



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Sing Investments & Finance Limited

Security: Sing Investments & Finance Limited

Meeting details:

Date: 24 April 2019

Time: 3.00 p.m.

Venue: Big Picture Theatre at 168 Robinson Road, Capital Tower, Level 9, Singapore 068912

Company Description

Sing Investments & Finance Limited operates as a finance company serving individuals and corporations in Singapore. The company offers various deposit products, such as fixed deposits, conveyancing accounts, savings accounts, and safe deposit box services. It also offers housing, commercial property, HDB, car, share, shipping, land and construction, machinery, and unsecured business loans; government-backed small and medium enterprises (SME) loans, including SME micro, SME equipment and factory, and SME working capital loans; and invoice factoring/account receivables, and block discounting and floor stock financing products. In addition, the company provides nominee services. It has four branches. 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)

1. In the Chairman's statement (page 2 of the annual report), the chairman discussed several important milestones in FY2018, including the first steps in the group's digital revolution.

In the first half of 2018, the group launched its unsecured working capital loan for small and medium enterprise ("SME") customers and current accounts with chequing facility to corporate customers. The group also has plans to migrate to a new digital enabled platform in 2019 which will enable it to move into digital mobile apps and online banking portal.

- (i) **Would the board help shareholders understand the take-up rate of the unsecured working capital loan?**
- (ii) **How different is this new product from the traditional business of the group? How have the group's processes, especially credit evaluation, been improved?**
- (iii) **Will the new unsecured working capital loan alter the risk profile of the group?**
- (iv) In addition, the group has started its digitalisation process. **What is the group's projected investment into the new platform?**
- (v) **What is the expertise and experience of the key management and of the board in online customer experience and cyber-security?**
- (vi) The group has maintained four physical branches particularly to serve the needs of the more senior customers. **As the group begins to execute on its digitalisation strategy, has management also identified the new segment(s) that it wants to target? How does it reach out to customers who are more familiar with digital banking?**

2. On pages 46 to 49, management presented a good overview of the group's performance review, ending with a 5-year financial summary on pages 50 to 51 of the annual. Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) **Loans-to-deposits ratio:** With a 12% jump in the deposits to \$2.4 billion, the group achieved an all-time high of \$2.08 billion in its loan and advances. Over the FY, the average loan base grew by 5.8% whilst the average deposit base increased by 5.2%. The loans-to-deposits ratio slipped from 89.1% as at 31 December 2017 to 86.6% at the end of the reporting period. **Can management help shareholders understand the optimal level of loans-to-deposits ratio?**
- (ii) **Cost-to-income ratio:** Despite a higher loan book, the cost-to-income ratio increased from 44.3% to 47.2% due to investments in technology infrastructure to support the group's growth. **How much of the increase in cost is due to investments in IT? Can management elaborate further on the pro-active**

plans to be more cost efficient? What target has the board set for management to achieve?

- (iii) Net interest margin: How does the company actively manage the net interest margin?**
- (iv) Regulatory Loan Allowance Reserve (“RLAR”):** The company has disclosed that a transfer of \$8.4 million from retained earnings to the Regulatory Loan Allowance Reserve (“RLAR”) was made to be in compliance with the revised regulatory requirement for loan allowance as stipulated in the revised MAS Notice 811. **Would the board/management elaborate, in layman’s terms, the impact of the revised RLAR on the group’s earnings, equity and cash flow, if any?**

3. On 2 January 2019, the company announced the appointments of Mr Michael Lau Hwai Keong and Mr Joseph Toh Kian Leong as independent directors of the company. The profiles of Mr Lau and Mr Toh could be found on pages 8 of the annual report.

Further, in the Corporate governance report, the company has disclosed the following:

During the review and selection process in 2018, the NC recommended and the Board concurred to look for candidates with specific skill sets in view of the changing financial landscape as well as for succession planning. The NC and the Board were of the view to seek candidates with accounting, internal controls, banking and risk management background. The NC identified Mr Michael Lau Hwai Keong and Mr Joseph Toh Kian Leong based on their skills and diversity of their experiences.

- (i) Would the NC help shareholders understand how it searched for and shortlisted potential candidates?**
- (ii) Does the NC engage professional search firms to help the company cast a wider net to access a larger (and possibly more diverse) candidate pool?**
- (iii) Given that the group has begun its digitalisation journey, would the board/NC be seeking candidates with online banking and cybersecurity experience as well?**
- (iv)** In addition, at the Annual general meeting scheduled to be held on 24 April 2019, the company is seeking shareholder’s approval on the payment of \$620,000 as directors’ fees for the financial year ended 31 December 2018 (FY2017: 470,000). The jump in fees could be attributed to a \$50,000 increase in fees to three of the independent directors while the fees for the two other independent directors are unchanged. **Would the board help shareholders understand the reason(s) for the increase?** For example, one independent director would have his fee increase from \$60,000 in FY2017 to \$110,000 in FY2018.



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A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Sing%20Investments%20&%20Finance%20Ltd&cid=6314,4272>

The company's response could be found here: -----