



SING INVESTMENTS
& FINANCE LIMITED

2013 | ANNUAL
REPORT

Celebrating

50th
ANNIVERSARY
Since 1964





HOUSING LOAN



AUTO LOAN



SHARE LOAN



COMMERCIAL PROPERTY LOAN



LAND AND CONSTRUCTION LOAN



SMALL MEDIUM ENTERPRISE LOAN (SME)

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CHAIRMAN'S STATEMENT



Sing Investments & Finance Limited celebrates a key milestone in 2014 – its 50th Anniversary. Since its incorporation on 13 November 1964 as a private limited company, the Company had grown rapidly and was converted to a public company on 30 July 1970 under the name “Sing Investments & Finance Ltd”. The Company was officially listed on the Singapore Exchange on 7 July 1983. Since listing, we have rewarded our shareholders with a steady appreciation of the stock value and good consistent dividend payouts. We have paid out annual dividends of more than 30% of earnings per share since 2003.

For 2013, the Group had delivered another year of resilient financial performance while repositioning ourselves to scale greater heights. Despite the headwinds caused by the low interest rate environment and government policies adjustments, the Group had achieved a new record of net loan assets exceeding \$1.5 billion. Over the years, given our strong capital and liquidity position, SIF has been able to support customers’ financing needs and gained market share in our niche areas.

Singapore’s economy grew by 4.1% in 2013 as compared to 1.9% in 2012. The boost came from the service industries which grew by 5.3% in 2013, an improvement from the 2% growth in 2012. Growth was supported mainly by the finance & insurance and wholesale & retail trade sectors, which recorded robust growth of 10.6% and 5% respectively.

Growth in the manufacturing sector improved from 0.3% in 2012 to 1.7% in 2013, on the back of strong growth in the electronics and transport engineering clusters. By contrast, growth in the construction sector moderated to 5.9% from 8.6% in 2012, due to a slowdown in both public and private construction activities.

FINANCIAL REVIEW

The Group managed to grow its loans and advances by 8.7% to \$1,547.1 million, compared to \$1,423.3 million a year ago. To support the loan growth, deposits and savings accounts of customers increased by 6.8% from \$1,630 million as at 31 December 2012 to \$1,740.5 million as at 31 December 2013.

The Group registered a profit after tax of \$11.5 million for the financial year ended 31 December 2013, a decline of 22% from \$14.7 million a year ago.

The protracted low interest rate environment coupled with intense market competition continued to compress the interest margin which declined from 1.8% to 1.6%. Thus, despite an increase in the loans base, net interest income and hiring charges declined by 0.1% as a 6.1% increase in the interest income and hiring charges was more than offset by a 19.3% increase in interest expense from a higher deposit base.

Operating expenses increased by 14.2% due to an increase in business costs and reversal of staff costs in the previous year due to overprovision.

Net allowance for loan losses decreased marginally to \$0.3 million, from \$0.4 million a year ago. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

The increase in the income tax expense despite a lower operating profit was mainly due to a write-back of about \$0.1 million from over-provisions of tax in respect of prior years as compared to a write-back of \$1.9 million in the previous year.

Other comprehensive loss of \$15.7 million was recorded as compared to an income of \$4.2 million in the previous year due to a decline in the fair value of available-for-sale financial assets, mainly from revaluation of Singapore Government Securities (“SGS”). The drop in value was due to the announcement by the US government that it would reduce monthly bond purchases starting in January 2014 and the expected interest rate hike which led to a sell-off of bonds. The Group purchases SGS as part of its liquid

CHAIRMAN'S STATEMENT

assets for purpose of maintaining the minimum liquid assets required under the Finance Companies' Act.

This resulted in a total comprehensive loss for the year of \$4.2 million as compared to an income of \$18.9 million in the previous year. Thus, the Group's total equity declined 3.8% to \$303.6 million as at 31 December 2013, from \$315.7 million a year ago and net asset value per share decreased from \$2.00 to \$1.93.

DIVIDENDS

Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the Board is pleased to recommend a first and final one-tier tax exempt dividend of 5 cents per share.

2014 OUTLOOK

The global economic outlook is expected to improve modestly in 2014, supported by a sustained but slow recovery in the US and Eurozone economies. China's growth is expected to moderate as Beijing continues with reforms to rebalance the economy towards consumption-driven growth whilst ASEAN economies are expected to remain resilient. However, uncertainties in the global macroeconomic environment remain. In the US, the tapering of quantitative easing could weigh on the financial markets and business sentiments and there are risks of a sharper-than-expected slowdown in China from its policy adjustments.

For Singapore, externally-oriented sectors such as manufacturing and wholesale trade are likely to continue to recover and provide support to growth, in tandem with the recovery in global demand. However, tightness in labour conditions could weigh on growth in some labour-intensive domestically-oriented sectors. Against this backdrop, the Singapore economy is expected to post a modest growth, forecast at 2 to 4%.

The property cooling measures and car financing restrictions by the government have been effective in curbing demand and are expected to continue to moderate loans growth in the financing sector. Given the challenging operating environment and stiff market competition, the Group will continue to grow its portfolio in our niche market prudently and seek new business opportunities. We will ensure that our credit evaluation process remains prudent yet relevant to maintain asset quality and continue to improve operational efficiencies as well as manage our operating costs effectively to deliver value to our stakeholders.

In striving for excellence in customer service, we have been streamlining and improving our processes for efficiency and to enhance customer experience in banking with us. In addition, we are constantly seeking optimal solutions to meet the evolving financial needs of our customers.

To protect shareholder interests, we will continue to review and strengthen the robustness of our risk management system and implement changes when needed to ensure that the Group adheres closely to the best practices in corporate governance. We will also enhance our processes to keep pace with the increasing regulatory requirements and demands.

ACKNOWLEDGEMENTS

We have come a long way in 50 years. Financially, we have achieved steady and continuous growth amid the challenging business environment. We have also weathered through the Asian financial crisis, the SARS pandemics as well as the Global Financial Crisis of 2007-2008 and emerged, more resilient and stronger.

Looking forward, our vision is to build SIF into a dominant player in the financial industry, supported by dedicated employees, satisfied customers and shareholders. We are proud of what we have achieved and confident of moving ahead with even higher aspirations.

Mr Tan Tong Guan has served on the Board since 2005 and will not be seeking re-election as a Director at the forthcoming Annual General Meeting. The Board and I would like to record our appreciation to him for his invaluable contributions during the past years and wish him the best for the future.

I would also like to extend my heartfelt thanks to the Board of Directors and staff. Your contributions and steadfast commitment to the Group have been the very foundation of our growth. Last but not least, to our valued shareholders and customers, my deep appreciation and sincere thanks for your unwavering support and trust in us over the years.

I look forward to many more years of fruitful growth together with all of you.

LEE SZE LEONG

Chairman

Date: 1 April 2014

CORPORATE DATA

BOARD OF DIRECTORS

Lee Sze Leong

Chairman & Managing Director

Lee Sze Siong

Executive Director, Deputy Managing Director

Tan Tong Guan

Lead Independent & Non-Executive Director

Dr Joseph Yeong Wee Yong

Non-Independent & Non-Executive Director

Lim Poh Suan

Independent & Non-Executive Director

Kim Seah Teck Kim

Independent & Non-Executive Director

Ng Tat Pun

*Independent & Non-Executive Director***AUDIT COMMITTEE**Tan Tong Guan *Chairman*

Lim Poh Suan

Kim Seah Teck Kim

RISK MANAGEMENT COMMITTEEDr Joseph Yeong Wee Yong *Chairman*

Ng Tat Pun

Lee Sze Leong

Lee Sze Siong

Head, Risk Management

Head, Product Management

Head, Finance

Head, Compliance

Head, Branches/Treasury

NOMINATING COMMITTEEKim Seah Teck Kim *Chairman*

Tan Tong Guan

Lee Sze Leong

REMUNERATION COMMITTEELim Poh Suan *Chairman*

Dr Joseph Yeong Wee Yong

Ng Tat Pun

LOAN COMMITTEELee Sze Leong *Chairman*

Lee Sze Siong

Dr Joseph Yeong Wee Yong

Soon Chee Siong

REGISTERED & HEAD OFFICE

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Singapore 068899

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Singapore 560715

Tel: 6456 0588 | Fax: 6456 9715

Bedok Branch

Blk 202 Bedok North Street 1 | #01-479/481 |

Singapore 460202

Tel: 6445 9596 | Fax: 6449 3254

Clementi Branch

Blk 450 Clementi Ave 3 | #01-279 |

Singapore 120450

Tel: 6775 7248 | Fax: 6775 3463

COMPANY SECRETARIES

Chan Kum Kit

Tan Mui Sang

AUDITORS**Deloitte & Touche LLP**

6 Shenton Way | OUE Downtown 2 | #32-00 |

Singapore 068809

Partner-in-charge: Ang Poh Choo

(Number of years in charge: 1)

Date of appointment – 16 July 2013

REGISTRAR**Boardroom Corporate & Advisory Services Pte Ltd**

50 Raffles Place #32-01 | Singapore Land Tower |

Singapore 048623

Tel: 6536 5355

INVESTOR RELATIONS

96 Robinson Road | #08-01 SIF Building |

Singapore 068899

Tel: 6438 7060 | Fax: 6305 0281

Email: enquiries@sif.com.sg

BOARD OF DIRECTORS



Standing from the left: DR. JOSEPH YEONG WEE YONG, MR. LEE SZE SIONG, MR. KIM SEAH TECK KIM, MR. NG TAT PUN
Sitting from the left: MR. TAN TONG GUAN, MR. LIM POH SUAN, MR. LEE SZE LEONG

BOARD OF DIRECTORS

LEE SZE LEONG | AGE 55

Role: Chairman & Managing Director
Executive and Non-Independent Director

Date of first appointment as a director: 20 Feb 1989

Date of last re-election as a director: 25 Apr 2013

Length of service as a director: 24 years 10 months
(as at 31 Dec 2013)

Board/Working Committee(s) served on:

- Nominating Committee (Member)
- Risk Management Committee (Member)
- Loan Committee (Chairman)

Academic & Professional Qualification(s):

- Bachelor of Business Administration
(University of Hawaii, Manoa, USA)

Present Directorships:

Listed Companies

- Sing Holdings Limited

Non-Listed Companies

- Coral Edge Development Pte. Ltd.
- F.H. Lee Holdings (Pte) Limited
- Financial Board of the Singapore Chinese Chamber of Commerce
- Sing Bullion and Futures Pte Ltd
- Sing Development (Private) Limited
- Sing Holdings (Bellerive) Pte. Ltd.
- Sing Holdings (Cairnhill) Pte. Ltd.
- Sing Holdings (Robin) Pte. Ltd.
- Sing Investments & Finance Nominees (Pte.) Ltd.
- Singapore Chinese Chamber of Commerce Foundation

Other Appointments:

- 57th Council of Singapore Chinese Chamber of Commerce & Industry (Standing Committee Member)
- Finance Houses Association of Singapore (Chairman)
- Hire Purchase, Finance and Leasing Association of Singapore (Chairman)
- Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee (Honorary Chairman)

Past Directorships in listed companies over the preceding 3 years (1 Jan 2011 to 31 Dec 2013):

Nil

BOARD OF DIRECTORS

LEE SZE SIONG | AGE 52

Role: Deputy Managing Director
Executive and Non-Independent Director

Date of first appointment as a director: 19 Mar 1997

Date of last re-election as a director: 26 Apr 2011

Length of service as a director: 16 years 9 months
(as at 31 Dec 2013)

Board/Working Committee(s) served on:

- Risk Management Committee (Member)
- Loan Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Business Administration
(University of Hawaii, USA)
- Master in Accounting
(University of Southern Queensland, Australia)

Present Directorships:

Listed Companies

Nil

Non-Listed Companies

- F.H. Lee Holdings (Pte) Limited
- Sing Investments & Finance Nominees (Pte.) Ltd.

Other Appointments:

Nil

Past Directorships in listed companies over the preceding 3 years (1 Jan 2011 to 31 Dec 2013):

Nil

TAN TONG GUAN | AGE 50

Role: Lead Independent and Non-Executive Director

Date of first appointment as a director: 25 Apr 2005

Date of last re-election as a director: 25 Apr 2012

Length of service as a director: 8 years 8 months
(as at 31 Dec 2013)

Board/Working Committee(s) served on:

- Audit Committee (Chairman)
- Nominating Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Accountancy Degree
(National University of Singapore)
- Fellow Chartered Accountant of Singapore
(Institute of Singapore Chartered Accountants (ISCA))

Present Directorships:

Listed Companies

- Smartflex Holdings Ltd. (Executive Chairman)

Non-Listed Companies

- Cosmos Investment Pte Ltd
- NZ First Properties Pte. Ltd.
- Orastream Private Limited
- Smartflex Innovation Pte. Ltd.
- Smartflex Technology Pte Ltd
- Tan Gee Beng Private Limited
- TGB Properties Pte. Ltd.
- TGB Properties (NZ) Pte. Ltd.
- Teck Gee Investments (International) Pte Ltd

Other Appointments:

Nil

Past Directorships in listed companies over the preceding 3 years (1 Jan 2011 to 31 Dec 2013):

Nil

BOARD OF DIRECTORS

DR JOSEPH YEONG WEE YONG | AGE 62**Role:** Non-Independent and Non-Executive Director**Date of first appointment as a director:** 19 Mar 1997**Date of last re-election as a director:** 25 Apr 2013**Length of service as a director:** 16 years 9 months
(as at 31 Dec 2013)**Board/Working Committee(s) served on:**

- Risk Management Committee (Chairman)
- Remuneration Committee (Member)
- Loan Committee (Member)

Academic & Professional Qualification(s):

- B.Sc Honours
(Nanyang University)
- M. Mathematics
(University of Waterloo, Canada)
- Ph.D in Management Science
(University of Waterloo, Canada)

Present Directorships:**Listed Companies**

Nil

Non-Listed Companies

- Ascensia Academy Pte. Ltd.
- Ascensia Education Group Pte. Ltd.
- Ascensia Learning Centre Pte. Ltd.
- SGP International Management Academy (S) Pte. Ltd.
- SIMA Holdings Pte. Ltd.
- Singapore Clinical Research Institute Pte. Ltd.
- VM Education Pte. Ltd.
- Wyyeong Consultants Pte Ltd

Other Appointments:

- Advisory Board of the School of Business Administration, Jimei University, the People's Republic of China (Member)
- Tan Kah Kee International Society (Board Member)
- Singapore Government Pro-Enterprise Panel (Member)

Past Directorships in listed companies over the preceding 3 years (1 Jan 2011 to 31 Dec 2013):

Nil

LIM POH SUAN | AGE 62**Role:** Independent and Non-Executive Director**Date of first appointment as a director:** 1 Jul 2010**Date of last re-election as a director:** 26 Apr 2011**Length of service as a director:** 3 years 6 months
(as at 31 Dec 2013)**Board/Working Committee(s) served on:**

- Remuneration Committee (Chairman)
- Audit Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Accountancy Degree
(National University of Singapore)
- Fellow Chartered Accountant of Singapore
(Institute of Singapore Chartered Accountants (ISCA))
- Fellow Member
(Association of Chartered Certified Accountants)

Present Directorships:**Listed Companies**

Nil

Non-Listed Companies

- Transformation Consultants Pte. Ltd.

Other Appointments:

Nil

Past Directorships in listed companies over the preceding 3 years (1 Jan 2011 to 31 Dec 2013):

Nil

BOARD OF DIRECTORS

KIM SEAH TECK KIM | AGE 59

Role: Independent and Non-Executive Director

Date of first appointment as a director: 1 Jul 2010

Date of last re-election as a director: 25 Apr 2013

Length of service as a director: 3 years 6 months
(as at 31 Dec 2013)

Board/Working Committee(s) served on:

- Nominating Committee (Chairman)
- Audit Committee (Member)

Academic & Professional Qualification(s):

- LL.M. (under Fulbright Scholarship)
(Harvard Law School)
- LL.B. (Hons)
(University of Singapore)
- Advocate & Solicitor, Singapore

Present Directorships:

Listed Companies

- Texchem-Pack Holdings (S) Ltd.

Non-Listed Companies

- ACS (International)
- Oldham Enterprise Pte Ltd
- Sophia Mansions Pte Ltd

Other Appointments:

- A Ang Seah & Hoe (Founding Partner)
- The Association of Banks in Singapore (ABS)
(Legal Adviser)
- Paris-based International Chamber of Commerce (ICC)
Banking Commission (Member)
- ICC DOCDEX panel (Appointed Expert)
- Singapore Mediation Centre (Fellow Member)
- Disciplinary Panels of –
 - o the Law Society of Singapore (Member)
 - o Singapore Medical Council (Member)
 - o Singapore Pharmacy Council (Member)
 - o Public Service Commission, Singapore (Member)
- Patron Dispute Committee of the Casino Regulatory
Authority, Singapore (Chairman)

**Past Directorships in listed companies over the preceding
3 years (1 Jan 2011 to 31 Dec 2013):**
Nil

NG TAT PUN | AGE 69

Role: Independent and Non-Executive Director

Date of first appointment as a director: 1 Mar 2012

Date of last re-election as a director: 25 Apr 2012

Length of service as a director: 1 year 10 months
(as at 31 Dec 2013)

Board/Working Committee(s) served on:

- Remuneration Committee (Member)
- Risk Management Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Arts Degree in Economics and History
(University of Singapore)

Present Directorships:

Listed Companies

- Engro Corporation Limited
- Thai Beverage Public Company Limited

Non-Listed Companies

- SP Chemicals Holdings Ltd

Other Appointments:

Nil

**Past Directorships in listed companies over the preceding
3 years (1 Jan 2011 to 31 Dec 2013):**
Nil

CORPORATE GOVERNANCE STATEMENT



INTRODUCTION

Sing Investments & Finance Limited ("SIF"), through its Board, Board Committees and executives, recognizes the need to establish and maintain the highest standards of corporate governance policies and practices which reflect the requirements of the regulators as well as the expectations of other stakeholders who deal with the Company. These policies and practices remain under constant review as the corporate governance environment evolves continuously.

