees to pursue internal mobility opportunities, with programmes in place to help employees move to different roles and departments.

## OUR 2024 TARGETS

Our 2024 Targets	Our 2024 Performance
Maintain inclusiveness, gender equality & employee well-being.	We followed our Leading Principles to maintain inclusiveness, gender equality and employee well-being.
Support employee career and learning journey with bespoke learning pathways that will enhance the employees' knowledge, skills building and productivity.	In 2024, we reviewed and updated HLF learning programme, and integrated dynamic learning pillars in our training and development programmes. This pathway provides employees with access to a variety of learning resources to help them develop their skills and knowledge.
To achieve 100% attendance for all mandatory trainings including AML/CFT.	In 2024, we achieved 100% attendance for all mandatory trainings including AML/CFT for our new hires.
Support all employees in their career development and provide them with learning opportunities.	In 2024, we redesigned the performance appraisal with inclusion of the sections on Company Values Assessment and career and/or developmental conversation with employees.

## SUPPORTING COMMUNITIES

Customer-centric

Supporting communities is a critical component of our sustainability strategy because it aligns with our core values and long-term vision. By investing in the social and economic development of the communities we serve, we create a positive impact that extends beyond our immediate business operations.

This approach not only enhances our corporate reputation, and fosters trust with stakeholders but also ensures the sustainability of our operations by building resilient and thriving communities. Our commitment to community empowerment demonstrates our dedication to social responsibility, and at the same time attract and retain employees who share our values and are motivated to contribute to a greater cause.

## KEY INITIATIVES



### Assisi Fun Day 2024

HLF took part in the Assisi Fun Day on 9 June 2024, celebrating Assisi's 55th Anniversary of providing patient care. HLF successfully raised over \$10,000 through the sale of carnival items and homemade baked and cooked goods prepared by our employees, supporting needy patients under Assisi Hospice's care. We are proud that 22 of our employees volunteered for this meaningful event.

### Hong Leong Finance Brings Sunshine to Children of Sunbeam Place

Giving back to the community has always been an important part of HLF's business and culture. On 22 November 2024, 15 of our employees volunteered and brought a group of children

from Sunbeam Place @ Children's Society on an educational outing filled with 'fishy adventures' and 'goat antics'.

Sunbeam Place is a residential home and gazetted place of safety for children and youth who need care and protection due to abuse and neglect, or whose parents are unable to provide proper care.

Activities like this outing are part of HLF's commitment to supporting the community while enabling staff to make a difference. Beyond gaining new knowledge, the children and HLF volunteers took home the warmth of a shared experience and unforgettable moments of joy and laughter.



## OUR 2024 TARGETS

### Our 2024 Targets

Build on our ongoing efforts to support the community through meaningful initiatives.

### Our 2024 Performance

In 2024, we continued to build on our current partnerships with non-profit organisation ("NGOs") and actively seek new collaborations.

# SUSTAINABILITY REPORT

## GOVERNANCE

### REGULATORY COMPLIANCE

Compliance-Centric

#### Why is it Material?

Good corporate governance fosters a culture of accountability and integrity, driving positive performance and ensuring long-term business sustainability. It also helps to build trust with investors, stakeholders, and the community.

At HLF, we maintain zero tolerance for non-compliance with laws and regulations. As we embrace growth and innovation through technology adoption, we ensure rigorous data governance and protection. This commitment safeguards our customer and business data and maintains robust cybersecurity controls.

#### Business Integrity and Ethics

The Board and Senior Management are committed to conducting business with integrity and sound standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has in place an internal code of conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers, regulators and amongst employees, including situations where there are potential conflicts of interests.

At HLF, we take a zero-tolerance stance against bribery and corruption and maintained zero confirmed incidents of corruption and fraud in 2024, and zero incidents of conflict of interest.

#### Anti-Money Laundering ("AML"), Counter-Terrorism Financing ("CFT"), Anti-Fraud and Anti-Scam

HLF upholds a comprehensive strategy in the critical areas of AML and CFT. This includes advisory services, regular staff training, rigorous compliance assessments, and robust transaction monitoring. We are proactive in equipping our workforce with the expertise to recognise and address financial crime risks, mandating comprehensive training for all employees—new and existing—on AML, CFT, and related areas such as sanctions, fraud, anti-bribery, and anti-corruption.

To bolster our AML and CFT frameworks, we have conducted regular training and discussion forums, online quizzes and mandatory trainings for new joiners and refreshers for all employees on a regular basis, ensuring our employees are adept at identifying, evaluating, and reporting potential risks in these areas. On 23 September 2024, Learning & Development ("L&D") Department worked with Compliance Department to launch a Fraud and Scam Awareness e-learning module. Briefings on the new Anti-Fraud and Anti-Scam Policy and Guidelines were conducted for all staff in September and October 2024. All of our new hires have also completed the Fraud, Anti-Corruption & Whistleblowing e-learning module and are made aware of our Anti-Fraud and Anti-Scam Policy, and Anti-Corruption Policy.

#### Data Loss, Protection and Privacy

In today's data-driven economy, where data usage and exchange are prolific, it is essential to ensure the effective and safe use of data while enabling our customers to benefit from enhanced products and services. To this end, we have implemented secure data management protocols to protect the organisation and safeguard our customers from data loss or breaches.

Our data management policies and procedures are regularly reviewed and updated. We continuously evaluate our data inventory for risks and implement necessary mitigations to maintain an up-to-date catalogue of assets. Additionally, we conduct periodic training for our employees to keep them informed about the latest data protection and privacy issues.

To date, we have kept a 100% completion rate on mandatory data management training for all new employees. In 2024, there are zero significant Personal Data Protection Act ("PDPA") breaches.

#### Technology and Cybersecurity

We recognise the importance of continuously monitoring and assessing the security of our systems. To safeguard our network, systems, and data, we have implemented multiple layers of security controls.

Our information technology policies and guidelines, including the Technology Risk Management Framework and the Information Technology Security Policy and Standard, are reviewed annually to ensure that cybersecurity risks are consistently identified and managed. We remain committed to enhancing our technology security skills and tools for effective monitoring, detection, and protection of our systems and infrastructure.

While technical controls are crucial, our employees are our first line of defence. Educating them is key to fostering a security-centric culture. Our educational and awareness programmes focus on informing and empowering employees to combat cyberattacks effectively.

All employees must participate in the annual IT security awareness training, and all our existing staff have completed the training in 2024 and are regularly updated on recent events and emerging cyberthreats. Additionally, we conduct regular training sessions to prepare our employees for responding to cyber threats, including tabletop email phishing simulations and disaster recovery exercises.

In 2024, there were no significant technology events or adverse cyberattack incidents that impacted our business operations.



### OUR 2024 TARGETS

#### Our 2024 Targets

Maintain zero tolerance for non-compliance with laws and regulations, data breaches that result in significant scale or harm and technology-related risk, including cyber threats, that may cause severe and widespread impact to our operations or services to customers.

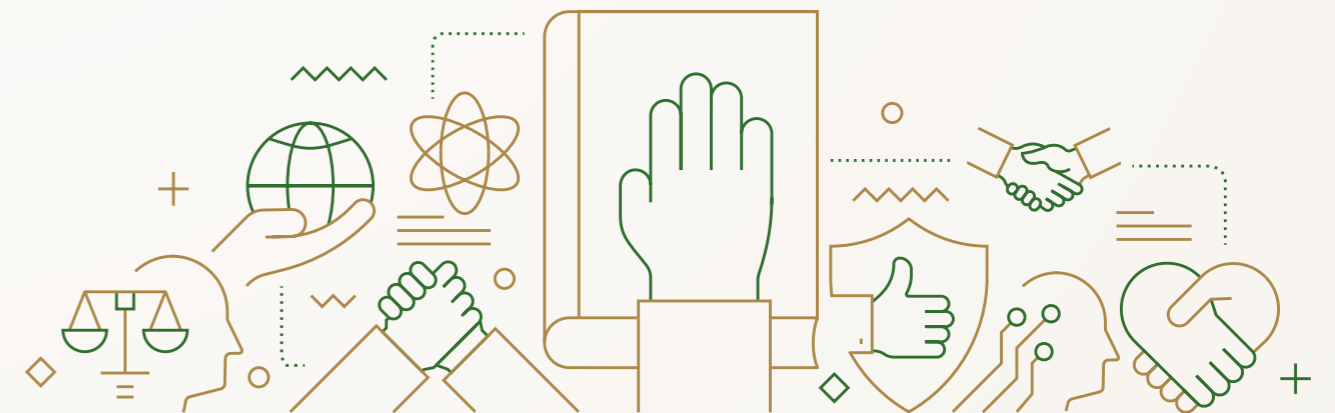
Ensure all key policies are up to date.

#### Our 2024 Performance

Maintained zero confirmed incidents of corruption and fraud in 2024, and zero incidents of conflict of interest.

In 2024, there were zero significant Personal Data Protection Act ("PDPA") breaches, and no significant technology events or adverse cyberattack incidents that impacted our business operations.

Our key policies procedures are regularly reviewed and updated.



# SUSTAINABILITY REPORT

## SGX CORE ESG METRICS

Hong Leong Finance has reported the information cited in some of the recommended SGX Core ESG Metrics for the period 1 January 2024 to 31 December 2024.

Topic	Framework Alignment	Metric	Value as at 31 Dec 2024
<b>Environmental</b>			
<b>Greenhouse Gas Emissions ("GHG")</b>	GRI 305-2, TCFD	Absolute emissions by: (a) Total; (b) Scope 1 and Scope 2	Total – 860.81 tCO <sub>2</sub> e Scope 1 – 16.67 tCO <sub>2</sub> e Scope 2 – 844.14 tCO <sub>2</sub> e
<b>Energy Consumption</b>	GRI 302-1, TCFD	Total energy consumption	2,049 MWh
<b>Social</b>			
<b>Gender Diversity</b>	GRI 405-1	Current employees by gender	Female: 73%   Male: 27%
	GRI 401-1	New hires by gender	Female: 11%   Male: 32%
		Turnover by gender	Female: 12%   Male: 21%
<b>Age-Based Diversity</b>	GRI 405-1	Current employees by age groups	Under 30 years old: 5% 30-50 years old: 41% Over 50 years old: 54%
	GRI 401-1	New hires by age groups	Under 30 years old: 84% 30-50 years old: 22% Over 50 years old: 6%
	GRI 401-1	Turnover by age groups	Under 30 years old: 44% 30-50 years old: 16% Over 50 years old: 11%
<b>Employment</b>	GRI 401-1	Total turnover	93 (15%) Subsidiaries are not included
	GRI 2-7	Total number of employees	632
<b>Development &amp; Training</b>	GRI 404-1	Average training hours per employee	24.3 hours
		Average training hours per employee by gender	Female: 24.1 hours   Male: 25.1 hours
<b>Occupational Health &amp; Safety</b>	GRI 403-9	Fatalities	0 case
		High-consequence injuries	0 case
		Recordable injuries	0 case
	GRI 403-10	Recordable work-related ill health cases	0 case
<b>Governance</b>			
<b>Board Composition</b>	GRI 2-9	Board Independence	60%
	GRI 2-9, GRI 405-1	Women on the Board	20%
<b>Management Diversity</b>	GRI 2-9, GRI 405-1	Women in the Management team	31%
<b>Ethical Behaviour</b>	GRI 205-2, GRI 205-3	Anti-corruption disclosures	0 incident
	GRI 205-2	Anti-corruption training for employees	100% completion by all eligible employees
<b>Certifications</b>	Commonly reported metric	List of relevant certifications	Singapore Governance and Transparency Index (SGTI) (Jointly released by SID, NUS CGS and CPA Australia) Ranked 21 <sup>st</sup> out of 477 public listed companies in the SGTI 2024
<b>Alignment with Frameworks</b>	SGX Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	Alignment frameworks and practices	With reference to GRI Standards and TCFD
<b>Assurance</b>	SGX Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	Assurance Sustainability Report	<b>Data and External Assurance</b> We apply a standardised approach to data collection and analysis in accordance with our SR Policy to ensure that the sustainability reporting process is fair, consistent and transparent. The sustainability reporting process has been reviewed independently by internal audit.

## GRI CONTENT INDEX

### GENERAL STANDARD DISCLOSURES

<b>Statement of use</b>	HLF has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Reference and Response	Page No.
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	Overview Directory of Services, Corporate Directory, Corporate Profile, Board of Directors Branches & SME Centres	01 13-23 Inside back cover
	2-2 Entities included in the organisation's sustainability reporting	Notes to the Financial Statements Reporting Scope	112 55
	2-3 Reporting period, frequency and contact point	Sustainability Report Board Statement	55 56
	2-4 Restatements of information	1. Scope 2 FY2023 emissions data restated due to update of emission factor in 2023 2. FY2022 and FY2023 learning data restated to exclude interns	71
			76
	2-5 External assurance	Data and Internal Assurance	55
	2-6 Activities, value chain and other business relationships	Directory of Services Corporate Profile	13 15
	2-7 Employees	Our Employees in Numbers	75
	2-9 Governance structure and composition	Corporate Governance Report Sustainability Governance	24-25, 31-33 61
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report	35
	2-11 Chair of the highest governance body	Corporate Governance Report	34
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report Sustainability Governance Structure Materiality Assessment and Target Setting Stakeholder Engagement	24-26 61
			59 59-60
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report Sustainability Governance Structure	26, 28-29 61
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Report Sustainability Governance	26 61
	2-15 Conflicts of interest	Corporate Governance Report	26-27, 48, 80
	2-17 Collective knowledge of the highest governance body	Corporate Governance Report Sustainability Governance	27, 31-33 61
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report	36-37
	2-19 Remuneration policies	Corporate Governance Report	37-41
	2-20 Process to determine remuneration	Corporate Governance Report	37-41
	2-22 Statement on sustainable development strategy	Chairman Statement Board Statement Elevating Our Climate Commitment	10-11 56
			64
	2-23 Policy commitments	Overview Corporate Governance Report Sustainability Related Policies and Guidelines Governance	01 45, 47-49 61 80
			80 81 45, 47-49 61 73

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

### GENERAL STANDARD DISCLOSURES

GRI Standard	Disclosure	Reference and Response	Page No.
	2-25 Processes to remediate negative impacts	Corporate Governance Report Our Sustainability Approach Materiality Assessment and Target Setting Stakeholders Engagement	45 58 59 59-60
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance Report Regulatory Compliance	45, 48-49 80
	2-27 Compliance with laws and regulations	Corporate Governance Report Regulatory Compliance	27, 48-49 80-81
	2-28 Membership associations	Our memberships with organisations include the Singapore Business Federation, The Association of Banks in Singapore, the Finance Houses Association of Singapore, and the Singapore National Employers Federation.	
	2-29 Approach to stakeholder engagement	Corporate Governance Report Stakeholder Engagement	48 59-60
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Materiality Assessment and Target Setting	59
	3-2 List of material topics	Sustainability Approach Sustainability Report	58 55-81
	3-3 Management of material topics	Sustainability Report	55-81
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Direct Economic Impact	62
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance Report Regulatory Compliance SGX Core ESG Metrics	45, 48 80-81 82
	205-3 Confirmed incidents of corruption and actions taken	Regulatory Compliance SGX Core ESG Metrics	80-81 82
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	Environmental Footprint SGX Core ESG Metrics	71 82
	302-4 Reduction of energy consumption	Environmental Footprint	71
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Environmental Footprint SGX Core ESG Metrics	70 82
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Footprint SGX Core ESG Metrics	70-71 82
	305-5 Reduction of GHG emissions	Environmental Footprint	70-72
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Our Employees in Numbers SGX Core ESG Metrics	75 82
<b>GRI 403: Occupational Health and Safety 2018</b>	403-5 Worker training on occupational health and safety	Employees Learning and Retention	74
	403-9 Work-related injuries	SGX Core ESG Metrics	82
	403-10 Work-related ill health	SGX Core ESG Metrics	82
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Employee Training SGX Core ESG Metrics	76 82
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Employee Training	76-78
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Corporate Governance Report Our Employees in Numbers SGX Core ESG Metrics	31-33 75 82
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	Supporting Communities	79
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Regulatory Compliance	80-81

## TCFD CONTENT INDEX

### Recommended disclosures, including supplemental guidance for financial sector (banks)

TCFD Recommendations	Disclosure Reference
<b>Governance</b>	
a) Describe the board's oversight of climate-related risks and opportunities.	"Sustainability Governance Structure"
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to Annual Report "Board of Directors", "Corporate Governance Report: Sustainability and Directors' Skills Matrix" and "Risk Management Report: Environmental Risk" for more details.
<b>Strategy</b>	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	"Elevating Climate Change"
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Scenario analysis is not included in the report as it is being developed
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
<b>Risk Management</b>	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	"Elevating Our Climate Commitment"
b) Describe the organisation's processes for managing climate-related risks..	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
<b>Metrics and Target</b>	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	"Elevating Our Climate Commitment"
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

# FINANCIAL ANALYSIS AND REVIEW

The financial statements are prepared in accordance with Singapore Financial Reporting Standards International (“SFRS(I)”).

	Group		
	2024 \$mil	2023 \$mil	Variance* +/(-) %
<b>KEY FINANCIAL INDICATORS</b>			
<b>Selected Profit and Loss Items</b>			
Net interest income/hiring charges	225.1	202.2	11.3
Fee and commission income	8.1	10.0	(18.6)
Other operating income	0.1	0.1	(13.7)
Income before operating expenses	233.3	212.3	9.9
Less: Operating expenses	108.8	104.9	3.7
Profit from operations before allowances	124.5	107.4	15.9
Add: Reversal or recovery of allowances for doubtful debts and other financial assets	0.3	4.6	(93.9)
Profit before tax	124.8	112.0	11.4
Profit after tax attributable to owners	104.1	93.4	11.5
<b>Selected Balance Sheet Items</b>			
Loans, advances and receivables (net of allowances)	11,668	11,659	0.1
Deposits and balances of customers	12,300	12,648	(2.7)
Total assets	14,634	14,957	(2.2)
Total liabilities	12,526	12,897	(2.9)
Total equity	2,108	2,060	2.3
<b>Key Financial Ratios</b>			
Net interest margin (%)	1.6	1.5	
Net interest income/total income (%)	96.5	95.2	
Non-interest income/total income (%)	3.5	4.8	
Cost/income ratio (%)	46.6	49.4	
Loans/deposits ratio (%)	95	92	
Non-performing loans ratio (%)			
- Secured by collateral	0.4	0.5	
- Unsecured and fully provided for~	-	-	
Return on equity (%)	5.0	4.6	
Return on assets (%)	0.7	0.6	
Capital adequacy ratio (%)	16.3	16.3	
Earnings per share (cents)			
- per basic share	23.2	20.8	
- per diluted share	23.2	20.8	
Net assets per share (\$)			
- per basic share	4.70	4.59	
- per diluted share	4.56	4.47	

~ Ratio less than 0.1%.

\* Calculated based on actual figures before rounding.

	2024 cents	2023 cents
Dividend per share (tax exempt)		
- interim	3.75	3.50
- final	10.00	9.00
Total	13.75	12.50

## FINANCIAL OVERVIEW

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 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 25.1% to \$88.5 million on strategic management of liquid asset.

Fee and commission income declined by 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 full year 2024, total operating expenses increased by 3.7% at \$108.8 million 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.

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.

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 optimise 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.

