Tuan Sing Holdings Limited

2019 ANNUAL REPORT

TRANSFORMING
GROWTH

The strikingly minimal aesthetics of this cover design mirrors Tuan Sing's quest to deliver contemporary, yet timeless property developments that stand out in terms of both architecture and function. White space and clean lines are used to draw the viewer's attention to the cover image of our flagship property, 18 Robinson, which epitomises our strategy to develop iconic buildings in choice locations, be it in Singapore or abroad. As Tuan Sing continues to expand in both scale and reputation, the Group remains committed to its goal of repositioning itself into a regional player – a process that is not only transformative on an organisational level, but one that helps to shape regional landscapes of the future.

DESIGN CONCEPT *for this year's Annual Report*

Financial data in this report are stated in Singapore dollars unless otherwise indicated.

All information in this annual report is available for downloading as PDF files, in full or by sections, at our website. In addition, our website contains financial information for downloading in Excel format and hyperlinks to other web pages which might be of interest to you. Quarterly financial results, presentation slides, press releases and other announcements are also available at our website.

The landscaped roof garden is situated on 28th storey of 18 Robinson

INSIDE OUR REPORT

OUR VISION

Creating a clear distinction

OUR MISSION

Be a "**Nucleus of Growth**", developing and strengthening core businesses to create value for all stakeholders

OUR CORPORATE PROFILE

Tuan Sing Holdings Limited is a fast-growing, diversified regional investment holding company with interests mainly in property development, property investment and hotel ownership.

Over the years, the Group has developed a portfolio of strategically located real estate assets in Singapore and across the region, and established a reputation for the delivery of good quality and iconic developments.

The Group has 80.2% stake in SGX-ST listed subsidiary, **SP Corporation Limited** ("SP Corp") and 97.9% stake in **Hypak Sdn. Berhad.** ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene packaging bags in Malaysia.

The Group holds a 44.5% interest in printed circuit board manufacturer, **Gul Technologies Singapore Pte Ltd**, as well as a 49% stake in **Pan-West (Private) Limited**, a retailer of golf-related products.

In addition, the Group also acquired strategic stakes in mixed development opportunities in the region, namely in **Sanya**, **China**, through its 7.8% stake in Sanya Summer Real Estate Co. Ltd and in **Bali**, **Indonesia**, through a 2.26% stake in Goodwill Property Investment Limited.

Since marking its golden jubilee in 2019, Tuan Sing has embarked on a business transformation to reposition itself from a niche developer to a major regional player with a presence in commercial, residential and hospitality properties in various key Asian cities across Singapore, China, Indonesia and Australia. Leveraging on its strengths and track record in property development and investment across a diverse range of property segments, the Group intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

Batam Opus Bay, Indonesia – An integrated mixed-development township

OUR VALUE STATEMENT

Building value and targeting growth

EXCELLENCE
Nothing but the best of our abilities

TEAMWORK
Effective communication and co-operation

INTEGRITY
Upholding honesty and morality

ATTITUDE
Embracing humility, care and hard work

OUR BUSINESS STRATEGY

Building on fundamentals and driving sustainable growth

- Scale up and strengthen the “Tuan Sing” brand
- Create innovative products and develop architecturally inspiring projects
- Focus on developing residential and other properties
- Diversify property portfolio to achieve a balanced revenue profile
- Expand our property business in the region or increase our investments in existing markets
- Acquire land banks in a disciplined manner
- Obtain suitable financing options for projects and investments

OUR COMPETITIVE EDGE

Distinguishing ourselves with unique strengths

- Proven track record and reputation associated with award-winning projects
- Cordial relationships with architects, designers and international business partners
- Demonstrated abilities to deliver unique and high quality projects
- Hotel properties offer strategic location and unique strength
- Wide property portfolio range
- Experienced and committed board of directors and management team

OUR BUSINESS PHILOSOPHY

"Our business model seeks to create value for stakeholders in a sustainable way"

OUR RESOURCES

- Brand name
- Strong customer relationships
- Financial capital
- Funding sources
- Human capital
- Alliances and associations
- Technology and infrastructure

HOW WE CREATE VALUE – OUR BUSINESS MODEL

HOW WE CREATE VALUE – OUR BUSINESS MODEL	OUR STAKEHOLDERS
Deliver long-term and sustainable returns to shareholders through • Maintaining profitability with reduced volatility • Appropriate use of capital leverage to enhance returns • Good corporate governance and sound risk management	**INVESTORS**
Offer ample opportunities to develop employees' potential while taking care of their well-being and work-family balance through • Career growth and rotation where appropriate • Competitive compensation and rewarding opportunities • Safe working environment	**EMPLOYEES**
Create customer value and pleasant experience through • Quality products at competitive pricing • Sustainable products including development of green buildings • Reliable and enlightening customer service	**CUSTOMERS**
Treat partners as equal through • Upholding the principles of ethical and fair trading • Proactive engagement for mutual benefits • Strong and long-term relationships	**BUSINESS PARTNERS**
Care for and contribute to the economic, environmental and social development of the communities through • Striking a balance between economic objectives and environmental sustainability • Continual improvement on environmental, health and safety practices • Economic and social contributions, including jobs, local procurement, taxes and community engagement	**COMMUNITY**

FINANCIAL HIGHLIGHTS

"Tuan Sing reported profit attributable to shareholders of $33.2 million"

FOR THE YEAR ($'000)	2019	2018 (Restated)
Revenue	**310,689**	336,108
Revenue (including equity accounted investees)	**748,996**	799,662
Profit		
– Before tax and fair value adjustments	**8,831**	22,524
– Before tax	**42,038**	135,608
– After tax	**32,679**	131,430
Profit attributable to shareholders		
– Before fair value adjustments	**4,303**	19,672
– After fair value adjustments	**33,213**	131,537
Total comprehensive income attributable to shareholders	**21,504**	119,432
Operating cash flow	**20,490**	(93,904)
Free cash flow[1]	**13,430**	(212,919)

AT YEAR-END ($'000)		
Total assets	**2,997,342**	2,911,947
Total liabilities	**1,878,269**	1,808,918
Total borrowings	**1,711,332**	1,630,441
Net borrowings	**1,539,058**	1,497,434
Working capital	**223,550**	(393,855)
Shareholders' funds	**1,104,963**	1,088,357
Total equity	**1,119,073**	1,103,029

FINANCIAL RATIOS		
Return on assets (%)[2]	**1.1%**	4.7%
Return on shareholders' funds (%)[3]	**3.0%**	12.7%
Return on total equity (%)		
– Before tax and fair value adjustments	**0.8%**	2.1%
– Before tax	**3.8%**	12.9%
– After tax	**2.9%**	12.5%
Debt-equity ratio (times)[4]		
– Gross gearing	**1.53X**	1.48X
– Net gearing	**1.38X**	1.36X

SHAREHOLDERS' RETURN		
Earnings per share (cents)		
– Before fair value adjustments	**0.4**	1.7
– After fair value adjustments	**2.8**	11.1
Net asset value per share (cents)	**93.1**	91.7
Proposed first and final dividend per share (cent)	**0.6**	0.6
Proposed special dividend per share (cent)	**–**	0.3
Total dividend payout ($'000)	**7,117**	10,678
Dividend payout ratio[5]	**165.4%**	54.3%
Dividend yield[6]	**1.7%**	2.2%

Definitions:
1. Free cash flow = operating cash flow + investing cash flow
2. Return on assets = profit after tax/ average total assets
3. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
4. Gross gearing = total borrowings/total equity; Net gearing = net borrowings/ total equity
5. Dividend payout ratio = total dividend payout/profit before fair value adjustments attributable to shareholders
6. Dividend yield = dividend per share/ average share price during the year

QUARTERLY **RESULTS**

FIRST QUARTER

For the first quarter ("1Q"), the Group reported revenue of $77.5 million, an increase of 1% as compared with $76.5 million in 1Q2018. The increase was attributable mainly to higher revenue from Property segment, partially offset by lower revenue from Hotels Investment and Industrial Services segments. Net profit attributable to shareholders was $0.2 million, a decrease of $8.0 million as compared with $8.2 million in 1Q2018. The decrease was due mainly to the absence of $3.9 million gain from divestment of a subsidiary in China last year and higher finance costs of $3.4 million. This was offset by a write-back on provision of legal costs relating to a dispute with a contractor. Earnings per share stood at 0.01 cent for the first quarter as compared with 0.7 cent a year earlier.

