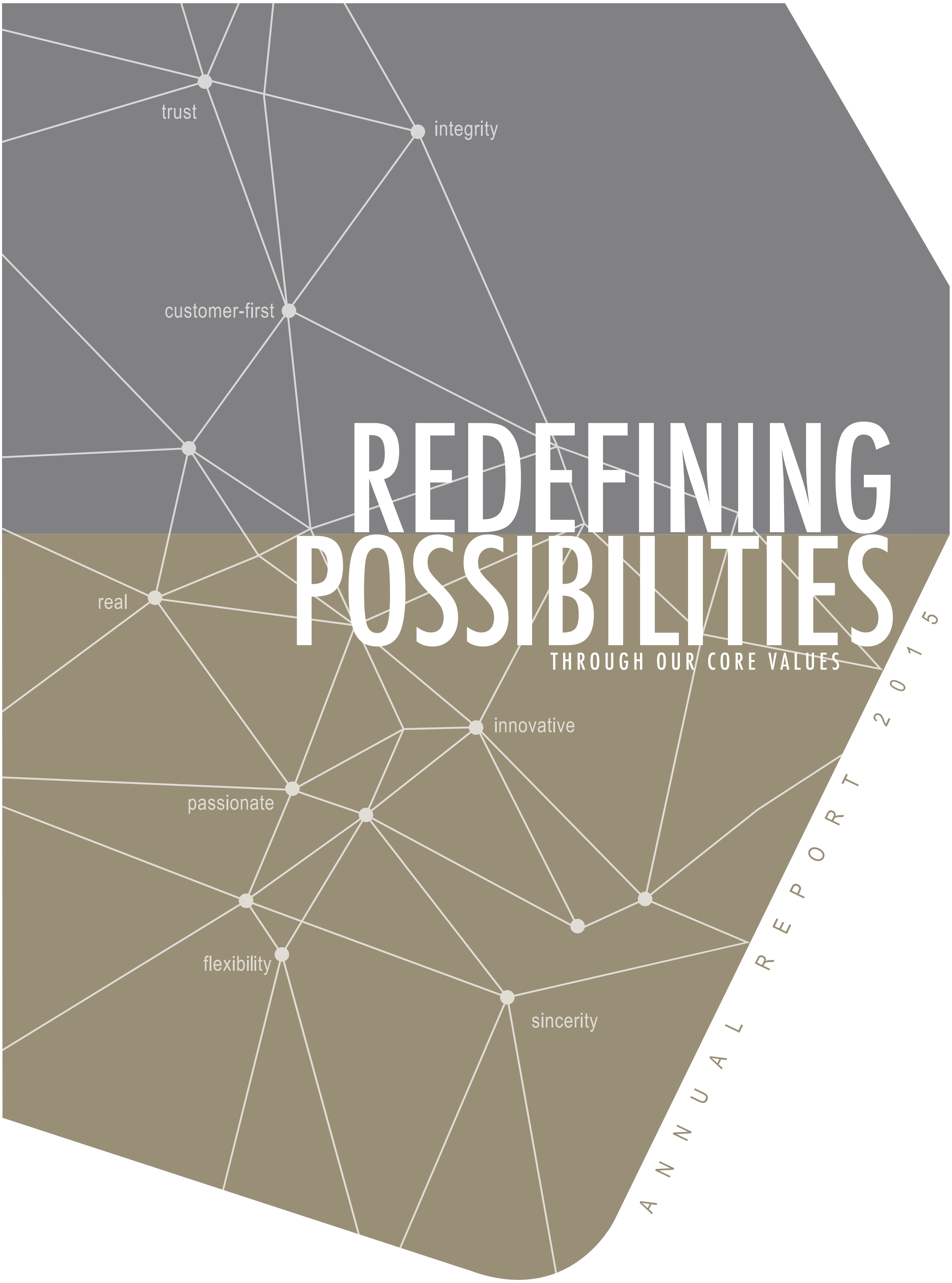
REDEFINING POSSIBILITIES

THROUGH OUR CORE VALUES



ANNUAL REPORT 2015

SING INVESTMENTS & FINANCE LIMITED


trust
integrity
customer-first
real
innovative
passionate
flexibility
sincerity

REDEFINING POSSIBILITIES

THROUGH OUR CORE VALUES

For over 50 years, our vision has been to provide excellent financial services for our clients. As one of Singapore's most established finance companies, we have the opportunities to transform people's lives with what we do.

We enable businesses, create opportunities, and empower dreams. Nimble in adapting to our clients, we discover the best solutions to bring them closer to realizing their vision.

Together, endless possibilities.

CONTENTS

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the annual report of the Group and the Company for the financial year ended 31 December 2015.

The Singapore economy grew by 2% in 2015, slower than the 3.3% in 2014. The manufacturing sector, hit by lacklustre global trade, was the main drag on growth. It contracted by 5.2%, a sharp reversal from the 2.7% growth in 2014. All the manufacturing clusters, with the exception of the chemicals cluster, saw a decline in output. Growth in the construction sector moderated to 2.5%, from 3.5% in 2014, primarily due to a lower volume of private industrial and residential building activities. The services producing industries grew by 3.4% in 2015, easing slightly from the 3.6% growth in 2014. Growth was supported mainly by the wholesale & retail trade and finance & insurance sectors, which expanded by 6.1% and 5.3% respectively.

FINANCIAL REVIEW

The Group's total loan assets grew by $279.2 million or 16.5% to $1,969.4 million compared to $1,690.2 million as at 31 December 2014. In tandem with the increase in loan assets, deposits and savings accounts of customers also increased $392.4 million or 20.4% to $2,313.9 million as at 31 December 2015.

Interest income and hiring charges rose 23.1% on the back of the 16.5% rise in loan assets. This was partially offset by an increase of 48.8% in interest expense from a higher deposit base and rates, resulting in an increase of 8.0% in the net interest income and hiring charges.

Non-interest income also rose 11.3% as higher income from commission and fees were generated from an expanded loan base. Operating expenses increased by 1.1%, attributable to the higher staff costs incurred to support the increase in business activities.

The Group's profit from operations before impairment losses rose by 18% to $19.1 million as compared to the previous year. The increase was substantially offset by a 217.5% or $2.7 million increase in allowances for impairment losses. However, of the $2.7 million, $1.4 million was for collective impairment allowances provided for the growth in the loan portfolio.

The result was a marginal increase of 1.2% in profit after tax to $12.8 million for the financial year ended 31 December 2015.

CHAIRMAN'S STATEMENT

There was a decline in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities ("SGS"). The drop in value was due to interest rate hikes. 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 of the decline in the fair value of the SGS, the Group's total equity declined by 0.3%, from $313.4 million to $312.5 million and net asset value per share decreased from $1.99 to $1.98.

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.

2016 OUTLOOK

The global economic outlook has softened since the start of the year, alongside a sharp fall in oil prices and volatility in global financial markets. Global growth for 2016 is expected to be only marginally better than in 2015. Growth for the year is expected to be supported by strengthening growth in the advanced economies, even as conditions in the emerging markets remain challenging.

Downside risks have also increased. In China, there is a risk that ongoing reforms could cause a significant drop in demand, leading to a greater-than-expected slowdown. With sustained low commodity prices and the start of normalisation of US monetary conditions, regional countries could face sudden and large capital outflows, resulting in added pressures on their currencies and asset markets.

Domestically, while sectors such as finance & insurance and wholesale trade are likely to provide support to growth, the outlook for other sectors, in particular, manufacturing remains weak. Singapore's economic growth is likely to be impacted by the weak external demand weighing on exports, risks of lower oil prices affecting rig orders in the marine & offshore segment as well as negative spillover effects on firms in the precision engineering cluster. There could also be weakening momentum in the construction sector, while labour constraints could continue to impact labour-intensive sectors such as food services. Against this backdrop, the Singapore economy is expected to grow at a modest pace of 1 to 3% in 2016.

Despite the potential global headwinds and the increasingly competitive environment, we will stay focused on delivering quality loan growth and customer service excellence. We will remain prudent and disciplined in managing our business, and strive to achieve returns and strengthen our balance sheet to create sustainable value for our shareholders and customers. In our commitment to maintain a robust and disciplined risk management framework we will continue to enhance our monitoring capabilities and further strengthen our systems and processes.

The Board is also committed to the highest standards in corporate governance and was recognised for its efforts when it won a Bronze medal for Best Managed Board in the $300 million market capitalisation category at the Singapore Corporate Awards in July 2015.

ACKNOWLEDGEMENTS

Giving back to society has always been an integral part of our corporate culture. In addition to making donations to worthy causes, we have also funded staff volunteering events. In bringing joy to the beneficiaries, the engagement and activities have also helped in staff bonding and enhanced the awareness of our brand and products. To commemorate Singapore's 50th anniversary of independence in 2015, we have also given an appreciation award to our employees in recognition of their hard work and contribution to the Company.

In 2015, in keeping with good corporate governance, the positions of Chairman and CEO were separated. I would like to place on record my appreciation to Mr Lee Sze Leong who was Chairman from January 1997 to April 2015 for his leadership and contributions.

I would also like to thank my fellow directors for their guidance and our staff for their commitment and hard work.

Last but not least, on behalf of the Board of Directors, I would like to thank you, our shareholders and our customers for your trust and unwavering support.

Ng Tat Pun
Chairman
Date: 30 March 2016

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Mr Ng Tat Pun
Chairman

Mr Lee Sze Leong
Managing Director/Chief Executive Officer

Mr Lee Sze Siong
Executive Director, Deputy Managing Director

Dr Joseph Yeong Wee Yong
Non-Executive & Non-Independent Director

Mr Lim Poh Suan
Non-Executive & Independent Director

Mr Kim Seah Teck Kim
Non-Executive & Independent Director

Mr Chee Jin Kiong
Non-Executive & Independent Director

AUDIT COMMITTEE
Mr Lim Poh Suan *Chairman*
Mr Kim Seah Teck Kim
Mr Chee Jin Kiong

RISK MANAGEMENT COMMITTEE
Dr Joseph Yeong Wee Yong *Chairman*
Mr Ng Tat Pun
Mr Lee Sze Leong
Mr Lee Sze Siong
Head, Risk Management Department
Head, Product Management Department
Head, Finance Department
Head, Compliance Department
Head, Branches/Treasury Department

NOMINATING COMMITTEE
Mr Kim Seah Teck Kim *Chairman*
Mr Ng Tat Pun
Mr Lee Sze Leong

REMUNERATION COMMITTEE
Mr Chee Jin Kiong *Chairman*
Dr Joseph Yeong Wee Yong
Mr Lim Poh Suan

LOAN COMMITTEE
Mr Lee Sze Leong *Chairman*
Mr Lee Sze Siong
Dr Joseph Yeong Wee Yong
Mr Soon Chee Siong

REGISTERED & HEAD OFFICE
96 Robinson Road
#01-01 SIF Building
Singapore 068899
Tel: (65) 6305 0300
Fax: (65) 6305 0328
Website: www.sif.com.sg

BRANCH OFFICES

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Blk 715 Ang Mo Kio Ave 6
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Singapore 560715
Tel: (65) 6456 0588
Fax: (65) 6456 9715

Bedok Branch
Blk 202 Bedok North Street 1
#01-479/481
Singapore 460202
Tel: (65) 6445 9596
Fax: (65) 6449 3254

Clementi Branch
Blk 450 Clementi Ave 3
#01-279
Singapore 120450
Tel: (65) 6775 7248
Fax: (65) 6775 3463

COMPANY SECRETARIES
Mr Chan Kum Kit
Mr Tan Mui Sang

AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-charge: Ms Ang Poh Choo
Date of appointment – 16 July 2013

SHARE REGISTRAR
Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INVESTOR RELATIONS
96 Robinson Road
#08-01 SIF Building
Singapore 068899
Tel: (65) 6438 7060
Fax: (65) 6305 0281
Email: investor_relations@sif.com.sg

BOARD OF DIRECTORS

AS AT 29 FEBRUARY 2016

MR NG TAT PUN, 71

Role:
- Chairman
- Non-Executive and Independent Director

Date of first appointment as a director:
1 Mar 2012

Date of appointment as Chairman:
1 May 2015

Date of last re-appointment as a director:
23 Apr 2015

Length of service as a director:
4 years

Board/Working Committee(s) served on:
- Nominating Committee (Member)
- Risk Management Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Arts Degree in Economics and History, University of Singapore

Present Directorships in other listed companies:
- Engro Corporation Limited
- Thai Beverage Public Company Limited

Other Appointments:
- SP Chemicals Holdings Ltd (Chairman)

Past Directorships in listed companies held over the preceding 3 years:
- Nil

MR LEE SZE LEONG, 57

Role:
- Managing Director/Chief Executive Officer
- 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:
27 years

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

Present Directorships in other listed companies:
- Sing Holdings Limited (Non-Executive Chairman)

Other Appointments:
- F.H. Lee Holdings (Pte) Limited (Director)
- Sing Investments & Finance Nominees (Pte.) Ltd. (Director)
- Hire Purchase, Finance and Leasing Association of Singapore (Chairman)
- Finance Houses Association of Singapore (Honorary Secretary)
- 58th Singapore Chinese Chamber of Commerce & Industry (SCCCI) (Council Member)
- 58th SCCCI Commerce & Industry Committee (Member)
- 58th SCCCI Finance Committee (Member)
- 58th SCCCI Property Management Committee (Member)
- Chinese Development Assistance Council (CDAC) Board of Trustees (Member)
- CDAC Investment Committee (Member)
- Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee (Honorary Chairman)

Past Directorships in listed companies held over the preceding 3 years:
- Nil

BOARD OF DIRECTORS

AS AT 29 FEBRUARY 2016

MR LEE SZE SIONG, 54

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:
22 Apr 2014

Length of service as a director:
18 years 11 months

Board/Working Committee(s) served on:
– Risk Management Committee (Member)
– Loan Committee (Member)

