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UEN No: S99SS0111B  
GST Reg No: M90367530Y0Y

**Issuer:** Hong Leong Finance Limited

**Stock code:** S41

**Meeting details:**

Date: 24 Apr 2025

Time: 10.30 a.m.

Venue: M Hotel, Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908

**Q1.** For the financial year ended 31 December 2024, the group's net profit increased by 11.5% to \$103.9 million, which management attributes to revenue growth and operational efficiency.

According to the financial analysis and review section (page 86 of the annual report), the group achieved:

- net interest margin (NIM) of 1.6% (1.5%)
- cost/income ratio of 46.6% (2023: 49.4%)
- return on equity (ROE) of 5.0% (2023: 4.6%)

The capital adequacy ratio remains at 16.3% in 2024.

- (i) **What strategy does management employ to optimise and increase NIM? To what extent does management actively engage in balance sheet management to improve NIM, and has the board provided guidance on a target NIM range to management?**
- (ii) **Is management satisfied with the current ROE of 5%, relative to industry peers and historical performance? Has the board set a long-term ROE target, and how does management plan to achieve it?**
- (iii) **With a capital adequacy ratio of 16.3%, does management consider the current capital adequacy of 16.3% to be excessive, given regulatory requirements and strategic growth needs? If so, what plans are in place to optimise capital allocation and potentially return excess capital to shareholders?**

**Q2.** The number of employees increased from 619 to 632 over the past year.

- (i) What proportion of the recent headcount increase is attributable to strategic hires in areas such as digitalisation, cybersecurity, data analytics, and artificial intelligence (AI), aimed at future-proofing the group?**
- (ii) In the face of intense competition for talent from fintechs and banks, what are the company's key strategies to attract, develop, and retain high-calibre employees? How does the company assess the effectiveness of its talent pipeline in ensuring long-term success?**

The profiles and photographs of the directors (including the managing director) are shown on pages 16 to 23 of the annual report but there is minimal disclosure on the senior management team beyond a brief mention on page 34.

- (iii) Can the company provide more visibility into the bench strength of key leaders across critical functions? Would it consider publishing profiles of its senior management team to enhance transparency and investor confidence?**

**Q3.** At the annual general meeting scheduled to be held on 24 April 2025, the company is proposing to re-elect Mr Kwek Leng Beng who has served as a director on since March 1979.

If re-elected, the director will remain as chairman of the board and executive committee, a member of the board risk committee and the nominating committee. Mr Kwek Leng Beng also serves as the managing director.

An excerpt from the director's profile is shown below. The full profile can be found on page 17 of the annual report, and additional information on directors seeking re-election is available on pages 180-187.

**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)

- (i) **Can the board, especially the nominating committee, clarify the distinct roles and responsibilities of Mr Kwek Leng Beng as managing director and Mr Ang Tang Chor as president? Is there any significant overlap in their functions?**
- (ii) **Given the director's other executive roles outside the company, can the board confirm whether Mr Kwek Leng Beng serves as a full-time managing director?**

The nominating committee (NC), as stated in its terms of reference, is responsible for succession planning for both the board (including the chairman) and key management personnel (KMP), comprising the managing director, president, and chief financial officer (CFO).

- (iii) **Can the committee provide a detailed overview of its succession planning framework, including its approach to identifying and developing potential successors?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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