SECOND QUARTER

For the second quarter ("2Q"), the Group reported revenue of $73.9 million, a decrease of 9% as compared with $81.7 million in 2Q2018. The decrease was due mainly to lower revenue from Hotels Investment and Industrial Services segments, partially offset by higher revenue from Property segment. Net profit attributable to shareholders was $1.5 million, a decrease of $1.5 million or 50% as compared with $3.0 million in 2Q2018. The decrease was due mainly to higher finance costs and offset by a write-back on provision of legal costs relating to a development project. Earnings per share stood at 0.1 cent for the second quarter as compared to 0.3 cent a year earlier.

THIRD QUARTER

For the third quarter ("3Q"), the Group reported revenue of $67.0 million, a decrease of 29% as compared with $94.6 million in 3Q2018. The decrease was due mainly to lower revenue from the Industrial Services and Property segments. Net profit attributable to shareholders was $0.2 million, a decrease of $3.6 million as compared with $3.8 million in 3Q2018. The decrease was due mainly to higher finance costs. Earnings per share stood at 0.02 cent for the third quarter as compared with 0.3 cent a year earlier.

FOURTH QUARTER

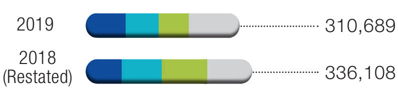
For the fourth quarter ("4Q"), the Group reported revenue of $92.3 million, an increase of 11% as compared with $83.3 million in 4Q2018. The increase was attributable mainly to higher revenue from the Property segment, partially offset by lower revenue from Hotels Investment and Industrial Services segments. Net profit attributable to shareholders was $31.4 million, a decrease of $85.2 million as compared with $116.6 million in 4Q2018. The decrease was due mainly to lower fair value gain on investment properties of $79.8 million. Earnings per share stood at 2.6 cents for the fourth quarter as compared with 9.8 cents a year earlier.

2019 QUARTERLY RESULTS ($'000)	**1Q**	**2Q**	**3Q**	**4Q**	**TOTAL**
Revenue	**77,463**	**73,917**	**67,013**	**92,296**	**310,689**
Profit					
– Before tax and fair value adjustments	**1,937**	**4,188**	**1,845**	**861**	**8,831**
– Before tax	**2,018**	**3,934**	**1,118**	**34,968**	**42,038**
– After tax	**188**	**1,589**	**307**	**30,595**	**32,679**
Profit attributable to shareholders	**157**	**1,483**	**206**	**31,367**	**33,213**
Earnings per share (cents)	**0.01**	**0.1**	**0.02**	**2.6**	**2.8**

2018 (RESTATED) QUARTERLY RESULTS ($'000)	**1Q**	**2Q**	**3Q**	**4Q**	**TOTAL**
Revenue	76,470	81,663	94,646	83,329	336,108
Profit					
– Before tax and fair value adjustments	9,664	4,309	5,174	3,377	22,524
– Before tax	9,597	4,178	5,207	116,626	135,608
– After tax	8,174	3,082	3,846	116,328	131,430
Profit attributable to shareholders	8,159	2,985	3,767	116,626	131,537
Earnings per share (cents)	0.7	0.3	0.3	9.8	11.1

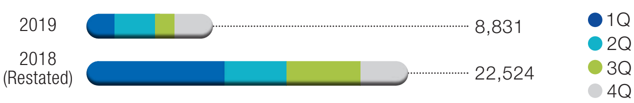
Note: Discrepancy in the values or percentages in the above table, if any, is due to rounding.

REVENUE ($'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS ($'000)

PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENTS ($'000)



FIVE-YEAR PERFORMANCE

"In the region, the Group will continue to seek opportunities, as well as explore potential partnerships and collaborations to grow its portfolio of well-located assets in the tourism market including Bali and Sanya"

FOR THE YEAR ($'000)	2019	2018[(a)] (Restated)	2017[(b)] (Restated)	2016[(c)] (Restated)	2015
Revenue (excluding equity accounted investees)	**310,689**	336,108	355,964	404,018	677,122
Profit before tax	**42,038**	135,608	68,137	40,078	80,654
Income tax	**(9,359)**	(4,178)	(5,269)	(6,272)	(11,535)
Profit after tax	**32,679**	131,430	62,868	33,806	69,119
Profit attributable to:					
Shareholders of the Company	**33,213**	131,537	62,756	33,585	68,833
Non-controlling interests	**(534)**	(107)	112	221	286
	32,679	131,430	62,868	33,806	69,119
AT YEAR-END ($'000)					
Property, plant and equipment	**414,256**	425,944	446,749	422,921	395,149
Right-of-use assets	**250**	–	–	–	–
Investment properties	**1,778,168**	1,742,662	1,592,687	1,108,652	1,076,909
Development properties	**343,067**	353,091	186,433	183,232	336,132
Investments in equity accounted investees	**137,863**	117,914	93,185	83,579	71,511
Cash and bank balances	**172,274**	133,007	216,843	163,688	141,717
Other assets	**151,464**	139,329	104,323	164,991	141,087
Total assets	**2,997,342**	2,911,947	2,640,220	2,127,063	2,162,505
Shareholders' funds	**1,104,963**	1,088,357	987,335	923,402	876,805
Non-controlling interests	**14,110**	14,672	10,628	11,034	10,652
Total borrowings	**1,711,332**	1,630,441	1,458,120	1,020,793	1,106,334
Other liabilities	**166,937**	178,477	184,137	171,834	168,714
Total liabilities and equity	**2,997,342**	2,911,947	2,640,220	2,127,063	2,162,505
FINANCIAL RATIOS					
Return on assets[1]	**1.1%**	4.7%	2.6%	1.6%	3.1%
Return on shareholders' funds[2]	**3.0%**	12.7%	6.6%	3.7%	8.2%
Interest coverage ratio[3]	**2.0X**	3.8X	2.8X	2.2X	3.1X
Interest coverage ratio[3] – before fair value adjustments	**1.3X**	1.4X	1.6X	2.1X	3.3X
Gross gearing[4]	**1.53X**	1.48X	1.46X	1.09X	1.25X
Net gearing[5]	**1.38X**	1.36X	1.24X	0.92X	1.09X
SHAREHOLDERS' RETURN					
Earnings per share (cents)	**2.8**	11.1	5.3	2.8	5.8
Net asset value per share (cents)	**93.1**	91.7	83.2	78.1	74.4
Dividend per share[6] (cent)	**0.6**	0.9	0.6	0.6	0.6
Total dividend payout ($'000)	**7,117**	10,678	7,122	7,097	7,073

Definitions:
1. Return on assets = profit after tax/average total assets
2. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
3. Interest coverage ratio = profit before interest and tax/interest on borrowings including amounts capitalised as project costs
4. Gross gearing = total borrowings/total equity
5. Net gearing = net borrowings/total equity
6. Dividend per share for FY2018 includes an additional Special Dividend of 0.3 cent per share

(a) The 2018 comparative is restated as the Group has adopted the change in accounting treatment of borrowing costs relating to the construction of a residential multi-unit real estate development for which revenue is recognised over time.
(b) The 2017 comparative is restated as the Group has adopted the SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)* and change in accounting treatment of borrowing costs relating to the construction of a residential multi-unit real estate development for which revenue is recognised over time.
(c) The 2016 comparative is restated as the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*.