An interim dividend of 3.75 cents per share (tax exempt one-tier) was paid on 5 September 2024. With the proposed payment of a final dividend of 10 cents per share (tax exempt one-tier) in respect of the financial year ended 31 December 2024, the total distribution for 2024 at 13.75 cents per share will amount to approximately \$61.7 million, compared to 12.50 cents per share amounting to \$56.1 million for 2023. This represents a dividend payout ratio of 59.3% for financial year 2024, as compared with 60.0% in financial year 2023. The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

This report is made up to the date of the release of the financial statements announcement for the full year ended 31 December 2024 based on figures that have been audited.

# FINANCIAL ANALYSIS AND REVIEW

## ANALYSIS OF PERFORMANCE

### Net Interest Income

Net interest income for 2024 increased by 11.3% to \$225.1 million from \$202.2 million in 2023 on higher net interest margin of 1.6% in 2024 (2023: 1.5%).

The table below shows the average balance and net interest margin attributed to the interest-bearing assets and liabilities:

	Group					
	2024			2023		
	Average Balance \$mil	Interest \$mil	Average Rate %	Average Balance \$mil	Interest \$mil	Average Rate %
<b>Interest-bearing Assets</b>						
Loans, advances and receivables	11,526	504.8	4.4	11,655	498.4	4.3
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note	1,770	59.8	3.4	1,560	47.3	3.0
Other assets	837	28.7	3.4	708	23.4	3.3
<b>Total</b>	<b>14,133</b>	<b>593.3</b>	<b>4.2</b>	<b>13,923</b>	<b>569.1</b>	<b>4.1</b>
<b>Interest-bearing Liabilities</b>						
Deposits and balances of customers	12,205	366.9	3.0	11,987	365.6	3.0
Borrowings from MAS SGD Facility for ESG (secured)	7	0.1	0.9	24	0.1	0.4
Borrowings from Enterprise Singapore (unsecured)	2	0.0 <sup>~</sup>	2.2	3	0.1	2.2
<b>Total</b>	<b>12,214</b>	<b>367.0</b>	<b>3.0</b>	<b>12,014</b>	<b>365.8</b>	<b>3.0</b>
Net interest income/margin as a percentage of interest-bearing assets	-	226.3 <sup>#</sup>	1.6	-	203.3 <sup>#</sup>	1.5

<sup>~</sup> Amount less than \$0.1 million.

<sup>#</sup> Before deducting interest expense on lease liabilities of \$1.2 million (2023: \$1.1 million).

### Volume and Rate Analysis

The table below shows the changes in net interest income attributable to the impact of volume and changes in interest rates:

Increase/(decrease) for 2024 over 2023 due to change in	Group		
	Volume \$mil	Rate \$mil	Total \$mil
<b>Interest Income</b>			
Loans, advances and receivables	(5.5)	11.9	6.4
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note	6.4	6.1	12.5
Other assets	4.3	1.0	5.3
<b>Net</b>	<b>5.2</b>	<b>19.0</b>	<b>24.2</b>
<b>Interest Expense</b>			
Deposits and balances of customers	6.7	(5.4)	1.3
Borrowings from MAS SGD Facility for ESG (secured)	(0.1)	0.1	0.0 <sup>~</sup>
Borrowings from Enterprise Singapore (unsecured)	(0.1)	-	(0.1)
<b>Net</b>	<b>6.5</b>	<b>(5.3)</b>	<b>1.2</b>
<b>Net interest income</b>	<b>(1.3)</b>	<b>24.3</b>	<b>23.0</b>

<sup>~</sup> Amount less than \$0.1 million.

### Non-Interest Income

Fee and commission income from the loan and financing business declined by \$1.7 million or 17.8% due to lower loan commitment and review fee income from lending business. Fees from non-lending business decreased by \$0.2 million or 27.9% mainly due to slow down in corporate finance's advisory activities.

	Group		
	2024 \$mil	2023 \$mil	Variance* +/(-) %
<b>Fee and Commission Income</b>			
Loan related and other financing business	7.5	9.2	(17.8)
Non-lending business including corporate advisory services and other trailer fees	0.6	0.8	(27.9)
	<b>8.1</b>	<b>10.0</b>	<b>(18.6)</b>
Other Operating Income	0.1	0.1	(13.7)
<b>Total</b>	<b>8.2</b>	<b>10.1</b>	<b>(18.5)</b>

\* Calculated based on actual figures before rounding.

# FINANCIAL ANALYSIS AND REVIEW

## Operating Expenses

Total operating expenses increased by 3.7% to \$108.8 million in 2024 from \$104.9 million in 2023 mainly attributed to higher depreciation on investment costs and other operating expenses related to digital front end system. The increase in staff cost was due to annual increment and bonus as well as investment in resources to support digital transformation.

	Group		
	2024 \$mil	2023 \$mil	Variance* +/(-) %
Staff costs	81.5	80.5	1.3
Depreciation of property, plant and equipment	8.5	7.5	12.4
Other operating expenses	18.8	16.9	11.6
Total	108.8	104.9	3.7
Group staff strength – period end	632	619	2.1

## Analysis of Gross Loan Portfolio

### (a) Customer loans by product group

The Group continues to focus on its key pillar business with mortgage loans for residential, commercial and industrial properties made up 47% of total portfolio (2023: 45%). Mixed development made up 10% of total portfolio (2023: 12%). Hotels and other properties component stood at 15% of the total (2023: 15%) of which Hotels made up of 11% (2023: 11%). Other properties loan include dormitories, association and church/temple. The housing and HDB loans component stood at 8% of the total (2023: 11%) of which HDB home loans made up of 5% (2023: 6%). Hire Purchase Vehicles formed 17% of total loan portfolio as at 31 December 2024 (2023: 14%) with remaining portfolios supporting other corporate loans (Hire Purchase Industrial/Equipment/Trade Finance).

	Group			
	2024		2023	
	\$mil	%	\$mil	%
Mortgage properties	5,536	47	5,243	45
Mixed Development	1,215	10	1,448	12
Hotels and other properties	1,752	15	1,771	15
Housing and HDB Home Loans	922	8	1,264	11
Hire Purchase Vehicles/Industrial	2,087	18	1,757	15
Share Loans	81	1	91	1
Others	93	1	105	1
Total	11,686	100	11,679	100

\* Calculated based on actual figures before rounding.

### (b) Customer loans by remaining contractual maturity

	Group			
	2024		2023	
	\$mil	%	\$mil	%
Reviewable/due within 1 year	3,452	30	3,632	31
Due after 1 year but within 3 years	3,917	33	3,599	31
Due after 3 years but within 5 years	1,706	15	1,650	14
Over 5 years	2,611	22	2,798	24
Total	11,686	100	11,679	100

### (c) Non-performing loans

Non-performing loans comprised 0.4% (2023: 0.5%) secured loan and 0.01% (2023: 0.03%) unsecured loan of the total portfolio. The Group maintains full ECL allowances for all non-performing loans where the net outstanding debt is not covered by the value of the collateral held, taking into consideration the net realisable value of the collaterals. The asset quality was well managed and NPL ratio decreased to a low of 0.4% (2023: 0.5%). The non-performing exposures remained largely secured. There are no loans and advances graded as doubtful as at 31 December 2024 and 2023.

The non-performing loans position graded in line with industry definition together with the security coverage is given below.

	Group		
	2024 \$mil	2023 \$mil	Variance* +/(-) %
Substandard	50.5	60.7	(16.7)
Loss	1.8	3.0	(42.7)
Total	52.3	63.7	(17.9)
(i) Secured non-performing loans (“NPLs”)	50.5	60.7	(16.7)
Secured NPLs as % of total NPLs	96.7	95.2	1.5%pt
(ii) Unsecured NPLs	1.8	3.0	(42.7)
Specific allowances for NPLs	2.8	4.2	(34.3)
(iii) Specific allowances as % of total NPLs	5.3	6.6	(1.3%pt)

\* Calculated based on actual figures before rounding.

# FINANCIAL ANALYSIS AND REVIEW

## (c) Non-performing loans (continued)

Analysis of non-performing loans by industrial classification

	Group			
	2024		2023	
	\$'000	%	\$'000	%
Manufacturing	1,263	2	1,701	3
Building and construction	2,033	4	9,905	15
General commerce	1,529	3	509	1
Transport, storage and communication	1,936	4	2,224	3
Professional and private individuals	41,296	79	44,477	70
Others	4,220	8	4,861	8
<b>Total</b>	<b>52,277</b>	<b>100</b>	<b>63,677</b>	<b>100</b>

Analysis of non-performing loans by period overdue

	Group			
	2024		2023	
	\$'000	%	\$'000	%
Over 180 days	8,239	16	14,482	23
Over 90 to 180 days	5,096	10	7,456	12
Less than 90 days	24,521	47	18,880	29
Not overdue	14,421	27	22,859	36
<b>Total</b>	<b>52,277</b>	<b>100</b>	<b>63,677</b>	<b>100</b>

## Funding Sources

Total funding (including total equity) decreased by 2.2% in 2024 to \$14,634 million from \$14,957 million in 2023. Customers' deposits was \$348 million or 2.7% lower in 2024 closing at \$12,300 million from \$12,648 million in 2023. There are no bank borrowings outstanding as at 31 December 2024. The Group maintained strong liquidity buffer amidst volatile financial conditions.

	Group		
	2024	2023	Variance*
	\$mil	\$mil	+ / (-) %
Fixed deposits	12,121	12,460	(2.7)
Savings deposits and other balances of customers	171	175	(2.4)
Current accounts and other deposits	8	13	(34.0)
<b>Total customer deposits</b>	<b>12,300</b>	<b>12,648</b>	<b>(2.7)</b>
Other liabilities	226	249	(9.3)
Total shareholders' equity	2,108	2,060	2.3
<b>Total</b>	<b>14,634</b>	<b>14,957</b>	<b>(2.2)</b>

Customer deposits by remaining contractual maturity

On demand/up to 1 year	12,296	12,486	(1.5)
Over 1 year to 3 years	4	162	(97.2)
<b>Total customer deposits</b>	<b>12,300</b>	<b>12,648</b>	<b>(2.7)</b>

## Capital Adequacy Ratio

As at 31 December 2024, the capital adequacy ratio remained stable at 16.3% as per a year ago. The Group maintains strong capital adequacy ratio well above the minimum regulatory requirement.

	Group	
	2024	2023
	\$mil	\$mil
Share capital	892	892
Reserves	1,096	1,066
<b>Eligible total capital</b>	<b>1,988</b>	<b>1,958</b>
Risk-weighted assets	12,221	12,015
<b>Ratio</b>	<b>16.3%</b>	<b>16.3%</b>

Date: 21 February 2025

\* Calculated based on actual figures before rounding.



## FINANCIAL REPORT

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DIRECTOR'S  
STATEMENT

Year ended 31 December 2024

The directors are pleased to present their statement to the members of Hong Leong Finance Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2024.

In our opinion:-

- (a) the consolidated financial statements of the Group set out on pages 107 to 170 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**DIRECTORS**

The directors of the Company in office at the date of this statement are as follows:-

Kwek Leng Beng  
Kwek Leng Peck  
Kwek Leng Kee  
Kevin Hangchi  
Peter Chay Fook Yuen  
Tan Tee How  
Tan Siew San  
Christian Gautier de Charnace  
Clarence Yeo Gek Leong  
Jeann Low Ngiap Jong

**DIRECTORS' INTERESTS**

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants and/or debentures of the Company, or of its related corporations, either at the beginning or at the end of the financial year. The directors consider Hong Leong Investment Holdings Pte. Ltd. ("HLIH") to be the immediate and ultimate holding company of the Company.

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and children below 18 years of age) in shares and/or share options in the Company and in related corporations are as follows:-

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

Holdings in which the director, his spouse  
and children below 18 years of age  
have a direct interest

At beginning  
of the year                      At end  
of the year

## The Company

### Shares

Kwek Leng Beng	6,667,567	<b>6,667,567</b>
Kwek Leng Peck	517,359	<b>517,359</b>
Kwek Leng Kee	1,595,079	<b>1,595,079</b>
Kevin Hangchi	648,016	<b>648,016</b>

### Options to subscribe for shares under the Hong Leong Finance Share Option Scheme 2001

Kwek Leng Beng	1,156,000	<b>1,118,500</b>
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## Immediate and Ultimate Holding Company

### Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares

Kwek Leng Beng	2,320	<b>2,320</b>
Kwek Leng Peck	10,921	<b>10,921</b>
Kevin Hangchi	518	<b>518</b>

## Related Corporations

### Hong Leong Holdings Limited Ordinary Shares

Kwek Leng Beng	259,000	<b>259,000</b>
Kwek Leng Peck	381,428	<b>381,428</b>
Kwek Leng Kee	997,000	<b>997,000</b>
Kevin Hangchi	354,833	<b>354,833</b>

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

Holdings in which the director, his spouse  
and children below 18 years of age  
have a direct interest

At beginning  
of the year                      At end  
of the year

## Related Corporations (continued)

### City Developments Limited Ordinary Shares

Kwek Leng Beng	397,226	<b>397,226</b>
Kwek Leng Peck	43,758	<b>43,758</b>
Kevin Hangchi	50,000	<b>50,000</b>

### Preference Shares

Kwek Leng Beng	144,445	<b>144,445</b>
Kevin Hangchi	24,060 <sup>^</sup>	<b>24,060</b>

### Hong Realty (Private) Limited Ordinary Shares

Kwek Leng Beng	1,110	<b>1,110</b>
Kwek Leng Peck	150	<b>150</b>
Kwek Leng Kee	300	<b>300</b>
Kevin Hangchi	24	<b>24</b>

### Hong Leong Asia Ltd. Ordinary Shares

Kwek Leng Beng	660,000	<b>660,000</b>
Kwek Leng Peck	8,870,700	<b>8,870,700</b>
Kwek Leng Kee	300,000	<b>300,000</b>

<sup>^</sup> Updated from last reported balance of 29,925 as at 31 December 2023, which balance should be 24,060.

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year	At end of the year
<b>Related Corporations (continued)</b>		
<b>Millennium &amp; Copthorne Hotels New Zealand Limited</b>		
<b>Ordinary Shares</b>		
Kwek Leng Beng	906,000	<b>906,000</b>
<b>Redeemable Non-Voting Preference Shares</b>		
Kwek Leng Beng	453,000	<b>453,000</b>
<b>Sun Yuan Holdings Pte Ltd</b>		
<b>Ordinary Shares</b>		
Kwek Leng Beng	15,000,000	<b>15,000,000</b>
	Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year
<b>Immediate and Ultimate Holding Company</b>		
<b>Hong Leong Investment Holdings Pte. Ltd.</b>		
<b>Ordinary Shares</b>		
Kwek Leng Beng	40,744	<b>40,744</b>
Kwek Leng Kee	47,019	<b>47,019</b>

The directors' interests in the Company as at 31 December 2024 disclosed above remained unchanged as at 21 January 2025.

Except as disclosed under the section on "Share Options" in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

## SHARE OPTIONS

### (a) Hong Leong Finance Share Option Scheme 2001 (the "Share Option Scheme")

The Share Option Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 31 January 2001 for an initial duration of 10 years (from 31 January 2001 to 30 January 2011). The Share Option Scheme was extended at the annual general meeting of the Company held on 23 April 2010 for a further period of 10 years from 31 January 2011 to 30 January 2021. At the Company's annual general meeting held on 25 June 2020, the shareholders approved the second extension of the duration of the Share Option Scheme for another period of 10 years from 31 January 2021 to 30 January 2031.

The Share Option Scheme is administered by a committee comprising the following members:-

Peter Chay Fook Yuen (Chairman)  
Kwek Leng Peck  
Tan Siew San  
Clarence Yeo Gek Leong

The Share Option Scheme provides the Company with the flexibility of granting options to participants at Market Price (as defined in the Share Option Scheme) and/or with a discount (either up-front or a deferred discount) to the Market Price. All options granted to date under the Share Option Scheme are at Market Price and were granted to Group Employees and Parent Group Employees (both as defined in the Share Option Scheme). Subject to any applicable vesting schedule, these options may be exercised one year after the date of the grant and have a term of ten years from the date of the grant.

The aggregate number of shares in the capital of the Company ("Shares") over which options may be granted under the Share Option Scheme on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme shall not exceed 15% of the total number of issued Shares on the day preceding the relevant date of grant. The aggregate number of Shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-Executive Directors (as defined in the Share Option Scheme) collectively under the Share Option Scheme shall not exceed 20% of the total number of Shares available under the Share Option Scheme.

### (b) Options granted under the Share Option Scheme

During the financial year under review, the following options were granted to Group Employees under the Share Option Scheme:-

Date of grant	Exercise period	Number of Shares under option	Subscription Price
17.9.2024	17.9.2025 to 16.9.2034	2,341,500 (net of options not accepted)	\$2.44

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

**(b) Options granted under the Share Option Scheme (continued)**

- (i) Included in the above are options granted to an Executive Director of the Company, details of which are as follows:-

Name of Director	Shares under option granted during financial year under review	Aggregate Shares under option granted since commencement of Share Option Scheme to end of financial year under review	Aggregate Shares under option exercised since commencement of Share Option Scheme to end of financial year under review	Aggregate Shares under option lapsed since commencement of Share Option Scheme to end of financial year under review	Aggregate Shares under option outstanding as at end of financial year under review
Kwek Leng Beng	122,500	5,902,500	2,064,000	2,720,000	1,118,500

- (ii) None of the participants were regarded by the directors as controlling shareholders of the Company.
- (iii) None of the other participants were granted options representing 5% or more of the total number of Shares under option available under the Share Option Scheme.
- (iv) None of the Parent Group Employees were granted options representing 5% or more of the total number of Shares under option available under the Share Option Scheme to all Parent Group Employees and Parent Group Non-Executive Directors. A total of 250,000 Shares under option were granted to Parent Group Employees since the commencement of the Share Option Scheme to the end of the financial year under review.
- (v) Except for options granted to persons in their capacity as Group Employees and/or Parent Group Employees, no other options have been granted by the Company to any other categories of persons since the commencement of the Share Option Scheme.
- (vi) The options granted to certain participants of executive rank (including those granted to an Executive Director of the Company) since the commencement of the Share Option Scheme are subject to a vesting schedule as follows:-
- (1) one year after the date of grant for up to 33% of the Shares over which the options are exercisable;
  - (2) two years after the date of grant for up to 66% (including (1) above) of the Shares over which the options are exercisable; and
  - (3) three years after the date of grant for up to 100% (including (1) and (2) above) of the Shares over which the options are exercisable.
- (vii) The persons to whom options have been granted do not have any right to participate by virtue of these options in any share issue of any other company.

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

**(c) Unissued Shares under option**

There were a total of 16,444,160 unissued Shares under option granted pursuant to the Share Option Scheme at the end of the financial year. Details of the options to subscribe for Shares (including those granted to an Executive Director) are as disclosed in the accompanying financial statements.

Except as disclosed above and in the accompanying financial statements, during the financial year, there were:-

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued Shares of the Company or its subsidiaries; and
- (ii) no Shares issued by virtue of any exercise of options to take up unissued Shares of the Company or its subsidiaries.

**Audit Committee**

The Audit Committee comprises four independent non-executive members of the Board of Directors:-

Peter Chay Fook Yuen (Chairman)  
Tan Tee How  
Clarence Yeo Gek Leong  
Jeann Low Ngiap Jong

The Audit Committee performed its functions in accordance with its terms of reference which include those specified in the Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance.

In the performance of its functions, the Audit Committee met with the Company's internal and external auditors, and reviewed their audit plans as well as the scope and results of their examination and their evaluation of the Company's system of internal controls.

