



COLLABORATION

PARTNERSHIP

TOGETHERNESS

TEAMWORK

OPERATION

COOPERATION

TEAMWORK

OPERATION



GROWING TOGETHER WITH YOU

As a customer-oriented organisation surging ahead with innovation and new ideas, each and everyone of us plays an integral role towards the growth with our customers. We are all geared as one to partner our customers in creating new possibilities and meet new challenges, as we scale new heights together.

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CHAIRMAN'S STATEMENT



Our Group's objective has always been to generate sustainable growth and create long-term value for our shareholders and the other major stakeholders. The Board sees the Group playing a pivotal role in providing financing needs to our customers, especially those in the local SME sector. For our depositors, we focus on providing appropriate and attractive saving and deposit products and services suitable to their risk profile.

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 2017.

A YEAR OF GROWTH AND EXPANSION FOR 2017

In 2017, the Singapore economy grew by 3.6%, the fastest growth since 2014. This was powered primarily by the manufacturing sector which expanded by 10.1%, coupled with 2.8% growth in the service producing industries. However, the construction sector continued to contract by about 8.4%, largely due to the weakness in private sector construction activities.

In 2017, the regulatory framework for finance companies' business activities was also expanded. In February 2017, the Monetary Authority of Singapore ("MAS") announced regulatory changes to strengthen the resilience of finance companies and enhance their ability to provide financing to small and medium sized enterprises ("SMEs"). The new Finance Companies Regulations 2017 was gazetted in November 2017 and the regulatory changes came into effect on 1 December 2017. The Board and Management welcomed these changes and are excited about the expanded business opportunities for the Group to provide long term value-added services to our SME customers and to strengthen our role in meeting their financing needs.

FINANCIAL REVIEW

Against a backdrop of challenging economic growth and low interest rate environment, the Group delivered a set of commendable results for 2017.

The Group registered a profit after tax of \$22.7 million for the financial year ended 31 December 2017, a growth of 63.7% compared to \$13.9 million a year ago. The better performance was mainly attributed to a surge in net interest income arising from lower funding costs, higher non-interest income and lower allowances for impairment losses on loans and advances.

Net interest income and hiring charges rose by 15.5% to \$44.6 million compared to \$38.6 million in the previous year. This was largely due to \$9.6 million decline in interest expenses driven by lower deposit rates and marginally lower deposit base while interest income declined by \$3.7 million due to lower average loan base during the year. With the benefits of lower funding costs, net interest margin improved from 1.5% to 1.8%.

Non-interest income rose 37.9% to \$7.2 million mainly due to gains from sale of Singapore Government Securities ("SGS"). Operating expenses edged up slightly by 4.1% to \$23.0 million mainly from higher staff costs and other operating expenses.

CHAIRMAN'S STATEMENT

Allowances for impairment losses on loans and advances of \$2.4 million were 52.9% lower than a year ago. This was due mainly to lower specific provisions made during the year. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

Tax expenses for the current year were lower pre-dominantly due to the enhanced capital allowances claims under the Productivity and Innovation Credit ("PIC") scheme granted by the Singapore Government to help Singapore companies achieve greater automation and productivity gains.

Other comprehensive income more than doubled to reach \$3.0 million for the year, mainly from the higher appreciation in SGS prices. This was partly offset by the realisation of \$2.4 million gain from the SGS portfolio. The Group purchases SGS as part of its liquid assets for the purpose of maintaining the minimum regulatory requirements on liquid assets.

Despite having a lower average loan balance during the year, the Group managed to boost its loan assets (net of loan allowances) during the last quarter of 2017 to close the year at \$1,909.3 million, \$3.8 million higher than the same period for year 2016. Deposits and savings accounts of customers declined by \$177.5 million year-on-year, resulting in a higher loan-to-deposit ratio of 89.1% compared to 82.2% for year 2016.

Total shareholders' funds rose 5.6% to \$337.7 million due to higher retained earnings and increase in fair value reserve arising from the appreciation in the value of SGS Bonds and investments. Total assets reduced by 6.0% or \$161 million mainly due to lower cash and placements with banks balance, in line with our active liquidity management.

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 7 cents per share. The higher dividend payout is in line with the better performance for 2017.

SUSTAINABLE VALUE CREATION FOR STAKEHOLDERS

Though not formally articulated before, our Group's objective has always been to generate sustainable growth and create long-term value for our shareholders and the other major stakeholders. The Board sees the Group playing a pivotal role in providing financing needs to our customers, especially those in the local SME sector.

For our depositors, we focus on providing appropriate and attractive saving and deposit products and services suitable to their risk profile. In our dealings with all our customers, we maintain a culture of integrity and transparency that complements our personalised customer service.

The Board remains committed to the highest standards in corporate governance. For the third year in succession, we were recognised by the industry for our best practices in corporate governance. In 2017, we won the Singapore Corporate Governance Award (Small Cap), given by Securities Investors Association (Singapore).

The Group views our employees as a very important stakeholder. We will continue to develop, nurture and help our employees achieve their fullest potential through both structured and

on-the-job training. The Group will continue to invest in technology not only to enhance productivity and improvement in workflow processes but also to provide a better work-life balance for the employees.

We also believe in connecting with the community and giving back to society. For the second year running, we participated in the "Project We Care" community work and it was heartening to see greater staff participation in this year's outreach.

In embracing the Group's journey towards sustainable practices in our business, we are pleased to present our inaugural Sustainability Report in this year's Annual Report, which will be published on an annual basis going forward. We will continue to seek relevant targets and improvements in managing the related environmental, social and governance ("ESG") matters. GRI Index [102-14].

2018 OUTLOOK

Notwithstanding a strong economic growth of 3.6% in 2017, the growth momentum for 2018 is expected to moderate with potential challenges ahead. We have witnessed, at the start of 2018, heightened volatility in the equity markets as well as a sharp jump in the yield of long-term US Treasuries. This arose mainly from higher inflation concerns and anticipation of more rate hikes in the US. The resulting effect of rising US interest rates on Singapore domestic interest rates and the resulting increase in funding costs is also another key challenge to manage in 2018.

However, we foresee a more broad-based growth for Singapore in 2018 with expansion coming more from the services producing sectors than the manufacturing sector. The worst may also be over for the construction sector, given the better market sentiments in the residential property segment.

The Ministry of Trade and Industry ("MTI") has forecasted Singapore's GDP growth for 2018 to be in the range of 1.5% to 3.5%. MTI's central view is that growth will likely come in slightly above the middle of the forecast range, barring the materialisation of downside risks.

Moving forward in 2018, the Group will continue to be proactive in our risk management and at the same time seek new business opportunities. In early 2018, we have launched our unsecured lending products to support our corporate customers' financing needs. New capabilities and system enhancements will also be developed to introduce current accounts with cheque facilities later in the year.

ACKNOWLEDGEMENT

I would like to thank my fellow directors for their insight and guidance and the Senior Management team and staff for their commitment and diligence which have enabled the Group to deliver a commendable performance in 2017.

On behalf of the Board, I also wish to express our gratitude to all our valued customers and steadfast shareholders for their continued trust and unwavering support.

Ng Tat Pun

Chairman

Date: 23 February 2018



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ng Tat Pun

Chairman

Mr Lee Sze Leong

Managing Director/Chief Executive Officer

Mr Lee Sze Siong

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

Ms Lim Lee Mei

Ms Rena Hioe Siew Peng

REGISTERED & HEAD OFFICE

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Ang Mo Kio Branch

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#01-4006

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

QUE 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

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Email: investor_relations@sif.com.sg

BOARD OF DIRECTORS

AS AT 12 FEBRUARY 2018



MR NG TAT PUN, 73

Role:

- Chairman
- Non-Executive and Independent Director

Date of first appointment as a director:

1 March 2012

Date of appointment as Chairman:

1 May 2015

Date of last re-election as a director:

21 April 2016

Length of service as a director:

5 years 11 months

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:

- Thai Beverage Public Company Limited

Other Appointments:

- SP Chemicals Holdings Ltd (Director)

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

- Engro Corporation Limited



MR LEE SZE LEONG, 59

Role:

- Managing Director/Chief Executive Officer
- Executive and Non-Independent Director

Date of first appointment as a director:

20 February 1989

Date of last re-election as a director:

21 April 2016

Length of service as a director:

28 years 11 months

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 Treasurer)
- 59th Singapore Chinese Chamber of Commerce & Industry (SCCCI) (Council Member)
- 59th SCCCI Finance Committee (Member)
- 59th 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 12 FEBRUARY 2018

**MR LEE SZE SIONG, 56****Role:**

- Deputy Managing Director
- Executive and Non-Independent Director

Date of first appointment as a director:

19 March 1997

Date of last re-election as a director:

24 April 2017

Length of service as a director:

20 years 10 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, 66****Role:**

- Non-Executive and Non-Independent Director

Date of first appointment as a director:

19 March 1997

Date of last re-election as a director:

23 April 2015

Length of service as a director:

20 years 10 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:

- 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

AS AT 12 FEBRUARY 2018



MR LIM POH SUAN, 66

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

1 July 2010

Date of last re-election as a director:

24 April 2017

Length of service as a director:

7 years 7 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, 63

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

1 July 2010

Date of last re-election as a director:

21 April 2016

Length of service as a director:

7 years 7 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:

- Nil

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:

- Texchem-Pack Holdings (S) Ltd.



BOARD OF DIRECTORS

AS AT 12 FEBRUARY 2018



MR CHEE JIN KIONG, 71

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

1 September 2014

Date of last re-election as a director:

23 April 2015

Length of service as a director:

3 years 5 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



**INNOVATIVE
GROWTH
SOLUTIONS**



CORPORATE GOVERNANCE STATEMENT



ABOUT US

Sing Investments & Finance Limited ("SIF") was incorporated in Singapore on 13 November 1964 under the laws of the Republic of Singapore as a private limited company under the name Sing Investments & Finance (Pte) Ltd. The Company converted to a public company on 30 July 1970 and was admitted to the Official List of the Main Board of the SGX-ST on 7 July 1983.

The Company has four branches operating in Robinson Road, Ang Mo Kio Avenue 6, Clementi Avenue 3 and Bedok North Street 1.

Being a licensed finance company under the Finance Companies Act, the Company's principal activities cover the acceptance of fixed and saving deposits from the public and the provision of loans and credit facilities to individuals and corporations, particularly the Small and Medium Enterprises (SMEs) in Singapore. The products and services of the Company include:

- Savings and Fixed Deposits
- Car Loans
- Residential and Commercial Property Loans
- Land and Construction Loans
- Machinery Loans under the Local Enterprise Finance Scheme
- Block Discounting Facility
- Share Financing
- Shipping Loans
- Invoice Factoring/Account Receivables
- Unsecured Loans

The Company has one subsidiary, Sing Investments & Finance Nominees (Pte.) Ltd. The principal activities of the subsidiary are those of a nominee service company. GRI Index [102-2] [102-6]

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.

The Company is proud to be recognised for its achievements in the industry and the awards are a testament to its business approach and the expertise of our committed teams.

2017

- SIAS 18th Investors' Choice Awards 2017 – Singapore Corporate Governance Award (Small Cap)

2016

- Singapore Corporate Awards 2016 – Best Managed Board Award (Gold) in the less than \$300 million market capitalisation category
- Singapore Governance and Transparency Forum 2016 – Special Commendation Award (Small Cap)

2015

- Singapore Corporate Awards 2015 – Best Managed Board Award (Bronze) in the less than \$300 million market capitalisation category

In the Financial Year 2017, the Board has complied with and adhered to the spirit, principles and guidelines 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.

CORPORATE GOVERNANCE STATEMENT

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 and monitoring its performance and compliance with the Code and the 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 review the results periodically;
- 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.



CORPORATE GOVERNANCE STATEMENT

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 the 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 2017 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	3	3	1
Mr Ng Tat Pun	4	–	4	3	–	1
Mr Lee Sze Leong	4	–	4	3	–	–
Mr Lee Sze Siong	4	–	4	–	–	–
Dr Joseph Yeong Wee Yong	4	–	4	–	3	1
Mr Lim Poh Suan	4	4	–	–	3	1
Mr Kim Seah Teck Kim	4	4	–	3	–	1
Mr Chee Jin Kiong	4	4	–	–	3	1

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 induction programme 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, in-house training on “Anti-Money Laundering (AML)/Countering Financing of Terrorism (CFT)”,

CORPORATE GOVERNANCE STATEMENT

“Overview of FRS 109/IFRS9 Requirements & IFRS Readiness” and “Managing Paradigm shifts in times of changes” were conducted in the year 2017.

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 2017 include “ACRA-SGX-SID Audit Committee Seminar”, “CTP 4 – Executive & Directors Remuneration”, “Purpose, Values and Culture – How does it drives governance”.

The purpose of the Continuous Development Programme 2017 is to keep the directors abreast of the latest developments in risk management, regulatory compliance and industry-specific issues. The courses attended are important to equip directors with appropriate skills to discharge their responsibilities on the Board and Board Committees.

For the year 2017, the NC has assessed and is satisfied that the training 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. Mr Lee Sze Leong
3. Mr Lee Sze Siong
4. Dr Joseph Yeong Wee Yong⁽²⁾
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) Non-executive and Non-independent Director

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 2017, 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 2017.

The Board, after taking into account the view of the NC, determined that the majority of the Board which include Mr Ng Tat Pun, Mr Lim Poh Suan, Mr Kim Seah Teck Kim and Mr Chee Jin Kiong 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.

Board Composition

On an annual basis, NC reviews the size and composition of the Board and Board Committees. NC also examines the skill sets and core competencies of all board 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.



CORPORATE GOVERNANCE STATEMENT

The Board currently consists of seven (7) directors – four (4) non-executive and independent directors, one (1) non-executive and non-independent director and two (2) executive directors.

The Board through NC seeks to maintain an appropriate balance and diversity of experience, skills and attributes among the directors, regardless of gender. The current Board has core competencies and expertise in accounting, legal, finance, risk management, business management, industry knowledge, strategic planning experience and customer-based experience. The current Board consists of 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.

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.



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 since 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 the overall responsibility for the leadership of the Board. His key roles include:

- leading 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.

CORPORATE GOVERNANCE STATEMENT

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 to 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 can fulfil the 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.



CORPORATE GOVERNANCE STATEMENT

In 2017, the NC evaluated and recommended to the Board that Dr Joseph Yeong Wee Yong (Non-Independent Director) and Mr Chee Jin Kiong (Independent Director) 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

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

(a) *Number of Board Membership*

Carrying out the duties and fulfilling the responsibilities of a director requires a significant commitment of an individual's time and attention. The Board does not believe, however, that explicit limits on the number of other Boards 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 two 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 2017.

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) and Portfolio size;
- (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; and
- (c) Overall rating 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 in 2017.

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.



CORPORATE GOVERNANCE STATEMENT



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 enhance 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 2017 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 the 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

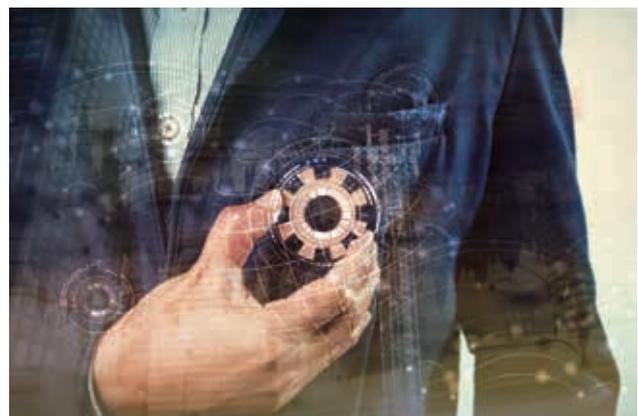
PRINCIPLE 7 **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

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.





