

Issuer: Sing Investments & Finance Limited

Security: Sing Investments & Finance Limited

Meeting details:

Date: 24 April 2017

Time: 15:00H

Venue: 168 Robinson Road, Level 9 STI Auditorium, Capital Tower, Singapore 068912

Company Description

Sing Investments & Finance Limited provides financing and nominee services to individuals and corporations in Singapore. It offers various deposit products, such as fixed deposits, conveyancing accounts, savings accounts and promotions, and FD promotion products. The company's loans and financing products include housing loans, commercial property loans, HDB home loans, car loans, share loans, shipping loans, and land and construction loans, as well as block discounting financing, floor stock financing, machinery financing, and local enterprise finance scheme products. In addition, it provides invoice factoring/account receivables; and safe deposit box services. The company was incorporated in 1964 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S35)

Q1. In February 2017, the Monetary Authority of Singapore eased the rules on finance companies. With the liberalisation, finance companies are able to offer current account and chequing services to their business customers, tap into the electronic payment networks, including Inter-bank GIRO, Fast and Secure Transfers (FAST) and offer uncollateralised business loans of up to 25% of its capital funds (subjected to a single borrower limit of 0.5% of capital funds).

- a) **Can management help shareholders understand how these changes will impact the group’s current business model?**
- b) **Has the board and management reviewed the group’s strategic direction?**
- c) **How does the group intend to tap into the new opportunities?**
- d) **Will the board initiate a strategic review to explore strategic partnerships and innovative business models that can strengthen the group’s SME financing business?**

Q2. As noted in the Performance Review (page 29 of the annual report), the “average loan base grew by 5.2 per cent”. However, in Note 8 (page 94 – Loans and advances), it was disclosed that the allowance for individual impairment jumped by almost 400% from \$1.16 million in 2015 to \$5.78 million in 2016. The receivables written off against allowances is 10-fold higher at \$4.2 million in 2016, instead of \$0.42 million in 2015.

II LOANS AND ADVANCES (CONTINUED)

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

	Group and Company	
	2016	2015
	\$'000	\$'000
Specific allowance		
At 1 January	1,926	1,167
Allowances for impairment losses during the year	5,779	1,160
Receivables written off against allowances	(4,217)	(421)
At 31 December	3,488	1,906

(Source: Sing Investments & Finance Limited Annual Report 2016)

Overall, on the back of a write-back of \$0.64 million in general allowance, the total allowances on loan losses increased 29.2% to \$5.14 million as at 31 December 2016.

It was also disclosed that the “increase in the total allowance on loan losses was related to individual impairment set aside by the Group for property and share loans” (page 31 – Performance review).

- a) **Can management elaborate further on the individual impairments in 2016? What were the circumstances that led to disproportionately large increases in the allowance and in the write-offs?**
- b) **Can management help shareholders understand if the group has sufficient collateral against these individually impaired loans and advances?**
- c) **How much of the individual impairment was for property and how much of it was for share loans?**
- d) **Is there a need for the board re-evaluated the risk management and credit control policies, especially for share loans?**

Q3. The group's loans-to-deposits ratio declined to 82.2% in 2016, down from 85.1% in 2015. The Group's total loan assets decrease from \$1,969.4 million last year to \$1,905.5 million mainly due to the contraction of land and construction loan portfolio (page 29 – Performance review).

- a) **Can management help shareholders understand if the decreased loan asset is a result of tighter credit control or has the volume of business slowed down?**

- b) **To help shareholders understand the risk profile of the loan and advances portfolio, please disclose the breakdown of land and construction loans, commercial properties loans, private residential loans and auto loans.**