The Audit Committee also reviewed, *inter-alia*, the following:-

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for approval; and
- the nature and level of audit and non-audit fees of the external auditors.

The Audit Committee has full access to management and is given the resources required by it to discharge its functions. It has full authority and the discretion to invite any director or executive officer or third-party advisor to attend its meetings.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the Listing Manual.

# DIRECTOR'S STATEMENT

Year ended 31 December 2024

## Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Kwek Leng Beng**  
Director

**Peter Chay Fook Yuen**  
Director

## Singapore

21 February 2025

# 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 107 to 170.

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.

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Hong Leong Finance Limited

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.

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Hong Leong Finance Limited

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.

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Hong Leong Finance Limited

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group		Company	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
<b>Number of shares in issue</b>	4	<b>448,568,933</b>	448,543,933	<b>448,568,933</b>	448,543,933
		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Share capital	4	<b>891,641</b>	891,578	<b>891,641</b>	891,578
Reserves	4	<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
<b>Equity attributable to owners of the Company</b>		<b>2,107,535</b>	2,060,280	<b>2,103,719</b>	2,056,617
<b>Liabilities</b>					
Deposits and balances of customers	6	<b>12,300,265</b>	12,647,934	<b>12,304,858</b>	12,652,388
Borrowings	7	<b>1,449</b>	17,922	<b>1,449</b>	17,922
Trade and other payables	8	<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	9	<b>3,591</b>	2,012	<b>3,591</b>	2,012
<b>Total liabilities</b>		<b>12,526,355</b>	12,897,336	<b>12,529,617</b>	12,900,127
<b>Total equity and liabilities</b>		<b>14,633,890</b>	14,957,616	<b>14,633,336</b>	14,956,744
<b>Assets</b>					
Cash at banks and in hand	10	<b>772,045</b>	1,156,773	<b>770,957</b>	1,155,367
Statutory deposit with the Monetary Authority of Singapore	10	<b>336,926</b>	342,362	<b>336,926</b>	342,362
Singapore Government debt securities, MAS bills and MAS Floating Rate Note ("FRN")	11	<b>1,777,106</b>	1,710,012	<b>1,777,106</b>	1,710,012
Loans, advances and receivables	12	<b>11,667,726</b>	11,659,382	<b>11,667,726</b>	11,659,382
Other receivables, deposits and prepayments	13	<b>16,611</b>	28,091	<b>16,610</b>	28,090
Subsidiaries	14	–	–	<b>535</b>	535
Investments (long-term)	15	–	–	–	–
Property, plant and equipment	16	<b>63,476</b>	60,996	<b>63,476</b>	60,996
<b>Total assets</b>		<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	17	<b>449</b>	249	<b>449</b>	249

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	Group	
		2024 \$'000	2023 \$'000
Profit and loss account:			
Interest on loans		447,469	450,330
Hiring charges		57,347	48,071
Other interest income		88,478	70,699
Interest income/hiring charges		593,294	569,100
Less: Interest expense		368,242	366,890
Net interest income/hiring charges	18	225,052	202,210
Fee and commission income	19	8,105	9,952
Other operating income	20	126	146
Income before operating expenses		233,283	212,308
Less: Staff costs	21	81,461	80,453
Depreciation of property, plant and equipment	16	8,495	7,560
Other operating expenses	22	18,847	16,892
Total operating expenses		108,803	104,905
<b>Profit from operations before allowances</b>		<b>124,480</b>	<b>107,403</b>
Add: Reversal or recovery of allowances for doubtful debts and other financial assets	10, 12, 13	284	4,626
<b>Profit before income tax</b>		<b>124,764</b>	<b>112,029</b>
Less: Income tax expense	23	20,681	18,655
<b>Profit for the year/Comprehensive income attributable to owners of the Company</b>		<b>104,083</b>	<b>93,374</b>
<b>Earnings per share (cents)</b>	24		
Basic		23.20	20.82
Diluted		23.19	20.81

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total equity \$'000
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 3.50 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
At 1 January 2024	891,578	822,015	2,307	2,090	15,135	327,155	2,060,280
Issue of shares under share option scheme	59						59
Value of employee services received for issue of share options				305			305
Value of employee services transferred for share options exercised or lapsed	4			(451)		447	–
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						(40,371)	(40,371)
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						(16,821)	(16,821)
Adjustment under MAS 811					5,638	(5,638)	–
Comprehensive income for the year						104,083	104,083
Transfer to Statutory reserve		26,021				(26,021)	–
At 31 December 2024	891,641	848,036	2,307	1,944	20,773	342,834	2,107,535

The statutory reserve is maintained in compliance with the provisions of Section 18 of the Finance Companies Act 1967.

The accompanying notes form an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b>Company</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 3.50 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
At 1 January 2024	891,578	822,015	2,307	2,090	15,135	323,492	2,056,617
Issue of shares under share option scheme	59						59
Value of employee services received for issue of share options				305			305
Value of employee services transferred for share options exercised or lapsed	4			(451)		447	–
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						(40,371)	(40,371)
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						(16,821)	(16,821)
Adjustment under MAS 811					5,638	(5,638)	–
Comprehensive income for the year						103,930	103,930
Transfer to Statutory reserve		26,021				(26,021)	–
At 31 December 2024	891,641	848,036	2,307	1,944	20,773	339,018	2,103,719

The statutory reserve is maintained in compliance with the provisions of Section 18 of the Finance Companies Act 1967.

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 \$'000	2023 \$'000
<b>Operating activities</b>			
Profit for the year		104,083	93,374
Adjustments for:-			
Impact of accrual of interest income		1,871	1,787
Impact of accrual of interest expense		(15,978)	61,018
(Reversal)/allowances for impairment loss on loans, advances and receivables		258	(4,508)
Interest expense on lease liabilities	8	1,254	1,129
Interest expense on borrowings	7	102	173
Depreciation of property, plant and equipment	16	8,495	7,560
Loss on disposal of property, plant and equipment		–	1
Value of employee services received for issue of share options		305	375
Income tax expense	23	20,681	18,655
		121,071	179,564
Changes in working capital:-			
Loans, advances and receivables		(8,569)	(3,897)
Other receivables, deposits and prepayments		9,576	(4,798)
Singapore Government debt securities, MAS Bills and MAS FRN		(67,094)	(84,663)
Deposits and balances of customers		(347,669)	617,751
Trade and other payables		2,964	270
Cash generated from/(used in) operations		(289,721)	704,227
Income taxes paid		(17,552)	(26,208)
<b>Cash flows from/(used in) operating activities</b>		<b>(307,273)</b>	678,019
<b>Investing activities</b>			
Purchase of property, plant and equipment		(1,868)	(2,935)
<b>Cash flows used in investing activities</b>		<b>(1,868)</b>	(2,935)
<b>Financing activities</b>			
Payment for lease liabilities	8	(6,061)	(6,070)
Proceeds from exercise of share options		59	958
Proceeds from borrowings	7	10,564	300
Repayment of borrowings	7	(27,037)	(18,819)
Interest paid	7, 8	(1,356)	(1,302)
Dividends paid		(57,192)	(75,123)
<b>Cash flows used in financing activities</b>		<b>(81,023)</b>	(100,056)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(390,164)</b>	575,028
Cash and cash equivalents at beginning of year		1,499,135	924,107
<b>Cash and cash equivalents at end of year</b>	10	<b>1,108,971</b>	1,499,135

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

*These notes form an integral part of the financial statements.*

The financial statements were authorised for issue by the Board of Directors on 21 February 2025.

## 1. DOMICILE AND ACTIVITIES

Hong Leong Finance Limited (the “Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 16 Raffles Quay #01-05 Hong Leong Building, Singapore 048581.

The directors consider Hong Leong Investment Holdings Pte. Ltd. (the “Ultimate Holding Company”), a company incorporated in the Republic of Singapore, to be the immediate and ultimate holding company of the Company.

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

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

### (a) Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### (c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 3(e) Impairment and Note 25, Financial Risk Management.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning 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 application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

### (a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Investments in subsidiaries are stated in the Company’s statement of financial position at cost less accumulated impairment losses.

### (b) Financial instruments

#### (i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities  
The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss (“FVTPL”)) and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

Non-derivative financial assets  
On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through other comprehensive income (“FVOCI”) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Financial instruments (continued)

#### (ii) Classification and subsequent measurement (continued)

Non-derivative financial assets (continued)

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Financial instruments (continued)

#### (ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are initially measured at fair value less any directly attributable transaction cost. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise deposits and balances of customers, borrowings (if any) and trade and other payables. Deposits and borrowings are the Group's sources of debt funding.

#### (iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Financial instruments (continued)

#### (iii) Derecognition (continued)

The Group also derecognises certain assets when it charges off balances pertaining to the assets deemed to be uncollectible.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity, net of any tax effects.

#### (vi) Financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Loss allowances for ECLs for financial guarantees issued, if any, are presented in the Group's statement of financial position under 'Loans, advances and receivables'.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (c) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of self-constructed assets includes cost of materials and direct labour, other costs directly attributable to bringing the assets to a working condition for their intended use, estimated reinstatement costs when the Group has an obligation to remove the asset or restore the site and capitalised borrowing costs. Property, plant and equipment acquired through finance leases are carried at cost, less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The carrying amounts of material land and properties are reviewed annually to determine whether they are in excess of their recoverable amounts at the reporting date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower value.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term, in which case, the leased assets are depreciated over their estimated useful lives. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (c) Property, plant and equipment (continued)

#### (iii) Depreciation (continued)

The estimated useful lives (or lease term where shorter) for the current and comparative years are as follows:-

Properties other than freehold land	23 to 50 years
Office equipment, fixtures and fittings	3 to 5 years
Computer equipment	3 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### (d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Leases (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in trade and other payables in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (e) Impairment

#### (i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

#### *Loans, advances and receivables*

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Impairment (continued)

#### (i) Non-derivative financial assets (continued)

##### *Loans, advances and receivables (continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers significant increase in credit risk when an asset is more than 30 days past due.

The Group considers loans, advances and receivables to be in default if they are classified as non-performing loans.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full; or
- the financial asset is more than 90 days past due.

##### *Other financial assets*

The Group considers financial guarantee ("FG") contracts to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full. The Group only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The Group considers Singapore Government securities and bank deposits to have low credit risk when their credit risk rating is equivalent to "investment grade" assigned by internationally recognised external credit rating agencies.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### *Modified financial assets*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3b(iii).

##### *Measurement of ECLs*

The 3 main components used to measure ECLs are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

The components are generally derived from internally developed statistical models using historical data, adjusted for forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Impairment (continued)

#### (i) Non-derivative financial assets (continued)

##### *Probability of default*

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, forward-looking proxy PDs from external credit agencies are used.

##### *Loss given default*

LGD is the percentage of exposure the Group might lose in the event the borrower defaults. The Group adopts three approaches for LGD:-

- Historical write-off;
- Collateral hair-cut; and
- Proxy LGD.

Historical write-off is calculated for portfolios with sufficient default data. For portfolio without sufficient default data, collateral hair-cut approach or Proxy LGD is used.

##### *Exposure at default*

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

To compute the final ECL, the Group applies forward-looking adjustments and management overlay, taking into account past events, current conditions and future macroeconomic conditions. Forward-looking scenario that takes into account stressed economic condition is incorporated.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Impairment (continued)

#### (i) Non-derivative financial assets (continued)

##### *Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FG are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FG less the cumulated income recognised.

##### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (f) Employee benefits

#### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (f) Employee benefits (continued)

#### (ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### (iii) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

When share options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital and the grant date fair value is transferred from share option reserve to share capital. The grant date fair value of share options that lapse or expire is transferred from share option reserve to accumulated profits.

The fair value of employee share options is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the options (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

### (g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions determined for the long term are arrived at after discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability with the unwinding of the discount subsequently recognised as finance cost.

### (h) Recognition of income and expense

#### (i) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently unless contractually adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (h) Recognition of income and expense (continued)

#### (i) Interest (continued)

The calculation of the effective interest rate includes fees, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and liabilities at amortised cost on an effective interest rate basis and gains and losses on hedging instruments that are recognised in profit or loss.

Where charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to profit or loss is to spread the income over the period in which the repayments are due using the following bases for the various categories of financing business:-

#### *Income earned on hire purchase and leasing*

Term charges on hire purchase and leasing transactions are accounted for using the Rule of 78 (sum of digits) method. The balance of such term charges at the financial year end is carried forward as unearned charges.

#### *Income earned on loans*

Interest is charged on either an annual rest, monthly rest or daily basis and credited to profit or loss in the period to which it relates.

#### *Income earned on trade finance and factoring accounts*

Interest is charged principally on a monthly rest basis.

#### *Income from debt securities*

Interest income from debt securities with a fixed maturity is recognised as it accrues.

#### *Income from bank deposits*

Interest income from bank deposits is accrued on a time-apportioned basis.

#### *Expense on deposits and balances of customers and interest-bearing borrowings*

Interest expense is accrued on a time-apportioned basis.

#### (ii) Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fee and commission income are recognised as the related services are performed.

Other fee and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

#### (iii) Offsetting

Gains and losses arising from a group of similar transactions are presented on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in profit or loss as an offset against related expenses in the periods in which the expenses are recognised.

### (j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:-

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### *Global minimum top-up tax*

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Ultimate Holding Company's group entities operate. The Ultimate Holding Company's group entities are in scope of the enacted or substantively enacted legislation. The Ultimate Holding Company will perform the assessment of the potential exposure to Pillar Two income taxes and the impact of the Pillar Two legislation on the financials of its group entities.

The Ultimate Holding Company has determined that the global minimum top-up tax is an income tax in the scope of SFRS(I)1-12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Earnings per share

The Group presents basic and diluted earnings per share data for its shares. Basic earnings per share is calculated by dividing the profit or loss after tax attributable to owners of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss after tax attributable to owners and the weighted average number of shares outstanding for the effects of all dilutive potential shares, which comprise shares under option granted to employees.

### (l) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. 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. Revenue in respect of these activities is presented in Notes 18 and 19.

### (m) New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new standards, interpretations and amendments to standards are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

## 4. CAPITAL AND RESERVES

### Share capital

	Note	Company	
		2024 Number of shares	2023 Number of shares
Fully paid shares, with no par value:-			
At 1 January		448,543,933	448,131,733
Issue of shares under share option scheme	5	25,000	412,200
At 31 December		448,568,933	448,543,933

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 4. CAPITAL AND RESERVES (CONTINUED)

### Share capital (continued)

In 2024, pursuant to the Hong Leong Finance Share Option Scheme 2001 ("Share Option Scheme"), the Company issued new shares fully paid in cash as follows:-

Exercise price	Company	
	2024 Number of shares	2023 Number of shares
\$2.56	–	6,100
\$2.45	–	6,000
\$2.34	–	30,500
\$2.23	–	70,500
\$2.58	–	4,500
\$2.31	3,000	198,100
\$2.38	22,000	96,500
	<b>25,000</b>	<b>412,200</b>

The holders of 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.

### Reserves

	Group and Company	
	2024 \$'000	2023 \$'000
Statutory reserve	848,036	822,015
Capital reserve	2,307	2,307
Share option reserve	1,944	2,090
Regulatory loss allowance reserve	20,773	15,135
	<b>873,060</b>	<b>841,547</b>

The statutory reserve is maintained in compliance with the provisions of Section 18 of the Finance Companies Act 1967.

The capital reserve comprises premium on issue of bonds with warrants and surplus on liquidation of subsidiaries.

The share option reserve comprises the cumulative value of employee services received for the issue of share options net of transfers of the grant date fair value of share options to share capital and accumulated profits upon the exercise and lapse/expiry of share options respectively.

The regulatory loss allowance reserve is maintained in compliance with Monetary Authority of Singapore Notice 811 to maintain additional loss allowance through an appropriation of its accumulated profits when the Accounting Loss Allowance under SFRS(I) 9 falls below the Minimum Regulatory Allowance.

Details of movements in reserves are shown in the consolidated statement of changes in equity and statement of changes in equity.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 4. CAPITAL AND RESERVES (CONTINUED)

### Reserves (continued)

#### Dividends

After the reporting date, the Directors proposed a final dividend of 10 cents per share, tax exempt one-tier, amounting to \$44,857,000 (2023: 9 cents per share, tax exempt one-tier, amounting to \$40,371,000) when estimated based on the number of shares in issue as at the reporting date. The dividend has not been recognised in the financial statements. The proposed final dividend is in addition to an interim dividend of 3.75 cents per share, tax exempt one-tier, amounting to \$16,821,000 (2023: 3.5 cents per share, tax exempt one-tier, amounting to \$15,699,000) paid on 5 September 2024 (2023: 31 August 2023).

## 5. EMPLOYEE SHARE OPTIONS

The Share Option Scheme was approved and adopted by members at an Extraordinary General Meeting held on 31 January 2001 for an initial duration of 10 years (from 31 January 2001 to 30 January 2011). The Share Option Scheme was extended at the Annual General Meeting of the Company held on 23 April 2010 for a further period of 10 years from 31 January 2011 to 30 January 2021. At the Company's Annual General Meeting held on 25 June 2020, the shareholders approved the second extension of the duration of the Share Option Scheme for another period of 10 years from 31 January 2021 to 30 January 2031.

Information regarding the Share Option Scheme is as follows:-

- (a) The subscription price for each share under option is fixed by the Share Option Scheme Committee and to date has been at a price equal to the average of the last dealt prices for one share in the capital of the Company, as determined by reference to the daily official list made available by the Singapore Exchange Securities Trading Limited, for the 3 consecutive trading days immediately preceding the date of grant, subject to the rules of the Share Option Scheme.
- (b) Each option is exercisable, in whole or in part, during the option period applicable to that option subject to any conditions, including a vesting schedule, that may be imposed by the Share Option Scheme Committee in relation to any shares comprised in that option.
- (c) All options are settled by delivery of shares upon receipt of the exercise price in cash.
- (d) The options granted to Group Employees and Parent Group Employees expire 10 years from the date of grant. The options granted to Non-Group Employees expire 5 years from the date of grant.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 5. EMPLOYEE SHARE OPTIONS (CONTINUED)

Movements in the number of share options and their related weighted average exercise prices are as follows:-

	Weighted average exercise price 2024 \$	Number of options 2024 '000	Weighted average exercise price 2023 \$	Number of options 2023 '000
At 1 January	2.49	16,170	2.49	14,932
Granted	2.44	2,793	2.48	3,765
Not accepted	2.44	(452)	2.48	(507)
Lapsed	2.58	(2,042)	2.53	(1,608)
Exercised	2.37	(25)	2.32	(412)
At 31 December	2.47	16,444	2.49	16,170
Exercisable at 31 December	2.48	13,553	2.49	12,529

The options outstanding at 31 December 2024 have an exercise price in the range of \$2.23 to \$2.62 (2023: \$2.23 to \$2.66) and a weighted average remaining contractual life of 6.3 years (2023: 6.3 years).

The weighted average share price at the date of exercise for share options exercised in 2024 was \$2.37 (2023: \$2.32).

The fair value of services received in return for share options granted is measured based on the grant date fair value of share options. The grant date fair value of the share options is measured using a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is estimated by considering historic average share price volatility.