FIVE-YEAR PERFORMANCE

FIVE-YEAR PERFORMANCE – BUSINESS SEGMENT

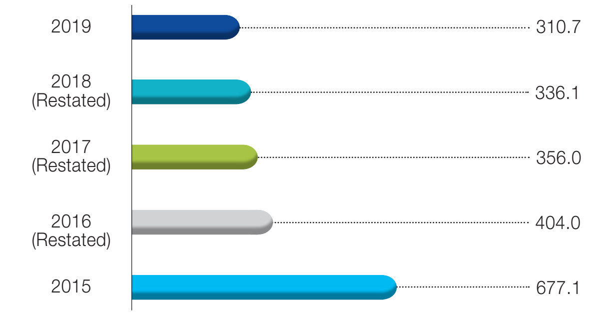
	2019	%	2018 (Restated)	%	2017 (Restated)	%	2016 (Restated)	%	2015	%
REVENUE BY BUSINESS SEGMENT ($'000)										
Property	**109,023**	**35%**	83,019	25%	101,345	28%	148,899	37%	422,750	62%
Hotels Investment	**101,760**	**32%**	109,714	32%	119,750	34%	121,749	30%	126,788	19%
Industrial Services[2]	**101,390**	**33%**	144,828	43%	136,119	38%	134,148	33%	128,342	19%
Corporate and Others[3]	**(1,484)**	*****	(1,453)	*	(1,250)	*	(778)	*	(758)	*
Total	**310,689**	**100%**	336,108	100%	355,964	100%	404,018	100%	677,122	100%
PROFIT ATTRIBUTABLE TO SHAREHOLDERS BY BUSINESS SEGMENT ($'000)										
Property	**28,756**	**87%**	124,665	95%	55,464	88%	13,124	39%	50,747	74%
Hotels Investment	**3,434**	**10%**	4,954	4%	4,730	8%	6,675	20%	9,531	14%
Industrial Services[2]	**1,020**	**3%**	853	1%	307	*	1,331	4%	999	1%
Other Investments[1]	**21,732**	**65%**	19,301	15%	15,966	25%	12,256	36%	6,680	10%
Corporate and Others[3]	**(21,729)**	**-65%**	(18,236)	-15%	(13,711)	-21%	199	1%	876	1%
Total	**33,213**	**100%**	131,537	100%	62,756	100%	33,585	100%	68,833	100%

* Less than 1%

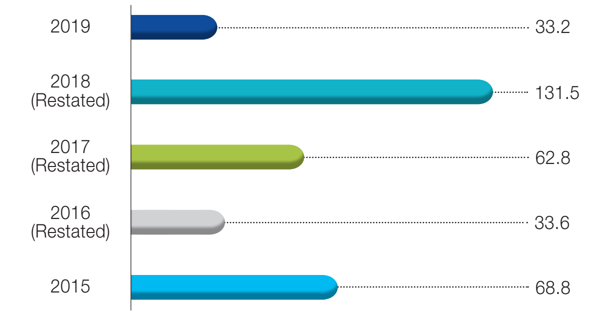
Notes:

1. No revenue is reported under "Other Investments" as the Group equity accounts for its investment in Gul Technologies Singapore Pte Ltd and Pan-West (Private) Limited.
2. The Tyre Distribution Unit included in the "Industrial Services" Segment discontinued its operations as at 31 December 2017. The discontinued operation contributed revenue of $6.7 million (2016: $16.3 million), gross profit of $1.0 million (2016: $2.6 million), loss before tax of $1.5 million (2016: $0.9 million) and loss after tax of $1.2 million (2016: $0.7 million) for the year ended 31 December 2017.
3. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at group level upon consolidation.

REVENUE ($'MILLION)

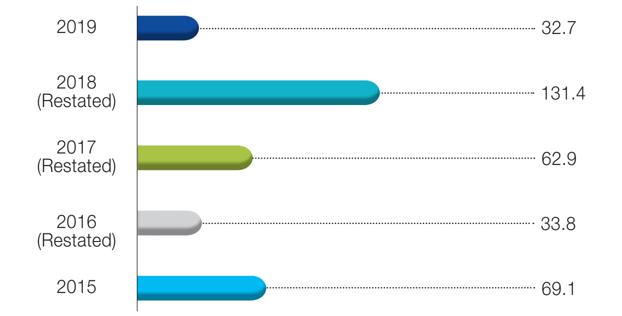


PROFIT ATTRIBUTABLE TO SHAREHOLDERS ($'MILLION)

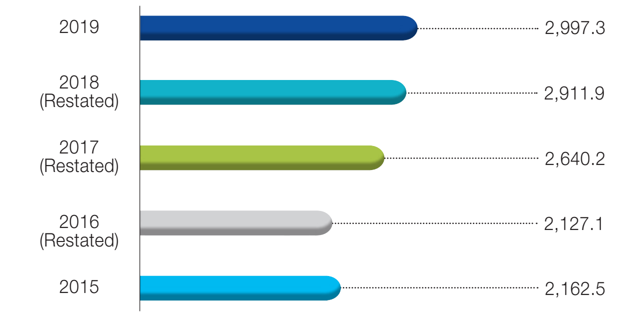


FIVE-YEAR **PERFORMANCE**

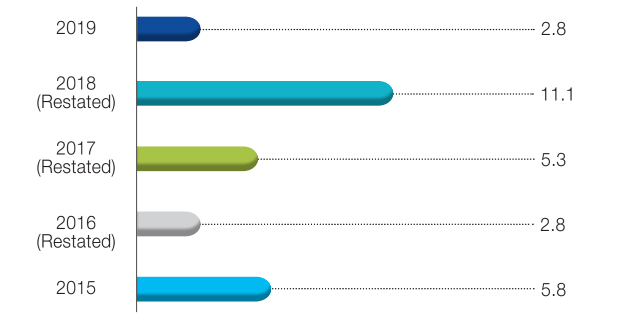
PROFIT AFTER TAX ($'MILLION)



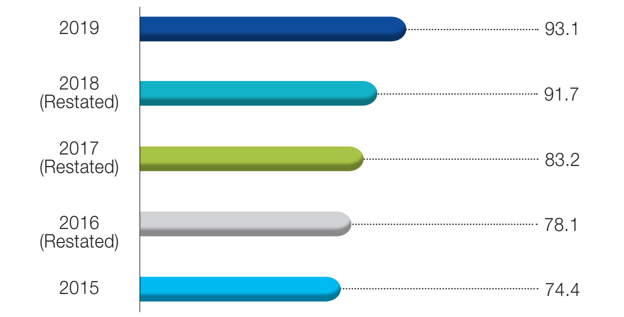
TOTAL ASSETS ($'MILLION)



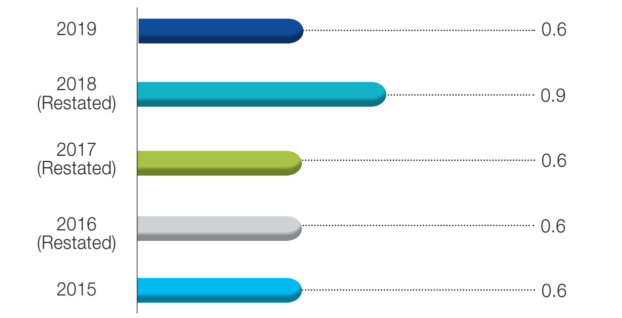
EARNINGS PER SHARE (CENTS)