For the financial year 2013, SIF complied in all material aspects with the principles laid down by the Code of Corporate Governance 2012 ("2012 Code" or "Code"). Although it does not come under the categories of financial holding companies, banks, direct insurers, reinsurers and captive insurers, it has taken steps to comply to the best of its capability, with the Guidelines on Corporate Governance issued by the Monetary Authority of Singapore ("MAS") for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers in year 2013 ("2013 Guidelines" or "Guidelines"). In this report, our corporate governance practices and arrangements have been disclosed

with reference to the 2013 Guidelines. Where there is any deviation from the Code, appropriate explanation has been provided within this report.

SIF CORPORATE GOVERNANCE – 3 KEY PILLARS

The foundation of SIF's corporate governance structure is supported by 3 key pillars as follows:

1. The Board of Directors
2. The Board Committees – consisting of the following:
 - Audit Committee ("AC")
 - Risk Management Committee ("RMC")
 - Nominating Committee ("NC")
 - Remuneration Committee ("RC")
3. Oversight function by the following key departments:
 - Compliance Department
 - Internal Audit Department
 - Risk Management Department

CORPORATE GOVERNANCE STATEMENT

SIF's "3 Pillars of Corporate Governance" is designed to assist the Board in assessing, monitoring performance and conformance to the code and guidelines on corporate governance. The attributes instilled within the Board to ensure the effectiveness of its role and its guiding principles are as follows:

LEADERSHIP AND STRATEGY

- To establish and document the Company's medium and long-term strategic plan and objectives, review the results periodically and disclose them to the public;
- To formalise terms of reference for the Board and delegated Board Committees;
- To establish a whistle-blowing or feedback channel; and
- To establish a policy and strategy to promote board renewal and succession planning.

ACCOUNTABILITY AND AUDIT

- To ensure independence of the Audit Committee and that the members of the Audit Committee are appropriately qualified to discharge their responsibilities;
- To ensure independence of the compliance, internal audit and risk management functions from Management in order to carry out their respective responsibilities effectively; and
- To ensure that a sound system of internal controls for the Company is maintained and monitored.

COMMUNICATION WITH STAKEHOLDERS

- To ensure that the Company engages in regular, effective and fair communication with shareholders, in terms of the manner and frequency with which information is disseminated;
- To ensure that in disclosing information, the Company be as descriptive, detailed and forthcoming as possible; and
- To ensure that all investors, whether institutional or retail, should be entitled to the same level of communication and disclosure.

BOARD MATTERS

PRINCIPLE 1

THE BOARD'S CONDUCT OF AFFAIRS

Board Responsibility

The Board is responsible for overseeing and managing the Company's business and is accountable to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders. The Board ensures that an appropriate balance between promoting long-term business strategies and policies and delivering short-term



objectives is formulated and achieved. These objectives are met through the following functions exercised by the Board, either directly or through committees established by the Board:

- Overseeing and formulating long-term business strategies and policies and ensuring that the necessary financial and human resources are in place to meet the objectives;
- Identifying the principal risks of the Company's business and establishing a framework of prudential controls to assess and manage these risks;
- Monitoring and reviewing management performance, succession and development plans;
- Identifying the key stakeholder groups and recognizing that their perceptions affect the company's reputation;
- Setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and stakeholders are understood and met;
- Maintaining a culture of integrity by reviewing and monitoring internal controls and procedures for financial reporting and compliance; and
- Considering sustainability issues as part of its strategic formulation.

Delegation by the Board

The Board delegates authority and powers to Board Committees to oversee specific responsibilities without abdicating its responsibility. These committees report on a periodical basis to the Board and enable the Board to better carry out its stewardship and fiduciary responsibilities. Please refer to section on Board Committees in Principle 2 for details of the Board Committees established.

CORPORATE GOVERNANCE STATEMENT

Meetings of the Board and Board Committees

The Board met 5 times during the financial year. The Chairman would brief the Board on the issues to be discussed during the Board meetings. The documents pertaining to important and complex issues would be

circulated for the Board's review before the members meet to discuss them.

The Board's attendance at the Board and Board Committees' meetings during the financial year 2013 are set out as follows:

Attendance of the Board and Board Committee Meetings

Board/Board Committees	Board		Audit Committee		Risk Management Committee		Nominating Committee		Remuneration Committee		Non-executive Directors' meeting (without presence of management)	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lee Sze Leong	5	5	NA	4*	6	5	2	2	NA	2*	NA	NA
Lee Sze Siong	5	5	NA	4*	6	6	NA	NA	NA	NA	NA	NA
Tan Tong Guan	5	5	4	4	NA	NA	2	2	NA	NA	1	1
Dr Joseph Yeong Wee Yong	5	4	NA	3*	6	6	NA	NA	2	2	1	1
Lim Poh Suan	5	5	4	4	NA	NA	NA	NA	2	2	1	1
Kim Seah Teck Kim	5	5	4	4	NA	NA	2	2	NA	NA	1	–
Ng Tat Pun	5	5	NA	4*	6	6	NA	NA	2	2	1	1

* By Invitation

Material Transactions Which Require Board Approval

As defined under the Schedule of Matters Reserved for the Board, material transactions, projects and commitments which require Board approval includes:

- Acquisitions and disposals of subsidiaries;
- Acquisitions and disposals of other material assets;
- Major investments including any takeover bids and capital projects of a similar scale; and
- Substantial commitments, material contracts or transactions, either by reason of size or strategy, in the ordinary course of business.

Board Induction

Comprehensive and tailored induction will be provided to incoming directors joining the Board on the discharge of their duties, company's business and governance practices, amongst others. Please refer to section on Induction Programme in Principle 4 for details of induction programmes for new directors.

Continuous Development Programme

On an annual basis, the NC assesses the skills that the Board collectively needs in order to discharge its responsibilities effectively and identifies steps to improve effectiveness.

As part of the continuing Board members' development programme for year 2013, the Board has endorsed for all Directors to attend courses pertaining to Risk Governance and Industry Trend.

In-house training was conducted to keep the Directors abreast of the latest issues related to Risk Governance Guidance for Listed Boards. Other topics shared by in-house trainers include Changing Trends and its Implications to our Business, Anti Money Laundering & Countering the Financing of Terrorism.

The courses attended are essential to equip Directors with appropriate skills to perform their roles on the Board and Board Committees. For the year 2013, the NC has assessed and is satisfied that these courses have adequately fulfilled their purposes.

Business and Ethical Conduct

The Board of Directors adopts the Directors' Code of Professional Conduct ("Code of Conduct") published by Singapore Institute of Directors ("SID"). The Code of Conduct seeks to ensure that all directors are committed to achieving the highest level of professionalism and integrity in the discharge of their office, and is intended to complement the Guidelines on Corporate Governance.

While the Guidelines on corporate governance sets out the principles of corporate governance to be observed by listed companies, the Directors' Code of Professional Conduct amplifies the standards of ethics which should be adopted by individual Directors in order to bring out the highest standards of conduct in the discharge of their office.

The Code of Conduct embraces the values of honesty, integrity, personal excellence and accountability which should be the cornerstone of every Director's conduct.

CORPORATE GOVERNANCE STATEMENT

The Company continuously exercises prudence in its business dealings. It ensures that all staff continue to observe high standards of professionalism and integrity in their dealings with the customers and business associates.

Dealing In Company's Shares

The Company continues to adopt the best practices advocated by the Stock Exchange Securities Trading Limited for the trading of the Company's shares by its staff and Directors.

The Company has established policies in place to ensure that employees do not place themselves in positions where their own interests could conflict with those of the Company.

The following internal human resource policies guide all employees in their dealings in the Company's shares:

- (a) All employees must inform the Management of their dealings in the Company's shares, including dealings by employees' immediate family members;
- (b) All employees should not deal in the Company's shares on short term considerations and while in possession of unpublished material price-sensitive information in relation to such shares; and
- (c) All employees must also not deal in the Company's shares during the period commencing two weeks before the date of announcement of the Company's results for each of the first three quarters of the Company's financial year and one month before the announcement of the full-year financial results, and ending on the date of announcement of the relevant results.

Complaint Handling Procedures

Clear complaint handling procedures are in place and communicated to customers to ensure that all complaints are dealt with professionally, fairly, promptly and diligently.

PRINCIPLE 2

BOARD COMPOSITION AND GUIDANCE

Board of Directors ("Board")

As of 31 Dec 2013, there were a total of 7 Board Members, of which 4 Directors were deemed to be independent by the Nominating Committee. The current Board comprises the following members:

1. Mr Lee Sze Leong
2. Mr Lee Sze Siong
3. Mr Tan Tong Guan⁽¹⁾
4. Dr Joseph Yeong Wee Yong⁽²⁾
5. Mr Kim Seah Teck Kim⁽¹⁾
6. Mr Lim Poh Suan⁽¹⁾
7. Mr Ng Tat Pun⁽¹⁾

Notes:

(1) Independent and Non-executive Director

(2) Non-independent and Non-executive Director

Board Composition

The Nominating Committee ("NC") seeks to ensure that the size of the Board is conducive for effective discussion and decision making, and that the Board has an appropriate number of independent Directors. The size and composition of the Board are reviewed periodically. The Board currently consists of four independent and non-executive Directors, one non-independent and non-executive Director and two executive Directors.

The NC seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors, including core competencies in areas such as accounting and finance, risk management, business and management, and other relevant experience to achieve effective management among its members.

Board Independence

The NC assesses the independence of each Director, taking into account the Code of Corporate Governance guidelines for assessing the independence element. On this basis, Mr Lee Sze Leong – Chairman & Managing Director, Mr Lee Sze Siong – Deputy Managing Director and Dr Joseph Yeong Wee Yong are the only non-independent Directors on the Board. The Lead Independent Director and the other members of the Board are considered to be independent Directors.

In assessing the independence of the Directors, the NC has examined the different relationships that might impair the Directors' independence and objectivity, and is satisfied that all the independent Directors are able to act with independent judgement. NC also ensures that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment, will be subject to particularly rigorous review. No director with the existence of relationships or circumstances as mentioned in the 2013 Guidelines has been deemed as independent for the year 2013. At present, majority of the Board are independent.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Although the Company does not have a Board Executive Committee, the following Committees have been set-up to assist the Board in the management of the Company:

1. Audit Committee ("AC")
2. Risk Management Committee ("RMC")
3. Nominating Committee ("NC")
4. Remuneration Committee ("RC")

CORPORATE GOVERNANCE STATEMENT

Meeting of Directors without Management

Non-Executive Directors conduct at least one meeting without the presence of the Management.

PRINCIPLE 3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Role of Chairman and Chief Executive Officer ("CEO")

Currently, Mr Lee Sze Leong is the Chairman of the Board and also the Managing Director/CEO of SIF. The Board is of the view that there is adequate accountability and transparency as reflected by the internal controls established within SIF. Major decisions and policy changes on significant matters are made in consultation with the respective Board Committees and reviewed by the Board.

Also, the Board believes that, notwithstanding that the Chairman and Managing Director/CEO is the same person, SIF's interest remains well served by:

- (1) The benefit of a Chairman who is both knowledgeable about the industry and SIF's businesses and has significant experience in SIF to ensure the smooth and efficient implementation of decisions on major and pertinent issues;
- (2) The benefit of a majority of independent Directors exercising objective and independent judgement on corporate matters which ensure a balance of power and authority;
- (3) Board Committees are either chaired by or include the presence of independent Directors. All major decisions and policy changes are conducted through the respective committees; and
- (4) Further, SIF has appointed Mr Tan Tong Guan as the Lead Independent Director.

The key roles and responsibilities of the Chairman include:

- Leading the Board to ensure its effectiveness
- Setting the agenda of the Board and ensuring adequate allocation of time to address all agenda items, especially strategic issues
- Promoting an open environment for debate and encouraging active engagement from the Directors
- Ensuring complete and adequate information are disseminated to all Directors on a timely basis
- Ensuring effective communication with shareholders and other stakeholders
- Encouraging constructive relations within the Board and between the executive and non-executive Directors
- Facilitating the effective contribution of non-executive Directors
- Maintaining and promoting high standards of corporate governance

Lead Independent Director

Mr Tan Tong Guan was appointed as the Lead Independent Director in February 2011. He has been an independent Director on the Board since 25th April 2005.

The Lead Independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the non-executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and to assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Group.

The specific responsibilities of the Lead Independent Director when acting in such capacity are as follows:

- Consult with the Chairman as to an appropriate schedule of Board meetings, seeking to ensure that the independent Directors can perform their duties responsibly while not interfering with on-going Company operations;
- Consult with the Chairman regarding the information, agenda and schedules of the meetings of the Board of Directors and Board Committees;
- Advise the Chairman as to the quality, quantity and timeliness of the information submitted by the Company's management that is necessary or appropriate for the independent Directors to effectively and responsibly perform their duties;
- Recommend to the Board of Directors and the Board Committees the retention of advisers and consultants who report directly to the Board of Directors;
- Call meetings of the independent Directors, as appropriate;
- Serve as chairman of the sessions of the independent Directors;
- Serve as principal liaison between the independent Directors and the Chairman and between the independent Directors and senior management;
- Ensure that independent Directors have adequate opportunities to meet and discuss issues in sessions of the independent Directors without the presence of the management;
- Communicate to management, as appropriate, the results of private discussions among independent Directors;
- Chair the meetings of the Board of Directors when the Chairman is not present;
- Respond directly to shareholder and other stakeholder questions and comments that are directed to the Lead Independent Director or to the independent Directors as a group, with such consultation with the Chairman and other Directors as the Lead Independent Director may deem appropriate; and
- Perform such other duties as the Board of Directors may from time to time delegate.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4 BOARD MEMBERSHIP

Nominating Committee

The NC is chaired by Mr Kim Seah Teck Kim and the other two members are Mr Tan Tong Guan and Mr Lee Sze Leong. The majority of the directors in this committee including the Chairman are independent.

The main role of the NC is to assess and recommend candidates for appointment and re-appointment on the Board and Board Committees.

The NC is also charged with the responsibility of determining annually whether a Director is independent. Where a Director has multiple Board representations, the NC also considers if such a Director is able to adequately carry out his/her responsibilities as a Director of the Company.

The NC also reviews the composition of the Board and assesses annually the effectiveness of the Board as a whole, its board committees and the contribution by each individual Director.

Annually, the NC reviews the training and professional development programmes for the Board.

The NC is also responsible for reviewing and initiating the succession planning to ensure the continuity of leadership for key Board members, in particular, the Chairman and the Managing Director/CEO.

Process for the Selection, Appointment and Re-appointment of Directors to the Board

The NC establishes and reviews the profile required of Board Members and make recommendations to the Board on appointment, re-appointment and retirement of Directors.

The process for the selection and appointment of new Directors to the Board was reviewed, formalized and endorsed by the Board. The formal and transparent procedures for the selection and appointment of new Directors to the Board help promote understanding and confidence in that process. The appointment of new members to the Board is considered by the NC.

When the need for a new Director arises, whether due to retirement of a Director, growth or complexity of the Company's business, NC and each individual Director will source for suitable candidates based on their extensive network of contacts. External consultants may also be engaged to identify potential candidates or to seek advice from.

In the selection process, the NC determines the skills and experience appropriate for the appointee having regard to those of the existing Directors and any other likely changes to the Board. In addition, the NC also takes into consideration the current Board size and its mix, the additional skills and experience that will enhance the core competencies of the Board.

The NC identifies and shortlists potential candidates for interview. The NC then proceeds to assess the suitability of the candidates based on fit and proper criteria, independence, track record and experience and other factors determined by NC before recommending the appointment to the Board. Formal letter setting out the director's duties and obligations will be given to the new director upon appointment of the director.

The Company's Articles of Association provides that at least one-third of its Directors shall retire from office and are subject to re-election at every annual general meeting ("AGM") of the Company. All Directors are required to retire from office at least once every three years. Newly appointed Directors during the year must also submit themselves for retirement and re-election at the next AGM immediately following their appointment. The NC evaluates and recommends the retiring Directors to the Board for re-election at the next AGM.

Induction Programme

When appointed to the Board, all new directors receive an induction appropriate to their experience to familiarize them with matters relating to the Company's operations, strategies and practices. In addition, they are also briefed on their key disclosure duties and statutory obligations. The objective of the induction programme is to inform the director such that he or she can become as effective as possible in his or her new role as soon as possible. Department Heads of various departments will also conduct presentations on key functions and responsibilities of respective department to enable the new Directors to gain a better understanding of the operations of the Company.

The NC believes regular training and development are essential to equip all directors with the appropriate skills and knowledge to perform their roles on the Board and Board Committees. Please refer to the section on Continuous Development Programme in Principle 1 for details of continuous training for directors.