CORPORATE GOVERNANCE STATEMENT

RC will seek remuneration consultants' advice or to perform a market survey of benchmarking directors' compensation every 3 to 5 years depending on market condition and the results of the survey will be presented to the Board.

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.

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. In addition, corporate risk scorecard factor is also included in the remuneration framework to ensure that compensation is adjusted for the risks and the framework is aligned with the risk management policies of the Company.

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 receives an additional fee to reflect his 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 remuneration package 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 Siang, the remaining 5 Board members are non-executive directors. The aggregate Directors' fees are subject to the approval of shareholders at the Company's AGM.

Directors' remuneration with the breakdown of fees is shown in the Directors' Remuneration section on page 114.

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 Siang, 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.

CORPORATE GOVERNANCE STATEMENT

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, individual key performance indicators and corporate risk scorecard factor. 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 financial performance indicators amongst other factors, profitability of the Company, loan growth, return on equity and quality of loans. Other non-financial performance indicators include time commitment, contribution towards company's strategic directions, internal controls and risk management skills, integrity and accountability.

Corporate risk scorecard is added to the remuneration framework to 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 (Managing Director/CEO), Mr Lee Sze Siong (Deputy Managing Director) and Heads of Risk Management, Compliance, Product Management, Finance and Treasury/Branches Departments.

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.



CORPORATE GOVERNANCE STATEMENT



Senior Management, Business and Support Units

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

In the year 2017, the Board has received assurance from the Managing Director/CEO and Head of Finance Department:

- (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.

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 on 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 (monthly/quarterly) 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 the year 2017, 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.

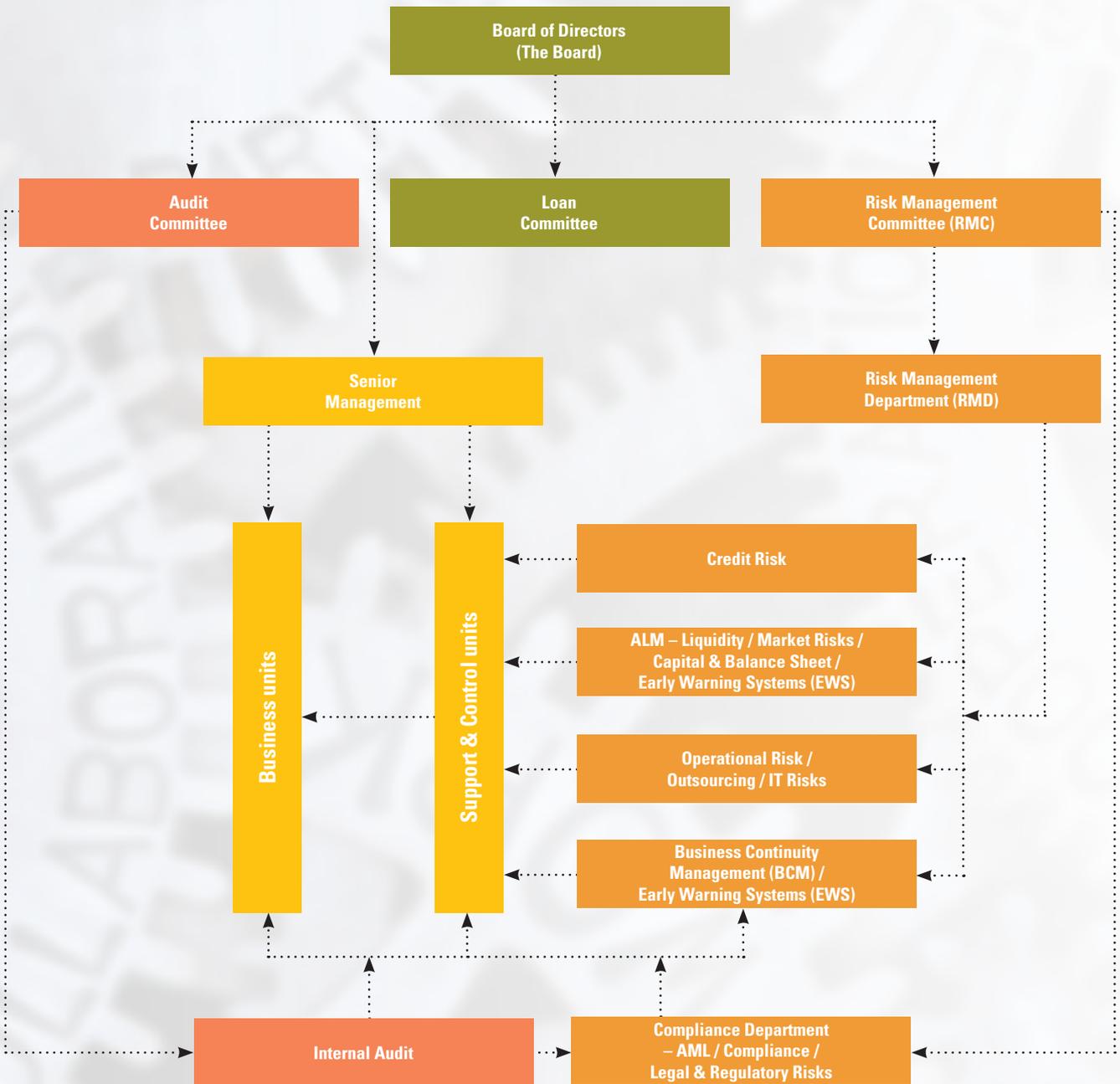
A system of effective internal controls plays a crucial role in the financing operations as it sets a foundation for the safe and sound operation of financial institutions, thus safeguarding the shareholders' investments and the Group's assets. The Board of Directors recognises that it has overall responsibility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



CORPORATE GOVERNANCE STATEMENT

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK





CORPORATE GOVERNANCE STATEMENT



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 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 2017, 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.

Financial matters

In the review of the financial statements, the AC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters were discussed with management and the external auditor and were reviewed by the AC:

CORPORATE GOVERNANCE STATEMENT

Significant financial reporting matters	How the AC reviewed these matters and what decisions were made
<p>Allowance for impairment on loans and advances</p>	<p>Determining the adequacy of allowances against the loan portfolio requires judgement in assessing the classification of loans, the losses in the loan portfolio and future cash flows expected from impaired loans.</p> <p>The AC reviewed the Company's Loan Policy for classification of loans and noted that loans are categorized as "Non-classified" or "Classified" Loan in accordance with MAS Notice 811 based on the assessment of the borrower's ability to repay the loan.</p> <p>The AC examined the procedures for the Group's general allowance for impairment on total credit exposure, including guarantees, net of specific allowances, unearned interest and interest-in-suspense, are in accordance with the Group's policies and regulatory requirements. For "Classified" loans, allowances are assessed on a case by case basis. Forced sale value is applied to determine the specific allowances required.</p> <p>The AC, through the Risk Management Committee receives reports from management at each reporting period, detailing, among other things, the composition of the loan book and movement of loans from various classifications.</p> <p>The AC has discussed impairment with management and the external auditors and was satisfied that the overall loan impairment allowances, the underlying assumptions and methodologies were reasonable and applied consistently.</p>

Following the review and discussions, the AC recommended to the Board to approve the full year financial statements.

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. Deloitte & Touche LLP is the external auditor for both SIF and SIF Nominees (Pte) Ltd.

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 is committed to a high standard of ethical conduct with no tolerance for fraudulent practices 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 to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities.

The whistle-blowing 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



CORPORATE GOVERNANCE STATEMENT

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. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have also been established. The Company undertakes to investigate complaints of suspected fraud in an objective manner.

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 to evaluate the effectiveness of the organisation's risk management, control and governance process. 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. 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 Advisory Pte Ltd ("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. The Constitution allows shareholders to appoint up to two proxies; however, pursuant to Section 181 of the Companies Act, in the case of a shareholder who is a relevant intermediary, it may appoint more than two proxies.

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. Shareholders are also welcomed to express their views via the email at investor_relations@sif.com.sg.

The Company has in place a general policy on various factors to be considered for payment of dividends. Annual dividend proposed for the year is shown on page 107.

CORPORATE GOVERNANCE STATEMENT

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. 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. Shareholders are briefed on the voting procedures prior to the meeting. Independent scrutineers are appointed to count and validate the votes at the Annual General Meeting. Votes cast for and against each resolution and the respective percentages on each resolution are announced and displayed. 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 has established the procedure for approval of all related party transactions to ensure that these transactions with the Company are undertaken on an arm's length basis.

As per the Related Party Transactions procedure, directors having disclosed their interests in the related party transactions shall abstain and absent themselves from any discussion and approval of the aforesaid transactions.

The Audit Committee is responsible for reviewing and recommending all Related Party Transactions and any material amendments to the Board of Directors for approval. Approval by a special majority of three-fourths of the Board is required.

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 96.

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 2017, 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 2016, 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 2017.

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.



CORPORATE GOVERNANCE STATEMENT

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.



SUSTAINABILITY REPORT

STATEMENT OF BOARD OF DIRECTORS (“THE BOARD”)

The Board is pleased to present its inaugural Sustainability Report for 2017.

The Board believes that enhanced and transparent sustainability reporting, in addition to the financial reporting and corporate governance framework & practices, would provide a more comprehensive and holistic picture to all the relevant key stakeholders, including customers, investors and employees.

In formulating our Group’s strategy, the Board has always been mindful of the sustainability issues and their impact to our business.

Sustainability Governance

The Board is responsible for the sustainability report and believes that good governance is important in running our Group and businesses effectively and responsibly.

The Board has assigned responsibility for monitoring and overseeing SIF’s sustainability efforts to the Sustainability Steering Committee. The Committee reports to the Risk Management Committee who reports to the Board.

[102-18] [102-46]



Materiality Assessment

The Sustainability Steering Committee, which comprises senior management and key managerial staff, had in 2017 formally identified and evaluated the material ESG factors, documented the policies and formulated the appropriate targets in our sustainability agenda.

No data for performance against targets is available for this year. However, in our journey towards better disclosure, we will seek to provide these data in the coming year.

ABOUT THIS REPORT

Reporting Period

This is our inaugural report for the reporting period from 1 January 2017 to 31 December 2017. Going forward, it will be reported annually together with our Annual report.

Scope

This Sustainability Report covers the operations of Sing Investments & Finance Limited and its wholly owned subsidiary Sing Investments & Finance Nominees (Pte.) Ltd in Singapore. The report seeks to provide both internal and external stakeholders with an overview of the Group’s strategies, initiatives and performance in relation to Environmental, Social and Governance (ESG) issues. [102-45]

Framework

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and also in alignment with SGX Sustainability Guidelines.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

SIF believes that stakeholder engagement will help us to better understand the needs of our customers, to groom and build good career paths for our staff and to make a difference in the communities in which we operate.

Stakeholders provide their feedback through many channels and we are able to secure insights into the material factors that we had identified.

Stakeholders	Their expectations	How we meet their expectations	How we engage them in 2017
Customers 	<ul style="list-style-type: none"> – Fair lending – Competitive products and services – Data privacy – Prompt service and resolution of complaints 	<ul style="list-style-type: none"> – SIF and its staff maintain highest standards of professional and ethical attitude towards all our customers. – Listening to customers’ needs and provide suitable financial advice. – Providing clear and transparent information to assist customers to make informed financial decisions. – Managing customers’ feedback and complaints promptly and effectively. 	<ul style="list-style-type: none"> – Interactions at branches – Face to face meetings – Customer service hotline – Marketing campaigns
Employees 	<ul style="list-style-type: none"> – Trust and respect from employer – Career development – Fair employment – Work-life balance – Safe and conducive work environment 	<ul style="list-style-type: none"> – Provide training opportunities – Career development – Promote teamwork – Fair Human Resource policy – Fair and transparent performance appraisal process – Maintain a healthy and safe workplace 	<ul style="list-style-type: none"> – One-on-one sessions – Human Resource policies and procedures – Trainings – Appraisals – Recreational activities
Investors 	<ul style="list-style-type: none"> – Stable growth and profitability – Returns to shareholders – Strong corporate governance and transparency – Timely disclosures 	<ul style="list-style-type: none"> – Competent Board of Directors and Management staff – Ensure strong corporate and risk governance – Ensure timely disclosure and reporting 	<ul style="list-style-type: none"> – Annual general meetings – Annual reports – Quarterly financial reports
Community 	<ul style="list-style-type: none"> – Good corporate citizen 	<ul style="list-style-type: none"> – Giving back to the society through our corporate social responsibility activities 	<ul style="list-style-type: none"> – Volunteers at aged homes – Donations to non-profit organizations

[102-40][102-42][102-43]



SUSTAINABILITY REPORT

MATERIALITY ANALYSIS

Our materiality definition is guided by the GRI standards (2016). Material sustainability factors will reflect SIF's significant economic, environmental and social impacts. These factors will influence the assessments and decisions of the stakeholders.

Material Factors		GRI Topic -Specific Disclosures
 <p>Economic</p>	Our financial performance, value creation, distribution and retention for shareholders.	Economic performance
 <p>Social Economic</p>	Our external impacts through our role as a Financial Institution.	Indirect economic performance
 <p>Governance</p>	Our governance structure, ethics and integrity, anti-corruption and compliance policies.	Anti-corruption Social Economic Compliance
 <p>People</p>	Our talent management and responsible employment practices.	Employment Labor Relations Training and Education Diversity and equal opportunity Non-discrimination
 <p>Environment</p>	Our role in mitigating climate change.	Energy

The society is increasing its expectation for businesses to contribute to the society and at the same time ensure sustainability for our planet. We seek to explore business opportunities which will at the same time allow us to contribute more for the communities we operate in. [103-1] [102-16] [102-44]

ECONOMIC

Sustainable growth and creation of long term value to all our stakeholders has always been SIF's goal. With the direct economic value created, we ensure that they are appropriately distributed to our employees, our service providers and also to the government via the income tax and indirect taxes.

Similarly, SIF seeks to provide sustainable dividend returns over a long term horizon to our shareholders. This is achieved by balancing shareholders' returns with preservation of retained earnings to support business growth and strong capital position. [103-1] [103-2] [103-3]



SUSTAINABILITY REPORT

Table 1 Information on direct economic value generated and distributed [201-1]

\$'000	2016	2017
Total Income	43,826	51,780
Staff Cost	14,226	14,570
Operating costs (exclude depreciation)	6,690	7,301
Income Tax expenses	2,772	3,706
Profit After Tax	13,868	22,695
Dividend*	7,881	11,034
Retained in the business	5,987	11,661

*Dividend for 2017 subjected to shareholders' approval

Targets and Performance Scoreboard:

Economic Targets for FY 2018

Target

Sustainable growth and long-term value to all stakeholders

SOCIAL ECONOMIC

SIF contributes to the development of Singapore's economy by offering financial products and services to our customers. Our customers are our top priority and therefore, it is important that they trust us to provide suitable products and services to them. [103-1] [103-2] [103-3]

We are committed to:

1. Continue to be a well-capitalised and stress-resilient finance company in Singapore.
2. Create value by investing in solutions to resolve our customers' needs, preferences and demands.
3. Improve profitability through better delivery of products and services, and management of risks.
4. Encourage transparency and veracity in communication with our stakeholders.
5. Promote and integrate operational resilience in our system infrastructure and our recovery processes.