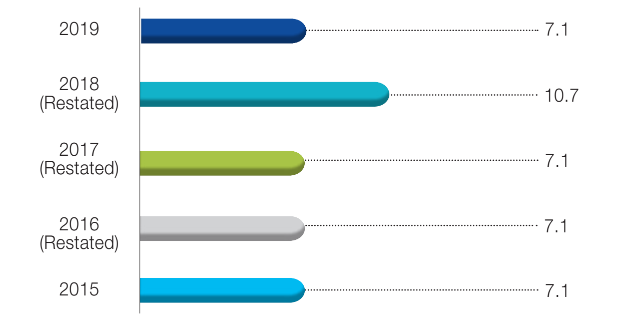
NET ASSET VALUE PER SHARE (CENTS)



DIVIDEND PER SHARE (CENT)



DIVIDEND PAYOUT ($'MILLION)



FIVE-YEAR **PERFORMANCE**

2019

Tuan Sing reported revenue of $310.7 million, a decrease of 8% from $336.1 million a year earlier. This was due mainly to lower revenue from the Hotels Investment and Industrial Services segments, partially offset by higher revenue from the Property segment. Profit after tax and fair value adjustments decreased by 75% to $32.7 million. The decrease was due mainly to lower fair value gain on investment properties and higher finance costs. Correspondingly, net profit attributable to shareholders decreased 75% to $33.2 million.

Earnings per share decreased to 2.8 cents as compared with 11.1 cents a year earlier. Net asset value per share was 93.1 cents as at 31 December 2019 as compared with 91.7 cents the year before. The Directors proposed a first and final dividend of 0.6 cent per share.

2018

The Group reported revenue of $336.1 million, down 6%, as compared to $356.0 million a year earlier. The drop was due to lower sales of residential development projects and a decrease in revenue from the hotels business. Profit after tax and fair value adjustments rose 109% to $131.4 million. The increase was attributable mainly to a higher fair value gain of $68.6 million arising from the revaluation of investment properties, as well as a one-off $3.9 million gain arising from the divestment of a subsidiary in China and higher profits from Gul Technologies Singapore Pte. Ltd., which were offset by the absence of liquidated damages of $2.9 million received in 2017. Correspondingly, net profit attributable to shareholders rose 110% to $131.5 million.

Earnings per share increased to 11.1 cents as compared with 5.3 cents a year earlier. Net asset value per share was 91.7 cents as at 31 December 2018 as compared with 83.2 cents the year before. The Directors proposed a first and final dividend of 0.6 cent per share and a special dividend of 0.3 cent per share.

2017

The Group's revenue was $356.0 million, a decrease of 12% from $404.0 million in 2016. Revenue was lower because most of the units of the residential development projects had been sold. Profit after tax and fair value adjustments increased 86% to $62.9 million, attributable mainly to the $44.5 million fair value gain on investment properties as compared with $2.2 million a year earlier. Correspondingly, net profit attributable to shareholders increased 87% to $62.8 million.

Accordingly, earnings per share increased to 5.3 cents as compared with 2.8 cents a year earlier. Net asset value per share was 83.2 cents as at 31 December 2017 as compared with 78.1 cents the year before. The Directors proposed a first and final dividend of 0.6 cent per share.

2016

Revenue from development properties in Singapore was recognised based on the percentage-of-completion method. The Group reported lower revenue and profits as various development projects had been completed during the year. Revenue for the year was $404.0 million, a decrease of 40% as compared with $677.1 million a year earlier. There was a fair value gain for investment properties of $2.2 million as compared with a fair value loss of $7.9 million the year before.

Overall, the Group's profit after tax and fair value adjustments was $33.8 million. After netting off non-controlling interests, the Group's net profit attributable to shareholders came to $33.6 million. Earnings per share stood at 2.8 cents for the year, as compared with 5.8 cents a year earlier. Net asset value per share was 78.1 cents as at 31 December 2016, up from 74.4 cents as at 31 December 2015. The Directors proposed a first and final dividend of 0.6 cent per share.

2015

The Group's revenue increased 91% to $677.1 million. Progressive recognition of revenue for units sold at Seletar Park Residence, Sennett Residence and Cluny Park Residence formed the bulk of revenue and profit in 2015. Overall revenue was also boosted by the full-year consolidation of Grand Hotel Group ("GHG").

Profit after tax and fair value adjustments rose 12% to $69.1 million. After accounting for non-controlling interests' share of profit, the Group's net profit attributable to shareholders improved 13% to $68.8 million, from $61.2 million the year before. Earnings per share increased to 5.8 cents for the year, as compared with 5.2 cents a year earlier. Net asset value per share rose to 74.4 cents as at 31 December 2015, from 68.3 cents at the previous year-end. The Directors proposed a first and final dividend of 0.6 cent per share.

MESSAGE TO SHAREHOLDERS

Batam Opus Bay, Indonesia – One of the development plans include a each side retail and inner lagoon

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present Tuan Sing's Annual Report and Financial Statements for the year ended 31 December 2019.

FINANCIAL PERFORMANCE FOR FY2019

We ended the year with healthy net profit attributable to shareholders of **$33.2 million**, despite higher interest expenses and lower fair value gain arising from the revaluation of investment properties. We also grew our asset base during the year, as Net Asset Value ("NAV") per share grew 2% to **93.1 cents** as at 31 December 2019, from 91.7 cents a year ago.

VALUE CREATION THROUGH TRANSFORMATION

2019 was a landmark year for Tuan Sing. Having celebrated our half-century milestone, we now look forward to dedicating the next chapter to pushing ahead with our transformation into a regional property developer.

To this end, we will be leveraging on our strengths and multi-disciplinary track record in property development and investment across the residential, commercial, industrial and hospitality segments to embark on large-scale integrated developments and townships.

This includes the development of our 125-hectare land bank in Batam, Indonesia, into an integrated mixed development township, Batam Opus Bay, as well as being a lead development partner at a 500-hectare mixed development in Kura Kura Bali which spans on an independent island between Nusa Dua and Sanur in Bali, Indonesia.

In China, we have drawn up development plans for an integrated development in Sanya, Hainan. When completed, the iconic landmark project will comprise commercial, residential and retail components, and will be connected to the Sanya High-Speed Railway Station.

In addition, we are working with sovereign wealth funds and superannuation funds exploring partnerships on large scale integrated projects overseas, while also tapping potential synergies with our associates which include established developer of integrated real estate developments and premier lifestyle retailer in Indonesia.

Moving forward, we will continue to pull together our collective strengths, track record and expertise to identify and participate in large-scale integrated developments within the region.

STRENGTHENING RECURRING INCOME

As we turn our sights to bigger and more complex development projects, we remain focused on growing our stream of recurring income.

During the year, the Group's flagship property, 18 Robinson, obtained its Temporary Occupation Permit, while asset enhancement work at Link@896 is on track for completion in early 2020. Meanwhile, asset enhancement work at Link@Langley, Perth will commence in the second quarter of 2020, with expected completion in 2021. Following the completion of the asset enhancement works at the aforementioned properties, we expect the properties to attract new tenants at higher rental yields to contribute stronger recurring income to the Group.

In Australia, the Grand Hyatt Melbourne and Hyatt Regency Perth are expected to grow their contributions to the Group's performance going forward – especially on completion of the Asset Enhancement Initiatives work by the first half of 2021.