Key Information on Directors

Key information on each director can be found in the 'Board of Directors' section of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

Resignation or Dismissal of Key Appointment Holders

There has been no resignation or dismissal of key appointment holders for the year 2013.

Directors' Time Commitment

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, and as part of the review process, the Committee decides on the commitment level of the Director and whether he/she has been able to adequately carry out the responsibilities required of him/her as a Director. The Committee also adopted several measures that seek to address the competing time commitments that may be faced when a Director holds multiple Board appointments. Some of these guidelines include:

(a) Number of Board Membership

Carrying out the duties and fulfilling the responsibilities of a Director requires a significant commitment of an individual's time and attention. The Board does not believe, however, that explicit limits on the number of other boards of Directors on which the Directors may serve, or on other activities the Directors may pursue, are appropriate. The Board, however, recognizes that excessive time commitments can interfere with an individual's ability to perform his or her duties effectively. Accordingly, Directors should not serve on more than five boards of Directors of public listed companies in addition to the Company's Board.

(b) Attendance at Meetings

Each member of the Board is expected to make reasonable efforts to attend at least 50% of the regularly scheduled meetings of the Board and to participate in telephone conference meetings or other special meetings of the Board.

All Directors met the above guidelines on the time commitment as required by the Board for the year 2013.

PRINCIPLE 5 BOARD PERFORMANCE

The NC ensures that the Board consists of Directors that possess the necessary experience, knowledge and skills required by the business so as to enable the Board to make sound and well considered decisions.

The NC reviews the performance of the Board as a whole, its Board Committees and the performance of each Director on an annual basis based on the criteria developed by the NC and reviewed by the Board. Each Board Committee also performs a self-assessment which is evaluated by the NC. To avoid conflict of interest, the self-assessment of NC is reviewed by the Board.

The NC takes into consideration quantitative criteria and qualitative measures when reviewing the performance of the Board. In particular, qualitative measures include the quality of risk management, adequacy of internal controls and reflect the responsibility of the Board to safeguard the interests of various stakeholders.

The NC evaluates the performance of individual Directors by taking into consideration the attendance, time commitment and overall participation and contribution of each Director. If the NC is evaluating the performance of a particular member of the NC, that member will recuse himself from the deliberations. The result of the assessment is presented and reported to the Board.

On top of the evaluation exercise, the contributions and performance of each Director are assessed by the Committee as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, areas for improvement are identified to improve the effectiveness of the Board and its various committees.

PRINCIPLE 6 ACCESS TO INFORMATION

Prior to each Board meeting, SIF's Management provides the Board with information relevant to matters on the agenda for the Board meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group. In addition, Directors receive reports from Internal Audit, Compliance and Risk Management Departments on SIF on a regular basis.

Such reports enable the Directors to be aware of key issues pertaining to internal control, compliance and risk management of the Company.

The Board has separate and independent access to the Senior Management and the Company Secretary at all times. Procedures are also in place for Directors and Board Committees, where necessary, to seek independent professional advice at the Company's expense.

Company Secretary

The Company Secretary attends Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary require the approval of the Board.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION MATTERS

PRINCIPLE 7 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The RC comprises of Mr Lim Poh Suan (Chairman), Dr Joseph Yeong Wee Yong and Mr Ng Tat Pun, all of whom are non-executive and majority of whom are independent.

The primary role of the RC is to assist the Board in fulfilling its objectives as follows:

- To minimize the risk of any potential conflict of interest by putting in place formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors;
- To make recommendations to the Board on the Group's framework of remuneration for Directors and senior management executives with the aim to be fair and to avoid rewarding poor performance; and
- To review the adequacy and form of compensation for each of the Directors, the CEO and senior management executives to ensure that the compensation commensurate with the duties, responsibilities and risk involved in being an effective Director, CEO or senior management executive.

Dr Joseph Yeong Wee Yong and Mr Ng Tat Pun are also Chairman and member of the RMC respectively while Mr Lim Poh Suan is a member of the AC. Their membership in other Board committees enables them to make remuneration decisions in a more informed, holistic and independent manner, and ensures that remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour.

PRINCIPLE 8 LEVEL AND MIX OF REMUNERATION

Director Remuneration Policy

The overall Director remuneration packages of SIF comprise both fixed and variable components. The key principles of SIF's Director compensation philosophy are as follows:

- To establish a level of remuneration that is market competitive to attract, motivate and retain highly-skilled Directors to run the Company successfully, but at the same time avoiding paying more than what is necessary;

- To link a significant proportion of executive Director's remuneration to corporate and individual performance, so as to align the interests of executive Directors with those of shareholders; and
- To link the remuneration of non-executive Directors to the amount of responsibilities, effort and time spent by the Directors.

For executive Directors, the fixed component of the compensation package includes base salary (inclusive of employer's CPF) and other allowance and benefits such as medical and dental benefits, car programme allowance and club membership allowance. The fixed component makes up 60%–80% of the overall compensation of executive Director.

The variable component of the compensation package consists of short-term incentives and cash incentives, such as variable bonus and Directors' fees. The variable component makes up 20%–40% of the overall compensation of executive Director.

Directors' fees are recommended by the RC, concurred by the Board and submitted for approval during the Annual General Meeting. No Director decides his own fees, ensuring check and balance controls are in place.

PRINCIPLE 9 DISCLOSURE OF REMUNERATION

Directors' Remuneration

The 2013 Guidelines recommends that all directors' remuneration be disclosed to the nearest thousand dollars on a named basis.

However, at present, the Board is of the opinion that this information be disclosed in bands of S\$250,000 on a named basis.

Directors' remuneration in bands of S\$250,000 is shown in the Directors' Remuneration on page 104.

Key Executives' Remuneration

The 2013 Guidelines recommends that at least the top five key executives' remuneration be disclosed within bands of S\$250,000 and in aggregate on a named basis.

However, this information is not disclosed in this annual report as the Board is of the opinion that such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the finance industry where poaching of executives is common.

CORPORATE GOVERNANCE STATEMENT

Remuneration of Employees who are Immediate Family Members of a Director or CEO

Other than the CEO, Mr Lee Sze Leong and the director, Mr Lee Sze Siong, whose remuneration have been disclosed under 'Additional information', there are no employees of the Company who are immediate family members of a Director or the CEO.

Employee Share Scheme

The Company does not have an employee share scheme.

Performance Conditions of Executive Directors

RC reviews the performance of Executive Directors using the pre-defined financial targets and individual key performance indicators. Balance between the business and risk drivers are duly considered during the assessment to ensure that the structure of remuneration is aligned with long term interest of the Company. Both Executive Directors met the pre-defined performance conditions.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10 ACCOUNTABILITY

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates.

The Management provides all Directors periodically with monthly accounts and detailed reports on the Group's financial performance and related matters prior to each Board meeting. The Directors may at any time seek further information from and discuss with the Management on the Group's operations and performance.

PRINCIPLE 11 RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Governance

Under the Group's risk governance framework, the Board has overall responsibility for providing leadership, articulate the risk appetite and tolerance levels and ensuring that a robust risk and compliance culture prevails. The Board is assisted by the RMC to oversee the development of robust Enterprise Wide Risk Management ("EWRM") policies and processes which are aligned with the strategic direction set by the Board, to identify and manage the material business risks as well as to establish Key Risk Indicators, risk tolerance and internal limits to guide risk-taking activities within the Group.

Risk Management Committee

The RMC is a board risk committee and is chaired by Non-Independent & Non-Executive Director, Dr Joseph Yeong Wee Yong and comprises Independent & Non-Executive Director, Mr Ng Tat Pun, Mr Lee Sze Leong (MD), Mr Lee Sze Siong (DMD) and Heads of Risk Management, Compliance, Product Management, Finance and Branches/Treasury.

The RMC assists the Board in identifying the principal risks of the Company's business and to institute a framework of prudential controls to assess and manage these risks. These risks include credit risk, liquidity risk, market risk, operational risk, reputational risk and risks related to asset and liability management, new products, information technology, regulatory compliance, outsourcing and business continuity. It is supported by the Risk Management and Compliance Departments.

Risk Management Department

The Risk Management Department assists the RMC by ensuring that the risk framework, structure, policies and procedures remain aligned to the Company's risk appetite, business and regulatory requirements, through the development of risk models for measuring, identifying, assessing, mitigating and reporting risks. The Risk Management Department also manages risks and breaches, as well as assessing the impact of key risks to the business.

The Risk Management Department also assists the RMC in developing and implementing risk models, monitoring limits set by Board, and reporting risk measurements, gap analysis, risk profiling, stress testing and control systems, breaches, highlighting exceptions and deviations, and providing risk assessments, risk strategies and recommendations for deliberations and decision making. The Risk Management Department reports independently to the RMC.

The Board is responsible for approving the appointment, remuneration, resignation or dismissal of the Head of Risk Management Department.

Compliance Department

The Compliance Department assists the RMC by ensuring that the Company, Management and staff continue to observe all policies and guidelines set by the Board and comply with applicable laws, regulations, regulatory guidelines and professional standards, including those for anti-money laundering and countering the financing of terrorism. The Compliance Department also ensures that the Company's internal policies and procedures are aligned to the regulatory requirements. These are achieved through means of compliance testing, compliance tracking and compliance monitoring. The Compliance Department reports independently to the RMC.

CORPORATE GOVERNANCE STATEMENT

Senior Management, Business and Support Units

Senior Management is accountable to the Board for ensuring the effective implementation of risk management and adherence to the risk appetite, risk tolerance limits and internal control limits established by the Board. Business and Support units are primarily responsible for managing risk arising from their respective operations while the various independent monitoring and control units provide timely oversight, assessment and reporting of key risk exposures and breaches to Senior Management.

For year 2013, the Board has received assurance from the CEO and the Head of Finance Department: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; (b) regarding the effectiveness of the Group's risk management and internal control systems.

Enterprise Wide Risk Management Framework

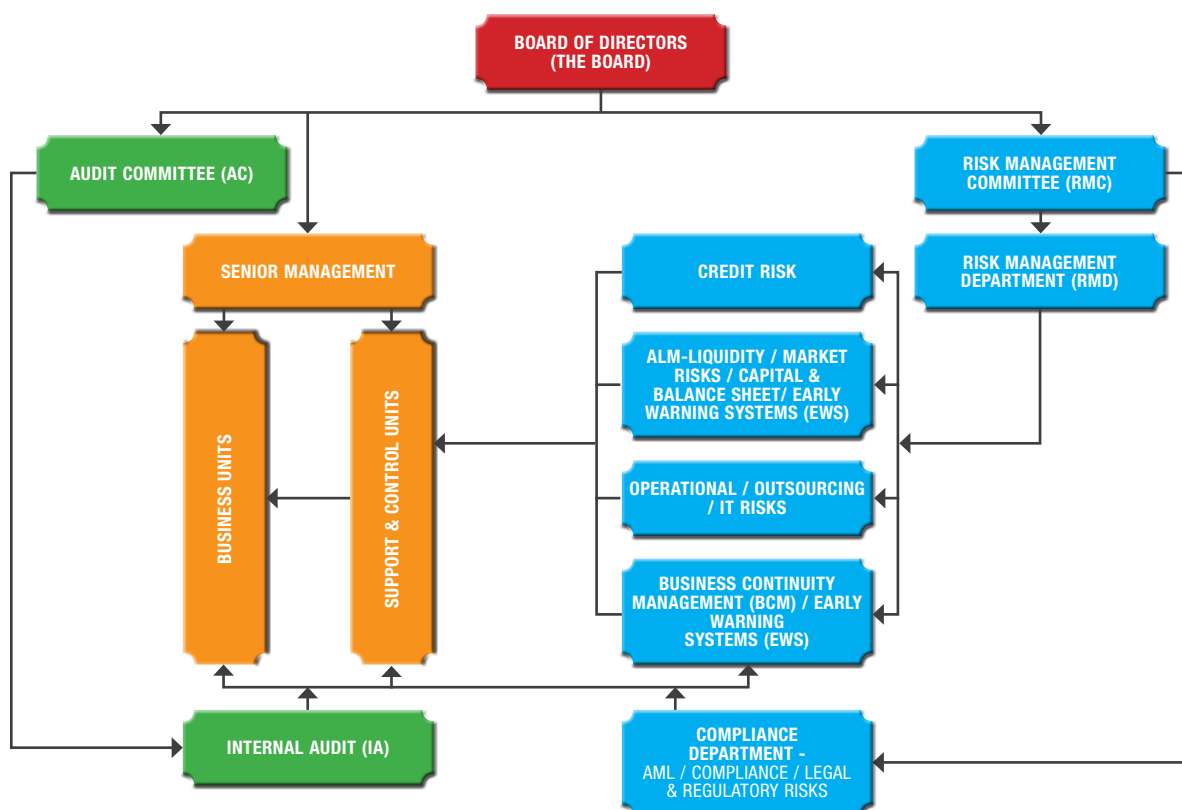
An effective EWRM framework is critical in ensuring the overall financial soundness of the Group's business operations and in creating sustainable growth in shareholders' value. In addition, it encourages sound business practice and decision making which adequately balances risk and reward.

The Group's EWRM framework establishes the governance, accountability, policies and processes to ensure that major risk types are identified, measured, managed, controlled and reported. The framework provides the Board and its Management with a tool to anticipate and manage both the existing and potential risks.

Material business risks relating to the Group can be categorized as: capital and balance sheet management, credit, market, liquidity and operational risks (including regulatory compliance, information technology risk, outsourcing, reputational risk, contagion risk and business continuity management) assumed by the Group in the course of carrying on its business.

In ensuring that risks are managed at the early stage of the risk taking process, introduction of new products, outsourcing arrangements, new/revision of policies are subjected to approval by the RMC. New and revision of policies are reviewed by the Risk Management and Compliance Departments. They are to ensure issues relating to risk, regulatory compliance and internal controls are addressed before submission to the RMC for approval. Credit Control Department provides independent inputs in valuations, credit evaluations and recommendations to enable risk to be priced appropriately in relation to the returns.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK



CORPORATE GOVERNANCE STATEMENT

For year 2013, the Board has reviewed the various risk reports, processes, together with the external and internal auditors' reports and is satisfied with the adequacy and effectiveness of the risk management framework, policies and internal control processes that are currently in place.

Financial Reporting, Internal Controls & Compliance with Policies and Regulations

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and all publications are reliable and accurate. In reviewing these controls, the Directors have considered the risks to which the business is exposed to, the likelihood of such risks occurring and the costs of protecting against them.

A system of effective internal controls plays a crucial role in the financing operations as it sets a foundation for the safe and sound operation of financial institutions, thus safeguarding the shareholders' investments and the Group's assets. The Board of Directors recognises that it has overall responsibility to ensure accurate financial reporting for the Group and the Group's system of internal controls.

The Board, with the assistance of the AC and RMC, reviews the adequacy and effectiveness of the Group's risk management and internal controls system. The Board, with the concurrence of the AC and RMC, is of the opinion that the Group's risk management and internal control system, including financial, operational, compliance and information technology control are adequate and effective.

PRINCIPLE 12 AUDIT COMMITTEE

The AC comprises of Mr Tan Tong Guan (Chairman), Mr Lim Poh Suan and Mr Kim Seah Teck Kim, all of whom are independent and non-executive.

The AC is responsible for assisting the Board in its oversight of the reliability and integrity of the accounting policies and financial reporting as well as to scrutinize the adequacy and effectiveness of the internal controls. In discharging its oversight role, the Committee is authorized and empowered to investigate any matter within its terms of reference and has full access to and cooperation of the Management.

The AC, together with the Management and the external auditors, reviews the Group's audited financial statements, the quality of the accounting principles applied, the financial statement presentations and the items that affect the financials. Through the maintaining and application of

appropriate accounting and financial reporting principles and policies and internal controls and procedures, the AC determines whether the financial statements comply with the accounting standards and applicable laws and regulations.

The AC conducts an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

The AC holds at least one private meeting with the external auditor without the presence of Management. It examines the audit findings of the external and internal auditors. It also reviews with the Internal Audit Manager on the scope, results and effectiveness of the audits and approves the internal audit plan in consultation with the Management. Any factors that may adversely affect the internal audit function's independence, objectivity or effectiveness will be reviewed by the AC.

During the year 2013, the AC's activities included:

- Reviewing the integrity of the Group's quarterly, half year and full year financial results
- Recommending the unaudited results and related SGX announcements for Board's approval
- Reviewing the annual audit plan
- Reviewing the findings and reports of the External auditor
- Reviewing the quarterly findings and reports of Internal Audit work
- Considering and recommending re-appointment of External Auditor to the Board
- Reviewing related party transactions

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through training and meetings with the external auditors who will update the AC on recent related developments.

External Audit

The Board is responsible for the appointment, re-appointment and removal of external auditors with the recommendation of the Audit Committee. The AC evaluates the external auditors based on aspects such as the performance and quality of their audit, and independence, and recommends its decision to the Board. The AC also approves the external auditors' remuneration and terms of engagement.

SIF is in compliance with Rules 712 & 715 of the SGX-ST Listing Manual in relation to the appointment of its auditing firm. The AC has reviewed the non-audit services provided during the financial year and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired, and the external auditors have also provided a confirmation of their independence to the AC.

CORPORATE GOVERNANCE STATEMENT

Whistle Blowing Policy

The Company has in place a whistle-blowing policy which encourages all staff to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have also been established.