Targets and Performance Scoreboard:

Socio-Economic Targets for FY 2018

Target

Effective risk management

Observance of all relevant regulatory requirements for Singapore Financial Institutions

Continuing to develop regulatory initiatives and process that support good governance practices

Stakeholder engagement

Continuing our ongoing stakeholders' engagement efforts

SUSTAINABILITY REPORT

GOVERNANCE

SIF has set a high standard of corporate governance and business ethics as guided by the Code of Corporate Governance. Further information can be found in our Corporate Governance Statement. [103-1] [103-2] [103-3]

Our Code of Conduct and Ethics Policy

The Group has in place whistle blowing policy which encourages all employees and members of public to raise genuine concerns on money laundering, bribery and corruption. The policy aims to encourage the reporting of such matters in good faith. The Group ensures the confidentiality of the whistle blower and allows disclosures to be made anonymously. All staff are trained on an ongoing basis as part of the Group's efforts to promote awareness of fraud control. [103-1] [103-2] [103-3]

There were no cases of non-compliance with regulations and voluntary codes concerning marketing communications at SIF during the year. [417-3]

There were also no cases of substantiated complaints concerning breaches of customer privacy and losses of customer data at SIF during the year. [418-1]

For more information, please refer to Corporate Governance Statement – Principle 12 "Audit Committee" for Whistle Blowing Policy and Complaint Handling Procedures.

Combating Financial Crime

The Group has in place a robust Anti Money Laundering Policy and framework that complies with the applicable laws, regulations and professional standards. [103-1] [103-2] [103-3]

Communications and training in 2017 included the following:

- All employees are required to complete training on anti-money laundering on an annual basis
- All employees are required to read and confirm in writing that they have read the Finance Houses Association of Singapore's Code of Conduct which contains our stance on anti- corruption, on an annual basis.

On an annual basis, all employees are required to declare that they have read and understood:

- 1) Code of Conduct Manual issued by Finance Houses Association of Singapore; and
- 2) SIF's Human Resource Personnel Manual.

Both manual provide clauses of "Abuse of Position" and "Conflict of Interest" on which employees must adhere to. It prohibits staff from committing the offence of bribery.

For more information, please refer to Corporate Governance Statement – Principle 11 "Risk Management and Internal Controls" for Compliance Department. [205-2]

Governance Targets for FY 2018**Target**

Effective Compliance and Risk Management

Disclosure on the number of incidents of corruption and actions taken**Disclosure on the number of material non-compliance with laws and regulations in the social and economic area**



SUSTAINABILITY REPORT

PEOPLE

SIF recognizes that our ability to remain commercially viable and competitive is influenced by our continued success in attracting and retaining talent. Our employees are essential for our continued success and thus we want to attract, retain and develop the best talent. [103-1] [103-2] [103-3]

Profile of Employee

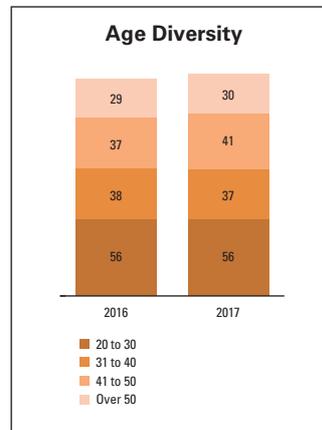
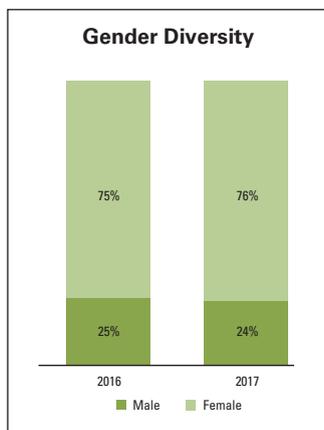
Total headcount remains stable and all of our employees are employed in Singapore.

We view diversity of people as a source of strength. Our workforce mix by age and gender remains stable as well.

Table 2 Information on employees by gender and age groups [102-8]

Employee (All full time)	Male	Female	Total
2016	40	120	160
2017	39	125	164

Year	Age (20-30)	Age (31-40)	Age (41-50)	Age (>50)	Total
2016	56	38	37	29	160
2017	56	37	41	30	164



None of our staff are eligible for collective bargaining under the Memorandum of Understanding. [102-41]

Hiring employee

Table 3 Total number and rates of new employee hires and voluntary attrition by age group and gender. [401-1]

Year	Age (20-30)			Age (31-40)			Age (41-50)			Age (more than 50)		
	Gender (M)	Gender (F)	Gender (Total)	Gender (M)	Gender (F)	Gender (Total)	Gender (M)	Gender (F)	Gender (Total)	Gender (M)	Gender (F)	Gender (Total)
2016- New employee	6	22	28	3	8	11	2	5	7	2	3	5
2017- New employee	7	22	29	4	8	12	5	10	15	1	2	3

SUSTAINABILITY REPORT

Year	Age (20-30)	Gender (M)	Gender (F)	Age (31-40)	Gender (M)	Gender (F)	Age (41-50)	Gender (M)	Gender (F)	Age (more than 50)	Gender (M)	Gender (F)
2016- Resigned employee	20	4	16	12	6	6	8	1	7	5	1	4
2017- Resigned employee	26	7	19	12	4	8	11	4	7	5	3	2

We will continue to pursue a hiring policy of “equal opportunity” based on merit and providing a market competitive and fair remuneration across gender and age groups.

Learning and talent development

We enable our people to take on more responsibilities for bigger roles as they grow with us. Employees are given opportunities to expand their horizons through networking and mentoring. They are also sent for training courses to enable them to enhance their job performance.

Management personnel are also required to attend meetings with the Board of Directors to gain exposure and insight in decision making at leadership level.

Table 4 Average hours of training that the organization’s employees have undertaken [404-1]

	Average Hours of training in 2016	Average Hours of training in 2017
Male (AM and Below)	9.28	10.57
Male (AVP to Senior Vice President)	7.57	11.12
Male (Assistant General Manager to Managing Director)	17.0	22.5
Female (AM and Below)	8.57	11.16
Female (AVP to Senior Vice President)	7.87	9.9

Targets and Performance Scoreboard:

People Targets for FY 2018

Target

People

Increase average hours of training per staff to be 12 hours.



SUSTAINABILITY REPORT

ENVIRONMENT

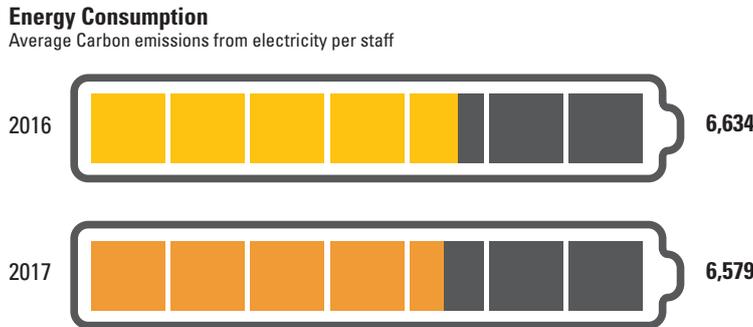
Environmental Footprint

In line with the global efforts to save the environment, the Group is committed to reduce energy usage, water usage and power consumption.

Most direct environmental impact from SIF stems from carbon emissions from our office building through the consumption of electricity. Thus, we have incorporated sustainable practices in running our offices.

[103-1] [103-2] [103-3]

Table 5 Environmental Data



2016 is the baseline year when we started tracking our carbon emissions.

We do our part in “protecting the environment” by observing the “Earth Hour”. We encouraged employees to reduce power consumption, electrical devices and equipment by switching them off when not in use and lights in buildings are dimmed after office hours. [302-1]

We will continue to raise the level of awareness and commitment amongst all employees towards energy savings.

The Singapore government has also stepped up their efforts to lower the nation’s environmental impact through the introduction of increased water prices this year and a planned carbon tax in 2019.

We will align our business activities to support the government’s agenda.

Sustainable sourcing

We influence our supply chain towards sustainable practices when we procure all our paper supplies from Green Label certified suppliers. [102-9] [103-1]

Targets and Performance Scoreboard:

Environment Targets for FY 2018

Target

Environment

Improve electricity consumption in our office by 5%

GRI CONTENT INDEX

GRI Standards Content Index for 'In accordance' – Core

The GRI Content Index references Sing Investments & Finance Limited Sustainability Report 2017 and the Annual Report 2017.

General Standard Disclosures

GRI Reference	Disclosure title	Where have we disclosed this?
102-1	Name of the organization	Sing Investments & Finance Limited
102-2	Activities, brands, products, and services	Please refer to "About us".
102-3	Location of headquarters	96 Robinson Road #01-01 Singapore 068899
102-4	Location of operations	Singapore
102-5	Ownership and legal form	Public Limited company listed on the Singapore Exchange
102-6	Markets served	Please refer to "About us".
102-7	Scale of the organization	Please refer to "5 years financial summary"
102-8	Information on employees and other workers	Please refer to "Hiring Employee".
102-9	Supply chain	Please refer to "Sustainable Sourcing".
102-10	Significant changes to the organization and its supply chain	There were no significant changes in our organizational profile during the reporting period.
102-11	Precautionary Principle or approach	SIF does not explicitly follow the precautionary principle or approach in its risk management framework. However, we will continue to contribute to society by generating profits responsibly.
102-12	External initiatives	We have applied the GRI standards in preparation of our Annual Report.
102-13	Membership of associations	Our key memberships include: – Hire Purchase, Finance and Leasing Association of Singapore (Chairman) – Finance Houses Association of Singapore (Honorary Treasurer) – Singapore Chinese Chamber of Commerce & Industry (SCCCI) – Singapore Business Federation
102-14	Statement from senior decision-maker	Please refer to "Chairman's statement".
102-16	Values, principles, standards, and norms of behavior	Please refer to "Business and ethical conduct".
102-18	Governance structure	Refer to "Sustainability Governance."
102-40	List of stakeholder groups	Please refer to "Stakeholders engagement".
102-41	Collective bargaining agreements	Please refer to "Profile of Employee".
102-42	Identifying and selecting stakeholders	Please refer to "Stakeholders engagement".
102-43	Approach to stakeholder engagement	Please refer to "Stakeholders engagement".
102-44	Key topics and concerns raised	Refer to "Materiality Analysis".
102-45	Entities included in the consolidated financial statements	Refer to "Scope of report".
102-46	Defining report content and topic Boundaries	Refer to "Sustainability Governance".
102-47	List of material topics	We impact environmental, social and economic directly or indirectly through our business conduct and stakeholders.
102-48	Restatements of information	Restatements of information, where applicable, are noted within the relevant data sets.
102-49	Changes in reporting	There are no significant changes in scope and aspect boundaries.



GRI CONTENT INDEX

GRI Reference	Disclosure title	Where have we disclosed this?
102-50	Reporting period	This report covers the period 1 January to 31 December 2017.
102-51	Date of most recent report	31 December 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	investor_relations@sif.com.sg
102-54	Claims of reporting in accordance with the GRI Standards	SIF had chosen the “in accordance- core” option to focus on the matters most material to our stakeholders.
102-55	GRI content index	This appendix is the GRI content index.
102-56	External assurance	This report has not been externally assured.

Topic-Specific Disclosures

GRI Reference	Disclosure title	Where have we disclosed this?
103-1	Explanation of the material topic and its Boundary	Please refer to “Economic”
103-2	The management approach and its components	Please refer to “Economic”
103-3	Evaluation of the management approach	Please refer to “Economic”.
201-1	Direct economic value generated and distributed	Please refer to “Economic”.
103-1	Explanation of the material topic and its Boundary	Please refer to “Social Economic”.
103-2	The management approach and its components	Please refer to “Social Economic”.
103-3	Evaluation of the management approach	Please refer to “Social Economic”.
103-1	Explanation of the material topic and its Boundary	Please refer to “Governance.”
103-2	The management approach and its components	Please refer to “Governance”.
103-3	Evaluation of the management approach	Please refer to “Governance”.
205-2	Communication and training about anti-corruption policies and procedures	Please refer to “Combating Financial Crime”.
417-3	Incidents of non-compliance concerning marketing communications	Refer to “Governance” in sustainability report.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Refer to “Governance” in sustainability report.
103-1	Explanation of the material topic and its Boundary	Please refer to “People”.
103-2	The management approach and its components	Please refer to “People”.
103-3	Evaluation of the management approach	Please refer to “People”.
401-1	New employee hires and employee turnover	Please refer to “Hiring Employee”.
404-1	Average hours of training per year per employee	Please refer to “Learning and talent development”.
103-1	Explanation of the material topic and its Boundary	Please refer to “Environment”.
103-2	The management approach and its components	Please refer to “Environment”.
103-3	Evaluation of the management approach	Please refer to “Environment”.
302-1	Energy consumption within the organization	Please refer to “Environmental footprint”.
103-1	Explanation of the material topic and its Boundary	Please refer to “Corporate Social Responsibility”.
103-2	The management approach and its components	Please refer to “Corporate Social Responsibility”.
103-3	Evaluation of the management approach	Please refer to “Corporate Social Responsibility”.
413-1	Operations with local community engagement, impact assessments, and development programs	Please refer to “Corporate Social Responsibility”

CORPORATE SOCIAL RESPONSIBILITY



SING INVESTMENTS & FINANCE LIMITED ("SIF") formulates our Corporate Social Responsibility ("CSR") Policy with reference to the Singapore Exchange ("SGX") Sustainability Reporting guidelines. The objectives of our CSR Policy are:

- to promote responsibility and care for the local communities;
- to promote energy efficiency and minimise negative impacts to the environment; and
- to ensure conducive and pleasant working environment for employees.

SING INVESTMENTS & FINANCE LIMITED believes in continuous commitment in contributing towards a good cause to the society. For this year, sustainability has been attained as we continue to collaborate with People's Association in our CSR events to care for the local communities. We encourage a corporate culture of giving and volunteerism towards meaningful causes of the community.

PROJECT WE CARE – PARENTS' DAY

As part of our Community Involvement Project, SIF embarked on the Project We Care Activity by collaborating with the People's Association in organizing a "Parents' Day" Event in Limbang Constituency on 23 July 2017. Elderly residents from low income families residing at the nearby neighbourhood were invited.

Both our management's and employees' strong support of this event ensured the success of the abovementioned "Parents' Day" Event. Our CSR volunteers sacrificed their precious weekend to participate in the aforesaid Event by mingling, exercising, playing games, karaoke singing and serving food to the senior folks. It was heartening to see that the elderly had an enjoyable time at the Event.

The aforesaid Event provided our staff with ample opportunities to bond as well as caring for the underprivileged and making a meaningful contribution to our society.

We are happy that we can positively improve the lives of the less privileged segments of our society through our CSR programmes. It has been a great pleasure and honour for us to partner with People's Association for our CSR projects.