Such proactive asset management and enhancement is part of our strategy to value-add to our existing portfolio of investment properties to ensure a stable and growing stream of recurring income for the Group.

Our efforts do not end there. We continue to seek new and innovative ways to create higher value and achieve greater income diversification. In December 2019, we established a new business arm, Calypso Construction Management Pte. Ltd., to provide ancillary services for the Group's projects in Singapore and abroad. This will broaden Tuan Sing's offerings

MESSAGE TO SHAREHOLDERS

18 Robinson – Primed at the centre of commercial vibrancy

of integrated real estate solutions while ensuring that our developments adhere to the high construction standards that we demand.

For a more detailed discussion, please refer to the "CEO's Review of Operations" on pages 24-25 and the "Review of Financial Performance" on pages 38-43 of this Annual Report.

REWARDING STAKEHOLDERS

The Board has proposed a first and final one-tier tax exempt dividend of 0.6 cents per share. If approved at the Annual General Meeting ("AGM") on 22 April 2020, it will be paid on 25 June 2020. Shareholders may elect to receive their dividend in the form of shares under the Scrip Dividend Scheme, so as to grow with the company.

A sustainability section has been included in this Annual Report for stakeholders to learn more about the Board's sustainability policy, as well as the results achieved by the Company in fulfilling its role as a responsible corporate citizen.

FUTURE READY

Our success over the past five decades has not been by chance. It has taken a great deal of hard work and determination, and more than a sprinkling of panache. More of such are needed for Tuan Sing to usher in the next half-century of success.

We are well-placed to meet the challenge head on. Our track record, coupled with our potential strategic partnerships with sovereign and superannuation fund managers, will further grow our network and ability to participate in larger scale projects. We will also leverage the expertise of our associates in Indonesia and China for development and investment opportunities. Lastly, we have in place, a strong and experienced management team, and an abundance of talent within our ranks, to execute our strategy.

Meanwhile, Tuan Sing continues to be recognised for its achievements. On the corporate front, Tuan Sing was the champion for the Shareholder Communications Excellence Award, and runner-up for the Singapore Corporate Governance Award in the mid-capitalisation category, presented by the Securities Investors Association (Singapore). Tuan Sing also received two Bronze awards in the Mid Capitalisation categories for Best Managed Board and Best Risk Management at the Singapore Corporate Awards 2019. These awards reflect Tuan Sing's commitment to its investors and valued shareholders.

Over the years, we have also built up a portfolio of award-winning properties that includes 18 Robinson, Sennett Residence, Kandis Residence, Cluny Park Residence, amongst others.

We will continue to work hard to grow the intrinsic value of Tuan Sing and engage with the investment community so as to bridge the chasm between our NAV and our market valuation. This will be guided by curiosity of thought, innovation and courage in execution, and an empathetic heart – values which have served us well over the years, and will do so in our pursuit of success.

IN APPRECIATION

In closing, we would like to thank the directors for their valuable guidance. In particular, we would like to extend our appreciation to Mr Neo Ban Chuan, who will not be seeking re-election at the upcoming AGM. We are grateful for his counsel and advice over the last 4 years. Likewise, Chairman of the Board, Mr Ong Beng Kheong, will also not be seeking re-election at the upcoming AGM.

At the same time, we are pleased to extend our warmest welcome to Mr Richard Eu, who recently joined Tuan Sing as an Independent Director in August 2019. Mr Eu is best known for his 28 years of experience in spearheading Eu Yan Sang International, and the Group looks forward to tapping on his expertise and background to complement the diversity of our Board.

We would also like to express our sincerest appreciation to our staff for their hard work and dedication, as well as our business partners and bankers for their confidence and support.

Finally, to our valued shareholders, we will endeavour to continue to deliver stable and enduring returns in appreciation of your patience and unwavering support. We believe that Tuan Sing is an undervalued company with strong growth potential ahead. Coupled with an open and transparent approach to our investors, this puts us in good stead as we continue to pursue sustainable growth over the next several years, whether organically or through mergers and acquisitions.

"It has been a privilege to be part of Tuan Sing's growth story. It is a story that I believe will get even better in the years to come. It is thus with great sadness that I will be stepping down as Chairman of the Board at the upcoming AGM. Nevertheless, I am confident Tuan Sing remains in good hands to steer the Group's transformation and its continued growth in the next half-century." – Mr Ong Beng Kheong, Chairman

Ong Beng Kheong
Chairman

William Nursalim alias William Liem
Chief Executive Officer

CEO & CFO'S RESPONSIBILITY STATEMENT

ON THE FINANCIAL STATEMENTS

We acknowledge our responsibility for the Financial Statements as presented in this Annual Report. We and our team take great pride in and are committed to high-quality financial reporting which is prepared in accordance with the prescribed accounting standards, and is delivered to stakeholders on a timely and comprehensible manner.

We have, on a monthly basis, kept the Board informed of the financial performance and position of the Group through management accounts and reports. Further, on a quarterly basis, we furnished a 16-month cash-flow projection and a representation letter to the Board. The letter confirms *inter alia* that (i) the financial statements are free from material errors and omissions; (ii) we were not aware of any significant deficiencies or weaknesses in the system of internal and accounting controls; (iii) we had no knowledge of any allegations of fraud or suspected fraud; (iv) we have disclosed all material legal suits instituted by or against the Group, pending or otherwise; and (v) there was no material breach of contractual agreements or loan covenants.

During the year, the Audit and Risk Committee ("ARC") met six times and reviewed, *inter alia*, (i) the Group's financial reporting process, financial policies and procedures; (ii) the internal controls over financial reporting and the objectivity of our financial reporting; (iii) the audit scopes and the independence of our auditors and their respective reports; (iv) the interested person transactions; (v) the risks report; (vi) the announcements of financial results and issues and judgements arising therefrom; and (vii) *ad hoc* meetings.

The ARC had free access to all staff, statutory auditors and internal auditors, and had reasonable resources to discharge its functions properly. Both auditors also had free access to the ARC which they met with periodically, both with and without the management's presence.

We have made available to Deloitte & Touche LLP ("Deloitte"), the statutory auditors, all of our financial records and related data. We have also furnished to Deloitte a management representation letter in connection with their statutory audit.

ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

We acknowledge our responsibility for maintaining an effective system of internal controls over financial reporting for the Group. This process has already been embedded within our corporate governance system and aims to ensure group-wide compliance with statutory provisions and group policies.

The process relies *inter alia* on the principle of segregation of duties, encompasses various sub-processes in the areas of accounting, controlling, taxes, treasury, planning and reporting and focuses on identifying, assessing, treating, monitoring and reporting of financial reporting risk.

Accounting work at subsidiaries is conducted by the respective business units in accordance with Group Accounting Policies. The reliability of the monthly financial reports prepared by subsidiaries and business units is reviewed at the group level by the Group Consolidation and Control Team using automated validation by Cognos Controller, a consolidation software, as well as through analytic reviews comparing material variances between the actual year, the previous year, and budgeted or forecast figures.

In addition, joint representation letters from the heads of business units and their respective finance heads are received on a quarterly basis as part of the unit's reporting package to the Group confirming, *inter alia*, their adherence to the Group Accounting Policies, the applicable provisions in Financial Reporting Standards and the Companies Act. In the representation letter for year-end reporting, all business units also reported the results of their "minimum internal control self-assessment", which is designed to validate the operating effectiveness of the internal controls. These representation letters in turn formed the basis on which the Chief Executive Officer and Chief Financial Officer issued their quarterly and year-end group management representation letters to the ARC and the Board.

