



SINGAPURA FINANCE LTD
Company Registration No.: 196900340N
Incorporated in the Republic of Singapore

ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2021

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapura Finance Ltd (the “**Company**” or “**SFL**”) would like to thank shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) to be held by electronic means on Friday, 23 April 2021 at 11.00 a.m.

Below are the responses to substantial questions which are relevant to the resolutions tabled for approval at the AGM.

- 1. In its assessment of the Company’s performance, has the Board benchmarked against that of its competitors in the same industry such as the two other finance companies listed on SGX-ST i.e. Hong Leong Finance Ltd (“**HLF**”) and Sing Investments and Finance Ltd (“**SIF**”)? HLF’s and SIF’s average Return on Equity (“**ROE**”) for FY2016 to FY2020 is about 4.69%pa and 5.75%pa respectively while SFL’s 2.25%pa. For FY2011 to FY2015, SFL’s ROE was 3.58%pa. Based on the above, the Company’s performance has deteriorated over the last 5 years.**

The Board benchmark the performance and various performance indicators of the Company against that of the two other finance companies annually. We have disclosed this on page 35 (Corporate Governance report in the Annual Report) which we reproduced below:

“The quantitative criteria used to evaluate the overall Board performance comprises performance indicators which include a comparison of the Company’s performance for the financial period under review against the performance of the Company and industry peers for the corresponding period over the past three years and the longer-term indicators such as the Company’s total shareholder return over a five-year period.”

Though the ROE of the Company is lower mainly due to its smaller assets size, the trend on a year-on-year basis is generally consistent with the other two finance companies.

Based on our calculation, the Company’s average ROE for FY2011 to FY2015 is about 3.00% pa. There was 1 to 1 rights issue exercise in December 2014. The average ROE for FY2011 to FY2015 was therefore higher as it was calculated based on a lower average total equity.

- 2. Does the Board think that the Management of the Company has performed up to standard?**

FY2020 was a difficult year due to the COVID-19 pandemic. Notwithstanding the weaker financial performance due to the fallout of COVID-19, the Management had worked hard and tirelessly in extending support to our existing customers by offering interest/principal moratoriums under the Government’s suite of relief measures and growing our loan portfolio by 13.7% from \$742.8 million to \$844.6 million.

The Company has also been vigilant in keeping our staff, customers and business associates safe by instituting all the applicable restrictions and safe management measures recommended by the various authorities during and after the Circuit Breakers. The Company had also launched various digital tools to allow staff to work from home.

The Board had assessed the Management's performance and is of the opinion that the Management has performed well, guiding and navigating the Company through this difficult period without losing sight of its long term plans.

3. Please let me know how the Management of the Company intend to improve the Company's financial results.

The key challenges facing the Company in FY2021 are the narrow net interest margin amidst the prevailing low interest rate environment, lackluster business momentum and heightened credit risks from fallout of COVID-19 and the increase in operating expenses as we push ahead with our effort to digitalize our services and processes.

The Company will manage our cost of funds and operating expenses tightly and continue to be prudent and lend to customers with a good track record. We will also continue to monitor our customers' payment patterns closely even as we work hand-in-hand to support them during these difficult times.

4. The cover page of Annual Report states the Company's intentions to reposition itself is for a digital future. I could not find any elaboration on this point in the Annual Report. Please let me know how the Company intends to work towards this.

This was briefly elaborated on page 3 (Chairman Statement in the Annual Report) which we reproduced below:

"Before COVID-19, we have already started our digitalization efforts, searching for technological partners to further improve our customer engagement. COVID-19 have accelerated our adoption of digital technologies. Our digital initiatives will help us remain relevant and connect to the younger and tech-savvy customers. It will also help to streamline and enhance work processes, productivity and our customers' experience."

The Company is repositioning itself for a digital future via various Government initiatives such as Smart Nation and collaboration with fintech companies. This will enable us to align our business with the Government's vision and grow our customer base of digitally engaged youth.

BY THE ORDER OF THE BOARD

Tan Wee Sin
Company Secretary

22 April 2021