At SIF, we are committed to our sense of corporate social responsibility and with more participation in the CSR events, our employees will develop a bonding relationship with their co-workers to care for others and learn to contribute meaningfully to our society. GRI Index [103-1], [103-2], [103-3], [413-1]



PERFORMANCE REVIEW

1. PERFORMANCE REVIEW

	2017 \$'000	2016 \$'000	Variance + / (-) (%)
Selected Income Statement Items			
Net interest income	44,594	38,615	15.5
Non-interest income	7,186	5,211	37.9
Total income	51,780	43,826	18.1
Operating expenses	(22,957)	(22,049)	4.1
Profit from operations before impairment losses	28,823	21,777	32.4
Allowances for impairment losses on loans and advances	(2,421)	(5,137)	(52.9)
Profit before income tax	26,402	16,640	58.7
Profit after tax attributable to equity holders of the Group	22,695	13,868	63.7
Selected Balance Sheet Items			
Total equity	337,723	319,914	5.6
Total assets	2,521,674	2,682,976	(6.0)
Loans and advances	1,909,261	1,905,456	0.2
Deposits and savings accounts of customers	2,141,763	2,319,272	(7.7)
Key Financial Ratios (%)			
Net interest margin	1.8	1.5	
Non-interest income-to-total income	13.9	11.9	
Cost-to-income ratio	44.3	50.3	
Loans-to-deposits ratio	89.1	82.2	
Non-performing loans ratio	2.4	0.8	
Return on equity ⁽¹⁾	6.7	4.3	
Return on total assets ⁽²⁾	0.9	0.5	
Capital adequacy ratio	15.1	14.1	
Per Ordinary Share Data			
Basic earnings per share (cents)	14.40	8.80	
Net asset value per share (\$)	2.14	2.03	

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

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

PERFORMANCE REVIEW

Group financial performance for 2017 was encouraging, with healthy growth in profit after tax, reduction in the cost-to-income ratio as well as stronger capital adequacy ratio.

The Group's profit after tax for the financial year ended 31 December 2017 was \$22.7 million, a surge of 63.7% compared to \$13.9 million a year ago. The improved performance was mainly attributed to higher net interest income arising from lower funding costs, a boost in non-interest income from gains from the sale of the Singapore Government securities ("SGS") and lower allowances for impairment losses on loans and advances.

Tax expenses for the current year were also lower primarily due to the enhanced capital allowances claims under the Productivity and Innovation Credit ("PIC") scheme granted by the Singapore Government to help Singapore companies achieve greater automation and productivity gains.

Net interest income and hiring charges increased by 15.5% to \$44.6 million compared to \$38.6 million in the previous year. This was largely driven by the \$9.6 million decline in interest expenses. Of the \$9.6 million reduction in interest cost, \$6.8 million came from the favourable rate variance arising from lower deposit rates while \$2.7 million volume variance was due to the lower deposit base. Interest income however fell by \$3.6 million as a result of the lower average loan base during the year. With the positive effect of lower funding costs, net interest margin improved from 1.5% to 1.8%.

Non-interest income rose 37.9% or \$2.0 million to \$7.2 million mainly due to gains from the sale of SGS as the Group sought to optimise the appreciation in the bond's prices during the year.

Operating expenses edged up slightly by 4.1% to \$23.0 million primarily due to higher staff costs and other operating expenses.

Allowances for impairment losses on loans and advances of \$2.4 million were 52.9% lower than a year ago. This was largely due to lower specific provisions made during the year. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

Despite having a lower average loan balance during the year, the Group managed to grow its loan portfolio (net of allowances) during the last quarter of 2017 to close the year at \$1,909.3 million, \$3.8 million higher than the same period for the year 2016. Deposits and savings accounts of customers fell by \$177.5 million year-on-year; and the loan-to-deposit ratio rose accordingly to 89.1% from 82.2% a year ago.

Total shareholders' funds grew 5.6% to \$337.7 million, which was supported by higher retained earnings and an increase in the "fair value reserve", due to the appreciation in the value of SGS Bonds and investments. Total assets reduced by 6.0% or \$161.0 million mainly due to lower cash and placements with banks balance. This is in line with our active liquidity management.

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 7 cents per share for the year under review compared to 5 cents per share for 2016. The higher distribution is in step with our better performance for 2017.

2. NET INTEREST INCOME

INTEREST-EARNING ASSETS & INTEREST-BEARING LIABILITIES

	2017			2016		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Interest-Earning Assets						
Loans and advances	1,879,505	61,636	3.3	1,981,850	63,253	3.2
Singapore Government Securities	250,134	6,266	2.5	258,636	7,283	2.8
Other interest-earning assets	295,429	4,027	1.4	334,683	5,021	1.5
Total	2,425,068	71,929	3.0	2,575,169	75,557	2.9
Interest-Bearing Liabilities						
Deposits and savings accounts	2,151,726	27,235	1.3	2,326,383	36,895	1.6
SPRING loans (unsecured)	3,619	94	2.6	1,710	38	2.2
Other liabilities	464	6	1.3	850	9	1.1
Total	2,155,810	27,335	1.3	2,328,943	36,942	1.6
Net interest income/margin as a percentage of interest-earning assets		44,594	1.8		38,615	1.5



PERFORMANCE REVIEW

Net interest income grew by 15.5% or \$6.0 million to \$44.6 million largely attributable to the lower funding cost, which declined from 1.6% a year ago to 1.3%. Net interest margin correspondingly also rose to 1.8%, compared to 1.5% in 2016. Interest Income and hiring charges declined 4.8 % to \$71.9 million for the year, from \$75.6 million in 2016 mainly due to lower average loan base but partially cushioned by higher yield.

The table below analyses the changes in net interest income in 2017 over 2016 due to changes in volume and changes in rates. For 2017, the favourable rate variance due to lower cost of deposit and marginal improvement in the loan yield more than compensate for the volume impact arising from the reduction in the average balance for interest-earning assets.

3. VOLUME AND RATE ANALYSIS

Increase / (Decrease) for 2017 over 2016	2017		
	Volume \$'000	Rate \$'000	Total \$'000
Interest Income			
Loans and advances	(3,275)	1,658	(1,617)
Singapore Government Securities	(238)	(779)	(1,017)
Other assets	(589)	(405)	(994)
Total	(4,102)	474	(3,628)
Interest Expense			
Deposits and savings accounts	(2,795)	(6,865)	(9,660)
SPRING loans (unsecured)	42	14	56
Other liabilities	(4)	1	(3)
Total	(2,757)	(6,850)	(9,607)
Net interest income	(1,345)	7,324	5,979

4. NON-INTEREST INCOME

	2017 \$'000	2016 \$'000	Variance + / (-) %
Fees and commissions	854	876	(2.5)
Dividends	149	148	0.7
Rental income from investment properties	3,329	3,436	(3.1)
Profit on Sale of SGS Portfolio	2,426	–	NM
Others	428	751	(43.0)
Total non-interest income	7,186	5,211	37.9

NM: Not meaningful

Non-interest income rose 37.9 % to \$7.2 million compared to the same period last year. The better performance was primarily due to the gains from sale of SGS portfolio. The decline in the other income was largely attributable to the lower grant received for the Wage Credit scheme in 2017.



PERFORMANCE REVIEW

5. OPERATING EXPENSES

	2017 \$'000	2016 \$'000	Variance + / (-) %
Staff costs	14,570	14,226	2.4
Depreciation of property, plant and equipment	708	756	(6.3)
Depreciation of investment properties	377	377	0.1
Other expenses	7,302	6,690	9.2
Total operating expenses	22,957	22,049	4.1

Operating expenses increased marginally by 4.1 % driven by higher staff costs and other operating expenses incurred to support business activities.

6. IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES

	2017 \$'000	2016 \$'000	Variance + / (-) %
Allowances for individual impairment	2,391	5,780	(58.6)
Allowance for/(Write-back of) collective impairment	30	(643)	(104.7)
Total allowances on loan losses	2,421	5,137	(52.9)

The decrease in the total allowance on loan losses was mainly due to lower specific provisions made during the year. In line with the incremental year-on-year increase for the loan balances as at 31 December 2017, an additional charge was made for the collective impairment allowance.



5 YEARS FINANCIAL SUMMARY GRI Index [102-7]



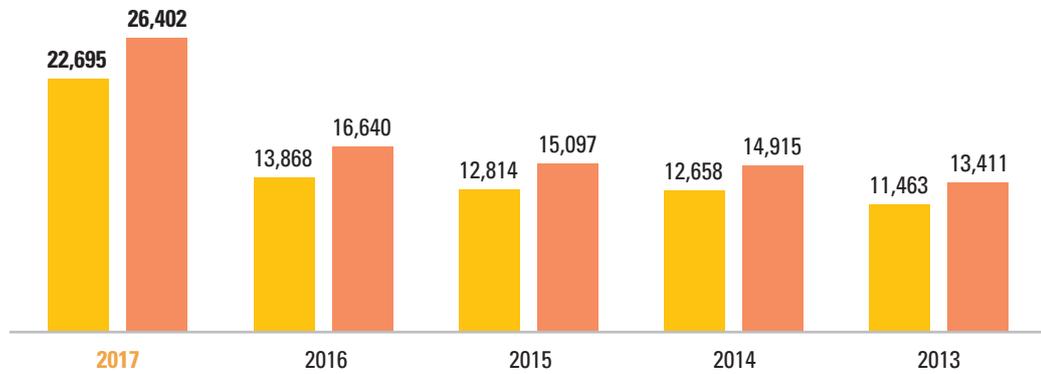
	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Total Income	51,780	43,826	40,249	37,120	34,334
Profit And Revenue Reserves					
Profit before tax	26,402	16,640	15,097	14,915	13,411
Profit after tax	22,695	13,868	12,814	12,658	11,463
Accumulated Profits and Statutory Reserve	147,984	133,170	127,183	123,827	119,050
Share Capital					
Issued and Fully Paid	180,008	180,008	180,008	180,008	180,008
Capital Employed					
Total Assets	2,521,674	2,682,976	2,660,148	2,263,979	2,071,772
Net Assets	337,723	319,914	312,544	313,359	303,591
Volume of Business					
Loans	1,909,261	1,905,456	1,969,414	1,690,170	1,547,107
Deposits	2,141,763	2,319,272	2,313,861	1,921,428	1,740,458
Dividend And Earnings Per Share					
Dividend (net)	11,034	7,881	7,881	9,458	7,881
Dividend per share (cents)*	7.00	5.00	5.00	6.00	5.00
Earnings per share (cents)**	14.40	8.80	8.13	8.03	7.27
Return After Tax On Total Assets (%)	0.90	0.52	0.48	0.56	0.55
Return After Tax On Net Assets (%)	6.72	4.33	4.10	4.04	3.78
Net Tangible Asset Per Share (\$)	2.14	2.03	1.98	1.99	1.93
Number of Employees	164	160	157	153	152

* One-tier tax exempt dividend.

** Earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year (FY 2013 to FY 2017: 157,625,764 shares)

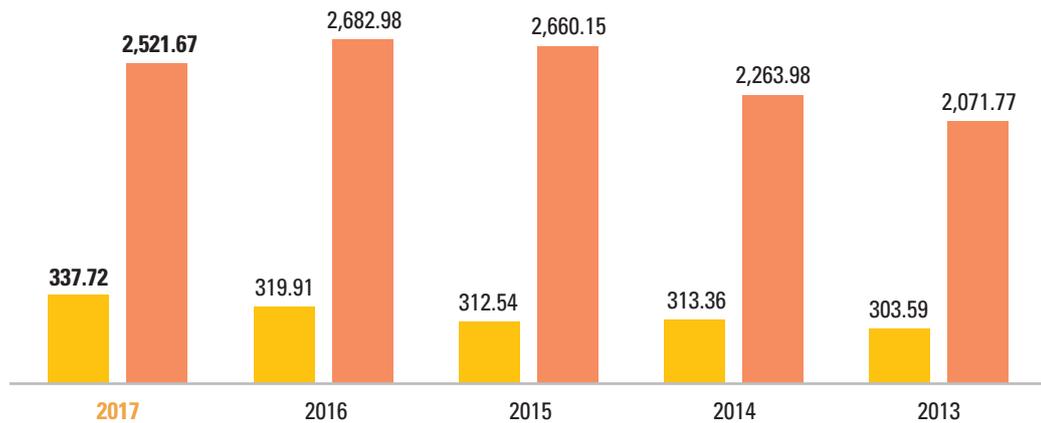
5 YEARS FINANCIAL SUMMARY

PROFIT (\$'000)



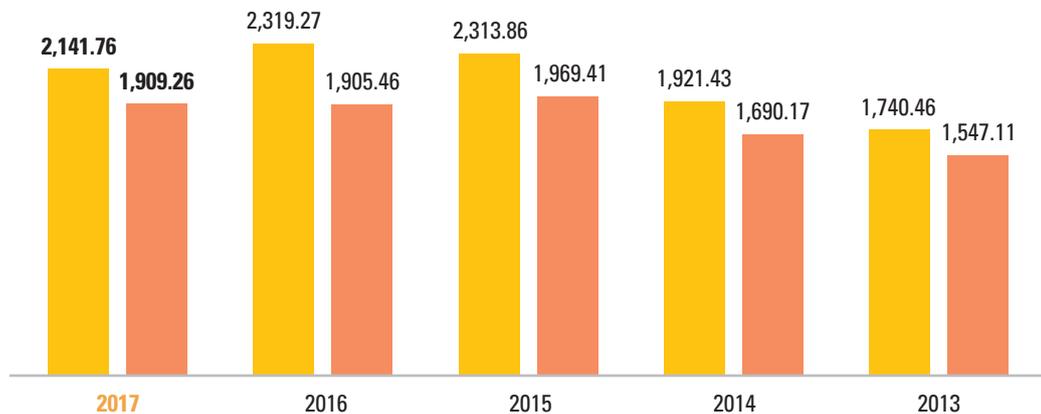
Profit after tax
Profit before tax

CAPITAL EMPLOYED (\$ Million)



Net Assets
Total Assets

VOLUME OF BUSINESS (\$ Million)



Deposits
Loans



STRATEGISING FOR GROWTH

FINANCIAL REPORTS

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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 2017.

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 53 to 113 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 2017, and 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:

Name of directors	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Sing Investments & Finance Limited (Ordinary shares)				
Lee Sze Leong	584,631	584,631	43,579,450	45,129,450
Lee Sze Siong	651,142	651,142	43,579,450	45,129,450

By virtue of Section 7 of the Act, Messrs Lee Sze Leong and Lee Sze Siong are deemed to have an interest in the 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 2018.



DIRECTORS' STATEMENT

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 executive directors, 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.