The internal controls relating to the consolidated financial reporting process serve to provide reasonable assurance that the financial statements are prepared in compliance with relevant rules and regulations. Although we have taken and will continue to take appropriate action to correct any identified control deficiencies arising therein, any system of internal controls has inherent limitations and may not prevent or detect all misstatements. Also, changes in conditions or operations will cause internal controls effectiveness to vary over time.

We are not aware of any significant deficiencies or material weaknesses in the system of internal controls over financial reporting. We have assessed its effectiveness for the financial year ended 31 December 2019 and based on our assessments, we are of the view that the Group's internal controls over financial reporting were adequate and effective and that the Financial Statements presented a true and fair view of the financial results for the year and the position as on 31 December 2019 for the Group and the Company.

ON RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

While the Board is responsible for the overall governance of risks, we acknowledge our responsibility for maintaining the Enterprise Risk Management Framework so that it could provide a reasonable assurance that the Group's objectives can be achieved, and that its obligations to stakeholders can be met.

Through our representation letter, we have confirmed to the ARC and the Board that the existing framework of internal controls and procedures is, in our opinion, adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls addressing financial, operational and compliance risks and system of risk management.

William Nursalim
alias William Liem
Chief Executive Officer

Leong Kok Ho
Chief Financial Officer

AWARDS & ACCOLADES

RECOGNITION FOR CORPORATE GOVERNANCE & TRANSPARENCY

SINGAPORE CORPORATE AWARDS

- 2019 Singapore Corporate Awards – "Best Managed Board (Bronze)" and "Best Risk Management (Bronze)"
- 2018 Singapore Corporate Awards – "Best Managed Board (Bronze), "Best Investor Relations (Bronze)" and "Best CFO"

SECURITIES INVESTORS ASSOCIATION (SINGAPORE) INVESTORS' CHOICE AWARDS

- 2019 Winner of the Mid Capitalisation Category for Shareholder Communications Excellence Award
- 2019 Runner-up of the Mid Capitalisation Category for Singapore Corporate Governance Award
- 2018 Runner-up of the Mid Capitalisation Category for Shareholder Communications Excellence Award

SINGAPORE GOVERNANCE & TRANSPARENCY INDEX RANKING

- 2019 (Top 2.0%) – 11th place amongst 578 listed companies
- 2018 (Top 2.0%) – 12th place amongst 589 listed companies

RECOGNITION FOR BUILDING, DESIGN AND ARCHITECTURAL EXCELLENCE

18 ROBINSON, SINGAPORE

- 2020 BCA Construction Quality Assessment System – CONQUAS STAR rating
- 2020 BCA Universal Design (UD) Gold^{PLUS} Award
- 2019 Singapore Landscape Architecture Awards 2019 – Silver award (Commercial and Industrial Landscape)
- 2018 BCA Universal Design Mark Gold^{PLUS} (Design) Award for Ongoing Projects – Non-Residential by the BCA of Singapore

KANDIS RESIDENCE, SINGAPORE

- 2018 BCI Asia Awards: Top Ten 2018 Developers – Singapore

Employees at Grand Hyatt Melbourne proudly receiving the 2019 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence

RECOGNITION FOR CUSTOMER SATISFACTION AND SERVICE EXCELLENCE

GRAND HYATT MELBOURNE, AUSTRALIA

- 2019 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence – Outstanding Community Service Achievement; Outstanding Achievement in Training; Excellence in Innovation; Sales Employee of the Year; Back of House Employee of the Year
- 2019 Spice Hot 100 Hotels, Resorts & Venue Awards
- 2019 Australian Hotels Association (AHA) National Awards for Excellence – Best Outstanding Achievement in Training
- 2019 Business Traveller Asia-Pacific Awards – Best Business Hotel in Melbourne; Best Business Hotel Brand in the World – Grand Hyatt
- 2019 World Luxury Hotel Awards – Australasia's Luxury City Hotel
- 2019 Jay Pritzker Award for Global General Manager of the Year, Hyatt worldwide
- 2018 International Luxury Hotel Awards – Best Luxury Hotel for Australia
- 2018 World Travel Awards – Australia's Leading Business Hotel
- 2018 Business Traveller Asia-Pacific Awards – Best Business Hotel in Melbourne
- 2018 HM Awards for Hotel and Accommodation Excellence – best Upper-Upscale Hotel in Australia
- 2018 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence – Deluxe Accommodation Hotel of the Year; Outstanding Achievement in Training; Hotel Industry Rising Star; Revenue Management Employee of the Year; Food and Beverage Services Employee of the Year
- 2018 Australian Hotels Association (AHA) National Awards for Excellence – Best Outstanding Achievement in Training

HYATT REGENCY PERTH, AUSTRALIA

- 2019 WA Catering Institute of Australia Gold Plate Awards – Excellence in Health and High Tea
- 2019 WA Perth Airport WA Accommodation Awards for Excellence – Winner of Hotel Conference and Events Award, Hotel Housekeeping Award and Hotel Engineering and Maintenance Award

DIRECTORS' PROFILE

ONG BENG KHEONG
CHAIRMAN
NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 1 January 2012
Date of appointment as Chairman: 20 April 2012
Date of last re-election as Director: 19 April 2018

Served on the following Board committee:
Nominating Committee (Member)

Academic and professional qualification
Professional Diploma in Valuation Surveying, Stoke-On-Trent Cauldon College (now part of Staffordshire University, United Kingdom)

Present directorship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)
- Kura Kura International Pte Ltd (Director)
- PT Bali Turtle Island Development (Commissioner)
- GT Group Property Division (Indonesia) (Advisor)
- PT Sentra Sudirman Development (President Commissioner)
- PT Panen Lestari Basuki (President Commissioner)

Background and working experience
- Senior Executive of Colliers International (Singapore) Pte Ltd
- National Director & Head of Residential of Jones Lang LaSalle Property Consultants Pte Ltd
- Executive Director of Savills (Singapore) Pte. Ltd.
- Chief Executive Officer of Sentosa Cove Pte Ltd
- Chief Executive Officer of South East Asia for Ascendas Pte Ltd.

Award
2007 – Service to Education (Silver) by the Ministry of Education

WILLIAM NURSALIM ALIAS WILLIAM LIEM
CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR

Date of first appointment as Director: 15 January 2004
Date of appointment as Chief Executive Officer: 1 January 2008
Date of last re-election as Director: 24 April 2019

Served on the following Board committee:
Nil

Academic and professional qualification
- Bachelor of Science in Business, University of California, Berkeley
- Master of Business Administration, Massachusetts Institute of Technology

Present directorship in other listed companies
SP Corporation Limited (listed on SGX-ST)

Present principal commitments (other than directorships in other listed companies)
- Gul Technologies Singapore Pte. Ltd. (Director)
- Nuri Holdings (S) Pte Ltd (Director)

Background and working experience
- Corporate Analyst of Lehman Brothers
- Management roles in GT Asia Pacific Holdings Pte Ltd and Habitat Properties Pte Ltd

Award
2016 – Best Chief Executive Officer Award (companies with market capitalisation $300 million to less than $1 billion) at the Singapore Corporate Awards 2016

DIRECTORS' PROFILE

CHENG HONG KOK
INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 15 August 2017
Date of last re-election as Director: 19 April 2018

Served on the following Board committees:
- Remuneration Committee (Chairman)
- Nominating Committee (Member)

Academic and professional qualification
- Bachelor of Science (Chemical Engineering) Degree with First Class Honours, University of London
- Advanced Executive Management Program, Kellogg Graduate School of Management, Northwestern University, United States of America
- Singapore State Scholar/Colonial Welfare and Development Scholar
- Eisenhower Fellow

Present directorship in other listed companies
SP Corporation Limited (listed on SGX-ST)