There are no market and non-market performance conditions associated with the share option grants. Service conditions are not taken into account in the measurement of fair value of the services to be received at the grant date.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 5. EMPLOYEE SHARE OPTIONS (CONTINUED)

The inputs used in the measurement of the fair values at grant date of the share options are as follows:-

*Fair value of share options and assumptions*

Date of grant of options	25.9.2014	23.9.2015	23.9.2016	21.9.2017	25.9.2018	23.9.2019	23.9.2020	22.9.2021	21.9.2022	20.9.2023	17.9.2024
Fair value at grant date	\$0.29	\$0.17	\$0.13	\$0.20	\$0.11	\$0.08	\$0.17	\$0.17	\$0.19	\$0.10	\$0.11
Share price	\$2.67	\$2.30	\$2.22	\$2.60	\$2.58	\$2.60	\$2.30	\$2.37	\$2.46	\$2.50	\$2.45
Exercise price	\$2.66	\$2.34	\$2.23	\$2.61	\$2.58	\$2.62	\$2.31	\$2.38	\$2.45	\$2.48	\$2.44
Expected volatility	20.5%	15.0%	14.8%	14.8%	13.1%	12.9%	15.7%	15.7%	14.5%	13.2%	12.7%
Expected option life	5.8 to 10 years	5.9 to 10 years	6.0 to 10 years	5.9 to 10 years	5.9 to 10 years	5.9 to 10 years	6.1 to 10 years	6.3 to 10 years	6.3 to 10 years	6.3 to 10 years	6.3 to 10 years
Expected dividend yield	4.5%	4.4%	4.5%	3.9%	5.4%	5.8%	3.3%	3.8%	4.9%	6.7%	5.2%
Risk-free interest rate (based on government bonds)	1.7 to 2.5%	2.3 to 2.7%	1.4 to 1.8%	1.7 to 2.1%	2.4 to 2.6%	1.6 to 1.7%	0.5 to 0.9%	1.0 to 1.4%	3.2%	3.3 to 3.4%	2.3 to 2.4%

Employee expenses:-

	2024 \$'000	2023 \$'000
Share options granted in		
2020	–	8
2021	4	11
2022	21	275
2023	211	81
2024	69	–
Total expense recognised as employee costs	305	375

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 5. EMPLOYEE SHARE OPTIONS (CONTINUED)

Details of the options granted under the Share Option Scheme on unissued shares of the Company at the end of the year are as follows:-

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Date of grant of options</b>	25.9.2014	23.9.2015	23.9.2016	21.9.2017	25.9.2018	23.9.2019
Expiry date	24.9.2024	22.9.2025	22.9.2026	20.9.2027	24.9.2028	22.9.2029
Exercise price	\$2.66	\$2.34	\$2.23	\$2.61	\$2.58	\$2.62
Number of options outstanding at 1.1.2024	1,144,500	602,000	573,000	1,007,500	1,815,500	2,601,500
Options lapsed	(1,144,500)	(14,500)	(20,000)	(44,000)	(89,000)	(167,000)
Options exercised (1.1.2024 to 31.12.2024)	–	–	–	–	–	–
Number of options outstanding at 31.12.2024	–	587,500	553,000	963,500	1,726,500	2,434,500
Number of options exercisable at 1.1.2024	1,144,500	602,000	573,000	1,007,500	1,815,500	2,601,500
Number of options exercisable at 31.12.2024	–	587,500	553,000	963,500	1,726,500	2,434,500
Option exercise period of options outstanding at 31.12.2024						
23.9.2016 to 22.9.2025	vested on 23.9.2016	485,935				
	vested on 23.9.2017	40,225				
	vested on 23.9.2018	61,340				
23.9.2017 to 22.9.2026	vested on 23.9.2017		436,755			
	vested on 23.9.2018		57,255			
	vested on 23.9.2019		58,990			
21.9.2018 to 20.9.2027	vested on 21.9.2018			772,885		
	vested on 21.9.2019			93,885		
	vested on 21.9.2020			96,730		
25.9.2019 to 24.9.2028	vested on 25.9.2019				1,434,045	
	vested on 25.9.2020				144,045	
	vested on 25.9.2021				148,410	
23.9.2020 to 22.9.2029	vested on 23.9.2020					2,050,925
	vested on 23.9.2021					188,925
	vested on 23.9.2022					194,650

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 5. EMPLOYEE SHARE OPTIONS (CONTINUED)

	(7)	(8)	(9)	(10)	(11)
<b>Date of grant of options</b>	23.9.2020	22.9.2021	21.9.2022	20.9.2023	17.9.2024
Expiry date	22.9.2030	21.9.2031	20.9.2032	19.9.2033	16.9.2034
Exercise price	\$2.31	\$2.38	\$2.45	\$2.48	\$2.44
Number of options outstanding at 1.1.2024	1,837,260	1,313,220	2,037,045	3,238,500	–
Options granted	–	–	–	–	2,793,000
Options not accepted	–	–	–	–	(451,500)
Options lapsed	(88,860)	(73,240)	(127,765)	(252,000)	(21,500)
Options exercised (1.1.2024 to 31.12.2024)	(3,000)	(22,000)	–	–	–
Number of options outstanding at 31.12.2024	1,745,400	1,217,980	1,909,280	2,986,500	2,320,000
Number of options exercisable at 1.1.2024	1,837,260	1,221,590	1,726,165	–	–
Number of options exercisable at 31.12.2024	1,745,400	1,217,980	1,761,550	2,562,725	–
Option exercise period of options outstanding at 31.12.2024					
23.9.2021 to 22.9.2030	vested on 23.9.2021	1,401,020			
	vested on 23.9.2022	169,620			
	vested on 23.9.2023	174,760			
22.9.2022 to 21.9.2031	vested on 22.9.2022		1,028,175		
	vested on 22.9.2023		98,175		
	vested on 22.9.2024		91,630		
21.9.2023 to 20.9.2032	vested on 21.9.2023			1,618,165	
	vested on 21.9.2024			143,385	
	vesting on 21.9.2025			147,730	
20.9.2024 to 19.9.2033	vested on 20.9.2024				2,562,725
	vesting on 20.9.2025				208,725
	vesting on 20.9.2026				215,050
17.9.2025 to 16.9.2034	vesting on 17.9.2025				
	vesting on 17.9.2026				2,007,445
	vesting on 17.9.2027				153,945
					158,610

## 6. DEPOSITS AND BALANCES OF CUSTOMERS

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Fixed deposits	12,120,773	12,459,756	12,125,366	12,464,210
Savings deposits and other balances of customers	170,865	175,114	170,865	175,114
Current accounts and other deposits	8,627	13,064	8,627	13,064
Total deposits and balances of customers	12,300,265	12,647,934	12,304,858	12,652,388
Non-current	4,468	162,275	4,468	162,275
Current	12,295,797	12,485,659	12,300,390	12,490,113
Total	12,300,265	12,647,934	12,304,858	12,652,388

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 7. BORROWINGS

	Group and Company	
	2024 \$'000	2023 \$'000
Due after 12 months		
Borrowings from Enterprise Singapore	641	1,530
Due within 12 months		
Borrowings from MAS SGD Facility	–	15,389
Borrowings from Enterprise Singapore	808	1,003
Total borrowings	1,449	17,922

Borrowings from MAS SGD Facility for ESG loans is secured by assignment of eligible loan agreements amounting to \$Nil (2023: \$19,722,000) as collaterals under Enterprise Singapore's Enhanced Enterprise Financing Scheme.

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. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under these schemes. Credit risks are shared with Enterprise Singapore.

Borrowings from MAS SGD Term Facility are secured by debt securities as collaterals. There are no borrowings from MAS SGD Term Facility as at 31 December 2024 (31 December 2023: \$Nil).

There are no bank borrowings as at 31 December 2024 (31 December 2023: \$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 7. BORROWINGS (CONTINUED)

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group and Company				Total \$'000
	Bank Borrowings \$'000	Borrowings from MAS SGD Term Facility \$'000	Borrowings from MAS SGD Facility (ESG) \$'000	Borrowings from Enterprise Singapore \$'000	
<b>2024</b>					
Balance at 1 January	–	–	15,389	2,533	17,922
Changes from financing cash flows					
Proceeds from borrowings	1,000	9,564	–	–	10,564
Repayment of borrowings	(1,000)	(9,564)	(15,389)	(1,084)	(27,037)
Interest paid	(1)	(28)	(28)	(45)	(102)
Total changes from financing cash flows	(1)	(28)	(15,417)	(1,129)	(16,575)
Other changes					
Written off	–	–	–	–	–
Interest expense	1	28	28	45	102
Total other changes	1	28	28	45	102
Balance as at 31 December	–	–	–	1,449	1,449
<b>2023</b>					
Balance as at 1 January	–	–	32,664	3,845	36,509
Changes from financing cash flows					
Proceeds from borrowings	–	–	300	–	300
Repayment of borrowings	–	–	(17,575)	(1,244)	(18,819)
Interest paid	–	–	(106)	(67)	(173)
Total changes from financing cash flows	–	–	(17,381)	(1,311)	(18,692)
Other changes					
Written off	–	–	–	(68)	(68)
Interest expense	–	–	106	67	173
Total other changes	–	–	106	(1)	105
Balance as at 31 December	–	–	15,389	2,533	17,922

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 8. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Due after 12 months				
Lease liabilities	37,906	35,054	37,906	35,054
Due within 12 months				
Interest payable	116,542	132,520	116,580	132,565
Other trade payables and accrued operating expenses	39,746	36,434	38,473	35,166
Other payables	1,731	2,079	1,649	1,650
Lease liabilities	5,991	5,797	5,991	5,797
	164,010	176,830	162,693	175,178
Total trade and other payables	201,916	211,884	200,599	210,232

### Reconciliation of movements of liabilities to cash flows arising from financing activities

Lease Liabilities	Group and Company	
	2024 \$'000	2023 \$'000
Balance as at 1 January	40,851	31,230
Changes from financing cash flows		
Payment of lease liabilities	(6,061)	(6,070)
Interest paid	(1,254)	(1,129)
Total changes from financing cash flows	(7,315)	(7,199)
Other changes		
New leases	9,107	15,691
Interest expense	1,254	1,129
Total other changes	10,361	16,820
Balance as at 31 December	43,897	40,851

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 9. DEFERRED TAX

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group and Company			
	Assets		Liabilities	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade and other payables (including lease liabilities)	7,693	7,205	-	-
Loans, advances and receivables	-	-	3,532	2,573
Property, plant and equipment (including right-of-use assets)	-	-	7,751	6,641
Other items	-	-	1	3
<b>Net deferred tax assets/liabilities</b>	<b>7,693</b>	<b>7,205</b>	<b>11,284</b>	<b>9,217</b>

Movements in deferred tax assets and liabilities during the year are as follows:-

	Group and Company				
	At	Recognised	At	Recognised	At
	1 January	in profit	31 December	in profit	31 December
	2023	or loss	2023	or loss	2024
	\$'000	(Note 23)	\$'000	(Note 23)	\$'000
<b>Deferred tax liabilities/(assets)</b>					
Trade and other payables (including lease liabilities)	(5,514)	(1,691)	(7,205)	(488)	(7,693)
Loans, advances and receivables	1,452	1,121	2,573	959	3,532
Property, plant and equipment (including right-of-use assets)	5,062	1,579	6,641	1,110	7,751
Other items	3	-	3	(2)	1
<b>Net deferred tax liabilities/(assets)</b>	<b>1,003</b>	<b>1,009</b>	<b>2,012</b>	<b>1,579</b>	<b>3,591</b>

Deferred tax assets relate primarily to timing differences in respect of provisions and loss allowances for doubtful debts expected to be realisable at a future date. Deferred tax liabilities relate primarily to differences arising between capital allowances granted and accumulated depreciation in respect of capital expenditure and other timing issues.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand	772,117	1,156,855	771,029	1,155,449
Less: Loss allowances				
At 1 January	82	62	82	62
Allowances made/(reversed) during the year	(10)	20	(10)	20
At 31 December	72	82	72	82
Cash at banks and in hand, net	772,045	1,156,773	770,957	1,155,367
Statutory deposit with the Monetary Authority of Singapore	336,926	342,362	336,926	342,362
Total	1,108,971	1,499,135	1,107,883	1,497,729

The statutory deposit with MAS relates to the mandatory minimum cash balance with MAS which is not available for use in the Group's day to day operations.

## 11. SINGAPORE GOVERNMENT DEBT SECURITIES, MAS BILLS AND MAS FLOATING RATE NOTE

	Group and Company	
	2024	2023
	\$'000	\$'000
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note ("FRN")		
- Within 12 months	1,387,186	1,301,673
- After 12 months	389,920	408,339
	1,777,106	1,710,012
Market value	1,778,545	1,705,716

Singapore Government debt securities, MAS bills and MAS FRN are classified at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 12. LOANS, ADVANCES AND RECEIVABLES

	Group and Company	
	2024 \$'000	2023 \$'000
(a) Loans, advances and receivables at amortised cost		
Due after 12 months		
Loans, advances and hire purchase receivables	8,331,823	8,119,030
Less: Unearned charges and interest	97,530	71,200
	<b>8,234,293</b>	8,047,830
Less: Allowances for doubtful debts		
- Loans and advances	11,520	11,964
- Hire purchase receivables	1,599	1,876
	<b>13,119</b>	13,840
	<b>8,221,174</b>	8,033,990
Due within 12 months		
Loans, advances, factoring receivables and hire purchase receivables	3,512,226	3,678,704
Less: Unearned charges and interest	60,127	47,052
	<b>3,452,099</b>	3,631,652
Less: Allowances for doubtful debts		
- Loans, advances and factoring receivables	4,953	5,501
- Hire purchase receivables	594	759
	<b>5,547</b>	6,260
	<b>3,446,552</b>	3,625,392
Total loans, advances and receivables	<b>11,667,726</b>	11,659,382
(b) Allowances for doubtful debts		
Stage 3 loss allowances		
At 1 January	4,235	4,561
Net allowances made/(reversed) during the year	207	(214)
Receivables written off against allowances	(1,659)	(112)
At 31 December	<b>2,783</b>	4,235
Stages 1 & 2 loss allowances		
At 1 January	15,865	20,232
Net allowances made/(reversed) during the year	18	(4,367)
At 31 December	<b>15,883</b>	15,865
Total allowances for doubtful debts	<b>18,666</b>	20,100

In addition to the above, included in reversal or recovery of allowances for doubtful debts and other financial assets are net recoveries of bad debts amounting to \$532,000 (2023: \$138,000), as recorded in the Consolidated Statement of Comprehensive Income.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 12. LOANS, ADVANCES AND RECEIVABLES (CONTINUED)

(c) Hire purchase receivables are categorised as follows:-

	Group and Company					
	2024			2023		
	Receivables \$'000	Interest \$'000	Principal \$'000	Receivables \$'000	Interest \$'000	Principal \$'000
Due within 1 year	624,488	58,846	565,642	552,214	45,738	506,476
Due after 1 year but within 5 years	1,447,525	93,249	1,354,276	1,207,857	68,547	1,139,310
Due after 5 years	170,868	3,996	166,872	113,907	2,444	111,463
Total	<b>2,242,881</b>	<b>156,091</b>	<b>2,086,790</b>	1,873,978	116,729	1,757,249

The Company's leasing arrangements comprise hire purchase contracts mainly for motor vehicles and equipment.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest receivables	8,154	10,025	8,154	10,025
Deposits	2,023	2,029	2,023	2,029
Prepayments	1,806	1,831	1,805	1,830
Other receivables	4,661	14,279	4,661	14,279
Less: Loss allowances				
At 1 January	73	-	73	-
Allowances made during the year	33	73	33	73
Receivables written off against allowances	(73)	-	(73)	-
At 31 December	<b>33</b>	73	<b>33</b>	73
Other receivables, net	<b>4,628</b>	14,206	<b>4,628</b>	14,206
Total	<b>16,611</b>	28,091	<b>16,610</b>	28,090
Non-current	2,038	2,109	2,038	2,109
Current	14,573	25,982	14,572	25,981
Total	<b>16,611</b>	28,091	<b>16,610</b>	28,090

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 14. SUBSIDIARIES

	Company	
	2024 \$'000	2023 \$'000
Unquoted equity investments, at cost	535	535

Details of the subsidiaries are as follows:-

Name of Subsidiary	Principal place of business / Country of incorporation	Effective equity held by the Group	
		2024 %	2023 %
Hong Leong Finance Nominees Pte Ltd	Singapore	100	100
Singapore Nominees Private Limited	Singapore	100	100

KPMG LLP Singapore is the auditor of the subsidiaries.

## 15. INVESTMENTS (LONG-TERM)

	Group and Company	
	2024 \$'000	2023 \$'000
Unquoted equity securities	12	12
Less: Impairment losses at 1 January and 31 December	12	12
Net investments	-	-

Unquoted equity securities are classified as FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 16. PROPERTY, PLANT AND EQUIPMENT

	Group and Company							Total \$'000
	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Office equipment, fixtures and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Work-In- Progress \$'000	
<b>Cost</b>								
At 1 January 2023	50	2,938	90,126	14,031	10,465	538	1,260	119,408
Additions	-	-	15,691	343	210	-	2,382	18,626
Disposals	-	-	-	(227)	(319)	-	-	(546)
At 31 December 2023	50	2,938	105,817	14,147	10,356	538	3,642	137,488
Additions	-	-	9,107	221	801	-	846	10,975
Disposals	-	-	-	(238)	(526)	-	-	(764)
Transfer	-	-	-	-	4,078	-	(4,078)	-
At 31 December 2024	50	2,938	114,924	14,130	14,709	538	410	147,699
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2023	-	1,898	43,121	13,671	10,276	511	-	69,477
Depreciation charge for the year	-	60	7,119	196	158	27	-	7,560
Disposals	-	-	-	(226)	(319)	-	-	(545)
At 31 December 2023	-	1,958	50,240	13,641	10,115	538	-	76,492
Depreciation charge for the year	-	60	7,083	183	1,169	-	-	8,495
Disposals	-	-	-	(238)	(526)	-	-	(764)
At 31 December 2024	-	2,018	57,323	13,586	10,758	538	-	84,223
<b>Carrying amount</b>								
At 1 January 2023	50	1,040	47,005	360	189	27	1,260	49,931
At 31 December 2023	50	980	55,577	506	241	-	3,642	60,996
At 31 December 2024	50	920	57,601	544	3,951	-	410	63,476



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties held at 31 December are as follows:-

	Group and Company	
	2024 \$'000	2023 \$'000
<b>Freehold Land and Buildings</b>		
(1) Property with carrying amount more than \$500,000 to \$1,000,000 comprises 1 shop unit held as branch premises.	757	784
(2) Properties with carrying amounts up to \$500,000 each comprise 2 shop units held as branch premises.	213	246
Total	970	1,030
<b>Leasehold Buildings</b>		
(1) Properties with carrying amounts exceeding \$1,000,000 each are as follows:-		
(a) A shop unit at Block 725 Clementi West Street 2 #01-216, Singapore, comprising 3,832 sq. ft. on a 85-year lease commencing November 1995 held as branch premises.	1,168	1,225
(b) A shop unit at Block 520 Lorong 6 Toa Payoh #02-54, Singapore, comprising 1,195 sq. ft. on a 99-year lease commencing May 2002 held as branch premises.	1,132	1,174
(c) A shop unit at Block 134 Jurong Gateway Road #01-313, Singapore, comprising 2,669 sq. ft. on a 91-year lease commencing April 1993 held as branch premises.	6,441	6,618
(d) A shop unit at Block 531 Upper Cross Street #01-50, Singapore, comprising 1,098 sq. ft. on a 83-year lease commencing July 1996 held as branch premises.	3,147	3,218
(2) Properties with carrying amounts more than \$500,000 to \$1,000,000 each comprise 4 (2023: 5) shop units held as branch premises.	2,706	3,356
(3) Properties with carrying amounts up to \$500,000 each comprise 6 (2023: 5) shop units held as branch premises and 4 industrial units used as warehousing facilities.	1,721	1,395
Total	16,315	16,986

Property, plant and equipment includes right-of-use assets of \$41.3 million (2023: \$38.6 million) related to leasehold buildings.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 17. ACCEPTANCES, GUARANTEES AND OTHER OBLIGATIONS ON BEHALF OF CUSTOMERS

These are commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations under their contracts with the Group and the Company, and are in respect of the following:-

	Group and Company	
	2024 \$'000	2023 \$'000
Guarantees	449	249
Total	449	249

These contingent liabilities are not secured on any of the Group's assets.