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;



DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

- 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

12 February 2018



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

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 2017, and the 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 113.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
<p>Allowance for impairment on loans and advances</p> <p>The allowance for impairment on loans and advances to customers is considered to be a matter of most significance as it requires the application of judgment by management. The Group records both general and specific allowances of loans and advances to customers, in accordance with requirements set out by MAS for the incorporation of historical loss data and qualitative factors on loan grading respectively.</p> <p>As disclosed in Note 4(b)(i) and Note 8, loans and advances constitute approximately 75.7% of the Group's total assets. The Group's gross loan and advances' portfolio is mainly concentrated in land and construction, commercial properties, private residential, and hire purchase receivables. The customers comprise of both corporates and individuals.</p>	<p>Our audit procedures include understanding and testing of the design and implementation and operating effectiveness of the key controls over the following:</p> <ul style="list-style-type: none"> • Timeliness of loan reviews • Identification and timeliness of identifying impairment indicators • Validity and valuation of collaterals <p>Our audit procedures to assess management's provision for allowances included the following:</p> <p>We obtained an understanding of the Group Credit Policy and evaluated the processes for identifying impairment indicators and consequently, the grading of loans for compliance on the classification according to MAS Notice 811.</p> <p>We selected and tested loan samples according to its total credit exposure (by customer) to the Group and assessed the Group's credit review process. The sample selection covers both performing and non-performing loans.</p> <p>We challenged and evaluated management's conclusions on the credit worthiness and classification of the selected loans. We assessed the reasonableness of management's conclusion through our understanding of the prevailing industry trends relevant to the customers, macroeconomic factors, customer repayment conduct, customer financial health and forecasts, collateral valuation and validity, etc.</p> <p>For the selected non-performing loans, we also evaluated management's forecasts on the recoverable cash flows, valuation of collaterals used and other sources of repayment. We re-computed management's calculation of the specific allowances.</p> <p>With respect to the Group's general allowances, our procedures included the following:</p> <ul style="list-style-type: none"> • we re-computed management's calculation to assess that the Group maintained general allowances on total credit exposure, including guarantees, net of specific allowances, unearned interest and interest-in-suspense in accordance with the Group's policies and regulatory requirements set out by MAS; • we evaluated management's assessment on historical credit losses for reasonableness. <p>We have also assessed the adequacy of the Group's disclosure on the allowance for impairment of loans and the related credit risk in Notes 4(b)(i) and 8 to the financial statements.</p>



INDEPENDENT AUDITOR'S REPORT

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Corporate Information, Performance Review, 5 Years Financial Summary, Directors' Statement and Additional Information, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Statement, Board of Directors, Corporate Governance Statement, Sustainability Report, Corporate Social Responsibility, and Statistics of Shareholdings, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement, Board of Directors, Corporate Governance Statement, Sustainability Report, Corporate Social Responsibility, and Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITOR'S REPORT

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.

The engagement partner on the audit resulting in this independent auditor's report is Ang Poh Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

12 February 2018

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Current assets					
Cash on deposit, at banks and in hand		250,568	405,753	250,499	405,705
Other assets	6	6,650	7,725	6,650	7,725
Investments	7	259,775	265,653	259,448	265,297
Loans and advances due within twelve months	8	420,155	450,149	420,155	450,149
Statutory deposit with the Monetary Authority of Singapore ("MAS")		55,057	58,281	55,057	58,281
Total current assets		992,205	1,187,561	991,809	1,187,157
Non-current assets					
Property, plant and equipment	9	17,044	16,412	17,044	16,412
Investment properties	10	23,319	23,696	23,319	23,696
Subsidiary	11	–	–	25	25
Loans and advances due after twelve months	8	1,489,106	1,455,307	1,489,106	1,455,307
Total non-current assets		1,529,469	1,495,415	1,529,494	1,495,440
Total assets		2,521,674	2,682,976	2,521,303	2,682,597
LIABILITIES AND EQUITY					
Current liabilities					
Deposits and savings accounts of customers	13	2,141,763	2,319,272	2,142,512	2,320,016
Other liabilities	14	31,452	36,776	30,958	36,295
SPRING loans due within twelve months (unsecured)	15	1,660	1,203	1,660	1,203
Provision for employee benefits	16	254	260	254	260
Current tax payable		3,690	2,917	3,690	2,917
Total current liabilities		2,178,819	2,360,428	2,179,074	2,360,691
Non-current liabilities					
SPRING loans due after twelve months (unsecured)	15	2,963	1,260	2,963	1,260
Deferred tax liabilities	12	2,169	1,374	2,122	1,323
Total non-current liabilities		5,132	2,634	5,085	2,583
Total liabilities		2,183,951	2,363,062	2,184,159	2,363,274
Equity attributable to equity holders of the Company					
Share capital	17	180,008	180,008	180,008	180,008
Reserves	18	157,715	139,906	157,136	139,315
Total equity		337,723	319,914	337,144	319,323
Total liabilities and equity		2,521,674	2,682,976	2,521,303	2,682,597
Off-balance sheet items					
Undrawn loan commitments	25	407,424	419,645	407,424	419,645
Guarantees issued	26	3,481	4,320	3,481	4,320
Total off-balance sheet items		410,905	423,965	410,905	423,965

See accompanying notes to financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2017

	Note	Group	
		2017 \$'000	2016 \$'000
Revenue			
Interest income and hiring charges	21	71,929	75,557
Interest expense	21	(27,335)	(36,942)
Net interest income and hiring charges		44,594	38,615
Fees and commissions		854	876
Dividends	21	149	148
Rental income from investment properties		3,329	3,436
Other income	21	2,854	751
Income before operating expenses		51,780	43,826
Staff costs	21	(14,570)	(14,226)
Depreciation of property, plant and equipment	9	(708)	(756)
Depreciation of investment properties	10	(377)	(377)
Other operating expenses	21	(7,302)	(6,690)
Profit from operations before impairment losses		28,823	21,777
Allowances for impairment losses on loans and advances	8	(2,421)	(5,137)
Profit before income tax		26,402	16,640
Income tax expense	22	(3,707)	(2,772)
Profit for the year attributable to equity holders of the Company		22,695	13,868
Earnings per share (cents)			
– Basic	23	14.40	8.80
– Diluted	23	14.40	8.80

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	\$'000	\$'000
Profit for the year	22,695	13,868
<u>Other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	6,035	1,666
Net change in fair value of available-for-sale financial assets reclassified to profit or loss on disposal	(2,426)	–
Income tax relating to components of other comprehensive income that may be reclassified subsequently	(614)	(283)
Other comprehensive income for the year, net of tax	2,995	1,383
Total comprehensive income for the year	25,690	15,251

See accompanying notes to financial statements.



STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Note	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Group						
Balance at 1 January 2016		180,008	95,823	5,353	31,360	312,544
Total comprehensive income for the year						
Profit for the year		–	–	–	13,868	13,868
Other comprehensive income for the year – net		–	–	1,383	–	1,383
Total		–	–	1,383	13,868	15,251
Transfer from accumulated profits to statutory reserve		–	3,466	–	(3,466)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2016		180,008	99,289	6,736	33,881	319,914
Total comprehensive income for the year						
Profit for the year		–	–	–	22,695	22,695
Other comprehensive income for the year – net		–	–	2,995	–	2,995
Total		–	–	2,995	22,695	25,690
Transfer from accumulated profits to statutory reserve		–	5,671	–	(5,671)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2017		180,008	104,960	9,731	43,024	337,723

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Note	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Company						
Balance at 1 January 2016		180,008	95,823	5,062	31,020	311,913
Total comprehensive income for the year						
Profit for the year		–	–	–	13,863	13,863
Other comprehensive income for the year – net		–	–	1,428	–	1,428
Total		–	–	1,428	13,863	15,291
Transfer from accumulated profits to statutory reserve		–	3,466	–	(3,466)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2016		180,008	99,289	6,490	33,536	319,323
Total comprehensive income for the year						
Profit for the year		–	–	–	22,682	22,682
Other comprehensive income for the year- net		–	–	3,020	–	3,020
Total		–	–	3,020	22,682	25,702
Transfer from accumulated profits to statutory reserve		–	5,671	–	(5,671)	–
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	24	–	–	–	(7,881)	(7,881)
Balance at 31 December 2017		180,008	104,960	9,510	42,666	337,144

See accompanying notes to financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017 \$'000	2016 \$'000
Operating activities		
Profit before income tax	26,402	16,640
Adjustments for:		
Impact of accrual of interest income	3,905	(979)
Impact of accrual of interest expense	(6,916)	6,518
Depreciation of property, plant and equipment	708	756
Depreciation of investment properties	377	377
Allowances for impairment losses on loans and advances	2,421	5,137
Gains on disposal of investments and property, plant and equipment	(2,426)	(92)
Dividends	(149)	(148)
Operating cash flows before movements in working capital	24,322	28,209
Changes in working capital		
Other assets	(248)	(320)
Loans and advances	(6,226)	58,821
Statutory deposit with the MAS	3,224	1,021
Deposits and savings accounts of customers	(177,509)	(1,107)
Other liabilities	1,592	8,913
SPRING loans	2,160	419
Provision for employee benefits	(6)	22
Cash (used in)/generated from operations activities	(152,691)	95,978
Income taxes paid	(2,753)	(2,362)
Net cash (used in)/generated from operating activities	(155,444)	93,616
Investing activities		
Purchase of investments	(295,085)	(14,685)
Purchase of property, plant and equipment	(1,340)	(430)
Proceeds from disposal and maturity of investments	304,426	25,344
Proceeds from disposal of property, plant and equipment	–	92
Dividends received	139	92
Net cash generated from investing activities	8,140	10,413
Financing activity		
Dividends paid	(7,881)	(7,881)
Net cash used in financing activity	(7,881)	(7,881)
Net (decrease)/increase in cash and cash equivalents	(155,185)	96,148
Cash and cash equivalents at beginning of the year	405,753	309,605
Cash and cash equivalents at end of the year	250,568	405,753

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 2017 were authorised for issue by the Board of Directors on 12 February 2018.

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 2017, the Group and the Company 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 BASIS OF CONSOLIDATION (CONTINUED)**

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.

When 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.

In the company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 FINANCIAL INSTRUMENTS

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

Effective interest method

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



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(b)(v). 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 (including cash on deposit, at banks and in hand) 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.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 FINANCIAL INSTRUMENTS (CONTINUED)****(c) Impairment of financial assets (Continued)**

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

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

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

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.



NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Impairment of financial assets (Continued)

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

Loans and advances

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

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

(d) Derecognition of financial assets

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

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.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 FINANCIAL INSTRUMENTS (CONTINUED)****(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

Deposits and savings accounts of customers, SPRING loans and 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.

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*.

Derecognition of financial liabilities

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

2.5 OPERATING LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as 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.



NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 PROPERTY

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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. 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.

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 early settlement of 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.



NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 PROVISIONS (CONTINUED)

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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Interest income and expense

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

Income earned on hire purchase

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

Income earned on loans, factoring accounts and debt securities

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

Income from bank deposits

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

(b) Fee and commission income

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

(c) Dividend income

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

(d) Rental income

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



NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.12 EMPLOYEE BENEFITS****(a) Defined contribution plans**

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

(b) Short-term benefits

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

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

(c) Employee leave entitlement

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

2.13 INCOME TAX EXPENSE

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

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

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

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.



NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 INCOME TAX EXPENSE (CONTINUED)

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

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

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

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

2.14 CASH AND CASH EQUIVALENTS

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

Management is 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 (apart from those involving estimations, which are dealt with below).

NOTES TO FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**(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 on concluding the credit worthiness and classification of the borrowers through various evidence. The evidences may include prevailing industry trends relevant to the customer, macroeconomic factors, customer repayment conduct, customer financial health and forecasts, and collateral valuation and validity.

Management performs regular assessment 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 to ensure sufficient impairment losses are made.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**(a) Categories of financial instruments**

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assets				
Loans and receivables:				
Cash on deposit, at banks and in hand	250,568	405,753	250,499	405,705
Other assets	3,450	4,772	3,450	4,772
Loans and advances	1,909,261	1,905,456	1,909,261	1,905,456
Statutory deposit with the Monetary Authority of Singapore	55,057	58,281	55,057	58,821
Available-for-sale investments	259,775	265,653	259,448	265,297
Financial liabilities				
At amortised cost:				
Deposits and savings accounts of customers	2,141,763	2,319,272	2,142,512	2,320,016
Other liabilities	31,452	36,776	30,958	36,295
SPRING loans	4,623	2,463	4,623	2,463



NOTES TO FINANCIAL STATEMENTS

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

(b) 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 (including interest rate risk and equity price 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 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. Credit Control Department assists senior management in providing checks and controls as well as independent risk assessments.

NOTES TO FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**(b) Financial risk management policies and objectives (Continued)****(i) Credit risk**

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

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

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

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

The Group has in place a monitoring system to identify early symptoms of problematic loan accounts. A risk grading system is used in determining whether 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 on total credit exposure, including guarantees, net of specific allowances, unearned interest and interest-in-suspense in accordance with Group policy and regulatory requirements set out by MAS.

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 \$3,481,000 (2016: \$4,320,000). 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.



NOTES TO FINANCIAL STATEMENTS

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

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

(i) Credit risk (Continued)

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

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

Loan type	Group and Company		Total \$'000
	Performing \$'000	Non-performing \$'000	
31 December 2017			
Land and construction	392,190	7,310	399,500
Commercial properties	710,908	955	711,863
Motor vehicles	360,135	374	360,509
Private residential	310,000	752	310,752
Block discounting	372,572	–	372,572
Machinery and equipment	82,668	1,569	84,237
Share loans	44,870	–	44,870
Shipping	5,335	28,754	34,089
Factoring and accounts receivables	12,109	–	12,109
HDB flats	2,736	340	3,076
Others	2,429	–	2,429
	2,295,952	40,054	2,336,006
Less: Collective impairment	(18,990)	(331)	(19,321)
Total	2,276,962	39,723	2,316,685
31 December 2016			
Land and construction	398,897	7,261	406,158
Commercial properties	721,371	1,401	722,772
Motor vehicles	385,533	1,989	387,522
Private residential	355,188	1,367	356,555
Block discounting	295,183	–	295,183
Machinery and equipment	71,667	1	71,668
Share loans	44,806	–	44,806
Shipping	43,921	–	43,921
Factoring and accounts receivables	10,148	–	10,148
HDB flats	3,115	349	3,464
Others	2,195	–	2,195
	2,332,024	12,368	2,344,392
Less: Collective impairment	(19,189)	(102)	(19,291)
Total	2,312,835	12,266	2,325,101



NOTES TO FINANCIAL STATEMENTS

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

(b) 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	
	2017	2016
	\$'000	\$'000
Individually impaired:		
Properties	11,406	15,698
Equipment	2,128	–
Motor vehicles	415	2,292
Vessels	30,364	–
	44,313	17,990
Past due but not impaired:		
Properties	70,665	29,638
Equipment	2,131	1,712
Motor vehicles	200,408	47,839
Vessels	–	10,595
Factoring and accounts receivable	1,016	–
	274,220	89,784



NOTES TO FINANCIAL STATEMENTS

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

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

(i) Credit risk (Continued)

The nature and carrying amount of collateral held against financial assets, obtained by taking possession of collateral held as security, which remain held at the reporting date are as follows. Claims against such collateral are limited to the outstanding obligations.