Present principal commitments (other than directorships in other listed companies)
Nil

Background and working experience
- Various senior positions at Singapore Petroleum Company Limited ("**SPC**") as head of corporate planning, finance and accounting, supply and trading, and marketing and distribution. President and Chief Executive Officer of SPC from 1981 to 1996, Board and Executive Committee member of SPC from 1999 to 2009, and was actively involved in the Asean Council on Petroleum during his tenure with SPC
- Board member of the Singapore Economic Development Board
- Member of the Government Economic Planning Committee

CHOO TEOW HUAT ALBERT
INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 18 February 2002
Date of last re-election as Director: 19 April 2018

Served on the following Board committees:
- Audit and Risk Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Academic and professional qualification
Bachelor of Business Administration (Upper Two Honours) Degree, National University of Singapore

Present directorship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)
Nil

Background and working experience
- Senior positions in the finance function of the Shell group of companies in Singapore
- Assistant Treasurer, Global Treasury Division of Caltex Corporation
- Board Chairman of Power Senoko Pte Ltd
- Independent Director of Permasteelisa Pacific Holdings Ltd (previously listed on SGX-ST)

DIRECTORS' PROFILE

RICHARD EU YEE MING
INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 19 August 2019
Proposed for re-election at the AGM on 22 April 2020

Served on the following Board committee:
- Audit and Risk Committee (Member)

Academic and professional qualification
- Bachelor of Laws (LLB) Hons, University of London

Present directorship in other listed companies
- Broadway Industrial Group Limited (listed on SGX-ST)

Present principal commitments (other than directorships in other listed companies)
- Eu Yan Sang International Limited (Chairman)
- Singapore University of Social Sciences (Director)
- Thye Hua Kwan Moral Charities Limited (Director)
- Nippon Life India Asset Management (Singapore) Pte. Ltd. (Director)
- Vanda Global Capital Pte. Ltd. (Director)
- Dragonfly Education Group Pte. Ltd. (Director)

Background and working experience
- Various senior positions in Managing Director's office, corporate finance and merchant banking within the company now known as Haw Par Corporation Group from 1971 to 1976. He was appointed Director of Haw Par Merchant Bankers Ltd in 1973 and Director of Harimau Investments Ltd in 1975
- Assistant to Managing Director in Hong Kong Television Broadcasts Ltd, Hong Kong, from 1976 to 1977
- Dealer for J Ballas & Co. Pte Stockbrokers (now known as DBS Securities (Singapore) Pte Ltd) from 1977 to 1980
- Deputy Managing Director of Dataprep (Holdings) Ltd in Hong Kong from 1980 to 1982
- Appointed Chairman of Dataprep (Singapore) Pte Ltd cum Group Corporate Planning Manager of Metro Holdings Ltd from 1982 to 1985 and appointed Company Secretary of Metro Holdings Ltd from 1984 to 1985
- Founder and Director of Intervest Capital Management Pte Ltd from 1986 to 1989
- Instrumental key appointment holder for Eu Yan Sang Group since 1989 and was appointed the Group CEO in 2002 until his stepping down as the Group CEO on 1 October 2017 and assumed the role of Chairman for Eu Yan Sang International Limited

Membership and others
- Honorary Fellow Member of Marketing Institute of Singapore

Award
2011 – Ernst & Young Entrepreneur of the Year 2011
2010 – Best Chief Executive Officer Award (companies with market capitalisation less than S$300 million) at the Business Times Singapore Corporate Awards
2019 – Spirit of Enterprise – Nexia TS Entrepreneurship Award

DAVID LEE KAY TUAN
NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 5 December 2001
Date of last re-election as Director: 24 April 2019

Served on the following Board committee:
Audit and Risk Committee (Member)

Academic and professional qualification
- Bachelor of Laws (Honours) Degree, National University of Singapore
- Master of Laws (International Business Law) (cum laude), Panthéon-Assas University (Paris II)
- Master of Science in Applied Economics, Singapore Management University
- Master of Business Administration, University of Hull

Present directorship in other listed companies
SP Corporation Limited (listed on SGX-ST)

Present principal commitments (other than directorships in other listed companies)
- Singapore University of Social Sciences (Senior Lecturer)
- Director of Nuri Holdings (S) Pte Ltd

Background and working experience
- Managing Partner of M/s Ang & Lee from 1994 to 2001
- Executive Director (Legal and Administration) of the Company from 2001 to 2004
- Chief Executive Officer of the Company from 2004 to 2007
- Chief Executive Officer of SP Corporation Limited from 2007 to 2009
- Managing Partner of Shenton Law Practice LLP from 2010 to September 2018
- Consultant for RHTLaw Taylor Wessing LLP from September 2018 to March 2019

Membership and others
- Fellow of the Singapore Institute of Arbitrator
- Member of Singapore Institute of Directors

DIRECTORS' **PROFILE**

MICHELLE LIEM MEI FUNG
NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 5 April 2001
Date of last re-election as Director: 26 April 2017
Proposed for re-election at the AGM on 22 April 2020

Served on the following Board committees:
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic and professional qualification
- Bachelor of Science (Economics) (Hons), London School of Economics
- Master of Business Administration, University of Chicago

Present directorship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)
- Nuri Holdings (S) Pte Ltd (Managing Director)
- Habitat Properties Pte Ltd (Managing Director)
- Giti Tire Pte. Ltd. (Director)
- GT Asia Pacific Holdings Pte Ltd (Director)
- Honorary Consul, Consulate of the Grand Duchy of Luxembourg in Singapore

Background and working experience
- Director, management and corporate finance role in investment, property, manufacturing, retail and trading companies
- Non-Executive Director of SP Corporation Limited (listed on SGX-ST)

Membership and others
- Patron of Bukit Timah Citizens' Consultative Committee, Holland-Bukit Timah GRC, Singapore
- Council Member of the University of Chicago Booth School of Business
- Trustee of the Singapore LSE Trust
- Director of Conservation International Singapore, Ltd

Award
2016 – The Public Service Medal by the President of Singapore

NEO BAN CHUAN
INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director: 1 July 2016
Date of last re-election as Director: 26 April 2017

Served on the following Board committees:
- Audit and Risk Committee (Member)
- Nominating Committee (Member)

Academic and professional qualification
- Master in Professional Accounting
- Master in International Business
- Chartered Accountant Singapore
- Registered Company Liquidator in Singapore
- Registered Public Accountant Singapore

Present directorship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)
- Arrow Business Consultants Pte. Ltd. (Managing Director)
- BC Neo Business Advisory Pte. Ltd. (Managing Director)
- Manulife (Singapore) Pte. Ltd. (Independent Director)
- Credit Intelligence (Singapore) Pte. Ltd. (Independent Director)
- OCAP Management Pte Ltd (Independent Director)

Background and working experience
- Head of Restructuring at one of the big four accounting firms in Singapore
- One of the most senior insolvency practitioners in the Asian region with more than 30 years of experience
- Co-Mediator in a Court matter

Membership and others
- Fellow of Insolvency Practitioners Association of Singapore
- Fellow Member of CPA Australia
- Member of Institute of Singapore Chartered Accountants

MANAGEMENT **PROFILE**

(From left to right): **MR CHONG TEIK YEAN** *Senior Vice President, Projects,* **MR TAN CHEE WEE** *Vice President, Procurement/Projects,* **MR NICK NG CHOONG HOW** *Senior Vice President, Business Development,* **MR PATRICK TAN BOON CHEW** *Head, Asset And Fund Management,* **MR LEONG KOK HO** *Chief Financial Officer,* **MR WILLIAM NURSALIM ALIAS WILLIAM LIEM** *Chief Executive Officer,* **MS PEGGY WONG** *General Counsel,* **MR DARREN TOH PENG YEOW** *Chief Digital Officer,* **MR BOSTON LOI TECK HAN** *Director, Construction Management,* **MR PETER KOCK TIAM SONG** *Senior Vice President, Property Management,* **MR JAMES ONG JOO LIM** *Senior Vice President, Sales, Leasing And Marketing,* **MR ALEXANDER LOH KIM LENG** *Human Resources Director*

MR CHONG TEIK YEAN
SENIOR VICE PRESIDENT, PROJECTS

Mr Chong joined Tuan Sing in May 2011, heading the Projects department. He has more than three decades of experience in project management spanning infrastructure works, high-rise residential apartments and sizeable commercial/mixed developments. He holds a Bachelor of Engineering (Civil) Degree from the National University of Singapore and a Bachelor of Laws from the University of London. He also holds a post-graduate Diploma in Business Administration from the National University of Singapore and a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants.