## 18. NET INTEREST INCOME/HIRING CHARGES

	Group	
	2024 \$'000	2023 \$'000
<i>Interest income/hiring charges</i>		
Loans, advances and receivables	504,816	498,401
Deposits placed	28,748	23,439
Singapore Government debt securities, MAS bills and MAS FRN	59,730	47,260
Total interest income/hiring charges	593,294	569,100
<i>Interest expense</i>		
Deposits and balances of customers	366,886	365,588
Borrowings	102	173
Lease liabilities	1,254	1,129
Total interest expense	368,242	366,890
Net interest income/hiring charges	225,052	202,210

## 19. FEE AND COMMISSION INCOME

	Group	
	2024 \$'000	2023 \$'000
Fee and commission income arising from:-		
Loans and advances	7,538	9,166
Non-lending activities	556	771
Others	11	15
Total	8,105	9,952

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 20. OTHER OPERATING INCOME

	Group	
	2024	2023
	\$'000	\$'000
Loss on disposal of plant and equipment	–	(1)
Other operating income	126	147
Total	126	146

## 21. STAFF COSTS

	Group	
	2024	2023
	\$'000	\$'000
Short-term employee benefits	73,029	72,239
CPF contributions to defined contribution plans	8,127	7,839
Share-based payments	305	375
Total	81,461	80,453

## 22. OTHER OPERATING EXPENSES

	Group	
	2024	2023
	\$'000	\$'000
Audit fees paid to:		
- auditors of the Company and other firms affiliated with KPMG International Limited	470	477
Non-audit fees paid to:		
- auditors of the Company and other firms affiliated with KPMG International Limited	60	100
Operating lease expenses	235	120
IT-related expenses	3,444	3,058
Other expenses	14,638	13,137
Total	18,847	16,892

Included in other expenses are fee and commission expenses arising from loans, advances and receivables amounting to \$475,000 (2023: \$873,000).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 23. INCOME TAX EXPENSE

	Note	Group	
		2024	2023
		\$'000	\$'000
<b>Current tax expense</b>			
Current year		19,108	17,588
Adjustment for prior years		(6)	58
		19,102	17,646
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences	9	1,579	1,009
Income tax expense		20,681	18,655

Adjustment for prior years: Reversal of \$6,000 (2023: additional of \$58,000) relates to tax write back for prior years being taken up (2023: additional tax) following the finalisation of tax assessment.

### Global minimum top-up tax

The Group has adopted Amendments to SFRS(I)1-12: International Tax Reform – Pillar Two Model Rules upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), and require new disclosures about the Pillar Two exposure.

### Reconciliation of income tax expense

	Group	
	2024	2023
	\$'000	\$'000
Profit after tax for the year	104,083	93,374
Income tax expense	20,681	18,655
Profit before income tax	124,764	112,029
Tax calculated using Singapore tax rate of 17% (2023: 17%)	21,210	19,045
Tax effect of:-		
Exempt income not taxable for tax purposes	(33)	(30)
Enhanced tax deductions	(2)	(125)
Income taxed at a 10% concessionary tax rate	(846)	(628)
Expenses not deductible for tax purposes	339	334
Others	19	1
	20,687	18,597
Adjustment for prior years	(6)	58
Income tax expense	20,681	18,655
Effective tax rate (%)	16.6	16.6

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 24. EARNINGS PER SHARE

### (a) Basic earnings per share

	Group	
	2024 \$'000	2023 \$'000
Basic earnings per share is based on:-		
Profit after tax for the year attributable to owners of the Company	<b>104,083</b>	93,374
	2024 Number of shares '000	2023 Number of shares '000
Issued shares at 1 January	<b>448,544</b>	448,132
Effect of share options exercised	<b>20</b>	261
Weighted average number of shares during the year	<b>448,564</b>	448,393

### (b) Diluted earnings per share

	Group	
	2024 \$'000	2023 \$'000
Diluted earnings per share is based on:-		
Profit after tax for the year attributable to owners of the Company	<b>104,083</b>	93,374

For the purpose of calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of shares in issue is as follows:-

	Group	
	2024 Number of shares '000	2023 Number of shares '000
Weighted average number of:-		
shares used in the calculation of basic earnings per share	<b>448,564</b>	448,393
potential shares issuable under share options	<b>238</b>	304
Weighted average number of issued and potential shares assuming full conversion	<b>448,802</b>	448,697

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 24. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share (continued)

Outstanding share options that were not included in the computation of diluted earnings per share because the share options were anti-dilutive amounted to 10,578,730 at exercise price of \$2.44 to \$2.62 as at 31 December 2024 (2023: 10,118,380 at exercise price of \$2.45 to \$2.66).

The average market value of the shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

## 25. FINANCIAL RISK MANAGEMENT

### (a) Overview

Risk is an inherent part of the Group's business activities. Managing risks is therefore integral to the Group's business strategy and continuing profitability. The objective is to manage businesses and its related risks in a way that creates balanced and sustainable value for the Group's customers, shareholders and the community. Where risk is assumed, it is within a calculated and controlled framework; and is supported by a strong risk culture and risk management approach. As the business activities involve the use of financial instruments, the Group has exposure to the following risks:-

- (i) credit risk
- (ii) liquidity risk
- (iii) interest rate risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Details of the management of strategic and operational risks are disclosed in the Risk Management Report.

#### *Risk management framework*

The Group's risk management framework provides the principles and guidance for our risk management activities. The Board of Directors has overall responsibility for determining the type and level of business risks that the Group undertakes to achieve its corporate objectives. To assist the Board in fulfilling its duties, the Board Risk Committee ("BRC"), a dedicated risk committee at board level oversees and reports to the Board on matters relating to the risk function of the Group. The BRC reviews the adequacy and effectiveness of the risk management framework and approves the risk management policies. Management, through its Management Risk Committee and Assets and Liabilities Committee, is accountable to the BRC and Board for ensuring the effectiveness of the risk management framework. A risk management team is accountable to the BRC for maintaining an effective control environment that reflects established risks appetite and business objectives. The risk management team is independent of the business units, and performs the role of reviewing and implementing risk management policies, guidelines and procedures.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to regularly monitor risks and adherence to limits. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practices. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee reviews the effectiveness of the financial reporting process and material internal controls with the assistance of internal audit.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

Credit risk is the potential financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers. Other than loans and advances, the Group's investment in debt securities comprises Singapore Government debt securities, MAS Bills and MAS FRN, which are held to meet liquidity and statutory reserve requirements. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure. Credit risk concentration is addressed by setting appropriate credit portfolio limits and monitoring its exposures against the limits on a regular basis.

#### Management of credit risk

The Group has clearly defined credit guidelines for the approval and management of credit risk. Credit risk is managed to achieve sustainable and superior risk-reward performance whilst maintaining exposures within acceptable risk appetite parameters. Credit risk analysis focuses on ensuring that credit risks are identified in order that a balanced assessment can be made accordingly. Credit exposures and limits are managed to align with the Group's risk appetite, to maintain the target business mix and that there is no undue risk concentration. Credit concentration limits are reviewed on a regular basis after taking into account business, economic, financial and regulatory environments.

The Board of Directors has delegated the management of credit risk oversight to its BRC whilst reserving for itself and various committees approval authority for exposures exceeding pre-set limits. Risk Management and Credit Control departments are responsible for management of the Group's credit risk, including:-

- (i) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- (ii) Monitoring the Group's loans portfolio and concentration risk exposures.
- (iii) Reviewing and assessing credit risk.
- (iv) Maintaining the Group's risk gradings.
- (v) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Credit stress testing forms an integral part of the credit portfolio analysis. It is conducted periodically to assess the developments in the current operating environment that are relevant to borrower segments as well as to determine the impact of staging migration and collateral shocks to the Capital Adequacy Ratio. This enables the Group to identify potentially risky portfolio segments, and plan preventive actions, where applicable.

#### Environmental, Social and Governance Factors

The Group incorporates Responsible Financing practices into the business model when deciding on credit extensions to corporate borrowers. This is done as part of the adoption of the Guidelines on Responsible Financing issued by the Association of Banks in Singapore. The Group implements an Environmental, Social and Governance ("ESG") Risk Assessment tool to evaluate customers from industries with elevated ESG risk profiles. This risk assessment tool is to ensure that material ESG matters are considered for new borrowing customers, new credit applications and periodic reviews.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position, reduced by the value of the collateral held.

Loans and advances to customers can be analysed as follows:-

	Group and Company			
	12-month expected credit loss Not credit- impaired \$'000	Lifetime expected credit loss Not credit- impaired \$'000	Lifetime expected credit loss Credit- impaired \$'000	Total \$'000
<b>2024</b>				
Performing accounts				
- neither past due nor impaired	11,372,127	174,814	-	11,546,941
- past due but not impaired	61,239	25,935	-	87,174
Substandard	-	-	50,537	50,537
Loss	-	-	1,740	1,740
Gross amount	11,433,366	200,749	52,277	11,686,392
Stage 1 & 2 loss allowances	(15,719)	(164)	-	(15,883)
Stage 3 loss allowances	-	-	(2,783)	(2,783)
Carrying amount	11,417,647	200,585	49,494	11,667,726
<b>2023</b>				
Performing accounts				
- neither past due nor impaired	11,179,244	290,429	-	11,469,673
- past due but not impaired	100,706	45,426	-	146,132
Substandard	-	-	60,639	60,639
Loss	-	-	3,038	3,038
Gross amount	11,279,950	335,855	63,677	11,679,482
Stage 1 & 2 loss allowances	(15,661)	(204)	-	(15,865)
Stage 3 loss allowances	-	-	(4,235)	(4,235)
Carrying amount	11,264,289	335,651	59,442	11,659,382

There are no loans and advances graded as doubtful as at 31 December 2024 and 2023.

*Impaired:* when the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Past due but not impaired:* when contractual interest or principal payments are past due by not more than three months and the Group believes that specific impairment is not appropriate on the basis of the security available and/or the stage of collection. Collective allowances have been set aside on a portfolio basis.

*Allowances for doubtful debts:* represents the Group's estimate of incurred losses in its loan portfolio, and comprises principally a specific loss component relating to individually significant exposures and a collective loss component established for groups of homogeneous assets not subject to individual assessment for impairment.

*Write-off policy:* The Group writes off wholly or partially loan balances (together with any related allowances for doubtful debts) when the Group determines that they are uncollectible. This determination is reached after considering information such as the occurrence of a deterioration in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to repay the entire exposure.

Set out below is an analysis of the gross and net (of allowances for doubtful debts) amounts of individually impaired loans and advances to customers by risk grade.

	Gross amount \$'000	Amount net of individual allowances \$'000
31 December 2024		
Substandard	50,537	49,494
Loss	1,740	–
Total	<u>52,277</u>	<u>49,494</u>
31 December 2023		
Substandard	60,639	59,442
Loss	3,038	–
Total	<u>63,677</u>	<u>59,442</u>

The Group normally holds collateral against loans and advances to customers. These are in the form of mortgage interests over property and ownership or other registered interests over assets. Estimates of fair value of collateral are assessed in each accounting period prior to determination of individual allowances.

An estimate of the financial effect of collateral and other security enhancements held against loans and advances to customers on maximum credit risk exposure amounted to \$11,603,651,000 (2023: \$11,604,085,000). An estimate of the financial effect of collateral and other security enhancements held against credit-impaired loans and advances to customers on maximum credit risk exposure amounted to \$48,974,000 (2023: \$58,823,000). The Group's claim against such collateral has been limited to the obligations of the respective obligors.

The nature and carrying amount of collateral held against financial assets, obtained by taking possession of the collateral held as security, which remain held at the reporting date are as follows. Claims against such collateral are limited to the outstanding obligations.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

	Group and Company	
	2024	2023
	\$'000	\$'000
Motor vehicles	18	–
Properties	990	–
Total	<u>1,008</u>	–

The Group's collateral management framework is to pursue timely realisation of the collateral in an orderly manner.

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:-

	Loans and advances to customers	
	2024	2023
	\$'000	\$'000
Gross carrying amount	<u>11,686,392</u>	11,679,482
Concentration by sector		
Hire purchase/block discounting	2,086,790	1,757,249
Housing loans secured by property under finance	845,286	1,165,854
Other loans and advances:-		
Manufacturing	18,771	32,343
Building and construction	5,857,643	5,554,149
General commerce	26,994	56,671
Transport, storage and communication	162,443	155,649
Investment and holding companies	442,776	718,119
Professional and private individuals	148,556	200,294
Hotels, restaurants and boarding houses	1,628,848	1,505,897
Service companies	395,996	426,261
Others	72,289	106,996
Total	<u>11,686,392</u>	<u>11,679,482</u>

At the reporting date, there was no other significant concentration of credit risk.

Financial guarantees comprising guarantees issued by the Company to third parties on behalf of customers amounted to \$449,000 as at 31 December 2024 (2023: \$249,000). At the reporting date, the Company does not consider it probable that claims will be made against the Company under the guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Reconciliation of Loss Allowance*  
Reconciliation of impairment provision

	12-month ECL Not credit- impaired \$'000	Lifetime ECL Not credit- impaired \$'000	Lifetime ECL Credit- impaired \$'000	Total \$'000
<b>2024</b>				
Balance as at 1 January	15,661	204	4,235	20,100
New financial assets originated or purchased	5,154	5	–	5,159
Financial assets repaid	(5,173)	(80)	(395)	(5,648)
Financial assets written off	–	–	(1,659)	(1,659)
Transfer to 12-month ECL – not credit-impaired	76	(42)	(34)	–
Transfer to Lifetime ECL – not credit-impaired	(111)	111	–	–
Transfer to Lifetime ECL – credit-impaired	(38)	(27)	65	–
Others	150	(7)	571	714
Balance as at 31 December	15,719	164	2,783	18,666
<b>2023</b>				
Balance as at 1 January	14,620	5,612	4,561	24,793
New financial assets originated or purchased	5,351	8	99	5,458
Financial assets repaid	(5,917)	(3,003)	(923)	(9,843)
Financial assets written off	–	–	(112)	(112)
Transfer to 12-month ECL – not credit-impaired	2,239	(2,239)	–	–
Transfer to Lifetime ECL – not credit-impaired	(79)	79	–	–
Transfer to Lifetime ECL – credit-impaired	(6)	(25)	31	–
Others	(547)	(228)	579	(196)
Balance as at 31 December	15,661	204	4,235	20,100

Write-off still under enforcement activity

The contractual amount of outstanding on loans and advances to customers that were written off during the reporting period, and are still subject to enforcement activity was \$1.7 million (2023: \$0.1 million).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

Cash at banks and in hand

The Group and the Company held cash at banks and in hand of \$772,045,000 and \$770,957,000 respectively at 31 December 2024 (2023: \$1,156,773,000 and \$1,155,367,000 respectively). The cash at banks and in hand are mainly held with bank and financial institution counterparties, which are rated AA- to A-, based on various international credit ratings.

Impairment on cash at banks and in hand has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at banks and in hand have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash at banks and in hand to those used for loans and advances.

Statutory deposit with the Monetary Authority of Singapore

The Group and the Company held statutory deposit with the Monetary Authority of Singapore of \$336,926,000 at 31 December 2024 (2023: \$342,362,000) which is rated AAA, based on various international credit ratings. Hence, the Group considers that its statutory deposits have low credit risk and the amount of allowance is negligible.

Singapore Government Debts Securities, MAS Bills and MAS Floating Rate Note

The Group and the Company held Singapore Government debt securities, MAS bills and MAS FRN of \$1,777,106,000 at 31 December 2024 (2023: \$1,710,012,000) which is rated AAA, based on various international credit ratings. Hence, the Group considers that its Singapore Government debt securities, MAS bills and MAS FRN have low credit risk and the amount of allowance is negligible.

### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations and commitments resulting from its financial liabilities, or can only access these cash flow needs at excessive cost. The most common sources of liquidity risk arise from mismatches in the timing and value of cash inflows and outflows from the Group's statement of financial position exposures.

*Management of liquidity risk*

The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both business-as-usual and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This approach is established to meet the Group's current and prospective commitments in business-as-usual, and maintaining soundness in times of stress.

The Group is currently funded by equity and deposits. Liquidity risk arises from the management of the net funding position after accounting for the ongoing cash flows from assets and liabilities at various points in time.

Liquidity risk is managed in accordance with the Group's liquidity framework of policies, contingency funding plan, controls and limits approved by the BRC. This framework ensures that liquidity risk is monitored and managed in a manner that ensures sufficient sources of funds are available over a range of market conditions. Stress testing is conducted to assess and plan for the impact of the scenarios which may put the Group's liquidity at risk.

Liquidity risk is also mitigated through the diversification of the Company's loans and deposits and the close monitoring of exposure to minimise concentration risk.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

Contingency funding plans, which guide the Group's actions and responses, are in place to address potential liquidity crises using early warning indicators. Crisis escalation procedures and various strategies including funding, communication and managerial actions to be taken have been developed to minimise the impact of liquidity crunch.