	Group and Company	
	2017	2016
	\$'000	\$'000
Properties	7,690	7,860
Equipment	140	–

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)

(b) 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:

	2017 \$'000	2016 \$'000
Loans grading		
<u>Loans and advances to customers</u>		
(i) Individually impaired		
Substandard	35,541	15,099
Doubtful	9,682	–
Loss	622	757
Gross amount	45,845	15,856
Less: Allowance for impairment	(5,791)	(3,488)
Gross amount net of specific impairment	40,054	12,368
(ii) Collectively impaired		
Past due but not impaired	161,861	44,701
Neither past due nor impaired	1,726,667	1,867,678
Gross amount: collectively impaired	1,888,528	1,912,379
Loans and advances net of specific impairment	1,928,582	1,924,747
Less: Collective impairment	(19,321)	(19,291)
Carrying amount	1,909,261	1,905,456
Ageing of loans and advances that are past due but not impaired < 3 months	161,861	44,701

As of 31 December 2017, the Group has loans and advances of \$25,850,892 which the terms have been renegotiated (2016: \$1,222,176). As at 31 December 2017, the loans were graded as individually impaired, for which impairment of \$1,649,861 was provided in respect of the loans (2016: \$757,638).

Past due but not impaired: when contractual interest or principal payments are past due by not more than three months and the Group believes that impairment is not appropriate on the basis of security available and/or the stage of collection.

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

The RMC is delegated the authority by the Board to oversee the Group's credit activities and risk management process, including reviewing periodically the credit policies 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.



NOTES TO FINANCIAL STATEMENTS

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

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

(i) Credit risk (Continued)

(b) Non-performing loans (Continued)

Concentration of credit risk

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

	Loans and advances to customers	
	2017	2016
	\$'000	\$'000
Carrying amount	1,909,261	1,905,456
Concentration by sector		
Hire purchase/block discounting	529,572	468,542
Housing loans secured by property under finance	85,577	88,419
Other loans and advances:		
Building and construction	366,267	391,553
Financial institutions, and investment and holding companies	465,641	463,284
Professional and individuals	201,911	188,433
General commerce	101,618	136,781
Transport, storage and communication	103,592	87,744
Manufacturing	15,817	14,193
Others	58,587	85,798
	1,928,582	1,924,747
Less: Collective impairment	(19,321)	(19,291)
Total	1,909,261	1,905,456

(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)

(b) 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.

Liquidity risk is also mitigated through the large number of customers in the Company's diverse loans and deposits bases and the close monitoring of exposure to avoid any undue concentration.

At 31 December 2017, the Group has available funds from undrawn committed credit lines and will be able to raise funds from the public via Medium Term Note ("MTN") Programme which allow the Group to use the funds 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 2017							
Assets							
Statutory deposit with the Monetary Authority of Singapore	55,057	55,057	–	–	–	–	–
Investments	259,775	44,964	–	2,214	104,059	103,830	4,708
Loans and advances to customers	1,909,261	200,663	105,474	114,018	560,533	928,573	–
Cash on deposit, at banks and in hand	250,568	83,568	47,000	120,000	–	–	–
Others	3,450	397	2,260	793	–	–	–
Total Assets	2,478,111	384,649	154,734	237,025	664,592	1,032,403	4,708
Liabilities							
Deposits and savings accounts of customers	2,141,763	288,260	342,096	1,317,995	108,702	–	84,710
SPRING loans	4,623	284	248	1,128	2,963	–	–
Others	31,452	7,938	2,949	18,126	1,385	–	1,054
Total Liabilities	2,177,838	296,482	345,293	1,337,249	113,050	–	85,764
Net Liquidity Surplus/(Gap)	300,273	88,167	(190,559)	(1,100,224)	551,542	1,032,403	(81,056)
Off-balance sheet							
Undrawn loan commitments	407,424	407,424	–	–	–	–	–
Guarantees issued	3,481	3,481	–	–	–	–	–



NOTES TO FINANCIAL STATEMENTS

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

(b) 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 2016							
Assets							
Statutory deposit with the Monetary Authority of Singapore	58,281	58,281	–	–	–	–	–
Investments	265,653	–	–	–	88,609	173,431	3,613
Loans and advances to customers	1,905,456	147,815	62,144	240,190	517,351	937,956	–
Cash on deposit, at banks and in hand	405,753	114,953	92,900	197,900	–	–	–
Others	4,772	496	2,987	1,289	–	–	–
Total Assets	2,639,915	321,545	158,031	439,379	605,960	1,111,387	3,613
Liabilities							
Deposits and savings accounts of customers	2,319,272	277,633	458,233	1,271,728	255,777	–	55,901
SPRING loans	2,463	290	229	684	1,260	–	–
Others	36,776	7,150	4,949	20,244	3,216	–	1,217
Total Liabilities	2,358,511	285,073	463,411	1,292,656	260,253	–	57,118
Net Liquidity Surplus/(Gap)	281,404	36,472	(305,380)	(853,277)	345,707	1,111,387	(53,505)
Off-balance sheet							
Undrawn loan commitments	419,645	419,645	–	–	–	–	–
Guarantees issued	4,320	4,320	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

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

(b) 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 2017							
Assets							
Statutory deposit with the Monetary Authority of Singapore	55,057	55,057	–	–	–	–	–
Investments	259,448	44,964	–	2,214	104,059	103,830	4,381
Loans and advances to customers	1,909,261	200,663	105,474	114,018	560,533	928,573	–
Cash on deposit, at banks and in hand	250,499	83,499	47,000	120,000	–	–	–
Others	3,450	397	2,260	793	–	–	–
Total Assets	2,477,715	384,580	154,734	237,025	664,592	1,032,403	4,381
Liabilities							
Deposits and savings accounts of customers	2,142,512	288,761	342,096	1,318,243	108,702	–	84,710
SPRING loans	4,623	284	248	1,128	2,963	–	–
Others	30,958	7,938	2,949	18,126	1,385	–	560
Total Liabilities	2,178,093	296,983	345,293	1,337,497	113,050	–	85,270
Net Liquidity Surplus/(Gap)	299,622	87,597	(190,559)	(1,100,472)	551,542	1,032,403	(80,889)
Off-balance sheet							
Undrawn loan commitments	407,424	407,424	–	–	–	–	–
Guarantees issued	3,481	3,481	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

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

(b) 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 2016							
Assets							
Statutory deposit with the Monetary Authority of Singapore	58,281	58,281	–	–	–	–	–
Investments	265,297	–	–	–	88,609	173,431	3,257
Loans and advances to customers	1,905,456	147,815	62,144	240,190	517,351	937,956	–
Cash on deposit, at banks and in hand	405,705	114,905	92,900	197,900	–	–	–
Others	4,772	496	2,987	1,289	–	–	–
Total Assets	2,639,511	321,497	158,031	439,379	605,960	1,111,387	3,257
Liabilities							
Deposits and savings accounts of customers	2,320,016	278,131	458,233	1,271,974	255,777	–	55,901
SPRING loans	2,463	290	229	684	1,260	–	–
Others	36,295	7,150	4,949	20,244	3,216	–	736
Total Liabilities	2,358,774	285,571	463,411	1,292,902	260,253	–	56,637
Net Liquidity Surplus/(Gap)	280,737	35,926	(305,380)	(853,523)	345,707	1,111,387	(53,380)
Off-balance sheet							
Undrawn loan commitments	419,645	419,645	–	–	–	–	–
Guarantees issued	4,320	4,320	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

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

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

(ii) Liquidity risk (Continued)

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

	Carrying Amount \$'000	Gross nominal outflow \$'000	Up to 1 month \$'000	Over 1 to 3 months \$'000	Over 3 to 12 months \$'000	Over 1 to 5 years \$'000	Non- specific maturity \$'000
Group							
31 December 2017							
Deposits and savings accounts of customers	2,141,763	(2,154,694)	(288,536)	(330,851)	(1,340,512)	(110,085)	(84,710)
SPRING loans	4,623	(4,896)	(295)	(267)	(1,208)	(3,126)	–
Other liabilities	31,452	(31,452)	(7,938)	(2,949)	(18,126)	(1,385)	(1,054)
Total liabilities	2,177,838	(2,191,042)	(296,769)	(334,067)	(1,359,846)	(114,596)	(85,764)
Undrawn loan commitments	407,424	(407,424)	(407,424)	–	–	–	–
	2,585,262	(2,598,466)	(704,193)	(334,067)	(1,359,846)	(114,596)	(85,764)
31 December 2016							
Deposits and savings accounts of customers	2,319,272	(2,336,457)	(277,992)	(459,696)	(1,282,796)	(260,072)	(55,901)
SPRING loans	2,463	(2,552)	(290)	(230)	(695)	(1,337)	–
Other liabilities	36,776	(36,776)	(7,272)	(4,895)	(20,169)	(3,223)	(1,217)
Total liabilities	2,358,511	(2,375,785)	(285,554)	(464,821)	(1,303,660)	(264,632)	(57,118)
Undrawn loan commitments	419,645	(419,645)	(419,645)	–	–	–	–
	2,778,156	(2,795,430)	(705,199)	(464,821)	(1,303,660)	(264,632)	(57,118)

NOTES TO FINANCIAL STATEMENTS

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

(b) 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 2017							
Deposits and savings accounts of customers	2,142,512	(2,155,444)	(289,037)	(330,851)	(1,340,761)	(110,085)	(84,710)
SPRING loans	4,623	(4,896)	(295)	(267)	(1,208)	(3,126)	–
Other liabilities	30,958	(30,958)	(7,938)	(2,949)	(18,126)	(1,385)	(560)
Total liabilities	2,178,093	(2,191,298)	(297,270)	(334,067)	(1,360,095)	(114,596)	(85,270)
Undrawn loan commitments	407,424	(407,424)	(407,424)	–	–	–	–
	2,585,517	(2,598,722)	(704,694)	(334,067)	(1,360,095)	(114,596)	(85,270)
31 December 2016							
Deposits and savings accounts of customers	2,320,016	(2,337,202)	(278,490)	(459,696)	(1,283,043)	(260,072)	(55,901)
SPRING loans	2,463	(2,552)	(290)	(230)	(695)	(1,337)	–
Other liabilities	36,295	(36,295)	(7,272)	(4,895)	(20,169)	(3,223)	(736)
Total liabilities	2,358,774	(2,376,049)	(286,052)	(464,821)	(1,303,907)	(264,632)	(56,637)
Undrawn loan commitments	419,645	(419,645)	(419,645)	–	–	–	–
	2,778,419	(2,795,694)	(705,697)	(464,821)	(1,303,907)	(264,632)	(56,637)

Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as premature redemption of deposits and savings accounts of customers.

The negative net liquidity gap for the maturity band for up to 12 months as at 31 December 2017 (2016: 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 2017 (2016: up to 12 months), as compared to the tenures of loans and advances which constitute the Group's main asset. In addition, the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

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.

NOTES TO FINANCIAL STATEMENTS

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

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

(iii) Market risk

(1) Interest rate risk

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

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

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

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 to 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
Group							
31 December 2017							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	-	55,057	-	-	-	-	55,057
Investments	2.50	4,708	44,964	2,214	104,059	103,830	259,775
Loans and advances to customers	2.99	-	624,494	631,466	472,299	181,002	1,909,261
Cash on deposit, at banks and in hand	1.32	13,956	116,612	120,000	-	-	250,568
Other assets	-	3,450	-	-	-	-	3,450
		77,171	786,070	753,680	576,358	284,832	2,478,111
Financial Liabilities							
Deposits and savings accounts of customers	1.17	61,912	653,154	1,317,995	108,702	-	2,141,763
SPRING loans	2.63	-	532	1,128	2,963	-	4,623
Other liabilities	-	31,452	-	-	-	-	31,452
		93,364	653,686	1,319,123	111,665	-	2,177,838



NOTES TO FINANCIAL STATEMENTS

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

(b) 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 to 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
Group							
31 December 2016							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	58,281	–	–	–	–	58,281
Investments	3.06	3,613	–	–	88,609	173,431	265,653
Loans and advances to customers	3.08	–	657,752	621,327	464,805	161,572	1,905,456
Cash on deposit, at banks and in hand	1.32	3,092	204,761	197,900	–	–	405,753
Other assets	–	4,772	–	–	–	–	4,772
		69,758	862,513	819,227	553,414	335,003	2,639,915
Financial Liabilities							
Deposits and savings accounts of customers	1.51	40,656	751,111	1,271,728	255,777	–	2,319,272
SPRING loans	2.43	–	519	684	1,260	–	2,463
Other liabilities	–	36,776	–	–	–	–	36,776
		77,432	751,630	1,272,412	257,037	–	2,358,511

NOTES TO FINANCIAL STATEMENTS

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

(b) 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 to 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
Company							
31 December 2017							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	-	55,057	-	-	-	-	55,057
Investments	2.50	4,381	44,964	2,214	104,059	103,830	259,448
Loans and advances to customers	2.99	-	624,494	631,466	472,299	181,002	1,909,261
Cash on deposit, at banks and in hand	1.32	13,887	116,612	120,000	-	-	250,499
Other assets	-	3,450	-	-	-	-	3,450
		76,775	786,070	753,680	576,358	284,832	2,477,715
Financial Liabilities							
Deposits and savings accounts of customers	1.17	61,912	653,655	1,318,243	108,702	-	2,142,512
SPRING loans	2.63	-	532	1,128	2,963	-	4,623
Other liabilities	-	30,958	-	-	-	-	30,958
		92,870	654,187	1,319,371	111,665	-	2,178,093



NOTES TO FINANCIAL STATEMENTS

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

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

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

<u>Company</u>	Effective weighted average interest %	Non- interest bearing \$'000	0 to 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
31 December 2016							
Financial Assets							
Statutory deposit with the Monetary Authority of Singapore	–	58,281	–	–	–	–	58,281
Investments	3.06	3,257	–	–	88,609	173,431	265,297
Loans and advances to customers	3.08	–	657,752	621,327	464,805	161,572	1,905,456
Cash on deposit, at banks and in hand	1.32	3,044	204,761	197,900	–	–	405,705
Other assets	–	4,772	–	–	–	–	4,772
		69,354	862,513	819,227	553,414	335,003	2,639,511
Financial Liabilities							
Deposits and savings accounts of customers	1.51	40,656	751,609	1,271,974	255,777	–	2,320,016
SPRING loans	2.43	–	519	684	1,260	–	2,463
Other liabilities	–	36,295	–	–	–	–	36,295
		76,951	752,128	1,272,658	257,037	–	2,358,774

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 2017, a 100 basis point increase/(decrease) in the interest rate at the end of the reporting period would increase/(decrease) profit by \$614,000 (2016: increase/(decrease) profit by \$270,000) and fair value reserves by \$2,551,000 (2016: increase/(decrease) fair value reserves by \$2,620,000) 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)**(b) Financial risk management policies and objectives (Continued)****(iii) Market risk (Continued)****(2) Equity price risk on investments**

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

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

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

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

Singapore Government Securities ("SGS") & MAS Bills

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.

Securities listed on the SGX

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

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

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.



NOTES TO FINANCIAL STATEMENTS

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

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

(iii) Market risk (Continued)

(2) Equity price risk on investments (Continued)

Securities listed on the SGX (Continued)

As at 31 December 2017, a 10% increase/(decrease) in the equity prices at the end of the reporting period would increase/(decrease) fair value reserves by \$471,000 (2016: increase/(decrease) by \$361,000). The Group's net profit for the year ended December 31, 2017 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 reviews 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 reviews and approves all Business Continuity Plans (BCPs) to ensure that they cover reasonably estimated and probable events that could significantly impact the normal operations of the Group. RMD makes recommendations to the RMC to enhance the Business Continuity Management (BCM) policies and procedures and carries out periodical BCP tests and ensures Disaster Recovery (DR) arrangements and tests are adequate.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

(v) 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 2017.