Academic & Professional Qualification(s):
– Bachelor of Business Administration, University of Hawaii
– Master in Accounting, University of Southern Queensland

Present Directorships in other listed companies:
– Nil

Other Appointments:
– F.H. Lee Holdings (Pte) Limited (Director)
– Sing Investments & Finance Nominees (Pte.) Ltd. (Director)

Past Directorships in listed companies held over the preceding 3 years:
– Nil

DR JOSEPH YEONG WEE YONG, 64

Role:
– Non-Executive and Non-Independent Director

Date of first appointment as a director:
19 Mar 1997

Date of last re-election as a director:
23 Apr 2015

Length of service as a director:
18 years 11 months

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
– Ph.D in Management Science, University of Waterloo

Present Directorships in other listed companies:
– Nil

Other Appointments:
– Advisory Board of the School of Business Administration, Jimei University, the People's Republic of China (Member)
– Tan Kah Kee International Society (Council Member)
– Singapore Clinical Research Institute (Director)
– Lee Kuan Yew School of Public Policy, National University of Singapore (Adjunct Professor)

Past Directorships in listed companies held over the preceding 3 years:
– Nil

BOARD OF DIRECTORS

MR LIM POH SUAN, 64

Role:
– Non-Executive and Independent Director

Date of first appointment as a director:
1 Jul 2010

Date of last re-election as a director:
22 Apr 2014

Length of service as a director:
5 years 8 months

Board/Working Committee(s) served on:
– Audit Committee (Chairman)
– Remuneration Committee (Member)

Academic & Professional Qualification(s):
– Bachelor of Accountancy Degree, National University of Singapore
– Fellow, Institute of Singapore Chartered Accountants
– Fellow, Association of Chartered Certified Accountants

Present Directorships in other listed companies:
– Nil

Other Appointments:
– Nil

Past Directorships in listed companies held over the preceding 3 years:
– Nil

MR KIM SEAH TECK KIM, 61

Role:
– Non-Executive and Independent 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:
5 years 8 months

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 in other listed companies:
– Texchem-Pack Holdings (S) Ltd.

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

Past Directorships in listed companies held over the preceding 3 years:
– Nil

BOARD OF DIRECTORS

AS AT 29 FEBRUARY 2016

MR CHEE JIN KIONG, 69

Role:
– Non-Executive and Independent Director

Date of first appointment as a director:
1 Sep 2014

Date of last re-election as a director:
23 Apr 2015

Length of service as a director:
1 year 6 months

Board/Working Committee(s) served on:
– Remuneration Committee (Chairman)
– Audit Committee (Member)

Academic & Professional Qualification(s):
– Bachelor of Accountancy Degree, University of Singapore
– Fellow, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies:
– Nil

Other Appointments:
– Nil

Past Directorships in listed companies held over the preceding 3 years:
– Nil

BROADER CAPABILITIES, DEEPER EXPERTISE

With a clear insight of our customers' needs, it's no wonder they always turn to us for financial solutions. At Sing Investments & Finance Limited, we seek to build meaningful, lifelong relationships with every customer. Because we recognise that your needs are unique, nothing is more important than taking time to understand you better. That is what makes us the leading choice in personalised financial solutions.

CORPORATE GOVERNANCE **STATEMENT**

INTRODUCTION

Sing Investments & Finance Limited ("SIF"), through its Board of Directors ("Board"), Board Committees and Executives, believes that a strong and effective corporate governance is vital to meet the requirements of the regulators as well as to protect the interests of all stakeholders of the Company.

In the Financial Year 2015, the Board has complied with and adhered to the spirit of the Code of Corporate Governance 2012 ("the Code") when discharging its duties. In this report, our corporate governance practices describe the Board's application of good governance which is underpinned by sound risk management and robust internal controls with reference to the Code. Where there is any material 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:

- Risk Management Department
- Compliance Department
- Internal Audit Department

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 plans 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.

The following sections describe the Board's primary corporate governance policies and practices with specific references to the Principles of the Code. These policies and practices are constantly reviewed as the corporate governance environment continually evolves.

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 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:

- Providing entrepreneurial leadership, overseeing and formulating long-term business strategies and policies and ensuring that the necessary financial and human resources are in place for the company to meet its 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 responsibilities. 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.

Meetings of the Board and Board Committees
The Board met 4 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 Constitution of the Company also provides for telephonic and video-conference meeting.

The Board's attendance at the Board and Board Committees' meetings during FY 2015 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 Held	4	4	4	2	2	1
Name of Directors	Number of meetings attended in 2015					
Mr Ng Tat Pun	4	–	4	2	–	1
Mr Lee Sze Leong	4	–	3	2	–	–
Mr Lee Sze Siong	4	–	4	–	–	–
Dr Joseph Yeong Wee Yong	4	–	4	–	2	1
Mr Lim Poh Suan	4	4	–	–	2	1
Mr Kim Seah Teck Kim	4	4	–	2	–	1
Mr Chee Jin Kiong	4	4	–	–	2	1

CORPORATE GOVERNANCE **STATEMENT**

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 include the following:–

- 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

A formal letter of appointment setting out the director's duties and obligations is provided to every new director.

Comprehensive and tailored induction will be provided to new directors joining the Board on the discharge of their duties, the company's business and governance practices, amongst others.

An induction programme will be conducted for every new Director, which allows the director to assimilate into his or her new role as soon as possible. Accounting matters, risk related issues, regulatory compliance updates, legal and other industry specific topics are included in the induction programme. Department Heads of various departments conduct presentations on key functions and responsibilities of the respective departments to enable the new Director to gain a better understanding of the businesses and operations of the Company.

Continuous Development Programme

The NC believes that 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 effectively.

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 the year and in addition to the various courses/ seminars attended by the directors, the following in-house training was conducted in year 2015:–

Type of courses	Attendee
• Updates on FRSs & Others • Anti-Money Laundering & Countering the Financing of Terrorism Briefing • Enterprise Risk Management & Environmental Scanning	All directors

In addition to the above, the Company also funded a few of the external courses attended by directors. Some of the external courses attended by directors in 2015 include "KPMG Banking Risk & Regulations Conference 2015, SME outlook Seminar, Staying Ahead of the Curve in Cyber Security Forum, Implementation of The Companies (Amendment) Act 2014, Enterprise Risk Management "Effective Board Leadership Programme" and MAS Technology Risk Seminar.

The purpose of the Continuous Development Programme 2015 is to keep the directors abreast of the latest developments in risk related, regulatory compliance and industry specific issues. The courses attended are essential to equip directors with appropriate skills to perform their roles on the Board and Board Committees.

For year 2015, the NC has assessed and is satisfied that the courses attended by the directors have adequately fulfilled their purposes.

PRINCIPLE 2

BOARD COMPOSITION AND GUIDANCE

Board of Directors ("Board")

There are in total 7 Board Members, of which 4 directors are independent. The current Board comprises the following members:–

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

Notes:

(1) Non-executive and Independent Director

(2) Appointed as Non-executive Chairman on 1 May 2015

(3) Non-executive and Non-independent Director

CORPORATE GOVERNANCE **STATEMENT**

Board Independence
The NC assesses the independence of each director, taking into account guidelines of the Code for assessing the independence element. An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement for the best interests of the company.

The NC conducts the annual evaluation of director independence following these procedures:–

- Review all directors' declaration forms on their independent status.
- Review report from the Company on the business relationship of the company with directors.
- Perform the due diligence process and to review the factors considered to arrive at the conclusions as to the independent status of the directors and to consider any particular cases of potential material relationships.
- A checklist is drawn up based on the guidelines provided in the Code to facilitate the evaluation by the NC.
- Report to the Board on the independent status of the directors.

In assessing the independence of the directors in 2015, the NC 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.

Any director who has served in the Board beyond nine years from the date of his first appointment shall be deemed as non-independent. No director with the existence of relationships or circumstances as mentioned in the Code has been deemed as independent for the year 2015.

The Board, after taking into account the view of the NC, determined that the majority of the Board are independent. Mr Lee Sze Leong – Managing Director/CEO, Mr Lee Sze Siong – Deputy Managing Director and Dr Joseph Yeong Wee Yong are the only non-independent directors on the Board. The other members of the Board are considered to be independent directors.

Board Composition
On an annual basis, NC will review the size and composition of the Board and Board Committees and the skill sets and core competencies of all members to ensure the balance and diversity of skills and experience. All evaluations will then be presented to the Board.

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. Taking into account the scope and nature of SIF's operations and the number of Board Committees, the Board in concurrence with NC, is of the view that a Board size of at least six directors is appropriate. The Board currently consists of total seven directors, four non-executive and independent directors, one non-executive and non-independent director and two executive directors.

The Board through NC seeks to maintain an appropriate balance and diversity of experience, skills and attributes among the directors. The current Board provides core competencies such as accounting, legal, finance, risk management, business management, industry knowledge, strategic planning experience and customer-based experience. The current composition of the Board comprises individuals with various qualifications and backgrounds. Their professions include accountants, a lawyer and senior management of financial institution. Two of the independent directors have experience in finance and banking industry, the industry that the Company is in. There is no diversity in the context of gender.

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")

Meeting of Directors without Management
Led by the Chairman of the Board, Non-Executive Directors conduct at least one meeting annually without the presence of the Management.

CORPORATE GOVERNANCE **STATEMENT**

PRINCIPLE 3
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Role of Chairman and Chief Executive Officer ("CEO")
In compliance with the Code of Corporate Governance on clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business, Mr Ng Tat Pun was appointed as the non-executive Chairman on 1 May 2015. Mr Lee Sze Leong remains as an executive director and continues to be the Managing Director/CEO of the Company.

With this appointment, the Chairman and Managing Director/CEO of the Company are separate persons and are not related. The roles of the Chairman and the Managing Director/CEO are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Ng Tat Pun has more than 40 years of experience in the banking and finance industry. As Non-Executive Chairman of the Board, he has overall responsibility for the leadership of the Board. His key roles include:–

- lead the Board to ensure its effectiveness on all aspects of its roles and set its agenda;
- ensure that the directors receive accurate, timely and clear information;
- ensure effective communication with shareholders;
- encourage constructive relations between the Board and Management;
- facilitate the effective contribution of non-executive directors;
- encourage constructive relations between executive directors and non-executive directors;
- promote high standards of corporate governance; and
- promote a culture of openness and debate at the Board

Mr Lee Sze Leong, the Managing Director/CEO focuses on managing the business and operations of the Company, in particular, driving the financial performance and spearheading the strategic development of the Company and execution of the strategic plans set out by the Board. He also ensures that the Directors are kept updated and informed of the Company's business.

PRINCIPLE 4
BOARD MEMBERSHIP

The appointment and re-appointment of directors to the Board is assessed and recommended by the NC.

The NC is chaired by Mr Kim Seah Teck Kim and the other two members are Mr Ng Tat Pun and Mr Lee Sze Leong. The majority of the directors in the committee including the Chairman are independent.

The key roles of the NC include:–

- To assess and recommend candidates for appointment and re-appointment on the Board and Board Committees;
- To determine 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;
- To review the composition of the Board and assess annually the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual director;
- To review the training and professional development programmes for the Board; and
- To review and initiate 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 composition of the Board is reviewed regularly to ensure that it has the appropriate mix of expertise and experience. The selection and appointment process of new directors to the Board is 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 networks and contacts. External consultants may also be engaged to identify potential candidates.

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. Diversity of experience and appropriate skills are considered along with the need to maintain appropriate checks and balances between the different committees. 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 the following criteria before recommending the appointment to the Board:–

(a) Independence;
(b) Whether the candidate is a fit and proper person in accordance with MAS fit and proper guidelines;
(c) Other directorships held;
(d) Time availability;
(e) Contribution to the overall balance of the composition of the Board; and
(f) Age, experience, track record and other relevant factors as determined by the NC.

The fit and proper test assesses the candidate based on honesty, integrity and reputation, competence and capability and financial soundness.

During the selection process, the NC recommends and the Board concurs to look for a candidate with specific skill sets. The NC identifies the candidate based on his/her skill and diversity of his/her experience. Following the rigorous selection process, the Board with the recommendation of the NC seeks approval from the Monetary Authority of Singapore ("MAS") to appoint the candidate as a Director. Upon approval from MAS, the Board will recommend the appointee for re-election as a Director at the upcoming Annual General Meeting ("AGM").

Formal letter setting out the director's duties and obligations will be given to the new Director upon his/her appointment.

In its deliberations on the re-appointment of existing directors, the NC takes into consideration the director's contribution and performance. The assessment parameters include time commitment, attendance record, preparedness, intensity of participation at meetings of the Board and its Board Committees.

The Company's Constitution provides that at least one-third of its directors shall retire from office and are subject to re-election at every 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 evaluated and recommended to the Board that Mr Ng Tat Pun, Mr Lee Sze Leong and Mr Kim Seah Teck Kim be re-elected as directors at the forthcoming AGM by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

Annual Review of Director's Independence
On an annual basis, NC is responsible for determining the independence of all the directors, taking into consideration the circumstances indicated in the Code. NC has ascertained that a majority of the Board members are independent.

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

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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 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. This guideline is established following the careful assessment by the NC and the Board after taking into consideration the scope and complexity of the Company's business. Currently, the maximum number of directorships in listed companies that is held by an individual director is three directorships.

(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 have met the above requirements on the time commitment as required by the Board for the year 2015.

Succession Planning for the Board and Senior Management

The NC conducts annual review on the succession planning to ensure the continuity of leadership for key Board members and Senior Management. During the review, NC considers the desired collective competencies needed on the Board in light of the Company's business and strategies. By comparing the desired competencies and the key competencies of the current Board, the NC will be able to identify possible gaps. NC also reviews the Board, Board committee and individual director evaluation results for identification of candidates for appointment and retirement. Through careful consideration, NC ensures that an effective Board renewal and succession planning process is in place.