#### Exposure to liquidity risk

The Company monitors the liquidity limit, being a ratio of liquid assets (comprising cash balances with the Monetary Authority of Singapore ("MAS") and reserve assets principally comprising Singapore Government debt securities, MAS bills and MAS FRN) to net liabilities (computed in accordance with MAS Notice 806) as at the reporting date and during the reporting period. Details of the ratio of liquid assets to net liabilities at the reporting date and during the reporting period were as follows:-

	Company	
	2024	2023
At 31 December	19.00%	18.15%
Average for the period	18.61%	16.84%
Maximum for the period	20.23%	18.15%
Minimum for the period	16.73%	16.09%

The table below shows the remaining contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments could vary significantly from this analysis. In particular, the carrying amount of deposits from customers is expected to remain stable; not all undrawn loan commitments are available to be drawn down immediately upon finalisation of legal documentation, due to factors like the progressive nature of the facility to be based on the stage of completion of work in progress.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

	Carrying amount \$'000	Gross nominal outflow \$'000	Up to 1 month \$'000	Over 1 month to 3 months \$'000	Over 3 months to 1 year \$'000	Over 1 year to 5 years \$'000	Over More than 5 years \$'000
<b>Group</b>							
<b>31 December 2024</b>							
<i>Non-derivative financial liabilities</i>							
Deposits and balances of customers	12,300,265	(12,539,182)	(1,781,760)	(3,660,983)	(7,091,895)	(4,544)	-
Borrowings from MAS SGD Facility	-	-	-	-	-	-	-
Borrowings from Enterprise Singapore	1,449	(1,475)	(130)	(127)	(566)	(652)	-
Other liabilities	39,459	(39,459)	(15,081)	-	(24,378)	-	-
Lease liabilities	43,897	(48,636)	(617)	(1,235)	(5,390)	(27,095)	(14,299)
	<b>12,385,070</b>	<b>(12,628,752)</b>	<b>(1,797,588)</b>	<b>(3,662,345)</b>	<b>(7,122,229)</b>	<b>(32,291)</b>	<b>(14,299)</b>
Financial guarantees	-	(449)	(449)	-	-	-	-
	<b>12,385,070</b>	<b>(12,629,201)</b>	<b>(1,798,037)</b>	<b>(3,662,345)</b>	<b>(7,122,229)</b>	<b>(32,291)</b>	<b>(14,299)</b>
Undrawn loan commitments	-	(1,549,501)	(1,161,091)	(388,410)	-	-	-
	<b>12,385,070</b>	<b>(14,178,702)</b>	<b>(2,959,128)</b>	<b>(4,050,755)</b>	<b>(7,122,229)</b>	<b>(32,291)</b>	<b>(14,299)</b>
<b>31 December 2023</b>							
<i>Non-derivative financial liabilities</i>							
Deposits and balances of customers	12,647,934	(12,998,838)	(1,168,241)	(2,358,640)	(9,305,986)	(165,971)	-
Borrowings from MAS SGD Facility	15,389	(15,543)	-	-	(15,543)	-	-
Borrowings from Enterprise Singapore	2,533	(2,560)	(204)	(155)	(655)	(1,546)	-
Other liabilities	37,205	(37,205)	(15,205)	-	(22,000)	-	-
Lease liabilities	40,851	(45,655)	(613)	(1,227)	(5,090)	(21,558)	(17,167)
	<b>12,743,912</b>	<b>(13,099,801)</b>	<b>(1,184,263)</b>	<b>(2,360,022)</b>	<b>(9,349,274)</b>	<b>(189,075)</b>	<b>(17,167)</b>
Financial guarantees	-	(249)	(249)	-	-	-	-
	<b>12,743,912</b>	<b>(13,100,050)</b>	<b>(1,184,512)</b>	<b>(2,360,022)</b>	<b>(9,349,274)</b>	<b>(189,075)</b>	<b>(17,167)</b>
Undrawn loan commitments	-	(1,218,269)	(973,264)	(245,005)	-	-	-
	<b>12,743,912</b>	<b>(14,318,319)</b>	<b>(2,157,776)</b>	<b>(2,605,027)</b>	<b>(9,349,274)</b>	<b>(189,075)</b>	<b>(17,167)</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Carrying amount \$'000	Gross nominal outflow \$'000	Up to 1 month \$'000	Over 1 month to 3 months \$'000	Over 3 months to 1 year \$'000	Over 1 year to 5 years \$'000	Over More than 5 years \$'000
<b>Company</b>							
<b>31 December 2024</b>							
<i>Non-derivative financial liabilities</i>							
Deposits and balances of customers	12,304,858	(12,543,894)	(1,782,129)	(3,660,983)	(7,096,238)	(4,544)	-
Borrowings from MAS SGD Facility	-	-	-	-	-	-	-
Borrowings from Enterprise Singapore	1,449	(1,475)	(130)	(127)	(566)	(652)	-
Other liabilities	38,105	(38,105)	(13,746)	-	(24,359)	-	-
Lease liabilities	43,897	(48,636)	(617)	(1,235)	(5,390)	(27,095)	(14,299)
	<b>12,388,309</b>	<b>(12,632,110)</b>	<b>(1,796,622)</b>	<b>(3,662,345)</b>	<b>(7,126,553)</b>	<b>(32,291)</b>	<b>(14,299)</b>
Financial guarantees	-	(449)	(449)	-	-	-	-
	<b>12,388,309</b>	<b>(12,632,559)</b>	<b>(1,797,071)</b>	<b>(3,662,345)</b>	<b>(7,126,553)</b>	<b>(32,291)</b>	<b>(14,299)</b>
Undrawn loan commitments	-	(1,549,501)	(1,161,091)	(388,410)	-	-	-
	<b>12,388,309</b>	<b>(14,182,060)</b>	<b>(2,958,162)</b>	<b>(4,050,755)</b>	<b>(7,126,553)</b>	<b>(32,291)</b>	<b>(14,299)</b>
<b>31 December 2023</b>							
<i>Non-derivative financial liabilities</i>							
Deposits and balances of customers	12,652,388	(13,003,431)	(1,168,600)	(2,358,640)	(9,310,220)	(165,971)	-
Borrowings from MAS SGD Facility	15,389	(15,543)	-	-	(15,543)	-	-
Borrowings from Enterprise Singapore	2,533	(2,560)	(204)	(155)	(655)	(1,546)	-
Other liabilities	35,508	(35,508)	(13,529)	-	(21,979)	-	-
Lease liabilities	40,851	(45,655)	(613)	(1,227)	(5,090)	(21,558)	(17,167)
	<b>12,746,669</b>	<b>(13,102,697)</b>	<b>(1,182,946)</b>	<b>(2,360,022)</b>	<b>(9,353,487)</b>	<b>(189,075)</b>	<b>(17,167)</b>
Financial guarantees	-	(249)	(249)	-	-	-	-
	<b>12,746,669</b>	<b>(13,102,946)</b>	<b>(1,183,195)</b>	<b>(2,360,022)</b>	<b>(9,353,487)</b>	<b>(189,075)</b>	<b>(17,167)</b>
Undrawn loan commitments	-	(1,218,269)	(973,264)	(245,005)	-	-	-
	<b>12,746,669</b>	<b>(14,321,215)</b>	<b>(2,156,459)</b>	<b>(2,605,027)</b>	<b>(9,353,487)</b>	<b>(189,075)</b>	<b>(17,167)</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk

Interest rate risk is the risk to the Group's earnings and capital arising from exposure to adverse movements in interest rates. Interest rate risk arises primarily from timing differences in the maturity (for fixed rate) and repricing (for floating rate) of assets and liabilities.

### *Management of interest rate risk*

The overall objective of interest rate risk management is to manage current and future earnings sensitivity arising from various interest rate exposures and to secure stable and optimal net interest income over the short and long term within approved risk appetite. Interest rate risk exposures are measured and monitored using a combination of repricing gap, present value of 1 basis point and income simulation modeling. The BRC approves policies, strategies and limits in the management of interest rate risk. Policies and limits are reviewed regularly to ensure that they remain relevant.

### *Exposure to interest rate risk*

The Company does not hold a trading portfolio. The principal risk to which its non-trading portfolio is exposed arises from the risk of fluctuations in the future cash flows or fair values of financial instruments due to changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

Besides Singapore Government debt securities, MAS bills and MAS FRN intended to be held to maturity, the Group's exposure to interest rate risk relates primarily to the Group's loan portfolio, deposits and any interest-bearing borrowings. Interest rate risk arises when these assets and liabilities mature or reprice at different times or in differing amounts, or when market conditions dictate the extent of repricing possible. The Group manages this risk through diversity in its loan and deposit portfolio, and maintains a capital adequacy ratio in excess of statutory requirements.

### *Repricing analysis*

The following table indicates the periods in which the financial instruments reprice or contractually mature, whichever is the earlier.

Actual repricing dates may differ from contractual repricing dates due to prepayment of loans or early withdrawal of deposits.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (continued)

	Note	Group				Non-interest bearing
		Carrying amount \$'000	Up to 1 year \$'000	Over 1 to 5 years \$'000	After 5 years \$'000	
<b>31 December 2024</b>						
<b>Financial assets</b>						
Loans, advances and receivables	12	11,667,726	9,244,860	2,221,879	200,987	–
Singapore Government debt securities, MAS bills and MAS FRN	11	1,777,106	1,387,186	389,920	–	–
Cash at banks and in hand	10	772,045	711,864	–	–	60,181
Statutory deposit with the Monetary Authority of Singapore	10	336,926	–	–	–	336,926
Other assets		14,805	–	–	–	14,805
<b>Financial liabilities</b>						
Deposits and balances of customers	6	12,300,265	12,253,445	4,468	–	42,352
Borrowings from Enterprise Singapore	7	1,449	808	641	–	–
Other liabilities	8	158,019	–	–	–	158,019
Lease liabilities	8	43,897	–	–	–	43,897
<b>31 December 2023</b>						
<b>Financial assets</b>						
Loans, advances and receivables	12	11,659,382	9,979,694	1,530,251	149,437	–
Singapore Government debt securities, MAS bills and MAS FRN	11	1,710,012	1,301,673	408,339	–	–
Cash at banks and in hand	10	1,156,773	1,080,405	–	–	76,368
Statutory deposit with the Monetary Authority of Singapore	10	342,362	–	–	–	342,362
Other assets		26,260	–	–	–	26,260
<b>Financial liabilities</b>						
Deposits and balances of customers	6	12,647,934	12,431,389	162,275	–	54,270
Borrowings from MAS SGD Facility	7	15,389	15,389	–	–	–
Borrowings from Enterprise Singapore	7	2,533	1,003	1,530	–	–
Other liabilities	8	171,033	–	–	–	171,033
Lease liabilities	8	40,851	–	–	–	40,851

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (continued)

	Note	Company				Non-interest bearing
		Carrying amount \$'000	Up to 1 year \$'000	Over 1 to 5 years \$'000	After 5 years \$'000	
<b>31 December 2024</b>						
<b>Financial assets</b>						
Loans, advances and receivables	12	11,667,726	9,244,860	2,221,879	200,987	–
Singapore Government debt securities, MAS bills and MAS FRN	11	1,777,106	1,387,186	389,920	–	–
Cash at banks and in hand	10	770,957	710,776	–	–	60,181
Statutory deposit with the Monetary Authority of Singapore	10	336,926	–	–	–	336,926
Other assets		14,805	–	–	–	14,805
<b>Financial liabilities</b>						
Deposits and balances of customers	6	12,304,858	12,258,038	4,468	–	42,352
Borrowings from Enterprise Singapore	7	1,449	808	641	–	–
Other liabilities	8	156,702	–	–	–	156,702
Lease liabilities	8	43,897	–	–	–	43,897
<b>31 December 2023</b>						
<b>Financial assets</b>						
Loans, advances and receivables	12	11,659,382	9,979,694	1,530,251	149,437	–
Singapore Government debt securities, MAS bills and MAS FRN	11	1,710,012	1,301,673	408,339	–	–
Cash at banks and in hand	10	1,155,367	1,078,999	–	–	76,368
Statutory deposit with the Monetary Authority of Singapore	10	342,362	–	–	–	342,362
Other assets		26,260	–	–	–	26,260
<b>Financial liabilities</b>						
Deposits and balances of customers	6	12,652,388	12,435,843	162,275	–	54,270
Borrowings from MAS SGD Facility	7	15,389	15,389	–	–	–
Borrowings from Enterprise Singapore	7	2,533	1,003	1,530	–	–
Other liabilities	8	169,381	–	–	–	169,381
Lease liabilities	8	40,851	–	–	–	40,851

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Interest rate risk (continued)

#### *Sensitivity analysis*

Interest rate sensitivity analyses are performed under various interest rate scenarios using simulation modeling where the sensitivity of projected net interest income is measured against changes in market interest rates. The projected impact on future net interest income before tax over the next twelve months from the close of the year resulting from a 100 basis points parallel shift in the yield curves applied to the year end position is a gain/(loss) of:-

	Group	
	2024	2023
	\$'000	\$'000
+ 100 basis points parallel shift in yield curves	18,439	37,614
- 100 basis points parallel shift in yield curves	(20,987)	(45,720)

The above sensitivity analysis is illustrative only. It assumes that interest rates of all tenors move by the same amount and does not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The analysis also assumes that all financial assets and liabilities run to contractual maturity without action by the Group to mitigate any impact of changes in interest rates.

#### *Interest rate benchmark reform*

As of 31 December 2024, the Group has completed the transition of all SOR and SIBOR exposures to SORA, fixed rates or other market reference rates.

### (e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, customer and market confidence and to sustain future development of the business. The Assets and Liabilities Committee reviews the adequacy of capital by monitoring the levels of major assets and liabilities taking into account the underlying risks of the Group's business and compliance with regulatory capital requirements. The Board of Directors monitors the level of dividends to shareholders.

#### *Regulatory capital*

The Group maintains a capital adequacy ratio in excess of the prescribed ratio, expressed as a percentage of eligible total capital to total risk-weighted assets.

The Group's eligible total capital includes share capital, accumulated profits, statutory reserve, capital reserve and share option reserve. Risk-weighted assets are determined according to regulatory requirements that reflect the varying levels of risk attached to assets and off-balance sheet exposures.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Capital management (continued)

#### *Regulatory capital (continued)*

The Group's regulatory capital adequacy position at 31 December is as follows:-

	2024	2023
	\$'000	\$'000
Share capital	891,641	891,578
Accumulated profits	269,963	263,296
Statutory reserve	822,015	798,671
Capital reserve	2,307	2,307
Share option reserve	2,090	2,203
<b>Eligible total capital</b>	<b>1,988,016</b>	<b>1,958,055</b>
<b>Risk-weighted assets</b>	<b>12,221,176</b>	<b>12,015,313</b>
<b>Capital adequacy ratio</b>	<b>16.3%</b>	<b>16.3%</b>

The Group has complied with all externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

## 26. FINANCIAL INSTRUMENTS

### Accounting classifications and fair values

#### (a) 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.

#### (b) Singapore Government debt securities, MAS bills and MAS FRN

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

#### (c) Other financial assets and financial liabilities

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

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 31 December. The aggregate net fair values of these financial assets and financial liabilities are disclosed in the following table:-

	Note	Group			
		Carrying amount	Fair value	Carrying amount	Fair value
		2024	2024	2023	2023
		\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Loans, advances and receivables	12	11,667,726	11,654,782	11,659,382	11,614,897
Singapore Government debt securities, MAS bills and MAS FRN	11	1,777,106	1,778,545	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	6	(12,300,265)	(12,396,865)	(12,647,934)	(12,817,235)
		<b>1,144,567</b>	<b>1,036,462</b>	721,460	503,378

	Note	Company			
		Carrying amount	Fair value	Carrying amount	Fair value
		2024	2024	2023	2023
		\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Loans, advances and receivables	12	11,667,726	11,654,782	11,659,382	11,614,897
Singapore Government debt securities, MAS bills and MAS FRN	11	1,777,106	1,778,545	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	6	(12,304,858)	(12,401,531)	(12,652,388)	(12,821,698)
		<b>1,139,974</b>	<b>1,031,796</b>	717,006	498,915

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (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 \$3.41 billion (2023: \$2.74 billion) against a carrying value of \$3.42 billion (2023: \$2.78 billion). Singapore Government debt securities, MAS bills and MAS FRN are Level 1 instruments with fair value of \$1.78 billion (2023: \$1.71 billion). The portion of deposits and balances of customers being Level 2 instruments have a fair value of \$9.38 billion (2023: \$10.54 billion) against a carrying value of \$9.28 billion (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.

## 27. COMMITMENTS

### (a) Capital commitments

At 31 December, the Group and the Company had outstanding capital commitments in respect of contracts to purchase property, plant and equipment amounting to \$2,394,000 (2023: \$3,000,000).

### (b) Undrawn loan commitments

Undrawn loan commitments comprise contractual obligations to provide credit facilities to customers which can either be for a fixed period or have no specific maturity but are cancellable by the Group subject to notice requirements.

At 31 December, the Group and the Company had undrawn loan commitments amounting to \$1,549,501,000 (2023: \$1,218,269,000).

## 28. RELATED PARTY TRANSACTIONS

The Company is considered to be a subsidiary of Hong Leong Investment Holdings Pte. Ltd. Transactions entered into by the Group and the Company with related parties (including members of the Hong Leong Investment Holdings Pte. Ltd. group) in the ordinary course of business from time to time and at market value, primarily comprise loans, deposits, provision of corporate advisory services, insurance transactions, property-related transactions, purchase/sale of property, management services, incidental expenses and/or other transactions relating to the business of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### Key Management Personnel Compensation

Key management personnel compensation comprised:-

	Group	
	2024 \$'000	2023 \$'000
Short-term employee benefits	5,538	5,028
CPF contributions to defined contribution plans	31	33
Depreciation of motor vehicles	–	5
Other operating expenses including principally directors' fees	1,819	1,766
Share-based payments	26	31
	<b>7,414</b>	<b>6,863</b>

Directors' remuneration (inclusive of fees) included in key management personnel compensation amounted to \$4,796,000 (2023: \$4,456,000).

Key management personnel of the Company participate in the Share Option Scheme as described in Note 5. During the year, options to 245,000 (2023: 344,500) shares were granted to key management personnel. These share options are subject to a vesting schedule.