The Company is committed to a high standard of ethical conduct and does not tolerate fraudulent practices. SIF undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle blowing policy and procedures which provide employees with well-defined and accessible channels within the Company, including a direct channel to the Audit Committee for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the Company's efforts to promote awareness of fraud control.

PRINCIPLE 13 INTERNAL AUDIT

Internal Audit Department

The Internal Audit function of the Group is well-established. The AC ensures that the internal audit function is adequately resourced and has appropriate standing within the company. Internal audit activity is primarily directed at improving the Company's internal controls with the objective of improving the effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations.

One of its functions is also to evaluate the effectiveness of the organization's risk management processes. Various audit tests are performed by the Internal Audit Department to ensure the integrity of the Group's financial system and operating procedures as well as the soundness of the Group's internal controls. The Internal Auditors have unfettered access to the AC, the Board, and the senior management where necessary, as well as the right to seek information and explanations.

The Internal Audit Department reports independently to the AC.

The AC is responsible for approving the appointment, remuneration, resignation or dismissal of the Head of Internal Audit function.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14 SHAREHOLDER RIGHTS

The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is timely disclosed publicly. As shareholders of the Company, they are entitled to specific rights under the Singapore Companies' Act and the Articles of Association. These rights include, amongst others, the opportunity to participate effectively in and vote at general meetings of shareholders.

PRINCIPLE 15 COMMUNICATION TO SHAREHOLDERS

The Company has in place an effective Investor Relations Policy to regularly convey pertinent information to shareholders.

The Company is committed to maintaining high standards of disclosure and corporate transparency. The Company provides consistent, relevant and timely information regarding the Group's performance with the fundamental aim of assisting our shareholders and investors in their investment decision-making.

The Company's financial results are released via SGXNET. These include the quarterly, half-year and full-year results which are also freely and publicly available at the Company's webpage at www.sif.com.sg. Price sensitive information is also publicly released and announced within the mandatory period.

The Company engages in regular and effective communication with its shareholders. Feedback mechanisms are in place to address requests and concerns raised by shareholders outside of the Annual General Meeting. In addition, all shareholders will receive the annual report of the Company and the notice of the Annual General Meeting which is also published via SGXNET.

The Company has in place a policy governing the payment of dividends. It clearly communicates to the shareholders the process and factors taken into consideration in deciding the quantum for dividend payment.

Annual dividend proposed for the year is shown on page 101.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 16 CONDUCT OF SHAREHOLDER MEETINGS

The Company strongly encourages and supports shareholder participation at its Annual General Meeting. The Company sends out the Notice of the Meeting on a timely basis to provide ample time for shareholders to receive and review the Notice and reply with their attendance.

The Company holds the Annual General Meeting at a central location with convenient access to public transportation. A registered shareholder who is unable to attend the meeting may choose to appoint not more than two proxies to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Directors and Senior Management are in attendance to address queries and concerns about the Company. The Company's external auditors are also invited to attend to assist the Directors to address shareholders' queries that are related to the conduct of the audit and the preparation and content of the auditors' reports.

Separate resolutions on each distinct issue are tabled at the general meeting.

The Board noted that with effect from 1st August 2015, the Company is required by the Listing Rules to conduct the voting of all resolutions put to general meetings by poll. As the number of shareholders who attend the general meetings are generally not large, it is not cost effective to have voting by poll or electronic polling.

Until such time when it is mandatory, voting at the Company's general meetings will be by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the businesses of general meetings expeditiously as the result of the vote is instantly available. The results of the general meeting are also released via SGXNET on the same day.

PRINCIPLE 17 RELATED PARTY TRANSACTIONS

The Company has in place policies and procedures governing related party transactions.

The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis. The AC reviewed all material related party transactions and kept the Board informed of such transactions.

During the year, the Company had collected deposits from its Directors and their related parties. No preferential treatment had been extended to the Directors and their related parties for these deposits.

Disclosure of related party transactions during the year is shown on page 89.

INTERESTED PERSON TRANSACTIONS

Details of the Interested Person Transactions required to be disclosed under Rule 907 of the Listing Manual of the SGX-ST during the financial year ended 31 December 2013 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sing Holdings Limited	\$704,160	NIL

The above transaction was in respect of a tenancy agreement for a 3-year lease of office space at SIF Building entered into with the Company in Year 2013, commencing from Year 2014 to Year 2016.

The AC has reviewed the terms of the above transaction and was of the view that the transaction was carried out on normal commercial terms and commensurate with prevailing market rates and were not prejudicial to the interests of the Company and its minority shareholders.

PERFORMANCE REVIEW



(1) PERFORMANCE REVIEW

	2013 \$'000	2012 \$'000	Variance + / (-) (%)
Selected Statement of Profit or Loss Items			
Net interest income	30,068	30,111	(0.1)
Non-interest income	4,266	4,026	6.0
Total income	34,334	34,137	0.6
Operating expenses	(20,638)	(18,076)	14.2
Profit from operations before impairment losses	13,696	16,061	(14.7)
Allowances for impairment losses on loans and advances	(285)	(379)	(24.8)
Profit before income tax	13,411	15,682	(14.5)
Profit after tax attributable to equity holders of the Group	11,463	14,696	(22.0)
Selected Balance Sheet Items			
Total equity	303,591	315,707	(3.8)
Total assets	2,071,772	1,977,623	4.8
Loans and advances	1,547,107	1,423,325	8.7
Deposits and savings accounts of customers	1,740,458	1,630,041	6.8
Key Financial Ratios (%)			
Net interest margin	1.6	1.8	
Non-interest income-to-total income	12.4	11.8	
Cost-to-income ratio	60.1	53.0	
Loans-to-deposits ratio	88.9	87.3	
Non-performing loans ratio	0.4	0.5	
Return on equity ⁽¹⁾	3.8	4.7	
Return on total assets ⁽²⁾	0.6	0.7	
Capital adequacy ratio	18.4	19.6	
Per Ordinary Share Data			
Basic earnings per share (cents)	7.27	12.22	
Net asset value per share (\$)	1.93	2.00	

⁽¹⁾ Return on equity is computed based on ordinary shareholders' equity at balance sheet date.

⁽²⁾ Return on total assets is computed based on total assets as at balance sheet date.

PERFORMANCE REVIEW

The Group registered a profit after tax of \$11.5 million for the current year, a decline of 22% from \$14.7 million a year ago. This was mainly due to a reversal of staff costs in the previous year due to overprovision as well as a decrease in the write-back of about \$1.9 million from over-provisions of tax in respect of prior years.

The protracted low interest rate environment and the intense market competition continued to lower the loan yield leading to a decline in the interest margin from 1.8% to 1.6%. Thus, despite an increase in the loans base, net interest income and hiring charges declined by 0.1% as a 6.1% increase in the interest income and hiring charges was more than offset by a 19.3% increase in interest expense from a higher deposit base.

Non-interest income increased by 6.0% to \$4.3 million mainly attributable to a 24.2% increase in fees and commissions received from an expanded loan base as well as a 36.1% increase in other income from bad debts recovered.

Operating expenses increased by 14.2% mainly attributed to a reversal of staff costs in the previous year due to overprovision and an increase in business costs from an increase in business activities. However, depreciation charge was 23.2% lower in the current year as some of the systems and renovation costs had been fully depreciated in the previous year.

For the year, a net allowance for loan losses of \$0.3 million was made as compared to \$0.4 million in the previous year. Adequate individual and collective impairment allowances for the loan portfolio were being set aside during the year.

Despite the cooling measures by the government on the financing of property and car loans, the Group managed to grow its loans and advances by 8.7% to \$1,547.1 million, compared to \$1,423.3 million a year ago. To support the loan growth, deposits and savings accounts of customers increased by 6.8% from \$1,630 million as at 31 December 2012 to \$1,740.5 million as at 31 December 2013.

The Group's total equity decreased by 3.8% from \$315.7 million to \$303.6 million due to a 77.6% decline in the fair value reserve of its available-for-sale financial assets, mainly from the revaluation of Singapore Government Securities ("SGS"). The drop in value was due to uncertainties over the US Federal Reserve's planned reduction in bond purchases which led to a sell-off of bonds. The Group purchases SGS as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies' Act.

As a result, net asset value decreased from \$2.00 to \$1.93.

Subject to approval by the shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final one-tier tax exempt dividend of 5 cents per share for the year under review.

(2) NET INTEREST INCOME

INTEREST-EARNING ASSETS & INTEREST-BEARING LIABILITIES

	2013			2012		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Interest-Earning Assets						
Loans and advances	1,486,445	39,598	2.7	1,293,559	37,730	2.9
Singapore Government Securities	183,750	5,625	3.1	153,262	4,967	3.2
Other interest-earning assets	248,360	1,812	0.7	229,928	1,642	0.7
Total	1,918,555	47,035	2.5	1,676,749	44,339	2.6
Interest-Bearing Liabilities						
Deposits and savings accounts	1,672,772	16,722	1.0	1,411,667	13,901	1.0
SPRING loans (unsecured)	7,622	216	2.8	10,639	327	3.1
Other liabilities	3,781	29	0.8	11	–	–
Total	1,684,175	16,967	1.0	1,422,317	14,228	1.0
Net interest income/margin as a percentage of interest-earning assets		30,068	1.6		30,111	1.8

Net interest income declined by 0.1% mainly attributed to the protracted low interest rate environment and the intense market competition which led to a lower loan yield. This resulted in a lower asset yield of 2.5% as compared to 2.6% a year ago. The increase of 6.1% in interest income was driven primarily by the higher loan volume and this was more than offset by the 19.3% increase in the cost of funds from a higher deposit base.

PERFORMANCE REVIEW

The table below analyses the changes in net interest income in 2013 over 2012 due to changes in volume and changes in rates.

(3) VOLUME AND RATE ANALYSIS

Increase/(Decrease) for 2013 over 2012

	Volume \$'000	2013 Rate \$'000	Total \$'000
Interest Income			
Loans and advances	5,594	(3,726)	1,868
Singapore Government Securities	976	(318)	658
Other assets	129	41	170
Total	6,699	(4,003)	2,696
Interest Expense			
Deposits and savings accounts	2,611	210	2,821
SPRING loans (unsecured)	(94)	(17)	(111)
Other liabilities	–	29	29
Total	2,517	222	2,739
Net interest income	4,182	(4,225)	(43)

(4) NON-INTEREST INCOME

	2013 \$'000	2012 \$'000	Variance +/(–)%
Fees and commissions	579	466	24.2
Dividends	127	110	15.5
Rental income from investment properties	3,232	3,209	0.7
Others	328	241	36.1
Total non-interest income	4,266	4,026	6.0

Non-interest income increased by 6.0% to \$4.3 million in 2013. This was mainly contributed by a 24.2% increase in fees and commissions received from an expanded loan base as well as a 36.1% increase in other income from bad debts recovered.

(5) OPERATING EXPENSES

	2013 \$'000	2012 \$'000	Variance +/(–)%
Staff costs	12,973	10,363	25.2
Depreciation of property, plant and equipment	817	1,064	(23.2)
Depreciation of investment properties	377	377	–
Other expenses	6,471	6,272	3.2
Total operating expenses	20,638	18,076	14.2

Operating expenses increased by 14.2% mainly attributed to a reversal of staff costs in the previous year due to overprovision and an increase in business costs from an increase in business activities. However, depreciation charge was 23.2% lower in the current year as some of the systems and renovation costs had been fully depreciated in the previous year.

(6) IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES

	2013 \$'000	2012 \$'000	Variance +/(–)%
Allowances for loans and advances (net)	285	379	(24.8)
Total	285	379	(24.8)

A net allowance for loan losses of \$0.3 million was made as compared to \$0.4 million in the previous year.

5 YEARS FINANCIAL SUMMARY



	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Operating Revenue	47,035	44,339	43,796	52,686	63,404
Profit and Revenue Reserves					
Profit before tax	13,411	15,682	26,083	30,407	21,173
Profit after tax	11,463	14,696	23,640	25,407	17,652
Revenue Reserve	119,050	115,468	108,128	94,996	77,996
Share Capital					
Issued	180,008	180,008	117,199	117,199	117,199
Capital Employed					
Total Assets	2,071,772	1,977,623	1,657,600	1,545,090	1,640,680
Net Assets	303,591	315,707	241,341	218,257	200,467
Volume of Business					
Loans	1,547,107	1,423,325	1,179,655	960,054	1,048,663
Deposits	1,740,458	1,630,041	1,378,505	1,282,721	1,389,440
Dividend and Earnings Per Share					
Dividend (net)	7,881	7,881	7,356	10,508	8,407
Dividend per share (cents)*	5.00	5.00	7.00	10.00	8.00
Earnings per share (cents)**	7.27	12.22	20.83	24.18	16.80
Return after Tax on Total Assets (%)	0.55	0.74	1.43	1.64	1.08
Return after Tax on Net Assets (%)	3.78	4.65	9.80	11.64	8.81
Net Tangible Asset Per Share (\$)	1.93	2.00	2.30	2.08	1.91

* One-tier tax exempt dividend.

** Earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year of 157,625,764 (Year 2012: 120,221,170, Year 2011: 113,490,550, Years 2010 & 2009: 105,083,843) shares.

5 YEARS FINANCIAL SUMMARY



PROFIT \$ MILLION

PROFIT AFTER TAX

PROFIT BEFORE TAX



CAPITAL EMPLOYED \$ BILLION

NET ASSETS

TOTAL ASSETS



VOLUME OF BUSINESS \$ BILLION

DEPOSITS

LOANS



CORPORATE SOCIAL RESPONSIBILITY



At SIF, our commitment to give back to society and support worthy causes is integral to our values. We have made donations and sponsored charitable events to help the needy and underprivileged. Staff have also been encouraged to play an active role in volunteerism.

During the year, we have donated to institutions providing free and subsidized medical and healthcare services as well as welfare societies in aid of the less fortunate. We have also contributed to Business China, a platform dedicated to raising the bilingual and bicultural quotient of Singaporeans as well as the global connectivity of Singapore.

On 26 January 2013, we participated in a community outreach programme organised by the Tiong Bahru CC Management Committee to distribute provisions to needy Singaporeans residing in the vicinity.

Staff packed goodies bags sponsored by the Company and distributed them to 900 beneficiaries at their homes. The

appreciation and smiles they brought was a heartening and memorable experience for everyone involved.

In addition, our staff also participated in the distribution of red packets to needy old folks at a Chinese New Year lunch organized by the Singapore Women's Association on 29 January 2013.

On our green endeavors, our Company strives to reduce energy usage and consumables such as paper. To cut down on paper usage, reports are available in soft copies and staff are encouraged to print on both sides of the paper and print documents only when necessary. To reduce power consumption, electrical devices and equipment are switched off when not in use and lights in the buildings appropriately dimmed after office hours.

We will continue to improve on the level of awareness amongst staff and increase recycling efforts in all aspects of our operations.



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REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

1 DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Lee Sze Leong
Lee Sze Siong
Tan Tong Guan
Dr Joseph Yeong Wee Yong
Lim Poh Suan
Kim Seah Teck Kim
Ng Tat Pun

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of directors	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Sing Investments & Finance Limited				
(Ordinary shares)				
Lee Sze Leong	345,081	355,081	42,255,450	42,255,450
Lee Sze Siong	450,592	450,592	42,255,450	42,255,450
Tan Tong Guan	152,310	152,310	1,785,150	1,785,150

By virtue of Section 7 of the Act, Messrs Lee Sze Leong and Lee Sze Siong are deemed to have an interest in the wholly-owned subsidiary of the Company at the beginning and at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2014.

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

During the financial year, the Company has engaged in transactions in the normal course of business with immediate family members of certain directors and with companies in which the directors have significant financial interests. However, the directors have not received, nor will they become entitled to receive, any benefits arising out of these transactions other than those which they may be entitled to as customers or as shareholders of these companies.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or its subsidiary were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or its subsidiary issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or its subsidiary under options.

6 AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are:

Tan Tong Guan (Chairman)
Lim Poh Suan
Kim Seah Teck Kim

They are all independent non-executive directors.

The Audit Committee performs the functions specified by Section 201B of the Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance.