Key Information on Directors

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

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.

Evaluation of Board and Board Committees

The NC takes into consideration quantitative criteria and qualitative measures when reviewing the performance of the Board. All Board Members are required to complete the Board Assessment Checklist which consists of the following sections:–

(a) Quantitative factors such as Revenue, Return on Equity (ROE);
(b) Qualitative indicators include the quality of risk management, adequacy of internal controls, Board information and accountability and Board performance in relation to discharging its principal functions;
(c) Overall rating of the Board; and
(d) Key Focus of the Board.

A consolidated report is prepared based on the returns from all directors and discussed in the NC meeting.

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 results of assessment of the Board and the Board Committees are presented and reported to the Board. The Board and the Board Committees have met the performance objectives.

Evaluation of Individual Directors

The NC evaluates the performance of individual directors by taking into consideration the attendance, time commitment and overall participation and contribution of each director. In addition, NC also considers specific expertise of the individual director from legal, business and risk perspective. When the NC is evaluating the performance of a particular member of the NC, that member will recuse himself from the deliberations.

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. The performance of the individual directors is taken into consideration for re-election.

The Board is satisfied with the performance of all the individual directors in the recent evaluation exercise for 2015 performed by the NC.

PRINCIPLE 6
ACCESS TO INFORMATION

Prior to each Board meeting, the Management provides the Board with information relevant to matters on the agenda for the Board meeting. The Management also provides adequate information in their regular reports pertaining to operational issues, financial performance and any affairs which require the attention of the Board.

Such reports enable the directors to be aware of key issues pertaining to financial statements, internal controls, compliance and risk management of the Company. A risk management dashboard that summarizes the main risks and Key Risk Indicators (KRIs) is presented during the board meeting to facilitate the oversight function by the Board. In respect of budgets, material variances between the projection and actual results are explained in the salient reports circulated to the Board members. Monthly and quarterly reports are provided to directors.

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 the Board is in compliance with relevant regulatory and legal requirements, particularly under the Companies Act. The appointment and removal of the Company Secretary is subject to the approval of the Board.

REMUNERATION MATTERS

PRINCIPLE 7
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee
The RC comprises Mr Chee Jin Kiong (Chairman), Dr Joseph Yeong Wee Yong and Mr Lim Poh Suan, all of whom are non-executive and majority of whom including the RC Chairman 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 review the adequacy and terms of compensation for each of the directors, the CEO and senior management to ensure that the compensation is commensurate with the duties, responsibilities and risks involved in being an effective Director, CEO or senior management.

Dr Joseph Yeong Wee Yong is the Chairman of the RMC as well as member of the Loan Committee while Mr Lim Poh Suan and Mr Chee Jin Kiong are the Chairman and member of the AC respectively. Their memberships in other Board committees enable them to make remuneration decisions in a more informed, holistic and independent manner and ensure 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 to avoid 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;
- To link the remuneration of non-executive directors to the amount of responsibilities, effort and time spent by the directors; and
- To align director compensation with prudent risk taking and effective supervisory oversight.

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, car programme allowance and club membership allowance.

CORPORATE GOVERNANCE **STATEMENT**

The variable component of the compensation package consists of cash incentives, such as variable bonus and directors' fees. There is no long term incentive scheme. The remuneration package takes into account amongst other factors, the performance of the Company and the executive directors, guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company's Human Resources department.

When reviewing the structure and level of directors' fees, the RC takes into consideration the directors' respective roles and responsibilities in the Board and Board Committees. Each of the directors receives a base director's fee. The Board Chairman and the Lead Independent Director receive an additional fee to reflect their expanded responsibilities. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the chairmen of the Board Committees generally receiving a higher fee in respect of their service as chairman of the respective committees.

In view that the variable components of the Executive Directors and the key management personnel are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Directors' fees are recommended by the RC, concurred by the Board and submitted for approval during the AGM. No director is involved in deciding his own remuneration.

PRINCIPLE 9
DISCLOSURE OF REMUNERATION

Directors' Remuneration

The remuneration of each director has been disclosed to the nearest thousand dollars with breakdown of base salary, variable bonus, directors' fees and other benefits in percentage terms. There are no stock options granted, share-based incentives and awards, and other long-term incentives.

Other than the Managing Director/CEO, Mr Lee Sze Leong and the Deputy Managing Director, Mr Lee Sze Siong, the remaining 5 Board members are non-executive directors. The aggregate Directors' fees are subject to approval of shareholders at the Company's AGM.

Directors' remuneration with the breakdown of fees is shown in the Directors' Remuneration section on page 100.

Key Management Personnel's Remuneration

The Code recommends to name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000, the breakdown of their remuneration and in aggregate the total remuneration paid to them.

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.

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

Other than the Managing Director/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 Managing Director/CEO.

Employee Share Scheme

The Company does not have an employee share scheme.

Performance Conditions of Executive Directors and Key Management Personnel

RC reviews the performance of Executive Directors and Key Management Personnel using the pre-defined financial targets of the Company and individual key performance indicators. Their remuneration depends on the degree of the performance criteria being met.

The variable components of the Executive Directors and Key Management Personnel take into account amongst other factors, profitability of the Company, loan growth, return on equity and quality of loans. Other individual key performance indicators include time commitment, contribution towards company's strategic directions, internal controls and risk management skills, integrity and accountability. The RC reckons that the criteria chosen provide the balance between the business and risk drivers that can ensure that the structure of remuneration is aligned with long term interests of the Company. There is no long-term incentive scheme.

Both Executive Directors and Key Management Personnel 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. Compliance Department with direct reporting line to the Risk Management Committee is set up to ensure compliance with legislative and regulatory requirements.

The Board believes in conducting itself in ways that will deliver maximum sustainable value to all shareholders.

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-Executive and Non-Independent Director, Dr Joseph Yeong Wee Yong and comprises Non-Executive and Independent Chairman, Mr Ng Tat Pun, Mr Lee Sze Leong (MD/CEO), Mr Lee Sze Siong (DMD) and Heads of Risk Management, Compliance, Product Management, Finance and Treasury/Branches.

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 the Board, reporting risk measurements, gap analysis, risk profiling, stress testing and control systems, breaches, highlighting exceptions and deviations, 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 continuously 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 and compliance monitoring. The Compliance Department reports independently to the Risk Management Committee.

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.

In year 2015, the Board has received assurance from the Managing Director/CEO, Head of Finance Department and Internal Auditor:

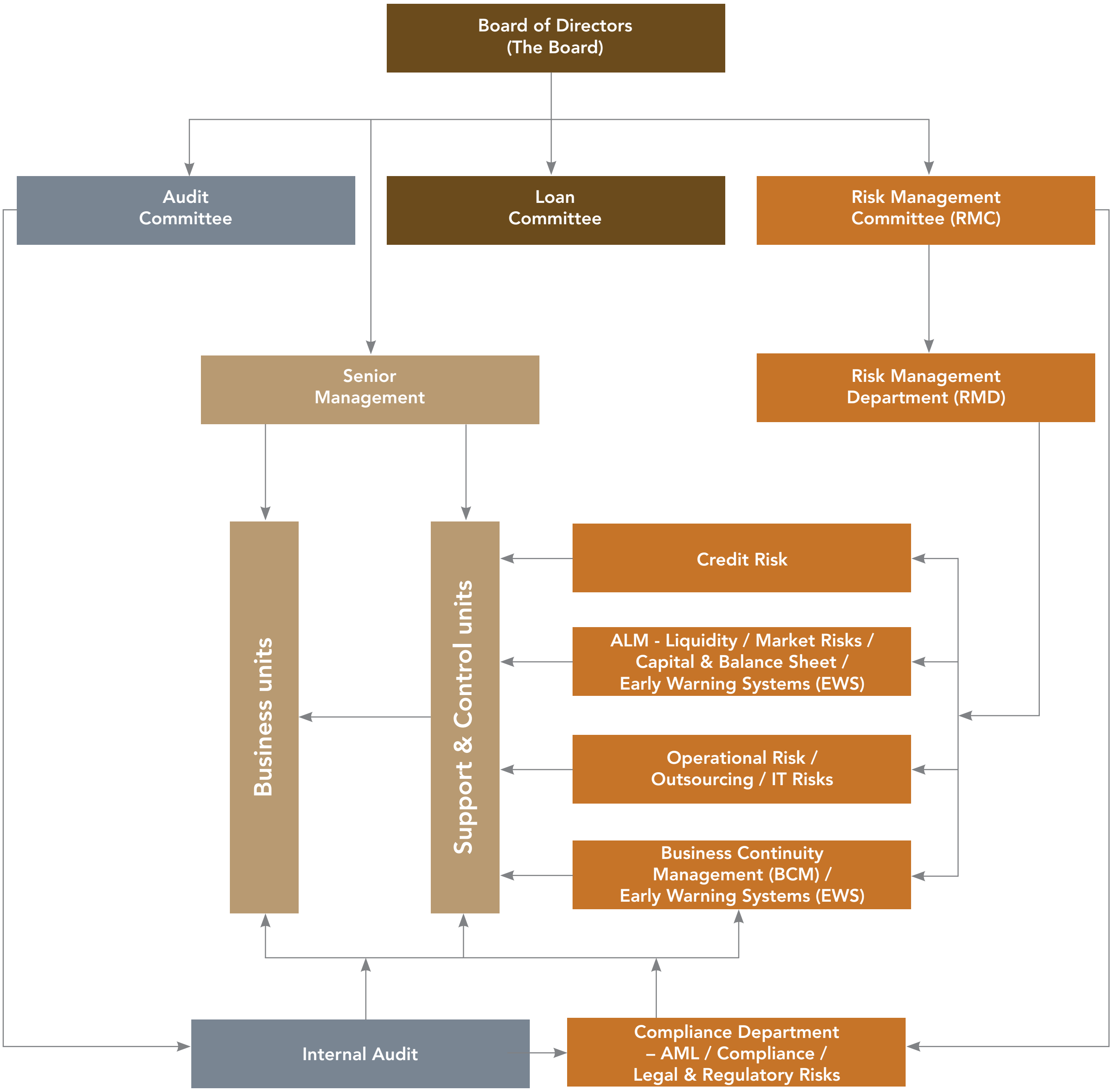
(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) that the Company's risk management and internal control systems are effective.

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.

CORPORATE GOVERNANCE **STATEMENT**

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK



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.

The Board and the RMC reviewed and ranked key material risks, determined the risk tolerance limits for each risk type, set KRI parameters for each risk type and approved the EWRM framework and policies for the year to ensure adequate internal control and management of risks.

Both the Board and the RMC received and reviewed periodic reports on Risk Dashboard, status of each of the KRIs, Asset Liabilities Management, regulatory and internal limits compliance, gap and sensitivity analysis, stress testing, concentration risks, Business Continuity Plan (BCP) exercises, Risk Control Self Assessments (RCSA), Risk Management Attestation statement, and residual risks.

For year 2015, 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 control systems at least once a year. The Board, with the concurrence of the AC and RMC, is of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance, information technology and sustainability are adequate and effective.

PRINCIPLE 12
AUDIT COMMITTEE

The AC comprises Mr Lim Poh Suan (Chairman), Mr Chee Jin Kiong and Mr Kim Seah Teck Kim, all of whom are non-executive and independent directors.

The Chairman of the AC, Mr Lim Poh Suan is a certified fellow member of both Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants. Mr Chee Jin Kiong is a certified fellow member of Institute of Singapore Chartered Accountants. Both Mr Lim and Mr Chee have strong accounting qualifications. Mr Kim Seah Teck Kim is a lawyer with many years of experience in business management and legal services. The Board is of the view that the members of the AC have recent and relevant accounting and financial management expertise or experience to discharge the AC's functions.

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

CORPORATE GOVERNANCE **STATEMENT**

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 private meetings with the internal auditor and external auditor at least once a year 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.

In the year 2015, 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 scope and results of the external audit;
- Reviewing the independence and objectivity of external auditors;
- Reviewing the quarterly findings and reports of Internal Audit work;
- Reviewing and reporting to the Board on the adequacy and effectiveness of SIF's internal controls and internal audit function annually;
- Considering and recommending re-appointment of external auditor to the Board; and
- 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 by attending relevant training and meetings with the external auditors who will update the AC on recent related developments.

External Audit

AC is responsible for making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors. The AC evaluates the external auditors based on factors such as the adequacy of the resources and experience of the auditing firm and audit engagement partner assigned to the audit, the firm's time commitment to the audit engagement, the number and experience of supervisory and professional staff assigned to the audit, the performance and quality of their audit and independence of the auditor. After the evaluation, AC 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 total fees paid to the external auditor, Deloitte & Touche LLP, are disclosed in Note 21 to the Financial Statements.

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.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy which encourages all staff and members of public 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 and the public with well-defined and accessible channels within the Company, including a direct channel to the AC 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. SIF will ensure the confidentiality of the whistle blower and allow disclosures to be made anonymously. 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.

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 13

INTERNAL AUDIT

Internal Audit Department

As effective risk management is a vital part of the company's business strategy, the Internal Audit function of the Group is also tasked to include risk management within its oversight role. 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 Management where necessary, as well as the right to seek information and explanations. Management is responsible for addressing issues identified by the internal auditor.

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.

The AC has appointed Ernst & Young LLP (Singapore) ("EY") to perform the internal audit functions for the Information Technology Department of the company. Both in-house internal auditor and EY subscribe to and are guided by the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors, Inc ("IIA") and have incorporated these standards into its audit practices and meet the standards set by the IIA. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14
SHAREHOLDER RIGHTS

The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is disclosed publicly in a timely manner. Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders.

Shareholders are entitled to attend and vote at the AGM by person or proxy. A shareholder may appoint up to the maximum of two proxies.