Options held by key management personnel at the end of the year are as follows:-

	2024	2023
Granted on		
25.9.2014	–	236,000
23.9.2015	71,000	71,000
23.9.2016	71,000	71,000
21.9.2017	171,500	171,500
25.9.2018	271,500	271,500
23.9.2019	331,000	331,000
23.9.2020	309,000	309,000
22.9.2021	173,500	173,500
21.9.2022	244,500	244,500
20.9.2023	344,500	344,500
17.9.2024	245,000	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### Key Management Personnel Compensation (continued)

Options held by an Executive Director included in key management personnel at the end of the year are as follows:-

	2024	2023
Granted on		
25.9.2014	–	160,000
21.9.2017	115,000	115,000
25.9.2018	156,000	156,000
23.9.2019	172,000	172,000
23.9.2020	163,000	163,000
22.9.2021	90,000	90,000
21.9.2022	127,500	127,500
20.9.2023	172,500	172,500
17.9.2024	122,500	–

### Other Related Party Transactions

Related party balances as at the reporting date and transactions during the financial year are as follows:-

	Holding Company \$'000	Group Fellow Subsidiaries and Associates of Holding Company \$'000	Key Management Personnel* \$'000
(a) Secured loans, advances and hire purchase receivables			
Outstanding balances:			
As at 1 January 2023	–	86	62,581
Increase	–	–	10
(Decrease)	–	(47)	(26,561)
As at 31 December 2023	–	39	36,030
Increase	–	–	–
(Decrease)	–	(23)	(171)
As at 31 December 2024	–	16	35,859
Undrawn loan commitments:			
As at 1 January 2023	–	–	–
Increase	–	–	–
(Decrease)	–	–	–
As at 31 December 2023	–	–	–
Increase	–	–	–
(Decrease)	–	–	–
As at 31 December 2024	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Party Transactions (continued)

	Holding Company \$'000	Group Fellow Subsidiaries and Associates of Holding Company \$'000	Key Management Personnel* \$'000
(b) Stage 3 loss allowances			
As at 31 December 2023	–	–	–
As at 31 December 2024	–	–	–
(c) Other receivables, deposits and prepayment			
Outstanding balances:			
As at 1 January 2023	–	1,245	–
Increase	–	62	–
(Decrease)	–	(2)	–
As at 31 December 2023	–	1,305	–
Increase	–	4	–
(Decrease)	–	(1)	–
As at 31 December 2024	–	1,308	–
(d) Deposits and balances of customers			
Outstanding balances:			
As at 1 January 2023	101,463	266,654	16,393
Increase	–	8,057	6,293
(Decrease)	(49,830)	(80,976)	(4,890)
As at 31 December 2023	51,633	193,735	17,796
Increase	–	8,035	334
(Decrease)	(18,892)	(39,480)	(4,702)
As at 31 December 2024	32,741	162,290	13,428
(e) Trade and other payables			
Outstanding balances:			
As at 1 January 2023	556	1,862	77
Increase	–	2,099	59
(Decrease)	(287)	(740)	(15)
As at 31 December 2023	269	3,221	121
Increase	1	132	39
(Decrease)	(104)	(592)	(47)
As at 31 December 2024	166	2,761	113
(f) Lease liabilities			
As at 31 December 2023	–	24,957	–
As at 31 December 2024	–	28,522	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Party Transactions (continued)

	Holding Company \$'000	Group Fellow Subsidiaries and Associates of Holding Company \$'000	Key Management Personnel* \$'000
(g) Profit and loss transactions			
Year ended 31 December 2024			
- Interest income on loans and advances and hiring charges in respect of hire purchase receivables	–	1	1,791
- Interest expense on deposits	(1,390)	(5,811)	(425)
- Fee, commission and other income	–	–	38
- Other operating expenses	(2)	(1,016)	–
- Stage 3 allowances for doubtful debts	–	–	–
- Interest expense on lease liabilities	–	(970)	–
Year ended 31 December 2023			
- Interest income on loans and advances and hiring charges in respect of hire purchase receivables	–	2	2,218
- Interest expense on deposits	(2,338)	(8,054)	(547)
- Fee, commission and other income	–	–	4
- Other operating expenses	–	(722)	–
- Stage 3 allowances for doubtful debts	–	–	–
- Interest expense on lease liabilities	–	(882)	–
(h) Cash outflows relating to operating leases			
- Lease payments			
Year ended 31 December 2023	–	(5,141)	–
Year ended 31 December 2024	–	(5,208)	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Party Transactions (continued)

	Company			
	Holding Company \$'000	Fellow Subsidiaries and Associates of Holding Company \$'000	Key Management Personnel* \$'000	Subsidiaries \$'000
(a) Secured loans, advances and hire purchase receivables				
Outstanding balances:				
As at 1 January 2023	–	86	62,581	–
Increase	–	–	10	–
(Decrease)	–	(47)	(26,561)	–
As at 31 December 2023	–	39	36,030	–
Increase	–	–	–	–
(Decrease)	–	(23)	(171)	–
As at 31 December 2024	–	16	35,859	–
Undrawn loan commitments:				
As at 1 January 2023	–	–	–	–
Increase	–	–	–	–
(Decrease)	–	–	–	–
As at 31 December 2023	–	–	–	–
Increase	–	–	–	–
(Decrease)	–	–	–	–
As at 31 December 2024	–	–	–	–
(b) Stage 3 loss allowances				
As at 31 December 2023	–	–	–	–
As at 31 December 2024	–	–	–	–
(c) Other receivables, deposits and prepayment				
Outstanding balances:				
As at 1 January 2023	–	1,245	–	–
Increase	–	62	–	–
(Decrease)	–	(2)	–	–
As at 31 December 2023	–	1,305	–	–
Increase	–	4	–	–
(Decrease)	–	(1)	–	–
As at 31 December 2024	–	1,308	–	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Party Transactions (continued)

	Company			
	Holding Company \$'000	Fellow Subsidiaries and Associates of Holding Company \$'000	Key Management Personnel* \$'000	Subsidiaries \$'000
(d) Deposits and balances of customers				
Outstanding balances:				
As at 1 January 2023	101,463	266,654	16,393	4,350
Increase	–	8,057	6,293	104
(Decrease)	(49,830)	(80,976)	(4,890)	–
As at 31 December 2023	51,633	193,735	17,796	4,454
Increase	–	8,035	334	139
(Decrease)	(18,892)	(39,480)	(4,702)	–
As at 31 December 2024	32,741	162,290	13,428	4,593
(e) Trade and other payables				
Outstanding balances:				
As at 1 January 2023	556	1,855	77	34
Increase	–	2,099	59	17
(Decrease)	(287)	(740)	(15)	–
As at 31 December 2023	269	3,214	121	51
Increase	1	132	39	–
(Decrease)	(104)	(592)	(47)	(7)
As at 31 December 2024	166	2,754	113	44
(f) Lease liabilities				
As at 31 December 2023	–	24,957	–	–
As at 31 December 2024	–	28,522	–	–

\* Key Management Personnel relate to key management personnel of the Group and the Company and of the holding company of the Company and their close family members.

Loans and deposits transactions with related parties are conducted at arm's length in the ordinary course of business. Credit facilities granted are subject to the Company's normal credit evaluation, approval, monitoring and reporting processes. Loans and advances are secured on equity securities or property, plant and equipment.

No impairment losses have been recorded against balances outstanding during the financial year with related parties, and no specific allowance has been made for balances with related parties at the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

## 29. LEASES

### Leases as lessee (SFRS(I) 16)

The Group leases properties and motor vehicles. The leases typically run for a period of three to nine years, with options to renew the lease after that date. Previously, these leases were classified as operating leases under SFRS(I)1-17. None of the leases contain contingent rentals.

The Group leases motor vehicle with one year contract term. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

### Right-of-use assets

Right-of-use assets related to leased properties presented as property, plant and equipment (see note 16).

	Leasehold buildings	
	2024	2023
	\$'000	\$'000
Balance at 1 January	38,591	29,348
Depreciation charge for the year	(6,412)	(6,448)
Additions to right-of-use assets	9,107	15,691
Balance at 31 December	41,286	38,591
	2024	2023
	\$'000	\$'000

### Amounts recognised in profit or loss

Interest on lease liabilities	1,254	1,129
Expenses relating to short-term leases	19	25
Expenses relating to leases of low-value assets	216	95

### Amount recognised in consolidated statement of cash flows

Total cash outflow for leases	7,315	7,199
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### Extension options

Some property leases contain extension options exercisable by the Group up to nine years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

# ANALYSIS OF SHAREHOLDINGS

As at 5 March 2025

Number of Shares in Issue	:	448,614,933
Class of Shares	:	Ordinary shares ("Shares")
Number of Shareholders	:	11,239
Voting Rights	:	1 vote for 1 share

Pursuant to the Finance Companies Act 1967, the Company does not hold treasury shares and accordingly, there were no treasury shares held as at 5 March 2025. As at 5 March 2025, there were also no Shares held as subsidiary holdings in the Company. 'Subsidiary holdings' is defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

Range of Shareholdings	No. of Shareholders		No. of Shares Held	
		%		%
1 – 99	351	3.12	14,197	0.00
100 – 1,000	1,720	15.30	1,149,179	0.26
1,001 – 10,000	6,775	60.28	30,646,737	6.83
10,001 – 1,000,000	2,364	21.04	114,725,314	25.57
1,000,001 and above	29	0.26	302,079,506	67.34
	11,239	100.00	448,614,933	100.00

Based on the information available to the Company as at 5 March 2025, approximately 50.46% of the total number of issued Shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

### MAJOR SHAREHOLDERS LIST - TOP 20 AS AT 5 MARCH 2025

No.	Name	No. of Shares Held	%*
1.	Hong Leong Investment Holdings Pte. Ltd.	116,507,363	25.97
2.	Hong Realty (Private) Limited	29,788,370	6.64
3.	DBS Nominees (Private) Limited	25,060,650	5.59
4.	Hong Leong Corporation Holdings Pte Ltd	19,685,812	4.39
5.	Garden Estates (Pte.) Limited	16,710,670	3.72
6.	Hong Leong Foundation	13,854,823	3.09
7.	Citibank Nominees Singapore Pte Ltd	12,350,132	2.75
8.	City Developments Limited	9,149,817	2.04
9.	Chng Gim Huat Holdings Pte Ltd	6,318,980	1.41
10.	Phillip Securities Pte Ltd	6,040,952	1.35
11.	Est of Chng Gim Huat, dec'd	5,770,000	1.29
12.	Hong Leong Holdings Limited	5,460,422	1.22
13.	United Overseas Bank Nominees (Private) Limited	4,656,393	1.04
14.	Hong Leong Enterprises Pte. Ltd.	4,485,047	1.00
15.	Raffles Nominees (Pte.) Limited	4,050,721	0.90
16.	OCBC Nominees Singapore Private Limited	2,695,647	0.60
17.	Chow Joo Ming	2,600,000	0.58
18.	HSBC (Singapore) Nominees Pte Ltd	2,254,157	0.50
19.	Morph Investments Ltd	2,160,000	0.48
20.	Kwek Leng Kee	1,595,079	0.36
		291,195,035	64.92

\* The percentage of Shares held is based on the total number of issued Shares of the Company as at 5 March 2025.

# ANALYSIS OF SHAREHOLDINGS

As at 5 March 2025

## SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 5 March 2025)

	No. of Shares			%*
	Direct Interest	Deemed Interest	Total Interest	
Hong Realty (Private) Limited	29,788,370	17,161,335 <sup>(1)</sup>	46,949,705	10.47
Hong Leong Enterprises Pte. Ltd.	4,485,047	19,968,812 <sup>(2)</sup>	24,453,859	5.45
Hong Leong Investment Holdings Pte. Ltd.	116,507,363	89,353,395 <sup>(3)</sup>	205,860,758	45.89
Davos Investment Holdings Private Limited	–	205,860,758 <sup>(4)</sup>	205,860,758	45.89
Kwek Holdings Pte Ltd	–	205,860,758 <sup>(4)</sup>	205,860,758	45.89

\* The percentage of Shares held is based on the total number of issued Shares of the Company as at 5 March 2025.

### Notes:

- (1) Hong Realty (Private) Limited (“HR”) is deemed under Section 4 of the Securities and Futures Act 2001 (“SFA”) to have an interest in the 17,161,335 Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the voting shares thereof.
- (2) Hong Leong Enterprises Pte. Ltd. (“HLE”) is deemed under Section 4 of the SFA to have an interest in the 19,968,812 Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the voting shares thereof.
- (3) Hong Leong Investment Holdings Pte. Ltd. (“HLIH”) is deemed under Section 4 of the SFA to have an interest in the 89,353,395 Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the voting shares thereof, which includes (i) the 46,949,705 Shares held directly and indirectly by HR and (ii) the 24,453,859 Shares held directly and indirectly by HLE.
- (4) Davos Investment Holdings Private Limited (“Davos”) and Kwek Holdings Pte Ltd (“KH”) are deemed under Section 4 of the SFA to have interests in the 205,860,758 Shares held directly and/or indirectly by HLIH in which each of them is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH.
- (5) On 6 March 2025, the Company received notifications from HLIH, KH and Davos which were submitted as an update of a change in their deemed interest in the Company, notwithstanding that the level of interest did not change by 1%. The change related to a disposal of 15,300 Shares which resulted in a reduction of HLIH’s deemed interest from 89,353,395 Shares to 89,338,095 Shares; and the corresponding reduction in the total interest of HLIH, KH and Davos from 205,860,758 Shares to 205,845,458 Shares.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Fifth Annual General Meeting (the “Meeting”) of HONG LEONG FINANCE LIMITED (the “Company”) will be held at M Hotel, Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 24 April 2025 at 10.30 a.m. for the following purposes:

## A) Ordinary Business:

1. To receive the Directors’ Statement and Audited Financial Statements for the year ended 31 December (“FY”) 2024 and the Auditors’ Report thereon. Resolution 1
2. To declare a final one-tier tax exempt dividend of 10 cents per share for FY 2024 (“Final Dividend”). Resolution 2
3. To approve Directors’ Fees of \$1,730,500 for FY 2024 (FY 2023: \$1,689,185). Resolution 3
4. To re-elect the following Directors retiring in accordance with the Company’s Constitution and who, being eligible, offer themselves for re-election as Directors of the Company:
  - (a) Mr Kwek Leng Beng Resolution 4(a)
  - (b) Mr Kwek Leng Peck Resolution 4(b)
  - (c) Mr Tan Tee How Resolution 4(c)
  - (d) Mr Clarence Yeo Gek Leong Resolution 4(d)

*Key information on the Directors who are proposed to be re-elected can be found under the sections on ‘Board of Directors’ and ‘Additional Information on Directors Seeking Re-election at the 65<sup>th</sup> Annual General Meeting’ of the Annual Report 2024.*

5. To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. Resolution 5

## B) Special Business:

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions which will be proposed as Ordinary Resolutions:

6. That authority be and is hereby given to the Directors to: Resolution 6
  - (a) (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,



# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 50% of the total number of issued shares of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 10% of the total number of issued shares of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares of the Company shall be based on the total number of issued shares of the Company at the time this Ordinary Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Ordinary Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of Section 161 of the Companies Act 1967 of Singapore, the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

# NOTICE OF ANNUAL GENERAL MEETING

7. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Hong Leong Finance Share Option Scheme 2001 (the "SOS") to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors (each as defined under the terms of the SOS) and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options granted under the SOS, provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares of the Company from time to time.

Resolution 7

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne  
Ng Siew Ping, Jaslin  
Company Secretaries

Singapore,  
26 March 2025

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

### Ordinary Business

1. With reference to Resolution 2, the Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 6 May 2025 up to (and including) 7 May 2025. Registrable transfers received up to 5.00 p.m. on 6 May 2025 will be registered to determine shareholders' entitlement to the Final Dividend. If approved at the Meeting, it will be paid on 22 May 2025.
2. With reference to Resolution 3, the Directors' Fees of \$1,730,500 for FY 2024 will be payable upon approval of the shareholders at the Meeting. The structure of fees payable to Directors for FY 2024 can be found in the 'Corporate Governance Report' which is included within the Company's Annual Report 2024.
3. With reference to Resolution 4(a), Mr Kwek Leng Beng will, upon re-election as a Director of the Company, remain as chairman of the Board of Directors and the Executive Committee ("Exco"), and a member of the Board Risk Committee ("BRC") and the Nominating Committee ("NC").
4. With reference to Resolution 4(b), Mr Kwek Leng Peck will, upon re-election as a Director of the Company, remain as a member and as alternate to the chairman of the Exco, a member of the BRC and the Hong Leong Finance Share Option Scheme 2001 Committee ("SOSC").
5. With reference to Resolution 4(c), Mr Tan Tee How will, upon re-election as a Director of the Company, remain as chairman of the BRC, a member of the Audit Committee ("AC") and the Exco. Mr Tan is considered independent by the Board.
6. With reference to Resolution 4(d), Mr Clarence Yeo Gek Leong will, upon re-election as a Director of the Company, remain as a member of the AC, Exco, Remuneration Committee, SOSC and Board Sustainability Committee. Mr Yeo is considered independent by the Board.

### Special Business

7. Resolution 6, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is revoked or varied at a general meeting) to issue shares and/or make or grant Instruments that might require shares to be issued up to a number not exceeding 50% of the Company's total number of issued shares, of which up to 10% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued under this ordinary resolution will be calculated based on the total number of issued shares of the Company at the time that this ordinary resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.
8. Resolution 7, if passed, will empower the Directors to offer and grant options in accordance with the SOS to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors (each as defined under the terms of the SOS) and to issue from time to time such number of shares of the Company pursuant to the exercise of such options under the SOS subject to such limit as prescribed in the SOS. (see note below on voting restrictions)

#### Voting restrictions pursuant to Rule 859 of the Listing Manual of SGX-ST:

Please note that a shareholder who is eligible to participate in the SOS (other than as a director and/or employee of Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries (but not including the Company)) should abstain from voting at the Meeting in respect of the ordinary resolution set out in Resolution 7 in relation to the SOS, and accordingly should not accept nominations as proxies or otherwise for voting at the Meeting, in respect of the aforesaid ordinary resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.

# NOTICE OF ANNUAL GENERAL MEETING

## Meeting Notes:

### Format of Meeting

1. The Meeting will be held in a wholly physical format. **There will be no option for Shareholders to participate virtually.** Shareholders, including CPF and SRS investors who hold the Company's shares through CPF Agent Banks or SRS Operators, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote by attending the Meeting.

Attendees are required to bring along their NRIC/passport so as to enable the Company to verify their identities.

Printed copies of this Notice and the accompanying proxy form are sent by post to members. These documents will also be published on the Company's website at the URL <https://www.hlf.com.sg/investor-relations/agm.php> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

2. All resolutions at the Meeting shall be voted on by way of a poll. Polling will be done by way of an electronic poll voting system and members present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

### Access to Documents

3. The Annual Report 2024 is available on the Company's website at the URL <https://www.hlf.com.sg/ar.html> and may also be accessed on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Shareholders may request for a printed copy of the Annual Report 2024 in the following manner:

- (a) by completing and submitting the Request Form which is sent to them by post; or
- (b) by completing and submitting the Request Form via email to the Company's Registrar at [hlf@boardroomlimited.com](mailto:hlf@boardroomlimited.com); with "Request for Printed Copy of Annual Report 2024" as the subject header of the email; or
- (c) by completing and submitting the online Request Form at <https://www.hlf.com.sg/investor-relations/annual-reports.php>,

in either case, by 5.00 p.m. on 10 April 2025.

### Submission of Questions

4. Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Meeting, in advance of the Meeting, in the following manner:
  - (a) via email to [ir@hlf.com.sg](mailto:ir@hlf.com.sg); or
  - (b) by post to the Company, Corporate Secretariat, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581.

When submitting questions, Shareholders should provide the following details: (a) full name as it appears in the CDP/CPF/SRS/scrip share records; (b) address; (c) number of shares held in the Company; and (d) the manner in which the shares are held in the Company (e.g., via CDP, CPF, SRS and/or scrip based), for verification purposes. All questions submitted in advance must be received by 5.00 p.m. on 10 April 2025.

5. The Company will address substantial and relevant questions (which are related to the Company's Annual Report and other agenda items set out in this Notice) received from Shareholders by 5.00 p.m. on 10 April 2025 by publishing its responses to such questions on the Company's website at the URL <https://www.hlf.com.sg/investor-relations/agm.php> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the closing date and time for the lodgement/receipt of instruments appointing a proxy(ies).

# NOTICE OF ANNUAL GENERAL MEETING

## **Appointment of Proxy(ies)**

6. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

7. A proxy need not be a member of the Company.
8. Completion and return of the form of proxy shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy to the Meeting.
9. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to the voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
10. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
- (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, via email to the Company's Share Registrar at [hlf@boardroomlimited.com](mailto:hlf@boardroomlimited.com),
- in either case, by 10.30 a.m. on 21 April 2025, being not less than 72 hours before the time for holding the Meeting.
11. A member who wishes to submit an instrument of proxy by post or via email can either use the printed copy of the proxy form, which is sent to him/her/it by post, or download a copy of the proxy form from the Company's website or the SGX-ST website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

## **CPF/SRS Investors**

12. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:
- (a) may attend and vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2025.