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, and other assets. These financial instruments are short-term in nature or are receivable on demand and the related amounts approximate fair value.

(2) Investments

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

(3) Loans and advances

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

(4) Deposits and other borrowings

The fair value of non-interest bearing deposits, saving accounts, SPRING loans 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 the remaining SPRING loans were calculated using discounted cash flow techniques, based on its related maturity. The discount rates are based on market related rates of SPRING loans at the end of the reporting period.



NOTES TO FINANCIAL STATEMENTS

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

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

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

(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.

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 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
Group				
31 December 2017				
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	55,057	55,057	58,281	58,281
Loans and advances	1,909,261	1,924,165	1,905,456	1,911,151
Cash on deposit, at banks and in hand	250,568	250,568	405,753	405,753
Other assets	3,450	3,450	4,772	4,772
Available-for-sale financial assets:				
Investments	259,775	259,775	265,653	265,653
	2,478,111	2,493,015	2,639,915	2,645,610
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	2,141,763	2,148,730	2,319,272	2,329,450
SPRING loans	4,623	4,623	2,463	2,463
Other liabilities	31,452	31,452	36,776	36,776
	2,177,838	2,184,805	2,358,511	2,368,689

NOTES TO FINANCIAL STATEMENTS

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

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

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

	Carrying amount 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
Company				
31 December 2017				
Financial Assets				
Loans and receivables:				
Statutory deposit with the Monetary Authority of Singapore	55,057	55,057	58,281	58,281
Loans and advances	1,909,261	1,924,165	1,905,456	1,911,151
Cash on deposit, at banks and in hand	250,499	250,499	405,705	405,705
Other assets	3,450	3,450	4,772	4,772
Available-for-sale financial assets:				
Investments	259,448	259,448	265,297	265,297
	2,477,715	2,492,619	2,639,511	2,645,206
Financial Liabilities				
Amortised costs:				
Deposits and savings accounts of customers	2,142,512	2,149,479	2,320,016	2,330,194
SPRING loans	4,623	4,623	2,463	2,463
Other liabilities	30,958	30,958	36,295	36,295
	2,178,093	2,185,060	2,358,774	2,368,952
<u>Financial instruments measured at fair value:</u>				
	Group		Company	
	Total	Level 1	Total	Level 1
	\$'000	\$'000	\$'000	\$'000
31 December 2017				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	4,708	4,708	4,381	4,381
Singapore Government securities	255,067	255,067	255,067	255,067
	259,775	259,775	259,448	259,448
31 December 2016				
Financial Assets				
Available-for-sale financial assets:				
Quoted equity securities	3,613	3,613	3,257	3,257
Singapore Government securities	262,040	262,040	262,040	262,040
	265,653	265,653	265,297	265,297



NOTES TO FINANCIAL STATEMENTS

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

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

(v) 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			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2017				
Group				
Financial Assets				
Loans and advances	–	1,924,165	–	1,924,165
Financial Liabilities				
Deposits and savings accounts of customers	–	2,148,730	–	2,148,730
Company				
Financial Assets				
Loans and advances	–	1,924,165	–	1,924,165
Financial Liabilities				
Deposits and savings accounts of customers	–	2,149,479	–	2,149,479
31 December 2016				
Group				
Financial Assets				
Loans and advances	–	1,911,151	–	1,911,151
Financial Liabilities				
Deposits and savings accounts of customers	–	2,329,450	–	2,329,450
Company				
Financial Assets				
Loans and advances	–	1,911,151	–	1,911,151
Financial Liabilities				
Deposits and savings accounts of customers	–	2,330,194	–	2,330,194



NOTES TO FINANCIAL STATEMENTS

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

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

(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 2016.

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	
	2017	2016
	\$'000	\$'000
At 31 December		
(a) Deposits	60,208	12,963
For the year ended 31 December		
(b) Profit or loss transactions		
– Interest expenses on deposits	392	191
– Professional Fee	6	–
– Rental income	221	253

NOTES TO FINANCIAL STATEMENTS

6 OTHER ASSETS

	Group and Company	
	2017	2016
	\$'000	\$'000
Accrued interest receivables	3,449	4,772
Prepaid commission	2,326	2,450
Prepayments, deposits and other assets	875	503
	6,650	7,725

7 INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Investments available-for-sale				
Quoted equity securities	4,708	3,613	4,381	3,257
Singapore Government securities	255,067	262,040	255,067	262,040
	259,775	265,653	259,448	265,297
Other unquoted investments, at cost	29	29	29	29
Impairment loss	(29)	(29)	(29)	(29)
	–	–	–	–
	259,775	265,653	259,448	265,297

8 LOANS AND ADVANCES

	Group and Company	
	2017	2016
	\$'000	\$'000
Housing, factoring receivables and other loans	1,406,173	1,460,924
Hire purchase receivables	566,688	499,268
Interest in suspense	(2,211)	(972)
Unearned interests	(36,277)	(30,985)
Allowances for impairment on loans and advances	(25,112)	(22,779)
	1,909,261	1,905,456
Due within 12 months	420,155	450,149
Due after 12 months	1,489,106	1,455,307
	1,909,261	1,905,456



NOTES TO FINANCIAL STATEMENTS

8 LOANS AND ADVANCES (CONTINUED)

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 \$1,996,176 (2016: \$1,071,738) and \$4,958,083 (2016: \$4,381,839) respectively.

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

	Group and Company	
	2017	2016
	\$'000	\$'000
Specific allowance		
At 1 January	3,488	1,926
Allowances for impairment losses during the year	2,391	5,779
Receivables written off against allowances	(88)	(4,217)
At 31 December	<u>5,791</u>	<u>3,488</u>
General allowance		
At 1 January	19,291	19,933
(Writeback) Allowances for impairment losses during the year	30	(642)
At 31 December	<u>19,321</u>	<u>19,291</u>
Total allowances for impairment on loans and advances		
At 1 January	<u>22,779</u>	21,859
At 31 December	<u>25,112</u>	<u>22,779</u>

The hire purchase receivables are as follows:

	Group and Company		
	Gross	Interest	Principal
	\$'000	\$'000	\$'000
2017			
Within 1 year	37,215	886	36,329
After 1 year but within 5 years	462,629	25,725	436,904
After 5 years	66,844	8,902	57,942
	<u>566,688</u>	<u>35,513</u>	<u>531,175</u>
2016			
Within 1 year	199,327	14,368	184,959
After 1 year but within 5 years	292,782	14,944	277,838
After 5 years	7,159	216	6,943
	<u>499,268</u>	<u>29,528</u>	<u>469,740</u>

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

NOTES TO FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings \$'000	Freehold land and buildings \$'000	Furniture and office equipment \$'000	Motor vehicles \$'000	Renovation \$'000	Computers \$'000	Total \$'000
Group and Company							
Cost:							
At 1 January 2016	10,646	8,530	343	737	2,447	3,832	26,535
Additions	–	–	48	368	–	14	430
Disposal/Write off	–	–	–	(235)	–	(3)	(238)
At 31 December 2016	10,646	8,530	391	870	2,447	3,843	26,727
Additions	–	–	67	–	4	1,269	1,340
Disposal/Write off	–	–	–	–	–	(273)	(273)
At 31 December 2017	10,646	8,530	458	870	2,451	4,839	27,794
Accumulated depreciation:							
At 1 January 2016	2,240	1,243	282	308	2,348	3,376	9,797
Depreciation for the year	65	200	41	130	41	279	756
Disposal/Write off	–	–	–	(235)	–	(3)	(238)
At 31 December 2016	2,305	1,443	323	203	2,389	3,652	10,315
Depreciation for the year	65	200	30	161	22	230	708
Disposal/Write off	–	–	–	–	–	(273)	(273)
At 31 December 2017	2,370	1,643	353	364	2,411	3,609	10,750
Carrying amount:							
At 31 December 2017	8,276	6,887	105	506	40	1,230	17,044
At 31 December 2016	8,341	7,087	68	667	58	191	16,412

10 INVESTMENT PROPERTIES

	Group and Company	
	2017 \$'000	2016 \$'000
At cost:		
At 1 January and 31 December	28,794	28,794
Accumulated depreciation:		
At 1 January	5,098	4,721
Depreciation charge for the year	377	377
At 31 December	5,475	5,098
Carrying amount:		
At 31 December	23,319	23,696

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.



NOTES TO FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES (CONTINUED)

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 2017 and 31 December 2016 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 of 17-storey office building at 96 Robinson Road, Singapore 068899, 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. The fair value of the leasehold land and building of 17-storey office building at 96 Robinson Road, Singapore 068899, were cross-checked using the comparison method of valuation, which is based on the direct comparison with recent transactions of comparable properties within the vicinity.

The fair value of the leasehold land and building of Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, were determined based on the direct comparison with recent transactions of comparable properties within the vicinity. The fair value of the leasehold land and building of Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, were cross-checked using the income method, which takes into account the net rental income and the remaining period of the lease to arrive at the current market value.

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 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)

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

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at 31 December 2017 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at 31 December 2017 \$'000	Fair value as at 31 December 2016 \$'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% (2016: 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.	–	80,301	–	80,301	72,271
A shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, with a floor area of approximately 267 square metres on leasehold land. Approximately 50% (2016: 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
	–	82,501	–	82,501	74,471

The fair value of the entire 17-storey office building at 96 Robinson Road, Singapore 068899, is \$130,000,000 (2016: \$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 (2016: \$4,400,000).

11 SUBSIDIARY

	Company	
	2017 \$'000	2016 \$'000
Equity investments, at cost	25	25



NOTES TO FINANCIAL STATEMENTS

11 SUBSIDIARY (CONTINUED)

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 % (2016: 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 1 January 2016 \$'000	Recognised in profit or loss for the year \$'000	Recognised in other comprehensive income \$'000	At 31 December 2016 \$'000	Recognised in profit or loss for the year \$'000	Recognised in other comprehensive income \$'000	At 31 December 2017 \$'000
Group							
Deferred tax assets (liabilities)							
Employee benefits	40	4	–	44	(1)	–	43
Property, plant and equipment	(86)	48	–	(38)	(180)	–	(218)
Investments	(1,097)	–	(283)	(1,380)	–	(614)	(1,994)
	(1,143)	52	(283)	(1,374)	(181)	(614)	(2,169)

Company

Deferred tax assets (liabilities)							
Employee benefits	40	4	–	44	(1)	–	43
Property, plant and equipment	(86)	48	–	(38)	(180)	–	(218)
Investments	(1,037)	–	(292)	(1,329)	–	(618)	(1,947)
	(1,083)	52	(292)	(1,323)	(181)	(618)	(2,122)

13 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed deposits	2,057,053	2,263,372	2,057,053	2,263,372
Fixed deposits from subsidiary	–	–	749	744
Savings accounts and other balances				
with customers	69,135	34,742	69,135	34,742
Project accounts	15,575	21,158	15,575	21,158
	2,141,763	2,319,272	2,142,512	2,320,016

NOTES TO FINANCIAL STATEMENTS

14 OTHER LIABILITIES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accrued interest payable	17,184	24,100	17,187	24,103
Accrued operating expenses	6,871	6,400	6,865	6,390
Amount due to subsidiary	–	–	18	38
Factoring current accounts	4,309	2,959	4,309	2,959
Deposits for safe deposit boxes and rental deposits	822	897	822	897
Unclaimed dividends	614	613	107	105
Others	1,652	1,807	1,650	1,803
	31,452	36,776	30,958	36,295

15 SPRING LOANS (UNSECURED)

	Group and Company	
	2017 \$'000	2016 \$'000
Due within 12 months	1,660	1,203
Due after 12 months	2,963	1,260
	4,623	2,463

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.

16 PROVISION FOR EMPLOYEE BENEFITS

	Group and Company	
	2017 \$'000	2016 \$'000
Liability for short-term accumulating compensated absences	254	260

17 SHARE CAPITAL

	Group and Company			
	2017 No. of shares ('000)	2016 No. of shares ('000)	2017 \$'000	2016 \$'000
Issued and fully paid: At 1 January and 31 December	157,626	157,626	180,008	180,008

The holders of ordinary shares 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.



NOTES TO FINANCIAL STATEMENTS

18 RESERVES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Statutory reserve	104,960	99,289	104,960	99,289
Fair value reserve	9,731	6,736	9,510	6,490
Accumulated profits	43,024	33,881	42,666	33,536
	157,715	139,906	157,136	139,315

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.

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

	Group	
	2017 \$'000	2016 \$'000
Salaries and other benefits	1,906	1,833
Contributions to defined contribution plan	26	30
Directors' fees	470	470
Others	51	48
	2,453	2,381

NOTES TO FINANCIAL STATEMENTS

21 PROFIT BEFORE INCOME TAX

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

	Group	
	2017 \$'000	2016 \$'000
Interest income and hiring charges		
Loans and advances and others	61,636	63,253
Cash and bank deposits	4,027	5,021
Available-for-sale investments	6,266	7,283
	71,929	75,557
Interest expense		
Deposits and others	27,335	36,942
Dividends		
Quoted equity securities	149	148
Other income		
Government grant	197	374
Bad debts recovered	29	49
Net gain on property, plant and equipment written off/disposed	–	92
Net gain on sale of investments	2,426	–
Rental income from safe boxes	197	224
Others	5	12
	2,854	751
Staff costs		
Salaries and other benefits	13,056	13,091
Contributions to defined contribution plan	1,522	1,116
(Decrease)/Increase in liability for short-term accumulating compensated absences	(8)	19
	14,570	14,226
Other operating expenses		
Audit fees	90	87
Non-audit fees	28	26
Operating expenses on investment properties	717	698
Maintenance, utilities and property tax	1,041	954
Legal and professional fees	212	132
Commission expense	2,924	2,401
Others	2,290	2,392
	7,302	6,690



NOTES TO FINANCIAL STATEMENTS

22 INCOME TAX EXPENSE

	Group	
	2017	2016
	\$'000	\$'000
Current tax expense		
Current year	3,588	2,877
Adjustments with respect to prior years	(62)	(53)
	3,526	2,824
Deferred tax credit		
Reversal of temporary differences (Note 12)	181	(52)
Total income tax expense	3,707	2,772
Reconciliation of effective tax rate		
Profit before income tax	26,402	16,640
Income tax using Singapore tax rate of 17% (2016: 17%)	4,488	2,829
Adjustments with respect to prior years	(62)	(53)
Expenses not deductible for tax purposes	184	292
Effects of tax benefits	(887)	(28)
Income not subject to tax	(14)	(33)
Tax effect of income subject to concessionary tax rate of 10% (2016: 10%)	(152)	(162)
Others	150	(73)
Total income tax expense	3,707	2,772

23 EARNINGS PER SHARE

	Group	
	2017	2016
	\$'000	\$'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	22,695	13,868
Number of ordinary shares	157,626	157,626

There were no potential dilutive ordinary shares for the years ended 31 December 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

24 DIVIDENDS

In 2017, a dividend of 5 cents per share, one-tier tax exempt (total dividend \$7,881,000) was paid to shareholders. In 2016, 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:

	<u>\$'000</u>
Annual dividend proposed of:	
2017: 7 cents per share, one-tier tax exempt	<u>11,034</u>

25 COMMITMENTS

	Group	
	2017	2016
	<u>\$'000</u>	<u>\$'000</u>
Capital commitments		
Commitments for capital expenditure contracted but not provided for in the financial statements	<u>2,097</u>	–

Operating lease commitments

The Group as lessee

	Group and Company	
	2017	2016
	<u>\$'000</u>	<u>\$'000</u>
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	<u>204</u>	<u>204</u>

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

	Group and Company	
	2017	2016
	<u>\$'000</u>	<u>\$'000</u>
Payable:		
Within 1 year	153	204
After 1 year but within 5 years	–	153
	<u>153</u>	<u>357</u>

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 (2016: 3 years) and rentals are fixed for an average of 3 years (2016: 3 years).