On 3 January 2016, the legislation was amended, among other things, to allow a member defined as a "relevant intermediary" in Section 181(6) of the Companies Act, Chapter 50, to appoint more than two proxies to attend and vote at general meetings without being constrained by the two-proxy limit. Relevant intermediaries include corporations holding licences in providing nominee or custodial services and the CPF Board for shares purchased under the CPF Investment Schemes.

PRINCIPLE 15
COMMUNICATION TO SHAREHOLDERS

The Company has in place an Investor Relations Policy. 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. Apart from SGXNET announcements and Annual Reports, the Company updates shareholders with information via its website and AGM.

The Company engages in regular and effective communication with its shareholders. Feedback mechanisms are in place to solicit the views of shareholders and to address requests and concerns raised by shareholders outside of the AGM. Communication with shareholders is done by the executive directors. In addition, all shareholders will receive the annual report of the Company and the notice of the AGM which is also published via SGXNET. Meeting with institutional and retail investors is arranged upon request.

The Company has in place a general policy governing the payment of dividends. Annual dividend proposed for the year is shown on page 98.

PRINCIPLE 16
CONDUCT OF SHAREHOLDER MEETINGS

The Company strongly encourages and supports shareholder participation at its AGM. 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 AGM at a central location with convenient access to public transportation. A registered shareholder who is unable to attend 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.

All 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.

The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal. Separate resolutions on each distinct issue are tabled at the general meeting.

The Company Secretary prepares minutes of general meetings which reflect responses from the Board and management to queries and comments from shareholders. The minutes are available to shareholders upon their request.

For greater transparency, the Company conducts the voting of all the resolutions put to Annual General Meeting by poll. Votes cast for and against each resolution and the respective percentages on each resolution are announced and displayed immediately after each poll conducted. The results of the general meeting are also released via SGXNET on the same day.

ADDITIONAL INFORMATION
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 86.

CORPORATE GOVERNANCE **STATEMENT**

INTERESTED PERSON TRANSACTIONS

In accordance to Rule 907 of the Listing Manual of the SGX-ST, details of the interested person transactions are required to be disclosed in the annual report. For the financial year ended 31 December 2015, there was no interested person transaction.

MATERIAL CONTRACTS (RULE 1207(8) OF THE SGX LISTING MANUAL)

Except for the 3-year tenancy agreement entered into with Sing Holdings Limited in Year 2013, there were no material contracts entered into by the Company or its subsidiary involving the interests of the CEO, each director or controlling shareholder during the financial year 2015.

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 directors and officers in their dealings in the Company's shares:–

- All directors and officers must inform the Management/Board of their dealings in the Company's shares, including dealings by their immediate family members;
- All directors and officers 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
- All directors and officers 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.

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 in achieving the highest level of professionalism and integrity in the discharge of their office and is intended to complement the Code.

While the Code sets out the principles of corporate governance to be observed by listed companies, the Code of 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.

The Company continuously exercises prudence in its business dealings and has in place personnel policy that sets out the standards and ethical conduct expected of employees. In addition, all staff are also required to observe the guidelines stated in the Finance Houses Association of Singapore's Code of Conduct. The principles covered in the said Code of Conduct include confidentiality of information, conflict of interests, relationships with customers and insider trading. The Company ensures that all staff continue to observe high standards of professionalism and integrity in their dealings with the customers, business associates and colleagues.

CORPORATE SOCIAL **RESPONSIBILITY**

SIF remains firmly committed to giving back to the society and advocating good environmental practices. In our efforts to reach out to the less fortunate through community work, we organize CSR activities and encourage our staff to actively participate in these meaningful events.

On 19 September 2015, we undertook our CSR activity of the year. Volunteers from SIF visited the Chee Hoon Kog Moral Home for the Aged Sick, a home for about 125 residents. They are poor, old and sick with little or no family support and most of them are wheelchair-bound.

We started the event by accompanying about 50 residents in their daily exercise together with their physiotherapists. Thereafter, we engaged the residents in the sing-along sessions and played games before treating them to a sumptuous meal. To cap a memorable morning, goodies bags were distributed to all the residents at the end of the visit.

It was a fulfilling and rewarding morning for our volunteers and the engagement has also helped in staff bonding and enhanced the awareness of our brand and products.

As part of our continuous effort in caring for the community, we have also donated to institutions providing free and subsidized medical and healthcare services as well as welfare societies in aid of the less fortunate. For the third consecutive year, we contributed to Business China, a platform dedicated to raise the bilingual and bicultural quotient of Singaporeans as well as the global connectivity of Singapore.

In line with global efforts to save the environment and reduce global warming, SIF is committed to reduce energy usage and office consumables. Reduction in paper usage is achieved by making reports available in soft copies and encouraging staff 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 raise the level of awareness amongst staff and step up on recycling efforts in all aspects of our operations.

PERFORMANCE **REVIEW**

(1) PERFORMANCE REVIEW

	2015 $'000	2014 $'000	Variance +/(-) (%)
Selected Statement of Profit or Loss Items			
Net interest income	**35,216**	32,598	8.0
Non-interest income	**5,033**	4,522	11.3
Total income	**40,249**	37,120	8.4
Operating expenses	**(21,177)**	(20,953)	1.1
Profit from operations before impairment losses	**19,072**	16,167	18.0
Allowances for impairment losses on loans and advances	**(3,975)**	(1,252)	217.5
Profit before income tax	**15,097**	14,915	1.2
Profit after tax attributable to equity holders of the Group	**12,814**	12,658	1.2
Selected Balance Sheet Items			
Total equity	**312,544**	313,359	(0.3)
Total assets	**2,660,148**	2,263,979	17.5
Loans and advances	**1,969,414**	1,690,170	16.5
Deposits and savings accounts of customers	**2,313,861**	1,921,428	20.4
Key Financial Ratios (%)			
Net interest margin	**1.5**	1.6	
Non-interest income-to-total income	**12.5**	12.2	
Cost-to-income ratio	**52.6**	56.4	
Loans-to-deposits ratio	**85.1**	88.0	
Non-performing loans ratio	**1.7**	0.5	
Return on equity(1)	**4.1**	4.0	
Return on total assets(2)	**0.5**	0.6	
Capital adequacy ratio	**14.3**	15.9	
Per Ordinary Share Data			
Basic earnings per share (cents)	**8.13**	8.03	
Net asset value per share ($)	**1.98**	1.99	

(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.

The Group's loan assets grew 16.5% or $279.2 million to $1,969.4 million as compared to $1,690.2 million as at 31 December 2014. In tandem with the increase in loan assets, deposits and savings accounts of customers increased by 20.4% to $2,313.9 million as at 31 December 2015. Loans-to-deposits ratio decreased to 85.1%, from 88.0% in the previous year.

Interest income and hiring charges rose 23.1% on the back of a 16.5% rise in net loan assets. This was partially offset by an increase of 48.8% in interest expense from a higher deposit base and rates, resulting in an increase of 8.0% or $2.6 million in the net interest income and hiring charges.

The average loan base grew by 15.1% whilst the average deposit base increased by 19.9%. Net interest margin as a percentage of interest-earning assets declined from 1.6% to 1.5%.

Non-interest income increased by 11.3% to $5.0 million in 2015. This was mainly contributed by a 34.5% increase in fees and commission from an expanded loan base. In addition, the increase in other income was mainly due to an increase in grant for the Wage and Employment Credit Schemes received as well as profit from sale of a motor vehicle that had been fully depreciated.

Operating expenses increased by 1.1% mainly due to higher staff costs incurred to support the increased business activities. This was partially offset by a decrease in other expenses attributed to higher advertisement and promotion expenses incurred to commemorate the Company's 50th anniversary in 2014.

Profit from operations before impairment losses rose by 18% as compared to the previous year. However, the increase was substantially offset by a 217.5% increase in allowances for impairment losses made resulting in a marginal increase of 1.2% in profit after tax to $12.8 million for the financial year ended 31 December 2015. The increase in allowances for loan losses were due to higher provisions made for individual impairment as well as additional collective impairment made at a portfolio level compared to the previous year.

There was a decline in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities ("SGS"). The drop in value was due to interest rate hikes. The Group purchases SGS as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies' Act.

The Group's total equity decreased 0.3%, from $313.4 million to $312.5 million and net asset value per share declined from $1.99 to $1.98.

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

	2015			2014		
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest $'000	Average Rate %
Interest-Earning Assets						
Loans and advances	1,883,375	53,409	2.8	1,635,841	43,663	2.7
Singapore Government Securities	243,246	6,783	2.8	201,188	6,106	3.0
Other interest-earning assets	292,377	3,326	1.1	221,906	1,850	0.8
Total	**2,418,998**	**63,518**	**2.6**	**2,058,935**	**51,619**	**2.5**
Interest-Bearing Liabilities						
Deposits and savings accounts	2,180,792	28,232	1.3	1,818,265	18,879	1.0
SPRING loans (unsecured)	3,044	70	2.3	5,477	137	2.5
Other liabilities	200	–	0.2	438	5	1.1
Total	**2,184,036**	**28,302**	**1.3**	**1,824,180**	**19,021**	**1.0**
Net interest income/margin as a percentage of interest-earning assets		**35,216**	**1.5**		**32,598**	**1.6**

PERFORMANCE **REVIEW**

Interest income and hiring charges rose 23.1% on the back of a 16.5% rise in net loan assets. This was partially offset by an increase of 48.8% in interest expense from a higher deposit base and rates, resulting in an increase of 8.0% or $2.6 million in the net interest income and hiring charges.

The average loan base grew by 15.1% whilst the average deposit base increased by 19.9%. Net interest margin as a percentage of interest-earning assets declined from 1.6% to 1.5%.

The table below analyses the changes in net interest income in 2015 over 2014 due to changes in volume and changes in rates.

(3) VOLUME AND RATE ANALYSIS

		2015	
Increase/(Decrease) for 2015 over 2014	**Volume $'000**	**Rate $'000**	**Total $'000**
Interest Income			
Loans and advances	6,683	3,063	9,746
Singapore Government Securities	1,262	(585)	677
Other assets	564	912	1,476
Total	**8,509**	**3,390**	**11,899**
Interest Expense			
Deposits and savings accounts	3,625	5,728	9,353
SPRING loans (unsecured)	(61)	(6)	(67)
Other liabilities	(3)	(2)	(5)
Total	**3,561**	**5,720**	**9,281**
Net interest income	**4,948**	**(2,330)**	**2,618**

(4) NON-INTEREST INCOME

	2015 $'000	**2014 $'000**	**Variance +/(-)%**
Fees and commissions	627	466	34.5
Dividends	153	131	16.8
Rental income from investment properties	3,507	3,495	0.3
Others	746	430	73.5
Total non-interest income	**5,033**	**4,522**	**11.3**

Non-interest income increased by 11.3% to $5.0 million in 2015. This was mainly contributed by a 34.5% increase in fees and commission from an expanded loan base. In addition, the increase in other income was mainly due to an increase in grant for the Wage and Employment Credit Schemes received as well as profit from sale of a motor vehicle that had been fully depreciated.

(5) OPERATING EXPENSES

	2015 $'000	2014 $'000	Variance +/(-)%
Staff costs	13,626	12,652	7.7
Depreciation of property, plant and equipment	702	708	(0.8)
Depreciation of investment properties	377	378	(0.3)
Other expenses	6,472	7,215	(10.3)
Total operating expenses	**21,177**	**20,953**	**1.1**

Operating expenses increased by 1.1% mainly due to higher staff costs incurred to support the increased business activities. This was partially offset by a decrease in other expenses attributed to higher advertisement and promotion expenses incurred to commemorate the Company's 50th anniversary in 2014.

(6) IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES

	2015 $'000	2014 $'000	Variance +/(-)%
Allowance for (Write-back of) individual impairment	1,160	(201)	NM
Allowance for collective impairment	2,815	1,453	93.7
Total allowances on loan losses	**3,975**	**1,252**	**217.5**

The increase in the total allowances was mainly due to allowance for individual impairment made compared with a write-back in the previous year. In addition, an increase in the allowance for collective impairment was made at a portfolio level due to the increase in loan base.

NM: Not meaningful

5 YEARS FINANCIAL SUMMARY

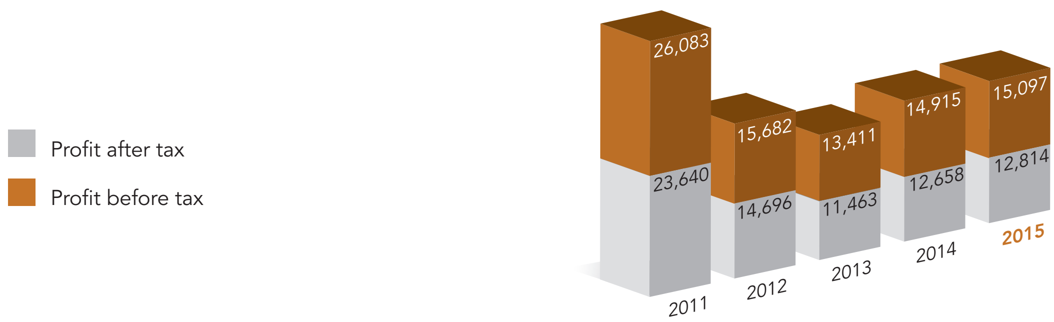
	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Operating Revenue	**63,518**	51,619	47,035	44,339	43,796
Profit And Revenue Reserves					
Profit before tax	**15,097**	14,915	13,411	15,682	26,083
Profit after tax	**12,814**	12,658	11,463	14,696	23,640
Revenue Reserve	**127,183**	123,827	119,050	115,468	108,128
Share Capital					
Issued	**180,008**	180,008	180,008	180,008	117,199
Capital Employed					
Total Assets	**2,660,148**	2,263,979	2,071,772	1,977,623	1,657,600
Net Assets	**312,544**	313,359	303,591	315,707	241,341
Volume of Business					
Loans	**1,969,414**	1,690,170	1,547,107	1,423,325	1,179,655
Deposits	**2,313,861**	1,921,428	1,740,458	1,630,041	1,378,505
Dividend And Earnings Per Share					
Dividend (net)	**7,881**	9,458	7,881	7,881	7,356
Dividend per share (cents)*	**5.00**	6.00	5.00	5.00	7.00
Earnings per share (cents)**	**8.13**	8.03	7.27	12.22	20.83
Return After Tax On Total Assets (%)	**0.48**	0.56	0.55	0.74	1.43
Return After Tax On Net Assets (%)	**4.10**	4.04	3.78	4.65	9.80
Net Tangible Asset Per Share ($)	**1.98**	1.99	1.93	2.00	2.30

* One-tier tax exempt dividend.

