

HONG LEONG FINANCE LIMITED
(Co. Reg. No. 19610003D)
(Incorporated in the Republic of Singapore)

60TH ANNUAL GENERAL MEETING (AGM) TO BE HELD ON 25 JUNE 2020
RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS

Hong Leong Finance Limited (“**HLF**” or the “**Company**”) refers to its announcement of 3 June 2020 on the alternative arrangements for the AGM, and in particular to the invitation to shareholders to submit questions in advance of the AGM. The Company would like to thank shareholders for the questions submitted.

The Company’s response to the questions received from the shareholders that are relevant to the AGM resolutions and the business of the Company are set out below. The questions which are similar in nature and pertain to the same subject matter are grouped together for ease of reference:

A	DIGITAL BANKING	
No.	Question	Response
A1	<p>(a) Is it confirmed that the Company has applied for a digital wholesale banking license? There has not been any official announcement.</p> <p>(b) What are the Company's plans if it obtains this license?</p> <p>(c) If it fails to secure this license, will the competition from others like Singapura Finance be significant? It is understood that Singapura Finance has applied for one.</p> <p>(d) What are Hong Leong Finance's plans in the digital banking space?</p> <p>(e) Will Hong Leong Finance be setting up a Fintech incubator similar to those established by the 3 main banks in Singapore?</p> <p>(f) It appears that HLF eventually did not take part in the Digital-only Bank selection process. Why did HLF not take this opportunity to</p>	<p>HLF did not submit an application for a digital bank licence. While there were discussions on possible tie-ups, the Company could not find a suitable partner.</p> <p>However, it remains committed to its strategy of digital transformation to serve the needs of its customers.</p> <p>Right now, the Company is exploring a possible digital platform with an established fintech company. It remains open to opportunities for further improvement and more innovative collaborations.</p> <p>The Company is continuing to explore with different fintechs for collaboration on digital platforms to drive innovation and tapping on their agile architecture, to work towards adopting new customer-centric technologies.</p> <p>The Company has been investing in its IT infrastructure and implemented a series of digital initiatives to enhance its operational efficiency and remain competitive in order to deliver a higher level of customer service. Some of these initiatives include digital online hire purchase applications, and convenient payment modes such as AXS and PayNow so customers can easily make payments for hire purchase, mortgages and SME loans. To mitigate impact of the COVID-19 pandemic, the Company has also introduced an online Deposit Instruction Form on its website where customers can simply renew or place their Fixed Deposit by providing online instructions and completing their funds transfer for new deposits via PayNow.</p> <p>As the Company embraces new technology, the Company nevertheless continues to employ various forms of communication modes, including the use of facsimiles, where such modes fulfil the requirements of its stakeholders.</p>

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RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

	Question	Response																												
	<p>partner with a tech company and use its ATM infrastructure to enter into an emergent megatrend?</p> <p>(g) One of the articles on Digital only banks in Business Times... said HLF is still using Faxes... How would HLF modernise and keep up with the evolving landscape in Finance which is going digital?</p>																													
B	FINANCIALS																													
B1	<p>I've observed on page 144 in 2019 annual report, there's a significant change of close to \$60 million in the accumulated profits between 2019 and 2018. I would like to understand more on the change as for the past few years this figure is quite consistent.</p>	<p>The significant change of \$62 million in the accumulated profits between 2019 and 2018 (ref: page 144, paragraph 24(e)) were accounted by the components listed below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 85%;"></th> <th style="width: 15%; text-align: right;">\$'m</th> </tr> </thead> <tbody> <tr> <td>Adoption of new IFRS(I) effective 1 Jan 2018</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Effect of initial adoption of SFRS(I) 9</td> <td style="text-align: right; border: 1px solid black;">56</td> </tr> <tr> <td>Amount set up under Revised MAS 811</td> <td style="text-align: right; border: 1px solid black;">(16)</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>Net profit for 2018</td> <td style="text-align: right;">89</td> </tr> <tr> <td>Comprehensive income for the year</td> <td style="text-align: right; border: 1px solid black;">118</td> </tr> <tr> <td>Transfer to Statutory Reserve</td> <td style="text-align: right; border: 1px solid black;">(29)</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>Dividends payment</td> <td style="text-align: right;">(67)</td> </tr> <tr> <td>Final dividend paid in respect of year 2018</td> <td style="text-align: right; border: 1px solid black;">(45)</td> </tr> <tr> <td>Interim dividend paid in respect of year 2019</td> <td style="text-align: right; border: 1px solid black;">(22)</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">62</td> </tr> </tbody> </table>		\$'m	Adoption of new IFRS(I) effective 1 Jan 2018	40	Effect of initial adoption of SFRS(I) 9	56	Amount set up under Revised MAS 811	(16)	 		Net profit for 2018	89	Comprehensive income for the year	118	Transfer to Statutory Reserve	(29)	 		Dividends payment	(67)	Final dividend paid in respect of year 2018	(45)	Interim dividend paid in respect of year 2019	(22)	 		Total	62
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BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Company Secretary

25 June 2020
Singapore