NOTES TO FINANCIAL STATEMENTS

25 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	
	2017 \$'000	2016 \$'000
Receivable:		
Within 1 year	2,650	2,236
After 1 year but within 5 years	1,225	1,332
	3,875	3,568

Other commitment

Undrawn loan commitments	407,424	419,645
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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	
	2017 \$'000	2016 \$'000
Guarantees issued and financing of goods imported	3,481	4,320

As at 31 December 2017, guarantees issued for the Group and the Company's operational requirements amounted to \$38,650 (2016: \$38,650). These contingent liabilities are not secured on any of the Group's assets and not included on the statements of financial position of the Group and Company in accordance with the Group's accounting policy.

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 – In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

NOTES TO FINANCIAL STATEMENTS

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below).

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 December 2018, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact – The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 Leases
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*



NOTES TO FINANCIAL STATEMENTS

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments 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 instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, 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.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be 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 the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, SFRS(I) 9 requires a three-stage expected credit loss model to be applied. 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. Under SFRS(I) 9, 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.



NOTES TO FINANCIAL STATEMENTS

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**SFRS(I) 15 Revenue from Contracts with Customers**

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 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 SFRS(I) 15, 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 SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending 31 December 2018.

Amendments to SFRS(I) 9 Financial Instruments: Prepayment Features with Negative Compensation

The pronouncement allows financial assets with a prepayment option that could result in a party paying or receiving reasonable compensation for early termination to meet the (solely payments of principal and interest) SPPI condition if specific criteria are met.

Management does not plan to early adopt the amendments to SFRS(I) 9 for financial year ending 31 December 2018.



NOTES TO FINANCIAL STATEMENTS

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Impact assessment

- (a) Management has performed a detailed analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending 31 December 2018, and determined that the adjustments below and additional enhanced disclosures are expected from the initial application.

SFRS(I) 9

Based on an analysis of the Group and the Company's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the management of the Group and the Company have assessed the impact of SFRS (I) 9 to the Group and the Company's financial statements as follows:

Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset.

Key changes include:

- The Singapore Government securities currently recorded under the available-for-sale (AFS) asset category will be classified under the new FVTOCI category, as these debt instruments have contractual cash flow that are solely payments of principal and interest, and held in a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments.
- In respect of the AFS equity securities, the Group and the Company has made an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI.
- Loans and advances will be classified under the new Amortised Cost category and the measurement method remains unchanged.
- Upon transition, the Group and the Company does not expect any significant impact on the re-measurement, arising from these changes.
- Classification of financial liabilities will remain unchanged for the Group and the Company.

Impairment

The SFRS(I) 9 impairment requirements are based on an expected credit loss model (ECL) that replaces the incurred loss model under the current accounting standard. The Group and the Company will be required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets which are accounted for at amortised cost or at FVOCI. SFRS(I) 9 will change the Group and the Company's current methodology for determining the provision for financial assets.

NOTES TO FINANCIAL STATEMENTS

27 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Impact assessment (Continued)

Transition impact

The opening collective allowance balance as at 1 January 2018 is \$19.3 million, which exceeds the Group's and the Company's estimated stage 1 and 2 Expected Credit Loss of approximately \$3.0 million determined based on management's preliminary estimates, as calculation of the collective allowance was previously based on the Group's policies and regulatory requirements. On 29 December 2017, MAS issued a revised MAS Notice 811 ("MAS 811") in relation to the changes in the recognition and measurement of allowance for credit losses introduced in SFRS(I) 9.

Taking into account the deferred tax impact, the net increase in retained earnings before appropriation is \$13.5 million, determined based on management's preliminary estimates. This represents the surplus of the collective allowance over and above the SFRS(I) 9 impairment requirements

Additionally, pursuant to the revisions in MAS 811, approximately \$4.3 million, determined based on management's preliminary estimates, will be appropriated from the retained earnings to Regulatory Loss Allowance Reserve.

Additional disclosures will also be made in 31 December 2018 financial statements with respect of classification and measurement of financial instruments, including any significant judgement and estimation made, such as impairment of financial assets.

The transitional impact is based on management's preliminary estimates as at the reporting date. The information provided in this note is focused on material items.

Hedge accounting

- The Group and the Company does not apply hedge accounting. Hence, management is not expecting any impact.

SFRS(I) 15

Management has performed an analysis of SFRS (I) 15 and determined that there will be no material adjustments expected from the initial application other than additional enhanced disclosure.

- (b) Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after 1 January 2019, and does not expect material adjustments to arise.



ADDITIONAL INFORMATION

Directors' Remuneration for the year ended 31 December 2017

Name of Director	Total Remuneration (nearest thousand) S\$'000	Basic Salary/ Employer's CPF/AWS %	Variable Bonuses %	Directors' Fee %	Other Benefits %	Total %
Executive Director						
Lee Sze Leong (Managing Director/ Chief Executive Officer)	1,258	60.9	31.4	5.2	2.5	100
Lee Sze Siong (Deputy Managing Director)	850	63.0	27.7	7.0	2.3	100
Non-executive Directors						
Ng Tat Pun	85	—	—	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	60	—	—	100	—	100

STATISTICS OF SHAREHOLDINGS

AS AT 2 MARCH 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	68	3.17	1,210	0.00
100 – 1,000	173	8.07	99,653	0.06
1,001 – 10,000	1,059	49.42	5,753,377	3.65
10,001 – 1,000,000	823	38.41	57,031,390	36.18
1,000,001 AND ABOVE	20	0.93	94,740,134	60.11
TOTAL	2,143	100.00	157,625,764	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	F H LEE HOLDINGS PTE LTD	42,284,550	26.83
2	RAFFLES NOMINEES (PTE) LIMITED	8,605,021	5.46
3	PHILLIP SECURITIES PTE LTD	8,114,420	5.15
4	AMELIA	4,061,311	2.58
5	DBS NOMINEES (PRIVATE) LIMITED	3,931,635	2.49
6	LEE HENG WAH @ LEE HENG GUAN	3,000,000	1.90
7	SING HOLDINGS LIMITED	2,844,900	1.80
8	KOH BOON HONG	2,708,600	1.72
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,519,069	1.60
10	MORPH INVESTMENTS LTD	1,956,000	1.24
11	COSMOS INVESTMENT PTE LTD	1,785,150	1.13
12	ANG HAO YAO (HONG HAOYAO)	1,688,000	1.07
13	SUTL CAPITAL PTE LTD	1,643,818	1.04
14	KIMANIS MARINE PTE LTD	1,629,500	1.03
15	ANG CHIAN POH	1,546,350	0.98
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,391,810	0.88
17	AW SEOH BEE	1,382,000	0.88
18	TAI MAH SAWMILL CO (PTE) LTD	1,276,000	0.81
19	NG CHIT TONG PETER OR YE CHUNXIU	1,190,000	0.75
20	LIM HWEE SIN	1,182,000	0.75
	TOTAL	94,740,134	60.09



STATISTICS OF SHAREHOLDINGS

AS AT 2 MARCH 2018

SUBSTANTIAL SHAREHOLDERS AS AT 2 MARCH 2018

Name	Shareholdings registered in the name of Substantial Shareholders or their nominees		Number of shares	
		%	Shareholdings in which Substantial Shareholders are deemed to have an interest	%
Lee Sze Leong ⁽¹⁾	584,631	0.37	45,129,450	28.63
Lee Sze Siong ⁽²⁾	651,142	0.41	45,129,450	28.63
Lee Sze Hao ⁽³⁾	644,763	0.41	45,129,450	28.63
F.H. Lee Holdings (Pte) Limited ⁽⁴⁾	42,284,550	26.83	2,844,900	1.80

Notes:-

- (1) Lee Sze Leong is deemed to be interested in 42,284,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.
- (2) Lee Sze Siong is deemed to be interested in 42,284,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.
- (3) Lee Sze Hao is deemed to be interested in 42,284,550 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.
- (4) F.H. Lee Holdings (Pte) Limited is deemed to be interested in 2,844,900 shares held by Sing Holdings Limited.

Shareholdings held in hands of public

As at 2 March 2018, approximately 70.18% 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 2 March 2018.

Directors' shareholdings as at 21 January 2018

As shown in the Directors' Statement, the shares held by the Directors as at 31 December 2017 remain unchanged as at 21 January 2018.



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 SGX Auditorium, 2 Shenton Way, SGX Centre 1, Level 2, Singapore 068804, on Tuesday, 24th April 2018 at 3.00 p.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Directors' statement and audited financial statements for the year ended 31st December 2017 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 2017 (2016: \$470,000). (Resolution 2)
3. To declare a first and final one-tier tax exempt dividend of 7 cents per ordinary share for the financial year ended 31st December 2017. (Resolution 3)
4. To re-elect Dr Joseph Yeong Wee Yong as Director, who retires pursuant to Article 109 of the Constitution of the Company. (Resolution 4)
5. To re-elect Mr Chee Jin Kiong as Director, who retires pursuant to Article 109 of the Constitution of the Company. (Resolution 5)
6. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company for the next financial year and to authorise the Directors to fix their remuneration. (Resolution 6)
7. To transact any other business of an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions, of which Resolution 7 will be proposed as an Ordinary Resolution and Resolution 8 will be proposed as a Special Resolution:

ORDINARY RESOLUTION

8. **General mandate to authorise the Directors to issue shares or convertible instruments**

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

(Resolution 7)

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

SPECIAL RESOLUTION

9. Adoption of new Constitution

"That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution."

(Resolution 8)

BY ORDER OF THE BOARD

Chan Kum Kit
Tan Mui Sang
Company Secretaries

Singapore, 26 March 2018

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) Dr Joseph Yeong Wee Yong, a Non-Executive and Non-Independent Director, will upon re-election under item 4 above, continue to serve as the Chairman of the Risk Management Committee and as a Member of the Remuneration Committee and Loan Committee.
- (5) Mr Chee Jin Kiong, a Non-Executive and Independent Director, will upon re-election under item 5 above, continue to serve as the Chairman of the Remuneration Committee and as a Member of the Audit Committee.
- (6) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the Company's total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.
- (7) The Special Resolution 8 proposed in item 9 above is to adopt a new Constitution for the Company to conform with the wide-ranging changes to the Companies Act, Chapter 50 of Singapore introduced pursuant to the Companies (Amendment) Act 2014, as well as the prevailing SGX listing rules and other regulatory requirements. Please refer to the Letter to Shareholders dated 26 March 2018 for more details on the new Constitution.

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/SRS 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):

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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 24 April 2018 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 Dr Joseph Yeong Wee Yong as a Director		
5	Re-election of Mr Chee Jin Kiong as a Director		
6	Re-Appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration		
7	General mandate to authorise the Directors to issue new shares or convertible instruments		
8	Adoption of new Constitution		

* 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 _____ 2018.

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 26 March 2018.

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**PROXY FORM FOR
ANNUAL GENERAL MEETING**

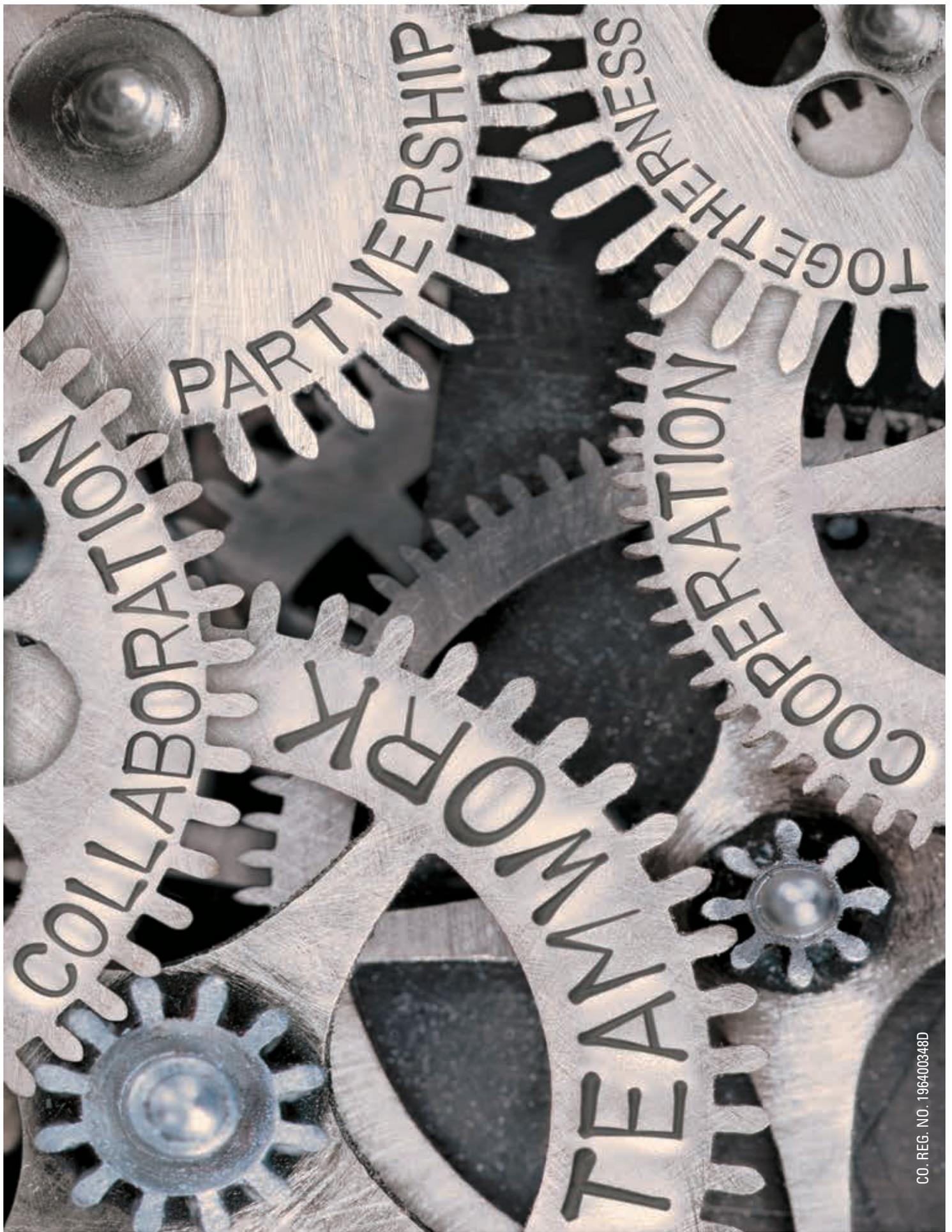
Affix
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Stamp

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

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