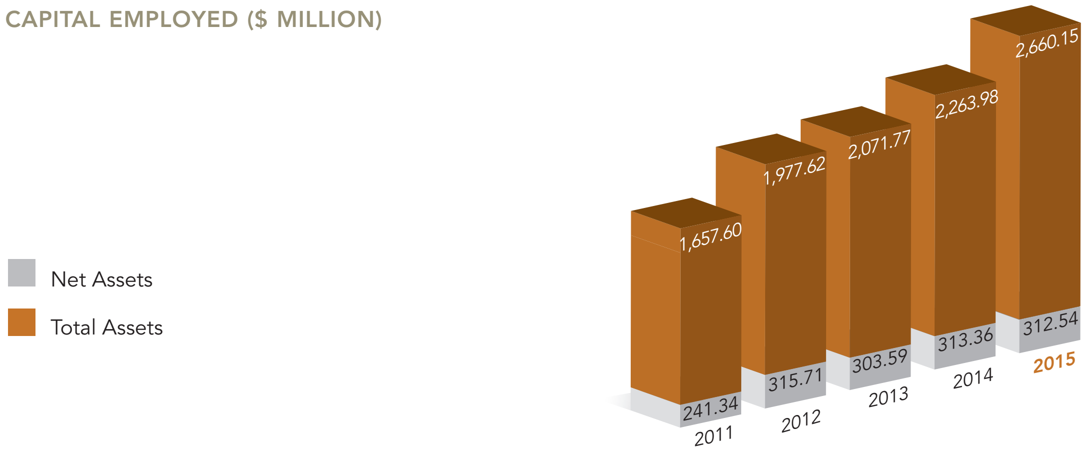
** Earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year of 157,625,764 (Year 2014: 157,625,764, Year 2013: 157,625,764, Year 2012: 120,221,170, Year 2011: 113,490,550) shares.

5 YEARS FINANCIAL **SUMMARY**

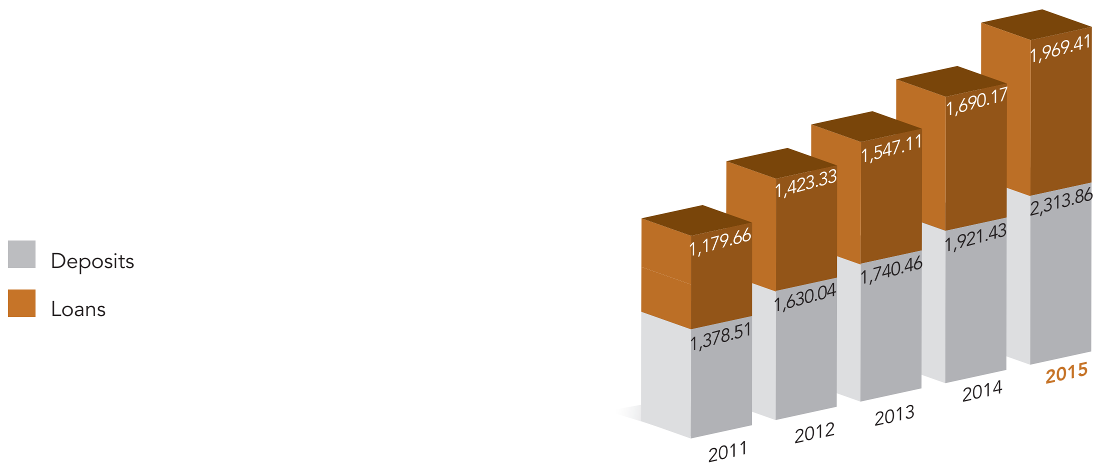
PROFIT ($'000)



CAPITAL EMPLOYED ($ MILLION)



VOLUME OF BUSINESS ($ MILLION)



SEIZING NEW OPPORTUNITIES

Growing organically, extending our reach and increasing our customer focus. Sing Investments & Finance Limited will continue to reinforce its position as one of the leading businesses in our industry.

FINANCIAL
CONTENTS

DIRECTORS' STATEMENT

The directors present their statement 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 2015.

In the opinion of the directors, 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 38 to 99 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Ng Tat Pun
Lee Sze Leong
Lee Sze Siong
Dr Joseph Yeong Wee Yong
Lim Poh Suan
Kim Seah Teck Kim
Chee Jin Kiong

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:

	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
Name of directors	**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	384,081	384,081	42,255,450	43,556,050
Lee Sze Siong	450,592	450,592	42,255,450	43,556,050

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

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 2016.

4 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.

5 AUDIT COMMITTEE

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

Lim Poh Suan (Chairman)
Kim Seah Teck Kim
Chee Jin Kiong

They are all non-executive independent 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.

DIRECTORS' **STATEMENT**

5 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.

6 AUDITORS

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

ON BEHALF OF THE BOARD OF DIRECTORS

Ng Tat Pun
Chairman

Lee Sze Leong
Director

10 February 2016

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 consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 38 to 99.

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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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 corporation 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 2016

STATEMENTS OF **FINANCIAL POSITION**

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash on deposit, at banks and in hand		**309,605**	245,781	**309,561**	245,735
Other assets	6	**6,426**	5,271	**6,426**	5,271
Investments	7	**274,590**	231,004	**274,181**	230,636
Loans and advances due within twelve months	8	**673,640**	628,084	**673,640**	628,084
Statutory deposit with the Monetary Authority of Singapore ("MAS")		**59,302**	50,538	**59,302**	50,538
Total current assets		**1,323,563**	1,160,678	**1,323,110**	1,160,264
Non-current assets					
Property, plant and equipment	9	**16,736**	16,763	**16,736**	16,763
Investment properties	10	**24,075**	24,452	**24,075**	24,452
Subsidiary	11	**–**	–	**25**	25
Loans and advances due after twelve months	8	**1,295,774**	1,062,086	**1,295,774**	1,062,086
Total non-current assets		**1,336,585**	1,103,301	**1,336,610**	1,103,326
Total assets		**2,660,148**	2,263,979	**2,659,720**	2,263,590

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Deposits and savings accounts of customers	13	**2,313,861**	1,921,428	**2,314,601**	1,922,165
Other liabilities	14	**27,863**	20,473	**27,386**	19,995
SPRING loans due within twelve months (unsecured)	15	**1,491**	2,242	**1,491**	2,242
Provision for employee benefits	16	**238**	252	**238**	252
Current tax payable		**2,455**	2,343	**2,455**	2,343
Total current liabilities		**2,345,908**	1,946,738	**2,346,171**	1,946,997
Non-current liabilities					
SPRING loans due after twelve months (unsecured)	15	**553**	1,861	**553**	1,861
Deferred tax liabilities	12	**1,143**	2,021	**1,083**	1,968
Total non-current liabilities		**1,696**	3,882	**1,636**	3,829
Total liabilities		**2,347,604**	1,950,620	**2,347,807**	1,950,826
Equity attributable to equity holders of the Company					
Share capital	17	**180,008**	180,008	**180,008**	180,008
Reserves	18	**132,536**	133,351	**131,905**	132,756
Total equity		**312,544**	313,359	**311,913**	312,764
Total liabilities and equity		**2,660,148**	2,263,979	**2,659,720**	2,263,590
Off-balance sheet items					
Undrawn loan commitments	25	**463,897**	650,103	**463,897**	650,103
Guarantees issued	26	**3,951**	4,546	**3,951**	4,546
Total off-balance sheet items		**467,848**	654,649	**467,848**	654,649

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue			
Interest income and hiring charges	21	**63,518**	51,619
Interest expense	21	**(28,302)**	(19,021)
Net interest income and hiring charges		**35,216**	32,598
Fees and commissions		**627**	466
Dividends	21	**153**	131
Rental income from investment properties		**3,507**	3,495
Other income	21	**746**	430
Income before operating expenses		**40,249**	37,120
Staff costs	21	**(13,626)**	(12,652)
Depreciation of property, plant and equipment	9	**(702)**	(708)
Depreciation of investment properties	10	**(377)**	(378)
Other operating expenses	21	**(6,472)**	(7,215)
Profit from operations before impairment losses		**19,072**	16,167
Allowances for impairment losses on loans and advances	8	**(3,975)**	(1,252)
Profit before income tax		**15,097**	14,915
Income tax expense	22	**(2,283)**	(2,257)
Profit for the year attributable to equity holders of the Company		**12,814**	12,658
Earnings per share (cents)			
– Basic	23	**8.13**	8.03
– Diluted	23	**8.13**	8.03

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year	**12,814**	12,658
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	**(5,025)**	6,013
Income tax relating to components of other comprehensive income that may be reclassified subsequently	**854**	(1,022)
Other comprehensive (loss) income for the year, net of tax	**(4,171)**	4,991
Total comprehensive income for the year	**8,643**	17,649

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2015

	Note	Share capital $'000	Statutory reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000
Group						
Balance at 1 January 2014		180,008	86,291	4,533	32,759	303,591
Total comprehensive income for the year						
Profit for the year		–	–	–	12,658	12,658
Other comprehensive income for the year – net		–	–	4,991	–	4,991
Total		–	–	4,991	12,658	17,649
Transfer from accumulated profits to statutory reserve		–	6,328	–	(6,328)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2013 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2014		180,008	92,619	9,524	31,208	313,359
Total comprehensive income for the year						
Profit for the year		**–**	**–**	**–**	**12,814**	**12,814**
Other comprehensive loss for the year – net		**–**	**–**	**(4,171)**	**–**	**(4,171)**
Total		**–**	**–**	**(4,171)**	**12,814**	**8,643**
Transfer from accumulated profits to statutory reserve		**–**	**3,204**	**–**	**(3,204)**	**–**
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	**24**	**–**	**–**	**–**	**(9,458)**	**(9,458)**
Balance at 31 December 2015		**180,008**	**95,823**	**5,353**	**31,360**	**312,544**

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2015

	Note	Share capital $'000	Statutory reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000
Company						
Balance at 1 January 2014		180,008	86,291	4,338	32,425	303,062
Total comprehensive income for the year						
Profit for the year		–	–	–	12,655	12,655
Other comprehensive income for the year – net		–	–	4,928	–	4,928
Total		–	–	4,928	12,655	17,583
Transfer from accumulated profits to statutory reserve		–	6,328	–	(6,328)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2013 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2014		180,008	92,619	9,266	30,871	312,764
Total comprehensive income for the year						
Profit for the year		**–**	**–**	**–**	**12,811**	**12,811**
Other comprehensive loss for the year – net		**–**	**–**	**(4,204)**	**–**	**(4,204)**
Total		**–**	**–**	**(4,204)**	**12,811**	**8,607**
Transfer from accumulated profits to statutory reserve		**–**	**3,204**	**–**	**(3,204)**	**–**
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	**24**	**–**	**–**	**–**	**(9,458)**	**(9,458)**
Balance at 31 December 2015		**180,008**	**95,823**	**5,062**	**31,020**	**311,913**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	$'000	$'000
Operating activities		
Profit before income tax	**15,097**	14,915
Adjustments for:		
Impact of accrual of interest income	**41**	106
Impact of accrual of interest expense	**5,801**	1,527
Depreciation of property, plant and equipment	**702**	708
Depreciation of investment properties	**377**	378
Property, plant and equipment written off	**4**	–
Allowances for impairment losses on loans and advances	**3,975**	1,252
Gains on disposal of property, plant and equipment	**(93)**	–
Dividends	**(153)**	(131)
Operating cash flows before movements in working capital	**25,751**	18,755
Changes in working capital		
Other assets	**(442)**	967
Loans and advances	**(283,219)**	(144,315)
Statutory deposit with the MAS	**(8,764)**	(5,657)
Deposits and savings accounts of customers	**392,432**	180,970
Other liabilities	**1,590**	1,579
SPRING loans	**(2,059)**	(2,903)
Provision for employee benefits	**(14)**	21
Cash generated from operations	**125,275**	49,417
Income taxes paid	**(2,195)**	(2,034)
Net cash from operating activities	**123,080**	47,383
Investing activities		
Purchase of investments	**(98,275)**	(23,965)
Purchase of property, plant and equipment	**(679)**	(466)
Proceeds from disposal of investments	**49,000**	5,000
Proceeds from disposal of property, plant and equipment	**93**	–
Dividends received	**63**	42
Net cash used in investing activities	**(49,798)**	(19,389)
Financing activity		
Dividends paid	**(9,458)**	(7,881)
Net cash used in financing activity	**(9,458)**	(7,881)
Net increase in cash and cash equivalents	**63,824**	20,113
Cash and cash equivalents at beginning of the year	**245,781**	225,668
Cash and cash equivalents at end of the year	**309,605**	245,781

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 2015 were authorised for issue by the Board of Directors on 10 February 2016.

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 Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in *FRS 36 Impairment of Assets*.

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 2015, 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.