# NOTICE OF ANNUAL GENERAL MEETING

## **Personal data privacy:**

By submitting a form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, and/or submitting any question prior to the Meeting in accordance with this Notice, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxy(ies) and representative(s) appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities (collectively, the "Purposes");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;
- (c) agrees to provide the Company with written evidence of such prior consent upon reasonable request; and
- (d) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

Name of Director	Kwek Leng Beng	Kwek Leng Peck	Tan Tee How	Clarence Yeo Gek Leong
Age	84	68	65	65
Date of appointment	1 March 1979	1 January 1998	11 June 2019	1 January 2022
Job Title	Chairman and Managing Director  Chairman of the Executive Committee (“Exco”) and member of the Board Risk Committee (“BRC”) and Nominating Committee (“NC”)	Non-Executive and Non-Independent Director  Member, and also alternate to the chairman of the Exco, member of BRC, and Hong Leong Finance Share Option Scheme 2001 (“SOSC”)	Non-Executive and Independent Director  Chairman of the BRC and member of the Audit Committee (“AC”) and Exco	Non-Executive and Independent Director  Member of the AC, Exco, Remuneration Committee, SOSC, and Board Sustainability Committee
Date of last re-election as Director (if applicable)	27 April 2023	27 April 2023	29 April 2022	29 April 2022
Country of principal residence	Singapore	Singapore	Singapore	Singapore
Board of Directors’ (the “Board”) comments on the re-election (including rationale, selection criteria, and the search and nomination process)	<p>The Board reviewed the recommendation of the Nominating Committee (“NC”) on the re-election of Mr Kwek Leng Beng, Mr Kwek Leng Peck, Mr Tan Tee How and Mr Clarence Yeo Gek Leong, and took into account, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• their skill sets and contributions to the effectiveness of the Board (which includes their level of attendance and participation at Board, Board Committees and Non-Executive Directors’ meetings, where applicable);</li> <li>• their time commitment especially for Directors who have multiple board representations and/or other principal commitments; and</li> <li>• their confirmation that they continue to remain fit and proper for continued appointment on the Board.</li> </ul>		<p>The Board recommends the re-election of Mr Kwek Leng Beng, Mr Kwek Leng Peck, Mr Tan Tee How and Mr Clarence Yeo Gek Leong as Directors of the Company.</p> <p>For more details on the NC’s evaluation process, please refer to Principle 4: Board Membership and Principle 5: Board Performance of the Corporate Governance Report.</p>	
Whether appointment is executive, and if so, the area of responsibility	Yes	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

Name of Director	Kwek Leng Beng	Kwek Leng Peck	Tan Tee How	Clarence Yeo Gek Leong
Professional qualification, working experience and occupation(s) during the past 10 years	<p>Has extensive experience in the finance business, having grown from day one with the original Hong Leong Finance Limited which has since merged its finance business with Singapore Finance Limited (now known as Hong Leong Finance Limited). Also has extensive experience in the real estate business, having joined City Developments Limited (“CDL”) in the late 1960s and since then has contributed significantly to building CDL’s six decades of track record, growing the CDL group’s hospitality arm and has been actively involved in its development into Singapore’s largest international hotel group and one of the largest hotel owners and operators in the world. Also experienced in the trading and manufacturing sectors.</p> <p><u>March 1979 to Present</u> Managing Director of HLF</p> <p><u>November 1984 to Present</u> Chairman of HLF</p> <p><u>January 1995 to Present</u> Executive Chairman of CDL</p> <p><u>August 1990 to Present</u> Executive Chairman of Hong Leong Investment Holdings Pte. Ltd. (“HLIH”)</p> <p>Holds a law degree, LL.B. (London) and is also a fellow of Chartered Secretaries Institute of Singapore. Also conferred an Honorary Doctorate of Business Administration in Hospitality from Johnson &amp; Wales University (Rhode Island, US) and an Honorary Doctorate from Oxford Brookes University (UK).</p>	<p>Executive Director on several Hong Leong group companies and has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management as well as extensive involvement in the Hong Leong Group, Singapore’s real estate developments, investments and hotel operations.</p> <p><u>April 2017 to Present</u> Executive Chairman of Hong Leong Asia Ltd. (“HLA”)</p> <p><u>April 1998 to April 2017</u> Executive Director of HLA</p> <p><u>December 1982 to Present</u> Executive Director of HLIH</p> <p><u>October 2001 to Present</u> Executive Director of Hong Leong Corporation Holdings Pte. Ltd. (“HLCH”)</p> <p><u>January 1989 to Present</u> Executive Director of HR</p>	<p>Had served 34 years in the Singapore Administrative Service, holding various key appointments, including Principal Private Secretary to the then-Prime Minister, Mr Goh Chok Tong (from 1997 to 2000) and founding Chief Executive Officer (“CEO”) of National Healthcare Group (from 2000 to 2004).</p> <p><u>November 2011 to November 2014</u> Permanent Secretary of the Ministry of Home Affairs (“MHA”)</p> <p><u>December 2014 to January 2018</u> Commissioner of Inland Revenue of Singapore (“IRAS”) and concurrently the CEO of IRAS</p> <p><u>February 2018 to January 2024</u> Executive Director of Chip Eng Seng Corporation Ltd (“CES”)</p> <p>Also currently the Chairman of the Gambling Regulatory Authority of Singapore</p> <p>Holds a Bachelor of Business Administration (Honours) Degree from the National University of Singapore and a Master of Public Administration Degree from Harvard University. Attended the Wharton Business School Advanced Management Programme in 2002. Was awarded a Fulbright Fellowship in 1989/90.</p>	<p>Held senior public sector leadership appointments as the Commissioner, Immigration &amp; Checkpoints Authority (“ICA”), the Chief Executive of Home Team Academy (“HTA”) and Senior Advisor (Special Duties) in MHA. Besides domain experience relating to his tenures with ICA and HTA, he also has experience in leading and driving governance, organisational excellence, enterprise risk management, information technology and digitalisation and organisational transformation.</p> <p><u>September 2010 – September 2018:</u> Commissioner, ICA</p> <p><u>September 2018 – July 2021</u> Chief Executive, HTA</p> <p><u>August 2021 – July 2024</u> Senior Advisor (Special Duties), MHA</p> <p>Holds a Master in Public Policy from the National University of Singapore (now offered under Lee Kuan Yew School of Public Policy), and a BSc (Hons) 2<sup>nd</sup> Class Upper in Economics from the University of London. Also an alumnus of INSEAD, having attended a Senior Executive Development Programme at Fontainebleau.</p>
Shareholding interest in the Company and its subsidiaries	Please refer to the Directors’ Statement in the Annual Report 2024.	Please refer to the Directors’ Statement in the Annual Report 2024.	Nil	Nil

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

Name of Director	Kwek Leng Beng	Kwek Leng Peck	Tan Tee How	Clarence Yeo Gek Leong
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Cousin of Mr Kwek Leng Peck and Mr Kwek Leng Kee, and uncle of Mr Kevin Hangchi.  Director and shareholder of Hong Realty (Private) Limited ("HR"), HLIH and Kwek Holdings Pte Ltd, all of which are substantial shareholders of the Company. HR and HLIH are also related corporations of the Company.  Please refer to the Directors' Statement on his shareholding interests in HR and HLIH.	Cousin of Mr Kwek Leng Beng (Chairman/Managing Director) and Mr Kwek Leng Kee, and uncle of Mr Kevin Hangchi.  Director and shareholder of HR and HLIH, both of which are substantial shareholders and related corporations of the Company.  Please refer to the Directors' Statement on his shareholding interests in HR and HLIH.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to Hong Leong Finance Limited ("HLF")	Yes	Yes	Yes	Yes
Other Principal Commitments including directorships	<u>Principal Commitments:</u> Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	<u>Principal Commitments:</u> Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	<u>Principal Commitments:</u> Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	<u>Principal Commitments:</u> Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"
<u>Directorships:</u>  Past (for the last 5 years):	<ul style="list-style-type: none"> <li>• 3 subsidiaries of CDL*</li> <li>• GOMC Limited</li> </ul>	<ul style="list-style-type: none"> <li>• CDL* and 13 of its subsidiaries</li> <li>• 1 subsidiary of HLA</li> <li>• 1 subsidiary of HLH</li> <li>• 3 subsidiaries of HLIH</li> </ul>	<ul style="list-style-type: none"> <li>• Chip Eng Seng Corporation Ltd and 49 of its subsidiaries and associated companies</li> <li>• Catholic Preschool Education (Singapore) Ltd</li> <li>• Caritas Singapore Community Council Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting

Name of Director	Kwek Leng Beng	Kwek Leng Peck	Tan Tee How	Clarence Yeo Gek Leong
Present:	<ul style="list-style-type: none"> <li>HLF* and its 2 subsidiaries</li> <li>CDL* and 23 of its subsidiaries</li> <li>Singapore Cement Manufacturing Company (Private) Limited</li> <li>Hong Leong Company (Malaysia) Berhad ("HLCM") and 1 of its subsidiaries</li> <li>Hong Leong Holdings Limited ("HLH") and 3 of its subsidiaries</li> <li>HLIH and 4 of its subsidiaries and associated company</li> <li>HR and 2 of its subsidiary and associated company</li> <li>Fairmont Limited</li> <li>Guan Hong Plantation Private Limited</li> <li>Hong Leong Foundation**</li> <li>Hong Leong Nominees (Private) Limited</li> <li>Kwek Holdings Pte Ltd</li> <li>Kwek Hong Png Investment Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>HLF* and its 2 subsidiaries</li> <li>China Yuchai International Limited* ("CYI") and 1 of its subsidiaries</li> <li>HLA* and 22 of its subsidiaries and associated company</li> <li>HLCM</li> <li>HLCH and 7 of its subsidiaries</li> <li>HLH and 1 of its subsidiaries</li> <li>HLIH and 3 of its subsidiaries</li> <li>HR and 2 of its subsidiaries</li> <li>Tasek Corporation Berhad and 2 of its subsidiaries</li> <li>Hong Leong Foundation**</li> <li>Hong Leong Nominees (Private) Limited</li> <li>Kwek Hong Leong Investment Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>HLF*</li> <li>CapitaLand China Trust Management Limited***</li> <li>National Healthcare Group Pte Ltd and 7 of its subsidiaries</li> <li>Nomura Singapore Ltd</li> <li>Nomura Asia Pacific Holdings Co Ltd</li> <li>MOH Holdings Pte Ltd</li> <li>Stepup Education Private Limited</li> <li>Temus Pte Ltd</li> <li>TH Advisory Pte Ltd</li> <li>The Lasallian Trust of Singapore Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>HLF*</li> <li>OKH Global Ltd*</li> <li>Certis CISCO Security Pte Ltd</li> <li>D.S. Lee Foundation</li> <li>Neon Group Limited</li> </ul>
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Responses to questions (a) to (k) are negative.	Responses to questions (a) to (k) are negative.	Responses to questions (a) to (k) are negative (same as previously announced on 10 June 2019).	Responses to questions (a) to (k) are negative (same as announced on 16 December 2021).

\* Listed company

\*\* Public company limited by guarantee

\*\*\* Manager of a listed trust

Information as at 5 March 2025

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 65<sup>th</sup> Annual General Meeting





**IMPORTANT:**

- The Meeting will be held in a wholly physical format. **There will be no option for Shareholders to participate virtually.** Printed copies of the Notice of Meeting and this proxy form are sent by post to members. These documents will also be published on the Company's website at the URL <https://www.hlf.com.sg/investor-relations/aggm.php> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
  - Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
  - Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the Meeting.
  - This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS operators if they have any queries regarding their appointment as proxies.
- Personal Data Privacy*
- By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 26 March 2025.

I/We, (name) \_\_\_\_\_ with NRIC/Passport/Co. Reg. No.: \_\_\_\_\_

of (address) \_\_\_\_\_

being a member/members of HONG LEONG FINANCE LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company (the "Meeting") to be held at M Hotel, Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 24 April 2025 at 10.30 a.m., and at any adjournment thereof in the following manner as specified below.

**NOTE:** Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "✓" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with "✓" in the **Abstain** box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the **Abstain** box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the below resolutions if no voting instruction is specified, and on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions	For	Against	Abstain
<b>A)</b>	<b>ORDINARY BUSINESS:</b>			
1.	Receipt of the Directors' Statement, Audited Financial Statements and the Auditors' Report thereon			
2.	Declaration of a Final Dividend			
3.	Approval of Directors' Fees			
4.	Re-election of Directors:	(a) Mr Kwek Leng Beng		
		(b) Mr Kwek Leng Peck		
		(c) Mr Tan Tee How		
		(d) Mr Clarence Yeo Gek Leong		
5.	Re-appointment of KPMG LLP as Auditors			
<b>B)</b>	<b>SPECIAL BUSINESS:</b>			
6.	Authority for Directors to issue shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act 1967 and the Listing Manual of Singapore Exchange Securities Trading Limited			
7.	Authority for Directors to offer and grant options to eligible participants under the Hong Leong Finance Share Option Scheme 2001 (the "SOS") other than Parent Group Employees and Parent Group Non-Executive Directors and to issue shares in accordance with the provisions of the SOS			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

<b>Total No. of Shares Held</b>

\_\_\_\_\_  
 Signature(s) or Common Seal of Member(s)

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
3. A proxy need not be a member of the Company.
4. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:
  - (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2025.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) if submitted electronically, via email to the Company's Share Registrar at [hlf@boardroomlimited.com](mailto:hlf@boardroomlimited.com), in either case, by 10.30 a.m. on 21 April 2025, being not less than 72 hours before the time appointed for holding the Meeting.  
  
The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.
6. This form of proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the form of proxy is executed by a corporation, it must be executed either under its common seal or signed by a director or an officer or an attorney duly authorised.
7. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent the member from attending, speaking and voting at the Meeting if the member so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any proxy(ies) appointed under the relevant instrument appointing a proxy(ies) to the Meeting.
8. The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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**65<sup>th</sup> AGM  
PROXY FORM**

Affix  
Postage  
Stamp

**HONG LEONG FINANCE LIMITED**  
c/o The Share Registrar  
Boardroom Corporate & Advisory Services Pte. Ltd  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

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# BRANCHES AND SME CENTRES

## BRANCHES

**Main Branch**

16 Raffles Quay  
#01-05 Hong Leong Building  
Singapore 048581  
T : 6415 9118  
F : 6222 8790

**Ang Mo Kio Ave 1 Branch**

Blk 338 Ang Mo Kio Ave 1  
#01-1641  
Singapore 560338  
T : 6452 8735  
F : 6454 3524

**Balestier Branch**

288 Balestier Road  
#01-02 Balestier 288  
Singapore 329731  
T : 6250 1083  
F : 6254 8801

**Bedok Branch**

Blk 203 Bedok North Street 1  
#01-451  
Singapore 460203  
T : 6449 0601  
F : 6444 3827

**Bukit Batok Central Branch**

Blk 641 Bukit Batok Central  
#01-48  
Singapore 650641  
T : 6564 8801  
F : 6564 9643

**Bukit Merah Branch**

Blk 125 Bukit Merah Lane 1  
#01-156  
Singapore 150125  
T : 6273 0360  
F : 6272 7158

**City Plaza Branch**

810 Geylang Road  
#01-111/114 City Plaza  
Singapore 409286  
T : 6746 8084  
F : 6748 2422

**City Square Mall Branch**

180 Kitchener Road  
#B2-41 City Square Mall  
Singapore 208539  
T : 6509 8200  
F : 6509 8100

**Clementi West Branch**

Blk 725 Clementi West Street 2  
#01-216  
Singapore 120725  
T : 6778 6271  
F : 6775 2751

**Ghim Moh Branch**

Blk 21 Ghim Moh Road  
#01-209/211  
Singapore 270021  
T : 6467 3715  
F : 6468 3273

**Holland Drive Branch**

Blk 45 Holland Drive  
#01-351  
Singapore 270045  
T : 6778 4169  
F : 6775 2836

**Hong Lim Branch**

Blk 531 Upper Cross Street  
#01-50 Hong Lim Complex  
Singapore 050531  
T : 6534 5767  
F : 6534 5868

**Hougang Branch**

Blk 208 Hougang Street 21  
#01-211/213  
Singapore 530208  
T : 6288 2396  
F : 6281 3046

**Joo Chiat Branch**

278 Joo Chiat Road  
Singapore 427532  
T : 6344 8842  
F : 6440 2864

**Jurong East Branch**

Blk 134 Jurong Gateway Road  
#01-313  
Singapore 600134  
T : 6564 3880  
F : 6564 3787

**Jurong West Branch**

Blk 504 Jurong West Street 51  
#01-211  
Singapore 640504  
T : 6569 0361  
F : 6569 5918

**Kallang Bahru Branch**

Blk 66 Kallang Bahru  
#01-521  
Singapore 330066  
T : 6296 8067  
F : 6294 2907

**Marine Parade Branch**

Blk 80 Marine Parade Central  
#01-790  
Singapore 440080  
T : 6346 2036  
F : 6346 2035

**Potong Pasir Branch**

51 Upper Serangoon Road  
#01-60/61 The Poiz Centre  
Singapore 347697  
T : 6214 9462  
F : 6214 9463

**Redhill (Jln Tiong) Branch**

Blk 75D Redhill Road  
#01-100  
Singapore 154075  
T : 6479 0277  
F : 6479 0218

**Sengkang Branch**

1 Sengkang Square  
#02-35 Compass One  
Singapore 545078  
T : 6384 3696  
F : 6386 3364

**Serangoon Garden Branch**

8 Kensington Park Road  
Serangoon Garden Estate  
Singapore 557260  
T : 6280 5665  
F : 6285 2195

**Tampines Grande Branch**

9 Tampines Grande  
#01-12  
Singapore 528735  
T : 6784 7326  
F : 6784 9057

**Toa Payoh Branch**

Blk 520 Lorong 6 Toa Payoh  
#02-54 HDB Hub  
Singapore 310520  
T : 6253 4821  
F : 6256 5676

**Upper Bukit Timah Branch**

140 Upper Bukit Timah Road  
#01-19/21 Beauty World Plaza  
Singapore 588176  
T : 6469 7438  
F : 6468 4181

**Upper Thomson Branch**

219 Upper Thomson Road  
Singapore 574351  
T : 6453 3266  
F : 6454 1913

**Woodlands Branch**

Blk 306 Woodlands Street 31  
#01-43  
Singapore 730306  
T : 6368 7928  
F : 6368 1448

**Yishun Branch**

Blk 743 Yishun Ave 5  
#01-542/544  
Singapore 760743  
T : 6758 3711  
F : 6753 5001

## SME CENTRES @ HONG LEONG FINANCE

**Balestier**

288 Balestier Road  
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T : 6397 4946  
F : 6254 8801

**Bedok**

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Singapore 460203  
T : 6446 7320  
F : 6444 3827

**Bukit Merah**

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T : 6274 7535  
F : 6272 7158

**City Plaza**

810 Geylang Road  
#01-111/114 City Plaza  
Singapore 409286  
T : 6846 9710  
F : 6748 2422

**City Square**

180 Kitchener Road  
#B2-41 City Square Mall  
Singapore 208539  
T : 6634 4087  
F : 6834 3280

**Clementi West**

Blk 725 Clementi West Street 2  
#01-216  
Singapore 120725  
T : 6873 3056  
F : 6775 2751

**Hong Lim**

Blk 531 Upper Cross Street  
#01-50 Hong Lim Complex  
Singapore 050531  
T : 6534 1909  
F : 6534 5868

**Hougang**

Blk 208 Hougang Street 21  
#01-211/213  
Singapore 530208  
T : 6383 4786  
F : 6281 3046

**Jurong East**

Blk 134 Jurong Gateway Road  
#01-313  
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T : 6665 1952  
F : 6564 3787

**Potong Pasir**

51 Upper Serangoon Road  
#01-60/61 The Poiz Centre  
Singapore 347697  
T : 6214 9473  
F : 6214 9463

**Upper Bukit Timah**

140 Upper Bukit Timah Road  
#01-19/21 Beauty World Plaza  
Singapore 588176  
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**Yishun**

Blk 743 Yishun Ave 5  
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T : 6758 3711  
F : 6753 5001



**HONG LEONG FINANCE**

**HONG LEONG FINANCE LIMITED**

16 RAFFLES QUAY

#01-05 HONG LEONG BUILDING

SINGAPORE 048581

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[www.hlf.com.sg](http://www.hlf.com.sg)

CO. REG. NO. 196100003D