

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

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Singapore Precious Metals Market

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History

- **1978** - Trading in gold futures was introduced with Gold Exchange of Singapore (GES).
- **1994** - Goods and Services Tax (GST) was introduced and eroded Singapore's competitiveness as a regional precious metals trading hub.
- **2012** - The Ministry of Finance announced the removal of GST on investment-grade precious metals (IPM).
- Since then, started formation of the precious metals-market ecosystem with the commencement of operations by 1st LBMA gold refinery Metalor Technologies in Singapore.
- Approved refiners or consolidators enjoy GST suspension on imports for the processing of IPM in Singapore.

Rules and Regulations

Regulatory Bodies mainly oversees by:

- International Enterprise Singapore
- Monetary Authority of Singapore
- Inland Revenue Authority of Singapore

Regulation and Licensing

- Import and export of gold are not expressly restricted.
- Companies engage in any form of commodities trading activities are subjected to strict regulations under the Commodity Trading Act (“CTA”), enacted since 1992.

Tax

- GST (currently 7% as at August 2016) is exempted on Investment Precious Metals (IPM).
- Corporate tax is 17%.

Precious Metals Ecosystem



Bullion banks



Stock exchange/Financial service institutes



Secured logistics service providers/Singapore FreePort



Traders/wholesalers



Retail shops



Online platforms



Refineries



Government support and sponsorship

IPM traded in Singapore

- 4,932 tonnes of physical Investment Precious Metals (IPM) were traded in Singapore in 2015, amounting to about USD 30 billion worth of IPM, of which 89.5% were Gold, 7.8% Silver and 2.6% Platinum.

	2014	2015	% Increase
Total Annual Physical IPM Traded (Tonne)	3,060.13	4,932.35	61.18
Annual Gold Traded (Tonne)	516.93	656.08	26.92
Annual Silver Traded (Tonne)	2,506.95	4,253.49	69.67
Annual Platinum Traded (Tonne)	27.25	21.17	-22.30

- Sales were mostly made to – Indonesia, Thailand and other Asian countries, also to the two largest gold consumption countries, China and India.

Why Singapore?

Value Proposition

At the Heart of Trade Flows

- Singapore is strategically located (within a 7-hour flight radius) to key demand centres of China, India and SE Asia, and in close proximity to 15.5% of the world's mining supply of gold (Australia, Indonesia, Papua New Guinea, the Philippines).
- In 2014, more than 50% of world's scrap gold came from Asia.

Singapore's Value Proposition

- World-class infrastructure for precious metals storage and trading
- No GST on investment-grade precious metals (IPM) since 2012
- Strong, efficient and transparent legal and judicial framework
- AAA credit rating
- Strong government support to the industry
- Singapore Bullion Market Association (SBMA) supporting market players

Conducive Pro-Business Environment

- Singapore's pro-business environment has earned various recognitions from international organisations:
 - Asia's top financial centre (Global Financial Centres Index 2016)
 - The world's easiest place to do business (World Bank Doing Business 2012-2016 Report)
 - Among the top 2 most competitive countries in the world (The Global Competitiveness Report 2015-2016, World Economic Forum)
 - The best business environment in Asia Pacific and worldwide for 2015-19 (Economist Intelligence Unit, Country Forecasts, May 2015)
 - Most "network ready" country in the world (Global Information Technology Report 2015)

Source: Monetary Authority of Singapore (MAS)

Plans Going Forward

Role in ASEAN market

- With the set up of ASEAN Economic Community (AEC), this provides an opportunity for SBMA to create a seamless regional market and production base.
- Singapore to be positioned as a conduit for the ASEAN precious metals businesses connecting to global bullion players, making Singapore the Asia Pacific precious metals trade hub.

Contact

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