The Audit Committee has held 3 meetings since the last Annual General Meeting. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

REPORT OF THE DIRECTORS

6 AUDIT COMMITTEE (CONTINUED)

The Audit Committee also reviewed the following:

- a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- b) the Group's financial and operating results and accounting policies;
- c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;
- d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- e) the co-operation and assistance given by the management to the Group's external auditors; and
- f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Sze Leong
Chairman

Tan Tong Guan
Director

10 February 2014

STATEMENT BY DIRECTORS

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 36 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Sze Leong
Chairman

Tan Tong Guan
Director

10 February 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sing Investments & Finance Limited (the "Company") and its subsidiary (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 103.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Ang Poh Choo
Partner

10 February 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		Group		Company	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
ASSETS					
Current assets					
Cash on deposit, at banks and in hand		225,668	268,615	225,630	268,560
Other assets	6	5,853	5,756	5,853	5,756
Investments	7	206,428	196,803	206,136	196,531
Loans and advances due within twelve months	8	457,288	391,779	457,288	391,779
Statutory deposit with the Monetary Authority of Singapore ("MAS")		44,881	40,422	44,881	40,422
Total current assets		940,118	903,375	939,788	903,048
Non-current assets					
Property, plant and equipment	9	17,005	17,495	17,005	17,495
Investment properties	10	24,830	25,207	24,830	25,207
Subsidiary	11	–	–	25	25
Loans and advances due after twelve months	8	1,089,819	1,031,546	1,089,819	1,031,546
Total non-current assets		1,131,654	1,074,248	1,131,679	1,074,273
Total assets		2,071,772	1,977,623	2,071,467	1,977,321

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		Group		Company	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Deposits and savings accounts of customers	13	1,740,458	1,630,041	1,741,191	1,630,770
Other liabilities	14	17,367	16,135	16,898	15,652
SPRING loans due within twelve months (unsecured)	15	3,467	4,947	3,467	4,947
Provision for employee benefits	16	231	219	231	219
Current tax payable		2,136	2,713	2,136	2,713
Total current liabilities		1,763,659	1,654,055	1,763,923	1,654,301
Non-current liabilities					
SPRING loans due after twelve months (unsecured)	15	3,539	3,667	3,539	3,667
Deferred tax liabilities	12	983	4,194	943	4,158
Total non-current liabilities		4,522	7,861	4,482	7,825
Total liabilities		1,768,181	1,661,916	1,768,405	1,662,126
Equity attributable to equity holders of the Company					
Share capital	17	180,008	180,008	180,008	180,008
Reserves	18	123,583	135,699	123,054	135,187
Total equity		303,591	315,707	303,062	315,195
Total liabilities and equity		2,071,772	1,977,623	2,071,467	1,977,321
Off-balance sheet items					
Undrawn loan commitments	25	561,334	558,922	561,334	558,922
Guarantees issued	26	3,784	3,734	3,784	3,734
Total off-balance sheet items		565,118	562,656	565,118	562,656

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2013

		Group	
	Note	2013 \$'000	2012 \$'000
Revenue			
Interest income and hiring charges	21	47,035	44,339
Interest expense	21	(16,967)	(14,228)
Net interest income and hiring charges		30,068	30,111
Fees and commissions		579	466
Dividends	21	127	110
Rental income from investment properties		3,232	3,209
Other income	21	328	241
Income before operating expenses		34,334	34,137
Staff costs	21	(12,973)	(10,363)
Depreciation of property, plant and equipment	9	(817)	(1,064)
Depreciation of investment properties	10	(377)	(377)
Other operating expenses	21	(6,471)	(6,272)
Profit from operations before impairment losses		13,696	16,061
Allowances for impairment losses on loans and advances	8	(285)	(379)
Profit before income tax		13,411	15,682
Income tax expense	22	(1,948)	(986)
Profit for the year attributable to equity holders of the Company		11,463	14,696
Earnings per share (cents)			
– Basic	23	7.27	12.22
– Diluted	23	7.27	12.22

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	2012
	\$'000	\$'000
Profit for the year	11,463	14,696
<u>Other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	(18,913)	5,080
Income tax relating to components of other comprehensive income that may be reclassified subsequently	3,215	(863)
Other comprehensive (loss) income for the year, net of tax	(15,698)	4,217
Total comprehensive (loss) income for the year	(4,235)	18,913

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

	Note	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Group						
Balance at 1 January 2012		117,199	73,212	16,014	34,916	241,341
Total comprehensive income for the year						
Profit for the year		–	–	–	14,696	14,696
Other comprehensive income for the year – net		–	–	4,217	–	4,217
Total		–	–	4,217	14,696	18,913
Transfer from accumulated profits to statutory reserve		–	7,347	–	(7,347)	–
Transactions with owners, recognised directly in equity						
Issue of Rights Shares		62,809	–	–	–	62,809
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	24	–	–	–	(7,356)	(7,356)
Total		62,809	–	–	(7,356)	55,453
Balance at 31 December 2012		<u>180,008</u>	<u>80,559</u>	<u>20,231</u>	<u>34,909</u>	<u>315,707</u>
Total comprehensive income for the year						
Profit for the year		–	–	–	11,463	11,463
Other comprehensive loss for the year – net		–	–	(15,698)	–	(15,698)
Total		–	–	(15,698)	11,463	(4,235)
Transfer from accumulated profits to statutory reserve		–	5,732	–	(5,732)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2013		<u>180,008</u>	<u>86,291</u>	<u>4,533</u>	<u>32,759</u>	<u>303,591</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

Company	Note	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Balance at 1 January 2012		117,199	73,212	15,865	34,584	240,860
Total comprehensive income for the year						
Profit for the year		–	–	–	14,694	14,694
Other comprehensive income for the year – net		–	–	4,188	–	4,188
Total		–	–	4,188	14,694	18,882
Transfer from accumulated profits to statutory reserve		–	7,347	–	(7,347)	–
Transactions with owners, recognised directly in equity						
Issue of Rights Shares		62,809	–	–	–	62,809
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	24	–	–	–	(7,356)	(7,356)
Total		62,809	–	–	(7,356)	55,453
Balance at 31 December 2012		<u>180,008</u>	<u>80,559</u>	<u>20,053</u>	<u>34,575</u>	<u>315,195</u>
Total comprehensive income for the year						
Profit for the year		–	–	–	11,463	11,463
Other comprehensive loss for the year – net		–	–	(15,715)	–	(15,715)
Total		–	–	(15,715)	11,463	(4,252)
Transfer from accumulated profits to statutory reserve		–	5,732	–	(5,732)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2013		<u>180,008</u>	<u>86,291</u>	<u>4,338</u>	<u>32,425</u>	<u>303,062</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	2012
	\$'000	\$'000
Operating activities		
Profit before income tax	13,411	15,682
Adjustments for:		
Impact of accrual of interest income	42	(5)
Impact of accrual of interest expense	468	2,473
Depreciation of property, plant and equipment	817	1,064
Depreciation of investment properties	377	377
Allowances for impairment losses on loans and advances	285	379
Dividends	(127)	–
Operating cash flows before movements in working capital	15,273	19,970
Changes in working capital		
Other assets	316	16
Loans and advances	(124,067)	(244,049)
Statutory deposit with the MAS	(4,459)	(5,175)
Deposits and savings accounts of customers	110,417	251,536
Other liabilities	764	(1,645)
SPRING loans	(1,608)	(3,786)
Provision for employee benefits	12	(5)
Cash (used in) generated from operations	(3,352)	16,862
Income taxes paid	(2,521)	(4,766)
Net cash (used in) from operating activities	(5,873)	12,096
Investing activities		
Purchase of investments	(28,985)	(22,574)
Purchase of property, plant and equipment and investment properties	(327)	(413)
Proceeds from disposal of investments	–	3,000
Dividends received	119	–
Net cash used in investing activities	(29,193)	(19,987)
Financing activities		
Dividends paid	(7,881)	(7,356)
Net proceeds from Rights Issue	–	62,809
Net cash (used in) from financing activities	(7,881)	55,453
Net (decrease) increase in cash and cash equivalents	(42,947)	47,562
Cash and cash equivalents at beginning of the year	268,615	221,053
Cash and cash equivalents at end of the year	225,668	268,615

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1 GENERAL

The Company (Registration Number 196400348D) is incorporated in the Republic of Singapore and has its principal place of business and registered office at 96 Robinson Road, #01-01 SIF Building, Singapore 068899. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

The principal activities of the Company are those of a licensed finance company. The principal activities of the subsidiary are those of a nominee service company.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 10 February 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND REVISED STANDARDS

On 1 January 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to FRS 107 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The application of the amendments has had no material impact on the amounts recognised in the consolidated financial statements.

FRS 113 Fair Value Measurement

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for the periods before the initial application of the Standard.

Consequently, the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

FRS 113 Fair Value Measurement (Continued)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interest in Other Entities*
- FRS 110 *Amendments to FRS 110 Consolidated Financial Statements – Investment Entities*
- FRS 110, 111, 112 *Transition Guidance*
- FRS 32 *Amendments to FRS 32 Financial Instrument: Presentation*
- FRS 36 *Amendments to FRS 36 Impairment of Assets*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and an entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF CONSOLIDATION (CONTINUED)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories: "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Available-for-sale financial assets

The Group's investments in equity securities and debt securities are classified as available-for-sale financial assets and are stated at fair value. Fair value is determined in the manner described in Note 4(a)(vi). Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses and interest calculated using the effective interest method which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

(b) Loans and receivables

Loans and advances and other assets that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

(c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments fair value reserves. In respect of available-for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Impairment of financial assets (Continued)

Calculation of recoverable amount

Loans and advances

Future cash flows in a group of financial assets assessed for collective impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Portfolio impairment allowance is created for collective impairment of loans and advances.

When a loan is uncollectible, it is written off against the related impairment allowance. Subsequent recoveries of amounts previously written off are credited directly to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(d) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(b) Other financial liabilities

Other liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in profit or loss in the period in which they are incurred.

Financial guarantee contract liabilities are measured initially at their fair values and, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

(c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 OPERATING LEASES

When entities within the Group are lessees of an operating lease

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

When entities within the Group are lessors of an operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	–	remaining life of the lease
Freehold and leasehold buildings	–	shorter of 50 years or remaining life of the lease
Furniture, office equipment and motor vehicles	–	5 years
Renovation	–	5 years
Computers	–	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INVESTMENT PROPERTIES

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

No depreciation is provided on freehold land classified as investment properties. Depreciation on leasehold land and freehold and leasehold buildings classified as investment properties is recognised in the profit or loss on a straight-line basis over the estimated useful lives as follows:

Leasehold land	– remaining life of the lease
Freehold and leasehold buildings	– shorter of 50 years or remaining life of the lease

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Fully depreciated assets still in use are retained in the financial statements.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 PREPAID COMMISSION ON LOANS AND ADVANCES

Commission paid on loans and advances are deferred and recognised as an expense over the tenor of the loans and advances.

For settled loans, the remaining portion of the prepaid commission is expensed immediately to the profit or loss on the date of settlement.

2.10 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 REVENUE RECOGNITION

(a) Interest income and expense

Interest income and expense are recognised in the profit or loss as they accrue, taking into account the effective yield of the asset or liability or an applicable fixed or floating rate. Where charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to the profit or loss is to spread the income over the period in which the repayments are due using the following bases for the various categories of financing business:

Income earned on hire purchase

Term charges on hire purchase transactions are accounted for using the Rule of 78 (sum of digits) method. The balance of such term charges at the financial year end is carried forward as unearned charges.

Income earned on loans, factoring accounts and debt securities

Interest income is recognised in the profit or loss using the effective interest rate method.

Income from bank deposits

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest rate method.

(b) Fee and commission income

Fee and commission income are recognised in the profit or loss on an accrual basis when the services are rendered.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Rental income

Rental income receivable under operating leases is recognised in the profit or loss on a straight-line basis over the term of the lease.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 EMPLOYEE BENEFITS

(a) Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.13 INCOME TAX EXPENSE

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in Singapore where the Company and subsidiary operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 INCOME TAX EXPENSE (CONTINUED)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity).

2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Management discussed with the Audit Committee the development, selection, disclosure, and application of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

NOTES TO FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(a) Critical judgements in applying the entity's accounting policies

The management are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment losses on loans, advances and receivables

The Group reviews its loan portfolio to assess impairment at least on a semi-annual basis. To determine whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows of the loan portfolio. The evidence may include observable data indicating adverse changes in the payment status of certain groups of borrowers or local economic conditions that correlate with default in the loan portfolio.

In addition, management uses estimates based on historical loss experience for loans, advances and receivables with credit risk characteristics and objective evidences of impairment similar to those in the loan portfolio. The methodology and assumptions used are reviewed regularly to reduce any differences between estimates and actual loss experience.

The carrying amount of loans and advances are disclosed in Note 8 to the financial statements.

Income tax

The Company makes provision for income tax based on the taxable profit. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. In determining the amount of taxable profit, management exercises judgement, and the amount is subject to the approval of the local tax authority.

A reconciliation of the income tax is disclosed in Note 22 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk management policies and objectives

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

The Group's operations are denominated in Singapore dollars. Hence, the Group is not exposed to material foreign exchange movements.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk governance

Under the Group's risk governance framework, the Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk Management Committee (RMC) is led by two independent directors and is tasked to oversee the development of robust enterprise-wide risk management policies and processes. Apart from credit risk, liquidity risk, market risk, capital and balance sheet management, the RMC oversees the management of operational risk, information technology risk, outsourcing risk, reputational risk, compliance and business continuity management.

The RMC reviews and approves the implementation of the Group's policies, establishes risk appetite, tolerance limits and key risk indicators to guide risk taking. A Risk Dashboard is set up in which responsible departments actively feed predefined risk indicators, allowing the RMC members to track the level of risks and be alerted of any breach of thresholds. The Risk Management Department (RMD) assists the RMC in developing risk management measurements and control systems, monitoring limits set by Board and reporting breaches, exceptions, and deviations. The RMD furnishes RMC with periodical reports and recommendations to enable RMC to make decisions on risk management issues. Compliance testing and internal audits are conducted on an on-going basis to confirm that these policies are functioning effectively.

Senior management is accountable to the Board for ensuring the implementation of risk management policies. The business units shall be responsible for managing the risks of their respective activities and ensure compliance of the Group's policies. Control functions assist senior management in providing checks and controls as well as independent risk assessments.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk

Credit risk is one of the primary risks in the Group's lending activities and is the risk of financial loss to the Group if a borrower or counter party to a credit exposure fails to meet its contractual obligations. Credit exposures also include the debt securities held whose conditions may be impacted to varying degrees by any developments in the global financial markets.

Except for fund placements with banks and investment in Singapore Government securities (SGS), credit risk exposure of the Group is primarily secured and is concentrated in Singapore.

The Group assesses all credit risk exposures, including off balance sheet items and potential exposures using both internal and external risk rating systems, consolidating all elements of credit risk exposure including the default risk of the individual obligor, security risk, industry risk, market/interest rate risk, repayment behaviour and risk-adjusted returns.

Credit policies are formulated covering concentration risk limits, collateral requirements, credit assessment, risk grading, stress testing, reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. All credit facilities, which must be fully secured, require the approval by Management or the Loan Committee as appropriate. All collateral assets must be tangible and accessible or marketable in Singapore.

The Group has in place a monitoring system to identify early symptoms of problematic loan accounts. A risk grading system is used in determining where impairment provisions may be required against specific credit exposures. Risk grades are subject to regular review and credit exposures take into consideration stress testing of the fair value of collateral and other security enhancements held against the loans and advances.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Maximum exposure to credit risk

The maximum amount the Group could be forced to settle under the financial guarantee contract in Note 26, if the full guaranteed amount is claimed by the counterparty to the guarantee is \$3,784,000 (2012: \$3,734,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Set out below is a breakdown of the total amounts of loan facility by loan type (based on underlying collateral assets) and net (of allowances for impairment):

	Group and Company		
	Performing	Non-performing	Total
	\$'000	\$'000	\$'000
Loan type			
31 December 2013			
Land and construction	705,618	–	705,618
Commercial properties	516,420	2,376	518,796
Motor vehicles	310,621	178	310,799
Private residential	294,597	1,528	296,125
Block discounting	182,551	–	182,551
Machinery and equipment	61,872	17	61,889
Share loans	25,780	–	25,780
Shipping	9,958	39	9,997
HDB flats	4,830	637	5,467
Factoring and accounts receivables	5,423	–	5,423
Others	1,660	1	1,661
	2,119,330	4,776	2,124,106
Less: Collective impairment	(15,630)	(35)	(15,665)
Total	2,103,700	4,741	2,108,441

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Loan type	Group and Company		
	Performing \$'000	Non- performing \$'000	Total \$'000
31 December 2012			
Land and construction	710,062	–	710,062
Commercial properties	454,606	2,407	457,013
Motor vehicles	305,139	(48)	305,091
Private residential	248,521	980	249,501
Block discounting	177,051	–	177,051
Machinery and equipment	46,968	167	47,135
Share loans	30,850	–	30,850
Shipping	8,504	68	8,572
HDB flats	5,048	754	5,802
Factoring and accounts receivables	3,589	–	3,589
Others	1,994	2	1,996
	1,992,332	4,330	1,996,662
Less: Collective impairment	(14,384)	(31)	(14,415)
Total	1,977,948	4,299	1,982,247

Collaterals

The Group holds collateral against loans and advances to customers. The main types of collateral obtained by the Group are as follows:

- for personal housing loans, mortgages over residential properties and HDB flats;
- for commercial property loans, charges over the properties being financed;
- for land and construction loans, charges over the developing properties being financed;
- for motor vehicles loans and block discounting loans, charges over the vehicles financed;
- for share loans, listed securities of Singapore; and
- for other loans, charges over business assets such as premises, barges and vessels, machineries, trade receivables or deposits.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

The nature and fair value of collateral held as security on loans and advances are as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Individually impaired:		
Properties	18,129	14,758
Equipment	21	678
Motor vehicles	361	600
Vessels	120	120
	18,631	16,156
Past Due but not impaired:		
Properties	2,266	4,930
Equipment	574	876
Motor vehicles	5,886	6,882
Vessels	3,800	–
	12,526	12,688

The nature and carrying amount of assets obtained by taking possession of collateral held as security are as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Motor vehicles and equipment	339	–

Credit quality

The Group categorises its loans and advances in accordance with MAS Notice to Finance Companies No. 811 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore (MAS). In addition, loans and advances are required under FRS 107 Financial Instruments: Disclosures to be categorised into “impaired”, “past due but not impaired” and “neither past due nor impaired”. Past due loans refer to loans that are overdue by one day or more. Impaired loans are non-performing loans with specific allowances made.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

(a) Performing loans

- Pass grade indicates that the timely repayment of the outstanding credit facilities is not in doubt.
- Special mention grade indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Group.