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

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers*[2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*[1]
- Amendments to FRS 110 *Consolidated Financial Statements,* FRS 112 *Disclosure of Interest in Other Entities,* FRS 28 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*[1]
- Improvements to Financial Reporting Standards (November 2014)[1]

[1] Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

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 of the Company in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109 include:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

FRS 109 Financial Instruments *(Continued)*

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group is currently evaluating the impact of changes 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 when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF CONSOLIDATION (CONTINUED)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies.

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

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary 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.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.4 FINANCIAL INSTRUMENTS

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.

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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

Financial assets are recognised and de-recognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset 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.

(a) Available-for-sale financial assets

The Group's investments in equity securities and debt securities and MAS bills 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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Impairment of financial assets (Continued)

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.

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.

Calculation of recoverable amount

<u>Loans and advances</u>

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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Impairment of financial assets (Continued)

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INVESTMENT PROPERTIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 REVENUE RECOGNITION (CONTINUED)

(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.

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.

NOTES TO FINANCIAL **STATEMENTS**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL **STATEMENTS**

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.

(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.

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 a non-executive/non-independent director and a lead non-executive/independent Chairman 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.

(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.

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)

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.

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 $3,951,000 (2014: $4,546,000). 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.

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)

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 $'000	Non-performing $'000	Total $'000
Loan type			
31 December 2015			
Land and construction	**489,611**	**28,469**	**518,080**
Commercial properties	**746,907**	**968**	**747,875**
Motor vehicles	**373,345**	**4**	**373,349**
Private residential	**368,502**	**1,402**	**369,904**
Block discounting	**249,230**	**–**	**249,230**
Machinery and equipment	**68,663**	**18**	**68,681**
Share loans	**52,843**	**–**	**52,843**
Shipping	**51,499**	**–**	**51,499**
Factoring and accounts receivables	**13,614**	**–**	**13,614**
HDB flats	**3,767**	**552**	**4,319**
Others	**3,850**	**–**	**3,850**
	2,421,831	**31,413**	**2,453,244**
Less: Collective impairment	**(19,678)**	**(255)**	**(19,933)**
Total	**2,402,153**	**31,158**	**2,433,311**
31 December 2014			
Land and construction	669,984	–	669,984
Commercial properties	639,924	1,777	641,701
Motor vehicles	349,954	210	350,164
Private residential	343,177	3,147	346,324
Block discounting	204,319	–	204,319
Machinery and equipment	58,369	38	58,407
Share loans	54,246	–	54,246
Shipping	11,544	856	12,400
Factoring and accounts receivables	11,202	–	11,202
HDB flats	4,263	587	4,850
Others	3,794	–	3,794
	2,350,776	6,615	2,357,391
Less: Collective impairment	(17,070)	(48)	(17,118)
Total	2,333,706	6,567	2,340,273

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)

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.

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

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Individually impaired:		
Properties	**40,693**	16,759
Equipment	**–**	159
Motor vehicles	**24**	269
Vessels	**–**	2,210
	40,717	19,397
Past Due but not impaired:		
Properties	**5,460**	3,048
Equipment	**341**	318
Motor vehicles	**425**	1,435
	6,226	4,801

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

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Motor vehicles and equipment	–	163

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.

(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.

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)

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

	2015 $'000	2014 $'000
Loans grading		
Loans and advances to customers		
(i) Individually impaired		
Substandard	**31,413**	6,615
Loss	**1,926**	1,187
Gross amount	**33,339**	7,802
Less: Allowance for impairment	**(1,926)**	(1,187)
Gross amount net of specific impairment	**31,413**	6,615
(ii) Collectively impaired		
Past due but not impaired		
Pass	**–**	–
Special mention	**2,143**	1,950
Gross amount	**2,143**	1,950
Neither past due nor impaired		
Pass	**1,732,622**	1,432,096
Special mention	**223,169**	266,627
Gross amount	**1,955,791**	1,698,723
Gross amount: collectively impaired	**1,957,934**	1,700,673
Loans and advances net of specific impairment	**1,989,347**	1,707,288
Less: Collective impairment	**(19,933)**	(17,118)
Carrying amount	**1,969,414**	1,690,170
Ageing of loans and advances that are past due but not impaired < 3 months	**2,143**	1,950

As of 31 December 2015, the Group has loans and advances of $1,254,894 which the terms have been renegotiated (2014: $1,208,865). As at 31 December 2015, the loans were graded as individually impaired, for which impairment of $808,792 was provided in respect of the loans (2014: $812,460).

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.

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)

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 and guidelines of the Group, evaluating the risk profile of the Group's loan portfolio, reviewing and managing the quality and profitability of its loan assets.

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	
	2015	**2014**
	$'000	**$'000**
Carrying amount	**1,969,414**	1,690,170
Concentration by sector		
Building and construction	**460,173**	608,331
Hire purchase finance	**260,274**	242,280
Financial institutions, and investment and holding companies	**456,337**	225,465
Professional and individuals	**239,433**	216,947
Block discounting	**161,296**	111,228
General commerce	**141,644**	99,378
Housing loans	**81,788**	87,158
Transport, storage and communication	**96,990**	35,367
Manufacturing	**10,715**	8,204
Factoring and accounts receivables	**4,127**	4,094
Others	**76,570**	68,836
	1,989,347	1,707,288
Less: Collective impairment	**(19,933)**	(17,118)
Total	**1,969,414**	1,690,170

(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 30 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.

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 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 2015, the Group has available funds of $92 million (2014: $82 million) from undrawn committed credit lines which allow the Group to use the funds up to the limit in respect of which all conditions precedent have been met in the event of liquidity shortfall.

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 2015							
Assets							
Statutory deposit with the Monetary Authority of Singapore	59,302	59,302	–	–	–	–	–
Investments	274,590	–	–	25,820	83,776	161,424	3,570
Loans and advances to customers	1,969,414	188,825	82,142	203,899	548,353	946,195	–
Cash on deposit, at banks and in hand	309,605	176,705	32,900	100,000	–	–	–
Others	3,793	188	2,882	723	–	–	–
Total Assets	2,616,704	425,020	117,924	330,442	632,129	1,107,619	3,570
Liabilities							
Deposits and savings accounts of customers	2,313,861	275,011	562,800	1,221,774	209,685	–	44,591
SPRING loans	2,044	343	287	861	553	–	–
Others	27,863	5,263	4,506	15,439	1,999	–	656
Total Liabilities	2,343,768	280,617	567,593	1,238,074	212,237	–	45,247
Net Liquidity Surplus/ (Gap)	272,936	144,403	(449,669)	(907,632)	419,892	1,107,619	(41,677)
Off-balance sheet							
Undrawn loan commitments	463,897	463,897	–	–	–	–	–
Guarantees issued	3,951	3,951	–	–	–	–	–

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 2014							
Assets							
Statutory deposit with the Monetary Authority of Singapore	50,538	50,538	–	–	–	–	–
Investments	231,004	–	4,997	–	18,532	203,422	4,053
Loans and advances to customers	1,690,170	129,652	36,765	307,500	507,103	709,150	–
Cash on deposit, at banks and in hand	245,781	131,781	29,000	85,000	–	–	–
Others	3,080	162	2,441	477	–	–	–
Total Assets	2,220,573	312,133	73,203	392,977	525,635	912,572	4,053
Liabilities							
Deposits and savings accounts of customers	1,921,428	250,187	514,517	959,377	145,561	–	51,786
SPRING loans	4,103	408	353	1,481	1,861	–	–
Others	20,473	3,775	3,298	11,426	1,317	–	657
Total Liabilities	1,946,004	254,370	518,168	972,284	148,739	–	52,443
Net Liquidity Surplus/ (Gap)	274,569	57,763	(444,965)	(579,307)	376,896	912,572	(48,390)
Off-balance sheet							
Undrawn loan commitments	650,103	650,103	–	–	–	–	–
Guarantees issued	4,546	4,546	–	–	–	–	–

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 2015							
Assets							
Statutory deposit with the Monetary Authority of Singapore	59,302	59,302	–	–	–	–	–
Investments	274,181	–	–	25,820	83,776	161,424	3,161
Loans and advances to customers	1,969,414	188,825	82,142	203,899	548,353	946,195	–
Cash on deposit, at banks and in hand	309,561	176,661	32,900	100,000	–	–	–
Others	3,793	188	2,882	723	–	–	–
Total Assets	2,616,251	424,976	117,924	330,442	632,129	1,107,619	3,161
Liabilities							
Deposits and savings accounts of customers	2,314,601	275,508	562,800	1,222,017	209,685	–	44,591
SPRING loans	2,044	343	287	861	553	–	–
Others	27,386	5,263	4,506	15,439	1,999	–	179
Total Liabilities	2,344,031	281,114	567,593	1,238,317	212,237	–	44,770
Net Liquidity Surplus/ (Gap)	272,220	143,862	(449,669)	(907,875)	419,892	1,107,619	(41,609)
Off-balance sheet							
Undrawn loan commitments	463,897	463,897	–	–	–	–	–
Guarantees issued	3,951	3,951	–	–	–	–	–

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 2014							
Assets							
Statutory deposit with the Monetary Authority of Singapore	50,538	50,538	–	–	–	–	–
Investments	230,636	–	4,997	–	18,532	203,422	3,685
Loans and advances to customers	1,690,170	129,652	36,765	307,500	507,103	709,150	–
Cash on deposit, at banks and in hand	245,735	131,735	29,000	85,000	–	–	–
Others	3,080	162	2,441	477	–	–	–
Total Assets	2,220,159	312,087	73,203	392,977	525,635	912,572	3,685
Liabilities							
Deposits and savings accounts of customers	1,922,165	250,682	514,517	959,619	145,561	–	51,786
SPRING loans	4,103	408	353	1,481	1,861	–	–
Others	19,995	3,775	3,298	11,426	1,317	–	179
Total Liabilities	1,946,263	254,865	518,168	972,526	148,739	–	51,965
Net Liquidity Surplus/ (Gap)	273,896	57,222	(444,965)	(579,549)	376,896	912,572	(48,280)
Off-balance sheet							
Undrawn loan commitments	650,103	650,103	–	–	–	–	–
Guarantees issued	4,546	4,546	–	–	–	–	–

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
<u>Group</u>							
31 December 2015							
Deposits and savings accounts of customers	**2,313,861**	**(2,331,435)**	**(275,286)**	**(551,789)**	**(1,246,579)**	**(213,190)**	**(44,591)**
SPRING loans	**2,044**	**(2,069)**	**(343)**	**(288)**	**(876)**	**(562)**	**–**
Other liabilities	**27,863**	**(27,863)**	**(5,263)**	**(4,506)**	**(15,439)**	**(1,999)**	**(656)**
Total liabilities	**2,343,768**	**(2,361,367)**	**(280,892)**	**(556,583)**	**(1,262,894)**	**(215,751)**	**(45,247)**
Undrawn loan commitments	**463,897**	**(463,897)**	**(463,897)**	**–**	**–**	**–**	**–**
	2,807,665	**(2,825,264)**	**(744,789)**	**(556,583)**	**(1,262,894)**	**(215,751)**	**(45,247)**
31 December 2014							
Deposits and savings accounts of customers	1,921,428	(1,932,659)	(250,383)	(482,181)	(1,000,841)	(147,468)	(51,786)
SPRING loans	4,103	(4,191)	(404)	(368)	(1,499)	(1,920)	–
Other liabilities	20,473	(20,473)	(3,775)	(3,298)	(11,426)	(1,317)	(657)
Total liabilities	1,946,004	(1,957,323)	(254,562)	(485,847)	(1,013,766)	(150,705)	(52,443)
Undrawn loan commitments	650,103	(650,103)	(650,103)	–	–	–	–
	2,596,107	(2,607,426)	(904,665)	(485,847)	(1,013,766)	(150,705)	(52,443)

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 2015							
Deposits and savings accounts of customers	**2,314,601**	**(2,332,176)**	**(275,782)**	**(551,789)**	**(1,246,824)**	**(213,190)**	**(44,591)**
SPRING loans	**2,044**	**(2,069)**	**(343)**	**(288)**	**(876)**	**(562)**	**–**
Other liabilities	**27,386**	**(27,386)**	**(5,263)**	**(4,506)**	**(15,439)**	**(1,999)**	**(179)**
Total liabilities	**2,344,031**	**(2,361,631)**	**(281,388)**	**(556,583)**	**(1,263,139)**	**(215,751)**	**(44,770)**
Undrawn loan commitments	**463,897**	**(463,897)**	**(463,897)**	**–**	**–**	**–**	**–**
	2,807,928	**(2,825,528)**	**(745,285)**	**(556,583)**	**(1,263,139)**	**(215,751)**	**(44,770)**
31 December 2014							
Deposits and savings accounts of customers	1,922,165	(1,933,397)	(250,878)	(482,181)	(1,001,084)	(147,468)	(51,786)
SPRING loans	4,103	(4,191)	(409)	(354)	(1,508)	(1,920)	–
Other liabilities	19,995	(19,995)	(3,775)	(3,298)	(11,426)	(1,317)	(179)
Total liabilities	1,946,263	(1,957,583)	(255,062)	(485,833)	(1,014,018)	(150,705)	(51,965)
Undrawn loan commitments	650,103	(650,103)	(650,103)	–	–	–	–
	2,596,366	(2,607,686)	(905,165)	(485,833)	(1,014,018)	(150,705)	(51,965)

The negative net liquidity gap for the maturity band for up to 12 months as at 31 December 2015 (2014: 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 2015 (2014: 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.

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)

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.

The Interest Rate Working Committee (IRWC) is tasked to track market interest rate trends, plan and manage product mix, product pricing and re-pricing strategies.

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.