(b) Non-performing loans

- Substandard grade indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms.
- Doubtful grade indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
- Loss grade indicates that the amount of loan recovery is assessed to be insignificant.

Set out below is a breakdown of the amounts of loans and advances by loan grading:

	2013	2012
	\$'000	\$'000
Loans grading		
<u>Loans and advances to customers</u>		
(i) Individually impaired		
Substandard	4,776	4,330
Loss	1,765	3,078
Gross amount	6,541	7,408
Less: Allowance for impairment	(1,765)	(3,078)
Gross amount net of specific impairment	4,776	4,330

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

(b) Non-performing loans (Continued)

	2013 \$'000	2012 \$'000
(ii) Collectively impaired		
Past due but not impaired		
Pass	6,349	8,059
Special mention	4,204	5,751
Gross amount	10,553	13,810
Neither past due nor impaired		
Pass	1,328,071	1,225,611
Special mention	219,372	193,989
Gross amount	1,547,443	1,419,600
Gross amount: collectively impaired	1,557,996	1,433,410
Loans and advances net of specific impairment	1,562,772	1,437,740
Less: Collective impairment	(15,665)	(14,415)
Carrying amount	1,547,107	1,423,325
Ageing of loans and advances that are past due but not impaired < 3 months	10,553	13,810

As of 31 December 2013, the Group has loans and advances of \$2,157,033 which the terms have been renegotiated (2012: \$1,436,758). As at 31 December 2013, the loans were graded as individually impaired, for which impairment of \$807,399 was provided in respect of the loans (2012: \$1,021,003).

Bad debts will be written off when debt recovery is remote, e.g. borrower has been made bankrupt, or all recovery actions have been exhausted. Approval of the Managing Director or Loan Committee as appropriate is obtained for write off of bad debts above certain amounts. Any proposal for write off of director and director-related loans must be accepted by the Board of Directors and approved by the MAS.

The RMC is delegated the authority by the Board to oversee the Group's credit activities and risk management process, including reviewing periodically the credit policies, guidelines and procedures of the Group, evaluating the risk profile of the Group's loan portfolio, reviewing and managing the quality and profitability of its loan assets etc.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Concentration of credit risk

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the end of the reporting period is shown below:

	Loans and advances to customers	
	2013	2012
	\$'000	\$'000
Carrying amount	1,547,107	1,423,325
Concentration by sector		
Building and construction	653,393	621,959
Hire purchase finance	242,056	228,842
Professional and individuals	186,910	174,634
Financial institutions, and investment and holding companies	148,971	88,967
Block discounting	94,600	104,588
Housing loans	80,399	77,446
General commerce	73,549	85,464
Transport, storage and communication	16,852	29,737
Manufacturing	6,204	5,498
Factoring	551	345
Others	59,287	20,260
	1,562,772	1,437,740
Less: Collective impairment	(15,665)	(14,415)
Total	1,547,107	1,423,325

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the present and future (both anticipated and unanticipated) without incurring substantial cost or damage to the Group's reputation. The Group's principal source of funds is from deposit collections in Singapore which is mainly utilised for funding loans and maintenance of reserves in compliance with statutory requirements.

The daily liquidity position is closely managed by Treasury and independently monitored by the RMD via daily report covering the next 14 days' funding needs. In addition, projected funds flow position for the next 1 and 6 months are reviewed on a monthly basis. The RMC also reviews the Monthly Liquidity Gap Analysis (contractual and behavioural), and the Liquidity Stress Test to ensure that liquidity risk is managed within established tolerance levels and mismatch limits. Early Warning System and contingency funding plans are in place, with monitoring and triggering mechanisms to alert management of potential liquidity risk.

The Group's liquidity risk is mitigated by its maintenance of the minimum cash balance and minimum liquid assets balance as required by MAS, the latter being the key measure for liquidity risk.

At 31 December 2013, the Group had available \$97 million (2012: \$101 million) of undrawn committed credit lines in respect of which all conditions precedent have been met.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

The following table analyses the assets and liabilities of the Group and the Company into maturity time bands based on the remaining time to contractual maturity as at end of the reporting period:

	Total \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- specific maturity \$'000
Group							
31 December 2013							
Assets							
Statutory deposit with the Monetary Authority of Singapore	44,881	44,881	-	-	-	-	-
Investments	206,428	-	-	5,081	19,144	178,697	3,506
Loans and advances to customers	1,547,107	64,385	76,461	176,159	593,406	636,696	-
Cash on deposit, at banks and in hand	225,668	129,768	33,900	62,000	-	-	-
Others	2,695	157	2,250	288	-	-	-
Total Assets	2,026,779	239,191	112,611	243,528	612,550	815,393	3,506
Liabilities							
Deposits and savings accounts of customers	1,740,458	351,841	337,133	877,684	113,866	-	59,934
SPRING loans	7,006	761	580	2,126	3,539	-	-
Provision for employee benefits	231	-	-	231	-	-	-
Others	17,367	3,075	2,077	10,448	1,156	-	611
Total Liabilities	1,765,062	355,677	339,790	890,489	118,561	-	60,545
Net Liquidity Gap	261,717	(116,486)	(227,179)	(646,961)	493,989	815,393	(57,039)
Off-balance sheet							
Undrawn loan commitments	561,334	561,334	-	-	-	-	-
Guarantees issued	3,784	3,784	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- specific maturity \$'000
Group							
31 December 2012							
Assets							
Statutory deposit with the Monetary Authority of Singapore	40,422	40,422	–	–	–	–	–
Investments	196,803	–	–	–	22,532	170,917	3,354
Loans and advances to customers	1,423,325	152,953	35,718	75,778	541,740	617,136	–
Cash on deposit, at banks and in hand	268,615	164,615	71,000	33,000	–	–	–
Others	2,282	344	1,852	86	–	–	–
Total Assets	1,931,447	358,334	108,570	108,864	564,272	788,053	3,354
Liabilities							
Deposits and savings accounts of customers	1,630,041	256,733	262,605	889,620	164,758	–	56,325
SPRING loans	8,614	989	828	3,130	3,667	–	–
Provision for employee benefits	219	–	–	219	–	–	–
Others	16,135	2,756	1,742	9,568	1,358	–	711
Total Liabilities	1,655,009	260,478	265,175	902,537	169,783	–	57,036
Net Liquidity Gap	276,438	97,856	(156,605)	(793,673)	394,489	788,053	(53,682)
Off-balance sheet							
Undrawn loan commitments	558,922	558,922	–	–	–	–	–
Guarantees issued	3,734	3,734	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- specific maturity \$'000
Company							
31 December 2013							
Assets							
Statutory deposit with the Monetary Authority of Singapore	44,881	44,881	-	-	-	-	-
Investments	206,136	-	-	5,081	19,144	178,697	3,214
Loans and advances to customers	1,547,107	64,385	76,461	176,159	593,406	636,696	-
Cash on deposit, at banks and in hand	225,630	129,730	33,900	62,000	-	-	-
Others	2,720	157	2,250	288	-	-	25
Total Assets	2,026,474	239,153	112,611	243,528	612,550	815,393	3,239
Liabilities							
Deposits and savings accounts of customers	1,741,191	352,334	337,133	877,924	113,866	-	59,934
SPRING loans	7,006	761	580	2,126	3,539	-	-
Provision for employee benefits	231	-	-	231	-	-	-
Others	16,898	3,075	2,077	10,448	1,156	-	142
Total Liabilities	1,765,326	356,170	339,790	890,729	118,561	-	60,076
Net Liquidity Gap	261,148	(117,017)	(227,179)	(647,201)	493,989	815,393	(56,837)
Off-balance sheet							
Undrawn loan commitments	561,334	561,334	-	-	-	-	-
Guarantees issued	3,784	3,784	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Non- specific maturity \$'000
Company							
31 December 2012							
Assets							
Statutory deposit with the Monetary Authority of Singapore	40,422	40,422	–	–	–	–	–
Investments	196,531	–	–	–	22,532	170,917	3,082
Loans and advances to customers	1,423,325	152,953	35,718	75,778	541,740	617,136	–
Cash on deposit, at banks and in hand	268,560	164,560	71,000	33,000	–	–	–
Others	2,307	344	1,852	86	–	–	25
Total Assets	1,931,145	358,279	108,570	108,864	564,272	788,053	3,107
Liabilities							
Deposits and savings accounts of customers	1,630,770	257,224	262,605	889,858	164,758	–	56,325
SPRING loans	8,614	989	828	3,130	3,667	–	–
Provision for employee benefits	219	–	–	219	–	–	–
Others	15,652	2,756	1,742	9,568	1,358	–	228
Total Liabilities	1,655,255	260,969	265,175	902,775	169,783	–	56,553
Net Liquidity Gap	275,890	97,310	(156,605)	(793,911)	394,489	788,053	(53,446)
Off-balance sheet							
Undrawn loan commitments	558,922	558,922	–	–	–	–	–
Guarantees issued	3,734	3,734	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

The following is the expected contractual undiscounted cash outflow of financial liabilities, including interest payments:

	Carrying amount \$'000	Gross nominal outflow \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Non- specific maturity \$'000
Group							
31 December 2013							
Deposits and savings accounts of customers	1,740,458	(1,749,007)	(352,095)	(316,218)	(905,545)	(115,215)	(59,934)
SPRING loans	7,006	(7,219)	(763)	(583)	(2,165)	(3,708)	-
Other liabilities	17,367	(17,367)	(3,075)	(2,077)	(10,448)	(1,156)	(611)
Total liabilities	1,764,831	(1,773,593)	(355,933)	(318,878)	(918,158)	(120,079)	(60,545)
Undrawn loan commitments	561,334	(561,334)	(561,334)	-	-	-	-
	2,326,165	(2,334,927)	(917,267)	(318,878)	(918,158)	(120,079)	(60,545)
31 December 2012							
Deposits and savings accounts of customers	1,630,041	(1,639,714)	(256,915)	(263,159)	(896,420)	(166,895)	(56,325)
SPRING loans	8,614	(8,852)	(991)	(833)	(3,197)	(3,831)	-
Other liabilities	16,135	(16,135)	(2,756)	(1,742)	(9,568)	(1,358)	(711)
Total liabilities	1,654,790	(1,664,701)	(260,662)	(265,734)	(909,185)	(172,084)	(57,036)
Undrawn loan commitments	558,922	(558,922)	(558,922)	-	-	-	-
	2,213,712	(2,223,623)	(819,584)	(265,734)	(909,185)	(172,084)	(57,036)

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Carrying amount \$'000	Gross nominal outflow \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Non- specific maturity \$'000
Company							
31 December 2013							
Deposits and savings accounts of customers	1,741,191	(1,749,741)	(352,588)	(316,218)	(905,786)	(115,215)	(59,934)
SPRING loans	7,006	(7,219)	(763)	(583)	(2,165)	(3,708)	–
Other liabilities	16,898	(16,898)	(3,075)	(2,077)	(10,448)	(1,156)	(142)
Total liabilities	1,765,095	(1,773,858)	(356,426)	(318,878)	(918,399)	(120,079)	(60,076)
Undrawn loan commitments	561,334	(561,334)	(561,334)	–	–	–	–
	2,326,429	(2,335,192)	(917,760)	(318,878)	(918,399)	(120,079)	(60,076)
31 December 2012							
Deposits and savings accounts of customers	1,630,770	(1,640,445)	(257,407)	(263,159)	(896,659)	(166,895)	(56,325)
SPRING loans	8,614	(8,852)	(991)	(833)	(3,197)	(3,831)	–
Other liabilities	15,652	(15,652)	(2,756)	(1,742)	(9,568)	(1,358)	(228)
Total liabilities	1,655,036	(1,664,949)	(261,154)	(265,734)	(909,424)	(172,084)	(56,553)
Undrawn loan commitments	558,922	(558,922)	(558,922)	–	–	–	–
	2,213,958	(2,223,871)	(820,076)	(265,734)	(909,424)	(172,084)	(56,553)

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

The negative net liquidity gap for the maturity band for up to 12 months as at 31 December 2013 (2012: up to 12 months) is due to the fact that most of the fixed deposits constituting the main liability on the Group's statement of financial position have relatively shorter maturity periods of up to 12 months as at 31 December 2013 (2012: up to 12 months), as compared to the tenures of loans and advances which constitute the Group's main asset.

On a quarterly basis, the Quarterly Liquidity Stress Test is done based on varying renewal rates to evaluate if the net liquidity gap is at an acceptable level.

(iii) Market risk

(1) Interest rate risk

The Group's core operations are deposit taking and extension of credit facilities.

The Group's exposure to interest rate risk results from potential changes in value of these assets and liabilities as a result of movements in interest rates in the financial market in which it operates.

As interest rates changes over time, the Group may be exposed to a loss in earnings due to effects of fixed and floating interest rates of these assets and liabilities. As such, the interest rate spread between these two activities is monitored closely on an on-going basis to optimise its yields and manage its risk within the risk tolerance levels set by the RMC and the Board. A system is in place to track market interest rate movements and to adjust on a timely basis the Group's deposit and lending rates.

The RMC meets periodically to review the interest rate repricing gap report and interest rate sensitivity analysis to ensure that they are within risk tolerance and limits set, and to make decisions on appropriate mitigation actions to be taken in anticipation of changes in market trends.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective weighted average interest rates at the end of the reporting period and the periods in which they reprice, or if earlier, the dates on which the instruments mature.

	Effective weighted average interest %	Non- interest bearing \$'000	0 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
Group							
31 December 2013							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	-	44,881	-	-	-	-	44,881
Investments	3.19	3,506	-	5,081	19,144	178,697	206,428
Loans and advances to customers	3.47	-	706,839	377,318	285,373	177,577	1,547,107
Cash on deposit, at banks and in hand	0.75	2,349	161,319	62,000	-	-	225,668
Other assets	-	2,695	-	-	-	-	2,695
		<u>53,431</u>	<u>868,158</u>	<u>444,399</u>	<u>304,517</u>	<u>356,274</u>	<u>2,026,779</u>
Financial Liabilities							
Deposits and savings accounts of customers	0.98	61,529	687,379	877,684	113,866	-	1,740,458
SPRING loans	2.62	-	1,341	2,126	3,539	-	7,006
Provisions for employee benefits	-	231	-	-	-	-	231
Other liabilities	-	17,367	-	-	-	-	17,367
		<u>79,127</u>	<u>688,720</u>	<u>879,810</u>	<u>117,405</u>	<u>-</u>	<u>1,765,062</u>

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non- interest bearing \$'000	0 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
Group							
31 December 2012							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	40,422	–	–	–	–	40,422
Investments	3.22	3,354	–	–	22,532	170,917	196,803
Loans and advances to customers	2.56	–	595,857	378,098	241,308	208,062	1,423,325
Cash on deposit, at banks and in hand	0.75	1,791	233,824	33,000	–	–	268,615
Other assets	–	2,282	–	–	–	–	2,282
		<u>47,849</u>	<u>829,681</u>	<u>411,098</u>	<u>263,840</u>	<u>378,979</u>	<u>1,931,447</u>
Financial Liabilities							
Deposits and savings accounts of customers	1.04	56,325	519,337	889,621	164,758	–	1,630,041
SPRING loans	3.00	–	1,817	3,130	3,667	–	8,614
Provisions for employee benefits	–	219	–	–	–	–	219
Other liabilities	–	16,135	–	–	–	–	16,135
		<u>72,679</u>	<u>521,154</u>	<u>892,751</u>	<u>168,425</u>	<u>–</u>	<u>1,655,009</u>

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non- interest bearing \$'000	0 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
Company							
31 December 2013							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	-	44,881	-	-	-	-	44,881
Investments	3.19	3,214	-	5,081	19,144	178,697	206,136
Loans and advances to customers	3.47	-	706,839	377,318	285,373	177,577	1,547,107
Cash on deposit, at banks and in hand	0.75	2,311	161,319	62,000	-	-	225,630
Other assets	-	2,720	-	-	-	-	2,720
		<u>53,126</u>	<u>868,158</u>	<u>444,399</u>	<u>304,517</u>	<u>356,274</u>	<u>2,026,474</u>
Financial Liabilities							
Deposits and savings accounts of customers	0.98	61,529	687,872	877,924	113,866	-	1,741,191
SPRING loans	2.62	-	1,341	2,126	3,539	-	7,006
Provisions for employee benefits	-	231	-	-	-	-	231
Other liabilities	-	16,898	-	-	-	-	16,898
		<u>78,658</u>	<u>689,213</u>	<u>880,050</u>	<u>117,405</u>	<u>-</u>	<u>1,765,326</u>

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non- interest bearing \$'000	0 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
Company							
31 December 2012							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	40,422	–	–	–	–	40,422
Investments	3.22	3,082	–	–	22,532	170,917	196,531
Loans and advances to customers	2.56	–	595,857	378,098	241,308	208,062	1,423,325
Cash on deposit, at banks and in hand	0.75	1,736	233,824	33,000	–	–	268,560
Other assets	–	2,307	–	–	–	–	2,307
		<u>47,547</u>	<u>829,681</u>	<u>411,098</u>	<u>263,840</u>	<u>378,979</u>	<u>1,931,145</u>
Financial Liabilities							
Deposits and savings accounts of customers	1.04	56,325	519,829	889,858	164,758	–	1,630,770
SPRING loans	3.00	–	1,817	3,130	3,667	–	8,614
Provisions for employee benefits	–	219	–	–	–	–	219
Other liabilities	–	15,652	–	–	–	–	15,652
		<u>72,196</u>	<u>521,646</u>	<u>892,988</u>	<u>168,425</u>	<u>–</u>	<u>1,655,255</u>

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

Interest rate sensitivity analysis

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2013, a 100 basis point increase/(decrease) in the interest rate at the end of the reporting period would increase/(decrease) profit by \$845,000 (2012: increase/(decrease) profit by \$1,078,000) and fair value reserves by \$2,029,000 (2012: increase/(decrease) by \$1,935,000) mainly a result of the changes in the fair value of available-for-sale fixed rate instruments.

(2) Market risk on investments

Market risk is the risk that the value of a portfolio will decrease due to the change in value of the market risk factors. The market risk factors are credit spreads, interest rates, equity prices, foreign exchange rates, commodity prices and their associated volatility.

The Group primarily adopts Value-at-Risk (VaR) and scenario based stress testing methodologies to measure market risk for its SGS and equity investments to ensure that they are within set risk tolerance levels. The Group does not participate in foreign exchange trading, and all foreign exchange contracted with bank counterparties are on behalf of borrowers and are on secured basis.

The objective of market risk management is to manage and control the Group's market risk exposures within acceptable parameters, while optimising the return on its investments. The Group adopts a prudent investment policy to generate a stable yearly return with minimal downside in capital loss. In addition, as these investments are held for a long term basis, the risk of price fluctuation is mitigated.

The Group's investment portfolio comprises mainly Singapore Government securities and securities listed on the Singapore Exchange Securities Trading Limited (SGX).

Singapore Government Securities ("SGS")

The Group purchases SGS as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies Act.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(2) Market risk on investments (Continued)

Securities listed on the SGX

Acceptable securities include stocks and shares, bonds and such other financial derivative instruments of any companies which are listed on the SGX.

The Board of Directors is responsible for formulating investment policy, strategies and guidelines and periodically reviews the investment portfolio. The Group adopts a prudent investment policy and ensures that its investments are all into reputable companies with substantial market capitalisation, acceptable price-earning ratios, good track records and consistent yearly dividends payouts. These investments are held generally for stable returns and capital appreciation.

(3) Equity price risk on investments

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments. No sensitivity analysis is prepared as the Group does not expect material adjustment to the profit or loss arising from the effect of the price changes on investments.

As at 31 December 2013, a 10% increase/(decrease) in the equity prices at the end of the reporting period would increase/(decrease) fair value reserves by \$351,000 (2012: increase/(decrease) by \$335,000). The Group's net profit for the year ended December 31, 2013 would have been unaffected as the quoted equity securities are classified as available-for-sale and no investments were disposed of or impaired.

(iv) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Group's credibility and ability to transact, maintain liquidity and develop new businesses.

The Operational Risk Framework uses several tools, including operational risk event management and key risk indicator monitoring to manage and control operational risk. To pro-actively manage operational risk, the Group uses risk control self-assessment and process risk mapping to identify and resolve material weaknesses in existing operations. In addition, all policy changes, new products, and outsourcing arrangement are subjected to approval by the RMC to ensure checks and controls are adequate and risks are adequately mitigated.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(iv) Operational risk (Continued)

The RMC review all material outsourcing arrangements before the appointment of the vendors to ensure due diligence is carried out to determine the vendor's viability, capability, reliability, track record and financial position. Periodical reviews on existing material outsourcing arrangements are also subject to RMC's approval.

The RMC review and approve all Business Continuity Plans (BCPs) to ensure that they cover reasonably estimated and probable events that could significantly impact the normal operations of the Group. RMD makes recommendations to the RMC to enhance the Business Continuity Management (BCM) policies and procedures and carries out periodical BCP tests and ensures Disaster Recovery (DR) arrangements and tests are adequate.

All units and operations of the Group are subjected to compliance testing by the Compliance Department and inspection by the Internal Auditors who prioritise their audit tasks by developing a risk-based audit plan. The compliance testing and internal audit plans for the year are approved by the RMC and the Group's Audit Committee respectively.

The objectives of such periodic reviews undertaken by the Internal Auditor and the Compliance Department are to assist the management in assessing and evaluating the internal controls of the Group. The findings of the Internal Audit and the Compliance teams are discussed with the Heads of the business and operation units and submitted to the Group's management for information and action. Furthermore, the Internal Auditor's independent summary reports are tabled for the deliberation of the Group's Audit Committee before any recommendation of follow up action is made to the Board of Directors.

(v) Information technology risk

Information technology ("IT") risk is any risk related to information technology and information security. The IT Risk Committee meets monthly to address issues relating to IT risk and report to the RMC on any material incident or development.

The roles and responsibilities of the Committee are to identify potential Information Security threat and assess the vulnerability associated with the threats if the controls are not in place; review and evaluate gaps and vulnerabilities in security program and control mechanism in place and approve appropriate measures to mitigate such risks; assess critical parts of the information system in data gathering, processing, storage and access to ensure the security, reliability and recoverability of IT infrastructural assets; regular testing or practice on the contingency procedures and verification of recovery requirements and readiness of backup site to assess for adequacy, effectiveness, staff ability to execute on the contingency procedures, the overall restore operational capability; provide stability, reliability and consistency of customer service deliveries; and ensure alignment of IT capability, capacity and process to the Company's business strategy.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities

In assessing the fair value of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period.

Although the directors have employed their best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group could have realised in a transaction as at 31 December 2013.

Methodologies

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

(1) Liquid assets

The carrying values of certain on-balance sheet financial instruments approximate fair values. These include statutory deposit with the Monetary Authority of Singapore, cash on deposit, at banks and in hand. These financial instruments are short-term in nature or are receivable on demand and the related amounts approximate fair value.

(2) Investments

The fair values of quoted debt and equity securities are determined based on bid prices at the end of the reporting period without any deduction for transaction costs.

(3) Loans and advances

The fair value of loans and advances that reprice within six months from the end of the reporting period approximates the carrying value. The fair value of all other loans and advances were calculated using discounted cash flow techniques based on the maturity of the loans. The discount rates are based on market related rates for similar types of loans at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities (Continued)

(4) Deposits and other borrowings

The fair value of non-interest bearing deposits, saving accounts and fixed deposits which mature within six months is estimated to be the carrying value at the end of the reporting period. The fair value of other term deposits and SPRING loans were calculated using discounted cash flow techniques, based on the deposit type and its related maturity. The discount rates are based on market related rates of similar types of deposits and SPRING loans at the end of the reporting period.

(5) Guarantees and commitments to extend credit

These financial instruments are generally not sold nor traded. Fair value of these items is considered insignificant for the following reasons:

- commitments extending beyond six months that would commit the Company to a predetermined rate of interest are insignificant;
- the fees attaching to these commitments are the same as those currently charged to enter into similar arrangements; and
- the quantum of fees collected under these agreements, upon which a fair value would be based, is insignificant.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities (Continued)

Summary

The following table provides an analysis of carrying and fair values for each item discussed above, where applicable, and the categories of financial instruments:

Group	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	44,881	44,881	40,422	40,422
Loans and advances	1,547,107	1,553,681	1,423,325	1,435,441
Cash on deposit, at banks and in hand	225,668	225,668	268,615	268,615
Other assets	2,695	2,695	2,282	2,282
Available-for-sale financial assets:				
Investments	206,428	206,428	196,803	196,803
	2,026,779	2,033,353	1,931,447	1,943,563
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	1,740,458	1,743,674	1,630,041	1,634,911
SPRING loans	7,006	7,006	8,614	8,614
Other liabilities	17,367	17,367	16,135	16,135
	1,764,831	1,768,047	1,654,790	1,659,660

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities (Continued)

	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
Company				
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	44,881	44,881	40,422	40,422
Loans and advances	1,547,107	1,553,681	1,423,325	1,435,441
Cash on deposit, at banks and in hand	225,630	225,630	268,560	268,560
Other assets	2,695	2,695	2,282	2,282
Available-for-sale financial assets:				
Investments	206,136	206,136	196,531	196,531
	2,026,449	2,033,023	1,931,120	1,943,236
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	1,741,191	1,744,407	1,630,770	1,635,640
SPRING loans	7,006	7,006	8,614	8,614
Other liabilities	16,898	16,898	15,652	15,652
	1,765,095	1,768,311	1,655,036	1,659,906

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities (Continued)

Financial instruments measured at fair value:

	Group		Company	
	Total	Level 1	Total	Level 1
	\$'000	\$'000	\$'000	\$'000
31 December 2013				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	3,506	3,506	3,214	3,214
Singapore Government securities	202,922	202,922	202,922	202,922
	<u>206,428</u>	<u>206,428</u>	<u>206,136</u>	<u>206,136</u>
31 December 2012				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	3,354	3,354	3,082	3,082
Singapore Government securities	193,449	193,449	193,449	193,449
	<u>196,803</u>	<u>196,803</u>	<u>196,531</u>	<u>196,531</u>

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2013				
Group				
Financial Assets				
Loans and advances	–	1,553,681	–	1,533,681
Financial Liabilities				
Deposits and savings accounts of customers	–	1,743,674	–	1,743,674
Company				
Financial Assets				
Loans and advances	–	1,553,681	–	1,533,681
Financial Liabilities				
Deposits and savings accounts of customers	–	1,744,407	–	1,744,407

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Capital risk management policies and objectives

The Group maintains a capital adequacy ratio ("CAR") which complies with the requirements of the Finance Companies Act. CAR is the percentage of adjusted core capital to total risk-weighted assets.

- (i) The Group's adjusted core capital includes share capital, statutory reserves and retained earnings.

The fair value reserve relating to unrealised gains (loss) on equity securities and certain debt securities instruments classified as available-for-sale are excluded from the Group's adjusted core capital.

- (ii) Risk-weighted assets are determined according to specified requirements by MAS that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business as well as to generate an optimal return on its assets.

The Group has complied with all externally imposed capital requirements throughout the year and there have been no material changes in the management of capital during the year.

The Group's capital position at 31 December was as follows:

	Group	
	2013 \$'000	2012 \$'000
<u>Capital element</u>		
Core capital		
Share capital	180,008	180,008
Disclosed reserves *	119,050	115,468
	299,058	295,476

* Excludes fair value reserve

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Capital risk management policies and objectives (Continued)

	Group	
	2013 \$'000	2012 \$'000
Risk weighted assets		
Comprising:		
On-balance sheet items	1,594,762	1,479,086
Off-balance sheet items	33,955	31,331
	1,628,717	1,510,417
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	18.36	19.56

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each activity is based primarily on the regulatory capital. The Group sets the internal guidelines for monitoring the mix of assets and liabilities. The RMC reviews the assets portfolio and the compliance to the guidelines on a quarterly basis.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken for synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Group's longer term strategic objectives. Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Group's overall strategy remains unchanged from 2012.

NOTES TO FINANCIAL STATEMENTS

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Related company in these financial statements refer to the Company's subsidiary. Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note.

Transactions entered into by the Group and the Company with other related parties incurred in the ordinary course of business from time to time and at market value, primarily comprise loans, provision of professional services and sale of investment products and property, management services, incidental expenses and/or other transactions relating to the business of the Group and the Company.

Other than disclosed elsewhere in the financial statements, the transactions with directors of the Company and other related parties are as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
At 31 December		
(a) Loans, advances and hire purchase receivable	—	—
(b) Deposits	14,161	10,860
For the year ended 31 December		
(c) Profit or loss transactions		
– Interest income on loans and advances and hiring charges in respect of hire purchases receivables	—	(23)
– Interest expenses on deposits	36	137
– Professional fee	8	6
– Rental income	(216)	(217)

6 OTHER ASSETS

	Group and Company	
	2013	2012
	\$'000	\$'000
Accrued interest receivables	2,695	2,282
Prepaid commission	2,643	2,951
Prepayments, deposits and other assets	515	523
	5,853	5,756

NOTES TO FINANCIAL STATEMENTS

7 INVESTMENTS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Investments available-for-sale				
Quoted equity securities	3,506	3,354	3,214	3,082
Singapore Government securities	202,922	193,449	202,922	193,449
	206,428	196,803	206,136	196,531
Other unquoted investments, at cost	29	29	29	29
Impairment loss	(29)	(29)	(29)	(29)
	—	—	—	—
	206,428	196,803	206,136	196,531

8 LOANS AND ADVANCES

	Group and Company	
	2013 \$'000	2012 \$'000
Housing, factoring receivables and other loans	1,227,771	1,105,721
Hire purchase receivables	360,197	360,690
Interest in suspense	(1,670)	(1,798)
Unearned interests	(21,761)	(23,795)
Allowances for impairment on loans and advances	(17,430)	(17,493)
	1,547,107	1,423,325
Due within 12 months	457,288	391,779
Due after 12 months	1,089,819	1,031,546
	1,547,107	1,423,325

Included in the allowances for impairment on loans and advances above are allowances for impairment on hire purchase receivables due within twelve months and due after twelve months amounted to \$2,922,239 (2012: \$4,026,208) and \$2,215,195 (2012: \$2,301,884) respectively.

NOTES TO FINANCIAL STATEMENTS

8 LOANS AND ADVANCES (CONTINUED)

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

	Group and Company	
	2013	2012
	\$'000	\$'000
Specific allowance		
At 1 January	3,078	5,719
Write-back of impairment losses during the year	(965)	(2,082)
Receivables written off against allowances	(348)	(559)
At 31 December	1,765	3,078
General allowance		
At 1 January	14,415	11,954
Allowances for impairment losses during the year	1,250	2,461
At 31 December	15,665	14,415
Total allowances for impairment on loans and advances		
At 1 January	17,493	17,673
At 31 December	17,430	17,493

The hire purchase receivables are as follows:

	Group and Company		
	Gross	Interest	Principal
	\$'000	\$'000	\$'000
2013			
Within 1 year	127,585	9,358	118,227
After 1 year but within 5 years	220,771	11,281	209,490
After 5 years	11,841	346	11,495
	360,197	20,985	339,212
2012			
Within 1 year	117,353	9,628	107,725
After 1 year but within 5 years	222,900	13,023	209,877
After 5 years	20,437	703	19,734
	360,690	23,354	337,336

The Group and Company's leasing arrangements comprise hire purchase contracts mainly for motor vehicles and equipment.

NOTES TO FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings \$'000	Freehold land and buildings \$'000	Furniture and office equipment \$'000	Motor vehicles \$'000	Renovation \$'000	Computers \$'000	Total \$'000
Group and Company							
Cost:							
At 1 January 2012	10,646	8,530	240	627	2,331	2,676	25,050
Additions	–	–	132	–	27	254	413
At 31 December 2012	10,646	8,530	372	627	2,358	2,930	25,463
Additions	–	–	17	–	–	310	327
At 31 December 2013	10,646	8,530	389	627	2,358	3,240	25,790
Accumulated depreciation:							
At 1 January 2012	1,980	443	195	273	1,936	2,077	6,904
Depreciation for the year	65	200	46	126	237	390	1,064
At 31 December 2012	2,045	643	241	399	2,173	2,467	7,968
Depreciation for the year	65	200	37	125	98	292	817
At 31 December 2013	2,110	843	278	524	2,271	2,759	8,785
Carrying amount:							
At 31 December 2013	8,536	7,687	111	103	87	481	17,005
At 31 December 2012	8,601	7,887	131	228	185	463	17,495

NOTES TO FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES

	Group and Company	
	2013	2012
	\$'000	\$'000
At cost:		
At 1 January and 31 December	28,794	28,794
Accumulated depreciation:		
At 1 January	3,587	3,210
Depreciation charge for the year	377	377
At 31 December	3,964	3,587
Carrying amount:		
At 31 December	24,830	25,207

The investment properties relate to the office spaces at the head office and part of the premise at the Bedok Branch which are leased to third parties for rental. Each of the leases contains an initial non-cancellable period of 2 to 3 years. Subsequent renewals are negotiated with the lessee.

Fair value measurement of the Group's leasehold land and buildings

The Group's land and buildings are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's leasehold land and buildings as at 31 December 2013 and 31 December 2012 were performed by Jones Lang Lasalle, a firm of independent valuers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the leasehold land and building were determined based on the investment method of valuation, which takes into account the existing committed rentals and the estimated current market rentals achievable by the leasehold land and building. This method is of primary importance in ascertaining the value of income-producing properties.

The fair value of the leasehold land and building were cross-checked using comparison method of valuation, which is based on the direct comparison with recent transactions of comparable properties within the vicinity.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Management considers that certain unobservable inputs used in the fair value measurement of the Group's leasehold land and buildings are sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation.

NOTES TO FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at 31 December 2013 \$'000
A 17-storey office building at 96 Robinson Road, Singapore, 068899, on freehold and leasehold land, with an estimated gross floor area of 7,844.38 square metres. Approximately 38.23% (2012: 38.23%) of the lettable space is used as the head office of the Company and the remaining area is for rental. Tenure of lease is 99 years commencing 1 October 1996.	–	72,271	–	72,271
A shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, with a floor area of approximately 269 square metres on leasehold land. 134.50 square metres are used as branch premises and the remaining area is for rental. Tenure of lease is 86 years commencing 1 July 1992.	–	2,200	–	2,200
	–	74,471	–	74,471

The fair value of the entire 17-storey office building at 96 Robinson Road, Singapore 068899, is \$117,000,000 (2012: \$109,000,000). The fair value of the shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, is \$4,400,000 (2012: \$4,200,000).