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 2015							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	59,302	–	–	–	–	59,302
Investments	3.15	3,570	–	–	109,597	161,423	274,590
Loans and advances to customers	2.93	–	828,149	585,644	428,248	127,373	1,969,414
Cash on deposit, at banks and in hand	1.39	2,474	207,131	100,000	–	–	309,605
Other assets	–	3,793	–	–	–	–	3,793
		69,139	1,035,280	685,644	537,845	288,796	2,616,704
Financial Liabilities							
Deposits and savings accounts of customers	1.48	60,133	822,269	1,221,774	209,685	–	2,313,861
SPRING loans	2.29	–	630	861	553	–	2,044
Other liabilities	–	27,863	–	–	–	–	27,863
		87,996	822,899	1,222,635	210,238	–	2,343,768

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 2014							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	50,538	–	–	–	–	50,538
Investments	3.09	9,050	–	–	18,532	203,422	231,004
Loans and advances to customers	3.38	–	752,846	453,868	341,077	142,379	1,690,170
Cash on deposit, at banks and in hand	1.03	1,872	158,909	85,000	–	–	245,781
Other assets	–	3,080	–	–	–	–	3,080
		64,540	911,755	538,868	359,609	345,801	2,220,573
Financial Liabilities							
Deposits and savings accounts of customers	1.12	57,389	759,101	959,377	145,561	–	1,921,428
SPRING loans	2.42	–	761	1,481	1,861	–	4,103
Other liabilities	–	20,473	–	–	–	–	20,473
		77,862	759,862	960,858	147,422	–	1,946,004

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 2015							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	59,302	–	–	–	–	59,302
Investments	3.15	3,161	–	–	109,597	161,423	274,181
Loans and advances to customers	2.93	–	828,149	585,644	428,248	127,373	1,969,414
Cash on deposit, at banks and in hand	1.39	2,430	207,131	100,000	–	–	309,561
Other assets	–	3,793	–	–	–	–	3,793
		68,686	1,035,280	685,644	537,845	288,796	2,616,251
Financial Liabilities							
Deposits and savings accounts of customers	1.48	60,133	822,766	1,222,017	209,685	–	2,314,601
SPRING loans	2.29	–	630	861	553	–	2,044
Other liabilities	–	27,386	–	–	–	–	27,386
		87,519	823,396	1,222,878	210,238	–	2,344,031

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 2014							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	50,538	–	–	–	–	50,538
Investments	3.09	8,682	–	–	18,532	203,422	230,636
Loans and advances to customers	3.38	–	752,846	453,868	341,077	142,379	1,690,170
Cash on deposit, at banks and in hand	1.03	1,826	158,909	85,000	–	–	245,735
Other assets	–	3,080	–	–	–	–	3,080
		64,126	911,755	538,868	359,609	345,801	2,220,159
Financial Liabilities							
Deposits and savings accounts of customers	1.12	57,389	759,596	959,619	145,561	–	1,922,165
SPRING loans	2.42	–	761	1,481	1,861	–	4,103
Other liabilities	–	19,995	–	–	–	–	19,995
		77,384	760,357	961,100	147,422	–	1,946,263

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 2015, a 100 basis point increase/(decrease) in the interest rate at the end of the reporting period would increase/(decrease) profit by $208,000 (2014: increase/(decrease) profit by $659,000) and fair value reserves by $2,710,000 (2014: increase/(decrease) fair value reserves by $2,220,000) mainly a result of the changes in the fair value of available-for-sale fixed rate instruments.

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

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).

<u>Singapore Government Securities ("SGS") & MAS Bills</u>

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

<u>Securities listed on the SGX</u>

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.

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)

(3) Equity price risk on investments (Continued)

As at 31 December 2015, a 10% increase/(decrease) in the equity prices at the end of the reporting period would increase/(decrease) fair value reserves by $357,000 (2014: increase/(decrease) by $405,000). The Group's net profit for the year ended December 31, 2015 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.

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.

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 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.

(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 2015.

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.

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)

(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.

(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:

	Carrying amount 2015 $'000	Fair value 2015 $'000	Carrying amount 2014 $'000	Fair value 2014 $'000
Group				
31 December 2015				
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	**59,302**	**59,302**	50,538	50,538
Loans and advances	**1,969,414**	**1,970,091**	1,690,170	1,691,890
Cash on deposit, at banks and in hand	**309,605**	**309,605**	245,781	245,781
Other assets	**3,793**	**3,793**	3,080	3,080
Available-for-sale financial assets:				
Investments	**274,590**	**274,590**	231,004	231,004
	2,616,704	**2,617,381**	2,220,573	2,222,293
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	**2,313,861**	**2,323,553**	1,921,428	1,926,469
SPRING loans	**2,044**	**2,044**	4,103	4,103
Other liabilities	**27,863**	**27,863**	20,473	20,473
	2,343,768	**2,353,460**	1,946,004	1,951,045

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 2015 $'000	Fair value 2015 $'000	Carrying amount 2014 $'000	Fair value 2014 $'000
Company				
31 December 2015				
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	**59,302**	**59,302**	50,538	50,538
Loans and advances	**1,969,414**	**1,970,091**	1,690,170	1,691,890
Cash on deposit, at banks and in hand	**309,561**	**309,561**	245,735	245,735
Other assets	**3,793**	**3,793**	3,080	3,080
Available-for-sale financial assets:				
Investments	**274,181**	**274,181**	230,636	230,636
	2,616,251	**2,616,928**	2,220,159	2,221,879
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	**2,314,601**	**2,324,293**	1,922,165	1,927,206
SPRING loans	**2,044**	**2,044**	4,103	4,103
Other liabilities	**27,386**	**27,386**	19,995	19,995
	2,344,031	**2,353,723**	1,946,263	1,951,304

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 2015				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	**3,570**	**3,570**	**3,161**	**3,161**
Singapore Government securities	**271,020**	**271,020**	**271,020**	**271,020**
	274,590	**274,590**	**274,181**	**274,181**
31 December 2014				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	4,053	4,053	3,685	3,685
Singapore Government securities	226,951	226,951	226,951	226,951
	231,004	231,004	230,636	230,636

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:

	Fair Value Hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31 December 2015				
Group				
Financial Assets				
Loans and advances	–	1,970,091	–	1,970,091
Financial Liabilities				
Deposits and savings accounts of customers	–	2,323,553	–	2,323,553
Company				
Financial Assets				
Loans and advances	–	1,970,091	–	1,970,091
Financial Liabilities				
Deposits and savings accounts of customers	–	2,324,293	–	2,324,293

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 Hierarchy Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2014				
Group				
Financial Assets				
Loans and advances	–	1,691,890	–	1,691,890
Financial Liabilities				
Deposits and savings accounts of customers	–	1,926,469	–	1,926,469
Company				
Financial Assets				
Loans and advances	–	1,691,890	–	1,691,890
Financial Liabilities				
Deposits and savings accounts of customers	–	1,927,206	–	1,927,206

(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.

NOTES TO FINANCIAL **STATEMENTS**

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

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

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

	Group	
	2015	**2014**
	$'000	**$'000**
Capital element		
Core capital		
Share capital	**180,008**	180,008
Disclosed reserves *	**127,183**	123,827
	307,191	303,835

* Excludes fair value reserve

	Group	
	2015	**2014**
	$'000	**$'000**
Risk weighted assets	**2,144,487**	1,912,845
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	**14.32**	15.88

(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 2014.

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	
	2015	**2014**
	$'000	**$'000**
At 31 December		
(a) Deposits	**4,505**	39,116
For the year ended 31 December		
(b) Profit or loss transactions		
– Interest expenses on deposits	**538**	213
– Rental income	**(253)**	(251)

6 OTHER ASSETS

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Accrued interest receivables	**3,793**	3,080
Prepaid commission	**2,075**	1,700
Prepayments, deposits and other assets	**558**	491
	6,426	5,271

NOTES TO FINANCIAL **STATEMENTS**

7 INVESTMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Investments available-for-sale				
Quoted equity securities	**3,570**	4,053	**3,161**	3,685
Singapore Government securities	**271,020**	221,954	**271,020**	221,954
MAS Bills	**–**	4,997	**–**	4,997
	274,590	231,004	**274,181**	230,636
Other unquoted investments, at cost	**29**	29	**29**	29
Impairment loss	**(29)**	(29)	**(29)**	(29)
	–	–	**–**	–
	274,590	231,004	**274,181**	230,636

8 LOANS AND ADVANCES

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Housing, factoring receivables and other loans	**1,571,099**	1,354,485
Hire purchase receivables	**445,829**	374,519
Interest in suspense	**(933)**	(724)
Unearned interests	**(24,722)**	(19,805)
Allowances for impairment on loans and advances	**(21,859)**	(18,305)
	1,969,414	1,690,170
Due within 12 months	**673,640**	628,084
Due after 12 months	**1,295,774**	1,062,086
	1,969,414	1,690,170

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 $1,643,814 (2014: $2,534,930) and $2,580,253 (2014: $2,196,365) 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	
	2015	2014
	$'000	$'000
Specific allowance		
At 1 January	**1,187**	1,765
Additional (Write-back of) impairment losses during the year	**1,160**	(201)
Receivables written off against allowances	**(421)**	(377)
At 31 December	**1,926**	1,187
General allowance		
At 1 January	**17,118**	15,665
Allowances for impairment losses during the year	**2,815**	1,453
At 31 December	**19,933**	17,118
Total allowances for impairment on loans and advances		
At 1 January	**18,305**	17,430
At 31 December	**21,859**	18,305

The hire purchase receivables are as follows:

	Group and Company		
	Gross	Interest	Principal
	$'000	$'000	$'000
2015			
Within 1 year	**176,621**	**11,300**	**165,321**
After 1 year but within 5 years	**264,380**	**11,561**	**252,819**
After 5 years	**4,828**	**133**	**4,695**
	445,829	**22,994**	**422,835**

NOTES TO FINANCIAL **STATEMENTS**

8 LOANS AND ADVANCES (CONTINUED)

	Group and Company		
	Gross $'000	Interest $'000	Principal $'000
2014			
Within 1 year	145,492	9,248	136,244
After 1 year but within 5 years	223,413	9,841	213,572
After 5 years	5,614	132	5,482
	374,519	19,221	355,298

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

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 2014	10,646	8,530	389	627	2,358	3,240	25,790
Additions	–	–	16	–	44	406	466
Disposal/Write off	–	–	(59)	–	–	(4)	(63)
At 31 December 2014	10,646	8,530	346	627	2,402	3,642	26,193
Additions	–	–	6	436	44	193	679
Disposal/Write off	–	–	(10)	(326)	–	(2)	(338)
At 31 December 2015	**10,646**	**8,530**	**342**	**737**	**2,446**	**3,833**	**26,534**
Accumulated depreciation:							
At 1 January 2014	2,110	843	278	524	2,271	2,759	8,785
Depreciation for the year	65	200	35	71	36	301	708
Disposal/Write off	–	–	(59)	–	–	(4)	(63)
At 31 December 2014	2,175	1,043	254	595	2,307	3,056	9,430
Depreciation for the year	65	200	34	39	41	323	702
Disposal/Write off	–	–	(6)	(326)	–	(2)	(334)
At 31 December 2015	**2,240**	**1,243**	**282**	**308**	**2,348**	**3,377**	**9,798**
Carrying amount:							
At 31 December 2015	**8,406**	**7,287**	**60**	**429**	**98**	**456**	**16,736**
At 31 December 2014	8,471	7,487	92	32	95	586	16,763

NOTES TO FINANCIAL **STATEMENTS**

10 INVESTMENT PROPERTIES

	Group and Company	
	2015	**2014**
	$'000	**$'000**
At cost:		
At 1 January and 31 December	**28,794**	28,794
Accumulated depreciation:		
At 1 January	**4,342**	3,964
Depreciation charge for the year	**377**	378
At 31 December	**4,719**	4,342
Carrying amount:		
At 31 December	**24,075**	24,452

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 2015 and 31 December 2014 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 insignificant 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 2015 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at 31 December 2015 $'000	Fair value as at 31 December 2014 $'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% (2014: 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**	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. Approximately 50% (2014: 50%) of the lettable space is used as branch premises of the Company and the remaining area is for rental. Tenure of lease is 86 years commencing 1 July 1992.	–	2,200	–	**2,200**	2,200
	–	74,471	–	**74,471**	74,471

The fair value of the entire 17-storey office building at 96 Robinson Road, Singapore 068899, is $117,000,000 (2014: $117,000,000). The fair value of the shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, is $4,400,000 (2014: $4,400,000).