NOTES TO FINANCIAL STATEMENTS

11 SUBSIDIARY

	Company	
	2013	2012
	\$'000	\$'000
Equity investments, at cost	25	25

Details of the subsidiary are as follows:

Name of subsidiary	Sing Investments & Finance Nominees (Pte.) Ltd.
Principal activities	Nominee services
Country of incorporation/business	Singapore
Equity held by the Group	100% (2012: 100%)

The subsidiary is audited by Deloitte & Touche LLP Singapore.

12 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities during the year are as follows:

	At	Recognised	Recognised	At	Recognised	Recognised	At
	31 December	in profit	in other	31 December	in profit	in other	31 December
	2011	or loss	comprehensive	2012	or loss	comprehensive	2013
	\$'000	\$'000	income	\$'000	\$'000	\$'000	\$'000
Group							
Deferred tax assets							
(liabilities)							
Loans and advances	322	(322)	-	-	-	-	-
Employee benefits	38	(1)	-	37	2	-	39
Property, plant and equipment	(109)	21	-	(88)	(5)	-	(93)
Investments	(3,280)	-	(863)	(4,143)	(1)	3,215	(929)
	(3,029)	(302)	(863)	(4,194)	(4)	3,215	(983)
Company							
Deferred tax assets							
(liabilities)							
Loans and advances	322	(322)	-	-	-	-	-
Employee benefits	38	(1)	-	37	2	-	39
Property, plant and equipment	(109)	21	-	(88)	(5)	-	(93)
Investments	(3,250)	-	(857)	(4,107)	(1)	3,219	(889)
	(2,999)	(302)	(857)	(4,158)	(4)	3,219	(943)

NOTES TO FINANCIAL STATEMENTS

13 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Fixed deposits	1,665,393	1,560,816	1,665,393	1,560,816
Fixed deposits from subsidiary	–	–	733	729
Savings accounts and call deposits	15,131	12,900	15,131	12,900
Project accounts	59,934	56,325	59,934	56,325
	1,740,458	1,630,041	1,741,191	1,630,770

14 OTHER LIABILITIES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Accrued interest payable	10,254	9,786	10,255	9,786
Accrued operating expenses	4,653	3,563	4,640	3,550
Amount due to subsidiary	–	–	43	28
Factoring current accounts	123	423	123	423
Deposits for safe deposit boxes and rental deposits	865	828	865	828
Unclaimed dividends	599	595	99	97
Others	873	940	873	940
	17,367	16,135	16,898	15,652

15 SPRING LOANS (UNSECURED)

	Group and Company	
	2013 \$'000	2012 \$'000
Due within 12 months	3,467	4,947
Due after 12 months	3,539	3,667
	7,006	8,614

SPRING Singapore ("SPRING") loans represent amounts advanced by the Standards, Productivity and Innovations Board under the Local Enterprise Finance Scheme ("LEFS") and Extended Local Enterprise Finance Scheme ("ELEFS") to finance LEFS and ELEFS borrowers. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under the above schemes.

NOTES TO FINANCIAL STATEMENTS

16 PROVISION FOR EMPLOYEE BENEFITS

	Group and Company	
	2013	2012
	\$'000	\$'000
Liability for short-term accumulating compensated absences	231	219

17 SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	No. of shares	No. of shares	\$'000	\$'000
	('000)	('000)		
Issued and fully paid:				
At beginning of the year	157,626	105,084	180,008	117,199
Issue of rights shares	–	52,542	–	62,809
At 31 December	157,626	157,626	180,008	180,008

52,541,921 fully paid ordinary shares were issued at \$1.20 per share pursuant to a rights issue exercise undertaken by the Company in the financial year 2012.

Net proceeds of \$62,808,875 were raised from the Rights Issue on 12 November 2012 and the amount had been fully utilised towards the expansion of the Company's loan portfolio by 3 December 2012. The utilisation is in line with the intended uses of the Net Proceeds as stated in the Offer Information Statement.

The holders of ordinary shares, which have no par value, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18 RESERVES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Statutory reserve	86,291	80,559	86,291	80,559
Fair value reserve	4,533	20,231	4,338	20,053
Accumulated profits	32,759	34,909	32,425	34,575
	123,583	135,699	123,054	135,187

The statutory reserve is maintained in compliance with the provision of Section 18 of the Finance Companies Act, Chapter 108.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until such investments are derecognised.

NOTES TO FINANCIAL STATEMENTS

19 SEGMENT REPORTING

Segment reporting is not required for the Group and the Company as majority of the income is from the same business segment, which is credit and lending. All activities are carried out in the Republic of Singapore.

20 DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

Directors' and key management personnel's remuneration is recognised in the following line items in the profit or loss:

	Group	
	2013	2012
	\$'000	\$'000
Salaries and other benefits	1,653	1,437
Contributions to defined contribution plan	24	23
Directors' fees	536	527
Others	35	26
	2,248	2,013

21 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit for the year:

	Group	
	2013	2012
	\$'000	\$'000
Interest income and hiring charges		
Loans and advances and others	39,598	37,730
Cash and bank deposits	1,812	1,642
Available-for-sale investments	5,625	4,967
	47,035	44,339
Interest expense		
Deposits and others	16,938	14,228
Interest-bearing borrowings	29	—
	16,967	14,228

NOTES TO FINANCIAL STATEMENTS

21 PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2013 \$'000	2012 \$'000
Dividends		
Quoted equity securities	127	110
Other income		
Government grant	32	–
Bad debts recovered	82	32
Rental income from safe boxes	214	209
	328	241
Staff costs		
Salaries and other benefits	11,653	9,384
Contributions to defined contribution plan	1,308	984
Increase (Decrease) in liability for short-term accumulating compensated absences	12	(5)
	12,973	10,363
Other operating expenses		
Audit fees – paid to auditors of the Company		
– Current year	82	75
– Reversal of overprovision for prior years	–	(12)
Non-audit fees:		
– paid to auditors of the Company	12	21
– paid to other auditors	–	6
Operating expenses on investment properties	715	692
Maintenance, utilities and property tax	838	853
Legal and professional fees	104	124
Commission expense	2,233	2,130
Others	2,487	2,383
	6,471	6,272

NOTES TO FINANCIAL STATEMENTS

22 INCOME TAX EXPENSE

	Group	
	2013 \$'000	2012 \$'000
Current tax expense		
Current year	2,061	2,547
Adjustments with respect to prior years	(117)	(1,863)
	1,944	684
Deferred tax credit (debit)		
Reversal of temporary differences (Note 12)	4	302
Total income tax expense	1,948	986
Reconciliation of effective tax rate		
Profit before income tax	13,411	15,682
Income tax using Singapore tax rate of 17% (2012: 17%)	2,280	2,666
Adjustments with respect to prior years	(117)	(1,863)
Expenses not deductible for tax purposes	169	182
Income not subject to tax	(32)	(32)
Tax effect of income subject to concessionary tax rate of 10% (2012: 10%)	(109)	(126)
Others	(243)	159
Total income tax expense	1,948	986

NOTES TO FINANCIAL STATEMENTS

23 EARNINGS PER SHARE

	Group	
	2013 \$'000	2012 \$'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	11,463	14,696
Weighted average number of ordinary shares outstanding during the year	157,626	105,084
Weighted average number of rights shares issued	–	15,137
Weighted average number of ordinary shares	157,626	120,221

There were no potential dilutive ordinary shares for the years ended 31 December 2013 and 2012.

24 DIVIDENDS

In 2013, a dividend of 5 cents per share, one-tier tax exempt (total dividend \$7,881,000) was paid to shareholders. In 2012, a dividend of 7 cents per share, one-tier tax exempt (total dividend \$7,356,000) was paid.

In respect of current year, the Directors proposed the following dividend. This has not been provided for at the end of the reporting period.

	\$'000
Annual dividend proposed of:	
2013: 5 cents per share, one-tier tax exempt	7,881

NOTES TO FINANCIAL STATEMENTS

25 COMMITMENTS

Capital commitments

Commitments for capital expenditure contracted but not provided for in the financial statements

Group and Company

2013	2012
\$'000	\$'000

340	393
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Operating lease commitments

The Group as lessee

Group and Company

2013	2012
\$'000	\$'000

Payment recognised as an expense during the year:

302	279
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Minimum lease payments under operating leases

The Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

Group and Company

2013	2012
\$'000	\$'000

Payable:

Within 1 year

226	302
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After 1 year but within 5 years

140	366
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366	668
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Operating lease payments represent rentals payable by the Group and the Company for some of its branches' premises. Leases are negotiated for an average term of 3 years (2012: 3 years) and rentals are fixed for an average of 3 years (2012: 3 years).

NOTES TO FINANCIAL STATEMENTS

25 COMMITMENTS (CONTINUED)

Operating lease commitments (Continued)

The Group as lessor

The Group and the Company leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Receivable:		
Within 1 year	2,923	2,219
After 1 year but within 5 years	2,063	491
	4,986	2,710

Other commitment

	Group and Company	
	2013	2012
	\$'000	\$'000
Undrawn loan commitments	561,334	558,922

26 CONTINGENT LIABILITIES (UNSECURED)

Commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations to the Group and the Company and for the Group and the Company's operational requirement are as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Guarantees issued	3,784	3,734

As at 31 December 2013, guarantees issued for the Group and the Company's operational requirement amounted to \$88,600 (2012: \$88,600).

ADDITIONAL INFORMATION

YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REMUNERATION

The following table shows the makeup (in percentage terms) of the average remuneration of directors. They are grouped by bands of \$250,000 for the year ended 31 December 2013.

Remuneration bands	Salary & Employer's CPF %	Bonus %	Directors' Fee %	Others %	Total %
\$1,000,000 to \$1,249,999					
Lee Sze Leong	57.8	31.8	8.5	1.9	100
\$500,000 to \$749,999					
Lee Sze Siong	61.8	28.1	8.2	1.9	100
Below \$250,000					
Tan Tong Guan	—	—	100	—	100
Dr Joseph Yeong Wee Yong	—	—	100	—	100
Ng Tat Pun	—	—	100	—	100
Lim Poh Suan	—	—	100	—	100
Kim Seah Teck Kim	—	—	100	—	100

STATISTICS OF SHAREHOLDINGS

AS AT 3 MARCH 2014

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 999	162	7.45	35,671	0.02
1,000 – 10,000	1,128	51.88	5,718,786	3.63
10,001 – 1,000,000	863	39.70	54,620,041	34.65
1,000,001 and above	21	0.97	97,251,266	61.70
Total	2,174	100.00	157,625,764	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	F H LEE HOLDINGS PTE LTD	39,733,950	25.21
2	CITIBANK NOMINEES SINGAPORE PTE LTD	11,647,827	7.39
3	PHILLIP SECURITIES PTE LTD	7,931,670	5.03
4	SUTL CAPITAL PTE LTD	4,068,818	2.58
5	AMELIA	4,061,311	2.58
6	LEE HENG WAH @ LEE HENG GUAN	3,000,000	1.90
7	KOH BOON HONG	2,708,600	1.72
8	TAN CHEE JIN	2,600,000	1.65
9	SING HOLDINGS LIMITED	2,521,500	1.60
10	DBS NOMINEES (PRIVATE) LIMITED	2,075,005	1.32
11	MORPH INVESTMENTS LTD	1,895,000	1.20
12	COSMOS INVESTMENT PTE LTD	1,785,150	1.13
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,762,685	1.12
14	ANG HAO YAO (HONG HAOYAO)	1,688,000	1.07
15	AW SEOH BEE	1,650,000	1.05
16	KIMANIS MARINE PTE LTD	1,629,500	1.03
17	ANG CHIAN POH	1,492,250	0.95
18	AW SOO ENG	1,383,000	0.88
19	TAI MAH SAWMILL CO (PTE) LTD	1,276,000	0.81
20	LIM HWEE SIN	1,182,000	0.75
Total		96,092,266	60.97

STATISTICS OF SHAREHOLDINGS

AS AT 3 MARCH 2014

SUBSTANTIAL SHAREHOLDERS AS AT 3 MARCH 2014

Name	No. of Shares	
	Shareholdings registered in the name of Substantial Shareholders or their Nominees	Shareholdings in which Substantial Shareholders are deemed to have an interest
Lee Fee Huang ⁽¹⁾	601,650	42,555,450
Lee Sze Leong ⁽²⁾	384,081	42,255,450
Lee Sze Siong ⁽³⁾	450,592	42,255,450
Lee Sze Hao ⁽⁴⁾	444,213	42,255,450
Lee Yit ⁽⁵⁾	69,300	42,255,450
F.H. Lee Holdings (Pte) Limited ⁽⁶⁾	39,733,950	2,521,500

Notes:-

- (1) Lee Fee Huang is deemed to be interested in 300,000 shares held by his wife, Wee Yah Heong, 39,733,950 shares held by F.H. Lee Holdings (Pte) Limited and 2,521,500 shares held by Sing Holdings Limited.
- (2) Lee Sze Leong is deemed to be interested in 39,733,950 shares held by F.H. Lee Holdings (Pte) Limited and 2,521,500 shares held by Sing Holdings Limited.
- (3) Lee Sze Siong is deemed to be interested in 39,733,950 shares held by F.H. Lee Holdings (Pte) Limited and 2,521,500 shares held by Sing Holdings Limited.
- (4) Lee Sze Hao is deemed to be interested in 39,733,950 shares held by F.H. Lee Holdings (Pte) Limited and 2,521,500 shares held by Sing Holdings Limited.
- (5) Lee Yit is deemed to be interested in 39,733,950 shares held by F.H. Lee Holdings (Pte) Limited and 2,521,500 shares held by Sing Holdings Limited.
- (6) F.H. Lee Holdings (Pte) Limited is deemed to be interested in 2,521,500 shares held by Sing Holdings Limited.

Free Float of equity

As at 3 March 2014, approximately 70.536% of issued share capital of the Company were held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Voting rights of ordinary shareholders

Every member of the Company present in person or by proxy or represented by attorney shall, on a show of hands, have one vote, and in the case of a poll, one vote for every share of which he is a holder.

Directors' shareholdings as at 21 January 2014

As shown in the Report of the Directors, the shares held by the Directors as at 31 December 2013 remain unchanged as at 21 January 2014.

NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sing Investments & Finance Limited will be held at Singapore Chinese Chamber of Commerce & Industry, 47 Hill Street, 2nd Floor Exhibition Room Singapore 179365, on Tuesday, 22nd April 2014 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Directors' Report and Accounts for the year ended 31st December 2013 together with the Auditors' Report thereon. (Resolution 1)
2. To approve the payment of \$525,000 as Directors' Fees for the year ended 31st December 2013. (2012: \$475,000). (Resolution 2)
3. To declare a first and final dividend of 5 cents per ordinary share (tax exempt) for the financial year ended 31st December 2013. (Resolution 3)
4. To re-elect Mr Lee Sze Siong as Director, who retires pursuant to Article 109 of the Articles of Association of the Company. (Resolution 4)
5. To re-elect Mr Lim Poh Suan as Director, who retires pursuant to Article 109 of the Articles of Association of the Company. (Resolution 5)
6. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company for the next financial year and to authorise the Directors to fix their remuneration. (Resolution 6)
7. To transact any other business of an Annual General Meeting.

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:-

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to:

(Resolution 7)

- (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion consider fit; and

- (b) for the avoidance of doubt, notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of shares
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Chan Kum Kit
Tan Mui Sang
Company Secretaries

Singapore, 1 April 2014

Notes:

- (1) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 96 Robinson Road #01-01 SIF Building, Singapore 068899 not less than 48 hours before the time for holding the Meeting.
- (2) Mr Lee Sze Siong, will upon re-election under item 4 above, continue to serve as a member of the Loan Committee and as a Member of the Risk Management Committee. Mr Lee Sze Siong is the Deputy Managing Director of the Company.
- (3) Mr Lim Poh Suan, an Independent and Non-Executive Director, will upon re-election under item 5 above, continue to serve as a Member of the Audit Committee and the Chairman of the Remuneration Committee.
- (4) The ordinary resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the Company's total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

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SING INVESTMENTS & FINANCE LIMITED

(Incorporated in the Republic of Singapore –
Company Registration No: 196400348D)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Sing Investments & Finance Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

_____ (NRIC/PP/UEN No)

of _____ (Address)

being a member/members of Sing Investments & Finance Limited hereby appoint:

Name	Address	NRIC/ Passport Number	Percentage of shareholdings represented

and/or (delete as appropriate):

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as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 22 April 2014 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated with an "X" hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1	Adoption of Accounts and Reports		
2	Approval of Directors' Fees		
3	Declaration of Final Dividend		
4	Re-election of Mr Lee Sze Siong as a Director		
5	Re-election of Mr Lim Poh Suan as a Director		
6	Re-Appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration		
7	As special business – approval of general mandate for the Directors to issue new shares or convertible instruments		

Dated this _____ day of _____ 2014.

Total Number of Shares Held

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Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf.
2. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 96 Robinson Road #01-01 SIF Building, Singapore 068899 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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PROXY FORM FOR ANNUAL GENERAL MEETING

Affix
Postage
Stamp

The Company Secretary
SING INVESTMENTS & FINANCE LIMITED
96 Robinson Road #01-01
SIF Building
Singapore 068899

Fold here



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96 Robinson Road #01-01
SIF Building
Singapore 068899
Tel : 6305 0300
Fax : 6305 0418
Website : www.sif.com.sg