NOTES TO FINANCIAL **STATEMENTS**

11 SUBSIDIARY

	Company 2015 $'000	Company 2014 $'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% (2014: 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 31 December 2013 $'000	Recognised in profit or loss for the year $'000	Recognised in other comprehensive income $'000	At 31 December 2014 $'000	Recognised in profit or loss for the year $'000	Recognised in other comprehensive income $'000	At 31 December 2015 $'000
Group							
Deferred tax assets (liabilities)							
Employee benefits	39	4	–	43	**(3)**	**–**	**40**
Property, plant and equipment	(93)	(20)	–	(113)	**27**	**–**	**(86)**
Investments	(929)	–	(1,022)	(1,951)	**–**	**854**	**(1,097)**
	(983)	(16)	(1,022)	(2,021)	**24**	**854**	**(1,143)**
Company							
Deferred tax assets (liabilities)							
Employee benefits	39	4	–	43	**(3)**	**–**	**40**
Property, plant and equipment	(93)	(20)	–	(113)	**27**	**–**	**(86)**
Investments	(889)	–	(1,009)	(1,898)	**–**	**861**	**(1,037)**
	(943)	(16)	(1,009)	(1,968)	**24**	**861**	**(1,083)**

NOTES TO FINANCIAL **STATEMENTS**

13 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed deposits	**2,241,313**	1,851,298	**2,241,313**	1,851,298
Fixed deposits from subsidiary	**–**	–	**740**	737
Savings accounts and call deposits	**27,958**	18,344	**27,958**	18,344
Project accounts	**44,590**	51,786	**44,590**	51,786
	2,313,861	1,921,428	**2,314,601**	1,922,165

14 OTHER LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Accrued interest payable	**17,582**	11,781	**17,583**	11,782
Accrued operating expenses	**5,367**	4,847	**5,357**	4,834
Amount due to subsidiary	**–**	–	**36**	36
Factoring current accounts	**2,314**	1,402	**2,314**	1,402
Deposits for safe deposit boxes and rental deposits	**828**	861	**828**	861
Unclaimed dividends	**606**	604	**102**	102
Others	**1,166**	978	**1,166**	978
	27,863	20,473	**27,386**	19,995

15 SPRING LOANS (UNSECURED)

	Group and Company	
	2015	2014
	$'000	$'000
Due within 12 months	**1,491**	2,242
Due after 12 months	**553**	1,861
	2,044	4,103

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	
	2015	2014
	$'000	$'000
Liability for short-term accumulating compensated absences	**238**	252

17 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	No. of shares ('000)	No. of shares ('000)	$'000	$'000
Issued and fully paid:				
At 1 January and 31 December	**157,626**	157,626	**180,008**	180,008

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Statutory reserve	**95,823**	92,619	**95,823**	92,619
Fair value reserve	**5,353**	9,524	**5,062**	9,266
Accumulated profits	**31,360**	31,208	**31,020**	30,871
	132,536	133,351	**131,905**	132,756

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	
	2015	**2014**
	$'000	**$'000**
Salaries and other benefits	**2,038**	1,865
Contributions to defined contribution plan	**24**	19
Directors' fees	**479**	524
Others	**44**	36
	2,585	2,444

21 PROFIT BEFORE INCOME TAX

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

	Group	
	2015	**2014**
	$'000	**$'000**
Interest income and hiring charges		
Loans and advances and others	**53,409**	43,663
Cash and bank deposits	**3,326**	1,850
Available-for-sale investments	**6,783**	6,106
	63,518	51,619
Interest expense		
Deposits and others	**28,302**	19,016
Interest-bearing borrowings	**–**	5
	28,302	19,021

NOTES TO FINANCIAL **STATEMENTS**

21 PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2015	**2014**
	$'000	**$'000**
Dividends		
Quoted equity securities	**153**	131
Other income		
Government grant	**292**	143
Bad debts recovered	**122**	60
Net gain on property, plant and equipment written off/disposed	**89**	–
Rental income from safe boxes	**224**	221
Others	**19**	6
	746	430
Staff costs		
Salaries and other benefits	**12,270**	11,431
Contributions to defined contribution plan	**1,369**	1,201
Increase in liability for short-term accumulating compensated absences	**(13)**	20
	13,626	12,652
Other operating expenses		
Audit fees	**87**	83
Non-audit fees	**35**	12
Operating expenses on investment properties	**713**	790
Maintenance, utilities and property tax	**982**	871
Legal and professional fees	**152**	91
Commission expense	**2,178**	2,698
Others	**2,325**	2,670
	6,472	7,215

NOTES TO FINANCIAL **STATEMENTS**

22 INCOME TAX EXPENSE

	Group 2015 $'000	Group 2014 $'000
Current tax expense		
Current year	**2,410**	2,241
Adjustments with respect to prior years	**(103)**	–
	2,307	2,241
Deferred tax credit (debit)		
Reversal of temporary differences (Note 12)	**(24)**	16
Total income tax expense	**2,283**	2,257
Reconciliation of effective tax rate		
Profit before income tax	**15,097**	14,915
Income tax using Singapore tax rate of 17% (2014: 17%)	**2,566**	2,536
Adjustments with respect to prior years	**–**	–
Expenses not deductible for tax purposes	**144**	152
Income not subject to tax	**(33)**	(32)
Tax effect of income subject to concessionary tax rate of 10% (2014: 10%)	**(140)**	(126)
Others	**(254)**	(273)
Total income tax expense	**2,283**	2,257

23 EARNINGS PER SHARE

	Group 2015 $'000	Group 2014 $'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	**12,814**	12,658
Weighted average number of ordinary shares	**157,626**	157,626

There were no potential dilutive ordinary shares for the years ended 31 December 2015 and 2014.

NOTES TO FINANCIAL **STATEMENTS**

24 DIVIDENDS

In 2015, a dividend of 6 cents per share, one-tier tax exempt (total dividend $9,458,000) was paid to shareholders. In 2014, a dividend of 5 cents per share, one-tier tax exempt (total dividend $7,881,000) was paid.

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

	$'000
Annual dividend proposed of:	
2015: 5 cents per share, one-tier tax exempt	7,881

25 COMMITMENTS

	Group and Company	
	2015	2014
	$'000	$'000
Capital commitments		
Commitments for capital expenditure contracted but not provided for in the financial statements	**50**	90

Operating lease commitments

The Group as lessee

	Group and Company	
	2015	2014
	$'000	$'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	**191**	226

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

	Group and Company	
	2015	2014
	$'000	$'000
Payable:		
Within 1 year	**204**	140
After 1 year but within 5 years	**357**	–
	561	140

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 (2014: 3 years) and rentals are fixed for an average of 3 years (2014: 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	
	2015	**2014**
	$'000	**$'000**
Receivable:		
Within 1 year	**2,532**	2,510
After 1 year but within 5 years	**806**	889
	3,338	3,399

Other commitment

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Undrawn loan commitments	**463,897**	650,103

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 requirements are as follows:

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Guarantees issued and financing of goods imported	**3,951**	4,546

As at 31 December 2015, guarantees issued for the Group and the Company's operational requirements amounted to $38,650 (2014: $58,150).

ADDITIONAL **INFORMATION**

YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2015

Name of Director	Total Remuneration (nearest thousand) $	Basic Salary/ Employer's CPF/AWS %	Variable Bonus %	Directors' Fee %	Other Benefits %	Total %
Executive Directors						
Lee Sze Leong	1,241	56.8	33.5	7.6	2.1	100
Lee Sze Siong	823	60.2	30.7	7.3	1.8	100
Non-Executive Directors						
Ng Tat Pun	57.5	–	–	100	–	100
Dr Joseph Yeong Wee Yong	75	–	–	100	–	100
Lim Poh Suan	65	–	–	100	–	100
Kim Seah Teck Kim	60	–	–	100	–	100
Chee Jin Kiong	12.5	–	–	100	–	100

STATISTICS OF **SHAREHOLDINGS**

AS AT 3 MARCH 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	64	2.98	1,185	0.00
100 – 1,000	169	7.86	97,323	0.06
1,001 – 10,000	1,047	48.72	5,644,304	3.58
10,001 – 1,000,000	848	39.46	55,115,567	34.97
1,000,001 AND ABOVE	21	0.98	96,767,385	61.39
TOTAL	**2,149**	**100.00**	**157,625,764**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	F H LEE HOLDINGS PTE LTD	40,734,550	25.84
2	RAFFLES NOMINEES (PTE) LIMITED	8,535,321	5.41
3	PHILLIP SECURITIES PTE LTD	7,994,020	5.07
4	SUTL CAPITAL PTE LTD	4,068,818	2.58
5	AMELIA	4,061,311	2.58
6	DBS NOMINEES (PRIVATE) LIMITED	3,138,655	1.99
7	LEE HENG WAH @ LEE HENG GUAN	3,000,000	1.90
8	SING HOLDINGS LIMITED	2,821,500	1.79
9	KOH BOON HONG	2,708,600	1.72
10	TAN CHEE JIN	2,631,300	1.67
11	MORPH INVESTMENTS LTD	1,956,000	1.24
12	COSMOS INVESTMENT PTE LTD	1,785,150	1.13
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,775,035	1.13
14	CITIBANK NOMINEES SINGAPORE PTE LTD	1,656,875	1.05
15	KIMANIS MARINE PTE LTD	1,629,500	1.03
16	ANG HAO YAO (HONG HAOYAO)	1,580,000	1.00
17	AW SEOH BEE	1,547,400	0.98
18	ANG CHIAN POH	1,526,350	0.97
19	TAI MAH SAWMILL CO (PTE) LTD	1,276,000	0.81
20	LIM HWEE SIN	1,182,000	0.75
TOTAL		**95,608,385**	**60.64**

STATISTICS OF **SHAREHOLDINGS**

AS AT 3 MARCH 2016

SUBSTANTIAL SHAREHOLDERS AS AT 3 MARCH 2016

	No of shares			
Name	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	0.38	43,856,050	27.82
Lee Sze Leong (2)	384,081	0.24	43,556,050	27.63
Lee Sze Siong (3)	450,592	0.28	43,556,050	27.63
Lee Sze Hao (4)	444,213	0.28	43,556,050	27.63
Lee Yit (5)	69,300	0.04	43,556,050	27.63
F.H. Lee Holdings (Pte) Limited (6)	40,734,550	25.84	2,821,500	1.79

Notes:–

(1) Lee Fee Huang is deemed to be interested in 300,000 shares held by his wife, Wee Yah Heong, 40,734,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,821,500 shares held by Sing Holdings Limited.

(2) Lee Sze Leong is deemed to be interested in 40,734,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,821,500 shares held by Sing Holdings Limited.

(3) Lee Sze Siong is deemed to be interested in 40,734,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,821,500 shares held by Sing Holdings Limited.

(4) Lee Sze Hao is deemed to be interested in 40,734,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,821,500 shares held by Sing Holdings Limited.

(5) Lee Yit is deemed to be interested in 40,734,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,821,500 shares held by Sing Holdings Limited.

(6) F.H. Lee Holdings (Pte) Limited is deemed to be interested in 2,821,500 shares held by Sing Holdings Limited.

Shareholdings held in hands of public

As at 3 March 2016, approximately 70.94% of issued share capital of the Company was 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.

Treasury Shares

The Company does not hold any treasury shares as at 3 March 2016.

Directors' shareholdings as at 21 January 2016

As shown in the Directors' Statement, the shares held by the Directors as at 31 December 2015 remain unchanged as at 21 January 2016.

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 168 Robinson Road, Level 9 STI Auditorium, Capital Tower, Singapore 068912, on Thursday, 21st April 2016 at 3.00 p.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Directors' statement and audited financial statements for the year ended 31st December 2015 together with the auditors' report thereon. (Resolution 1)

2. To approve the payment of $470,000 as Directors' fees for the year ended 31st December 2015 (2014: $425,000). (Resolution 2)

3. To declare a first and final one-tier tax exempt dividend of 5 cents per ordinary share for the financial year ended 31st December 2015. (Resolution 3)

4. To re-elect Mr Ng Tat Pun as Director, who retires at this Annual General Meeting. (Resolution 4)

5. To re-elect Mr Lee Sze Leong as Director, who retires pursuant to Article 109 of the Constitution of the Company. (Resolution 5)

6. To re-elect Mr Kim Seah Teck Kim as Director, who retires pursuant to Article 109 of the Constitution of the Company. (Resolution 6)

7. 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 7)

8. To transact any other business of an Annual General Meeting.

AS SPECIAL BUSINESS

9. 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 8)

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

   (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

NOTICE OF ANNUAL GENERAL MEETING

(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 Constitution 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."

BY ORDER OF THE BOARD

Chan Kum Kit
Tan Mui Sang
Company Secretaries

Singapore, 30 March 2016

NOTICE OF **ANNUAL GENERAL MEETING**

Notes:

(1) A member (who is not a relevant intermediary) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

(2) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary is either:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

(3) 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 Annual General Meeting.

(4) Mr Ng Tat Pun, a Non-Executive and Independent Director, will upon re-election under item 4 above, continue to serve as Chairman of the Board and as a Member of the Nominating Committee and Risk Management Committee. Mr Ng was re-appointed as Director for a one-year term in the previous year's Annual General Meeting pursuant to Section 153(6) of the Companies Act which was in force before 3rd January 2016.

(5) Mr Lee Sze Leong will, upon re-election under item 5 above, continue to serve as Chairman of the Loan Committee and as a Member of the Nominating Committee and the Risk Management Committee. Mr Lee Sze Leong is the Managing Director/Chief Executive Officer of the Company.

(6) Mr Kim Seah Teck Kim, a Non-Executive and Independent Director, will upon re-election under item 6 above, continue to serve as the Chairman of the Nominating Committee and as a Member of the Audit Committee.

(7) The ordinary resolution 8 proposed in item 9 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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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SING INVESTMENTS & FINANCE LIMITED

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

PROXY FORM

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Sing Investments & Finance Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We ____ (Name)

____ (NRIC/PP/UEN No)

of ____ (Address)

being a member/members of Sing Investments & Finance Limited (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Percentage of shareholdings represented

and/or (delete as appropriate):

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to vote for me/us on my/our behalf, at the AGM of the Company to be held on 21 April 2016 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated 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 AGM.

No.	Resolutions relating to:	No. of Votes For*	No. of Votes Against*
1	Adoption of Directors' statement and audited financial statements		
2	Approval of Directors' Fees		
3	Declaration of Final Dividend		
4	Re-election of Mr Ng Tat Pun as a Director		
5	Re-election of Mr Lee Sze Leong as a Director		
6	Re-election of Mr Kim Seah Teck Kim as a Director		
7	Re-Appointment of Messrs Deloitte & Touche LLP as Auditors and to authorize Directors to fix their remuneration		
8	As special business – approval of general mandate for the Directors to issue new shares or convertible instruments		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of ________________ 2016.

Total Number of Shares Held

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member (who is not a relevant intermediary) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such 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.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary is either:
    a. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
    b. a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
    c. the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
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 Annual General 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 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 30 March 2016.

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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

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SING INVESTMENTS
& FINANCE LIMITED

Co. Reg No. 196400348D
96 Robinson Road #01-01
SIF Building
Singapore 068899
Tel: 6305 0300
Fax: 6305 0418
Website: www.sif.com.sg