MR TAN CHEE WEE
VICE PRESIDENT, PROCUREMENT/PROJECTS

Mr Tan joined Tuan Sing in August 2015 as a member of the Projects Department and worked on projects in Australia and Indonesia. He has experience in residential, commercial, industrial and institutional projects. He is currently leading Tuan Sing's procurement/project division to achieve cost efficiency in upcoming development projects. He holds a Bachelor of Civil Engineering from Universiti Teknologi Malaysia, a Master's degree in Civil Engineering from Nanyang Technological University and a Master's degree in Project Management from National University of Singapore.

MANAGEMENT PROFILE

MR NICK NG CHOONG HOW
SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT

Mr Ng joined Tuan Sing in March 2010, and has garnered more than two decades' experience in agency works, project marketing and consultancy in the real estate industry. He earned a Bachelor of Science (Honours) in Economics and Management at the University of London and a Specialist Diploma in Fund Management and Administration at Nanyang Polytechnic.

MR LEONG KOK HO
CHIEF FINANCIAL OFFICER

Mr Leong joined Tuan Sing in August 2018 and has more than 30 years' work experience. Before joining Tuan Sing, he held Chief Financial Officer positions in Singapore Exchange Securities Trading Limited and New York Stock Exchange listed companies. He started his career with Coopers & Lybrand. He worked in China in the mid-1990s and later gained exposure to regional businesses. He holds a Bachelor of Accountancy Degree from the School of Accountancy at the National University of Singapore and a Master of Business Administration from the University of Southern Queensland. He is a Fellow Certified Public Accountant with the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MR PATRICK TAN BOON CHEW
HEAD, ASSET AND FUND MANAGEMENT

Mr Tan joined Tuan Sing in April 2018 and has more than 29 years of experience in property development, investment transaction, real estate asset and fund management. Before joining Tuan Sing, he held senior appointments in various reputable real estate companies and fund management establishments, where he was tasked with developing, managing and marketing residential, commercial, hotel, industrial and mixed-development properties in Singapore, Malaysia and China. He holds a Bachelor of Science (Honours) Degree in Building Economics and Quantity Surveying, a Master of Science in Project Management and a Master of Applied Finance. He is also professionally qualified as a Valuation and General Practice member of the Singapore Institute of Surveyors and Valuers and as a Member of the Singapore Society of Project Managers.

MS PEGGY WONG
GENERAL COUNSEL

Ms Wong joined Tuan Sing in 2017 as General Counsel and is responsible for the Group's legal and compliance matters. She brings with her extensive experience accumulated from working across a full spectrum of legal work in private practice and in-house positions covering real estate development, manufacturing, asset management and investment holdings. She also has a significant track record in cross-border transactions, and has held leadership positions with management responsibilities in corporate governance and change management. She holds a Bachelor of Laws degree from the University of Canterbury and is a Barrister and Solicitor of the High Court of New Zealand.

MANAGEMENT PROFILE

MR DARREN TOH PENG YEOW
CHIEF DIGITAL OFFICER

Mr Toh joined Tuan Sing in April 2019. He has more than 15 years of experience in the property, consultancy, telecommunication industries, and specialises in digital initiatives and bringing innovative IT solutions across retail, office and hospitality businesses globally covering Singapore, China, Europe and South East Asia. He was involved in multiple multi-million IT transformational projects and has substantial experience in the digital solutions space. He holds a Bachelor of Computing (Business Focus) from National University of Singapore.

MR JAMES ONG JOO LIM
SENIOR VICE PRESIDENT, SALES, LEASING AND MARKETING

Mr Ong joined Tuan Sing in June 2012. Before that, he held various senior positions at established real estate agencies including Jones Lang LaSalle, Chesterton International and Colliers International, accumulating almost three decades of experience in selling both local and overseas residential projects.

MR BOSTON LOI TECK HAN
DIRECTOR, CONSTRUCTION MANAGEMENT

Mr Loi leads the Group's construction management business. His primary focus is on design and build function and high productive integrated system between structural and architectural works. He has more than 20 years of experience in the construction industry with significant experience in the overall strategy of construction operation, project planning, project management, project safety, project quality assurance and quality control and value engineering. He holds a Bachelor of Environmental Design and Bachelor of Architecture from University of Tasmania.

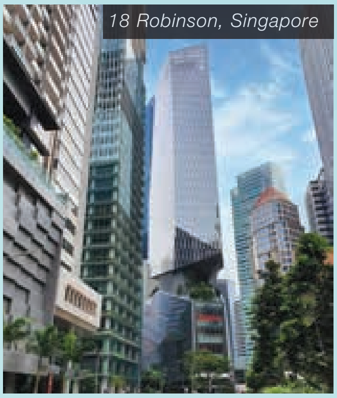
MR ALEXANDER LOH KIM LENG
HUMAN RESOURCES DIRECTOR

Mr Loh has more than 15 years of experience across a full spectrum of human resource management. He was Vice President of Group Human Resources in Singapore Post Limited ("SingPost") before he joined Tuan Sing in January 2019. Before SingPost, he worked at Goodpack Pte Ltd and Quantium Solutions International Pte Ltd in various senior management roles. He holds a Bachelor of Business Administration degree in Human Resource Management from La Trobe University, Australia.

MR PETER KOCK TIAM SONG
SENIOR VICE PRESIDENT, PROPERTY MANAGEMENT

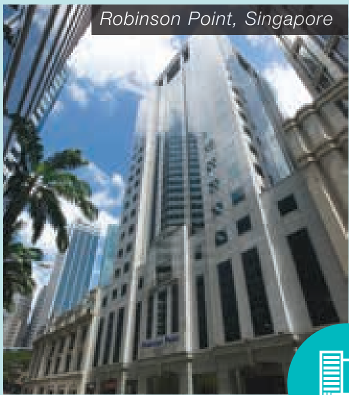
Mr Kock has been with Tuan Sing for more than two decades. An active grassroots leader, he was conferred The Public Service Star – BBM and The Public Service Star (Bar) – BBM(L) by the President of Singapore in 2008 and 2018 respectively. Since 1 December 2013, he has been the Chairman of the School Advisory Committee for New Town Primary School. He holds a Bachelor of Commerce in International Facility and Information Management from Curtin University of Technology. He is also a certified Fire Safety Manager accredited by the Singapore Civil Defence Force.


Batam Opus Bay, Indonesia
Artist's Impression


18 Robinson, Singapore


Integrated development at Sanya, China
Artist's Impression


Mont Botanik Residence, Singapore
Artist's Impression


Robinson Point, Singapore


Cluny Park Residence, Singapore

ENTERING THE NEXT **PHASE OF GROWTH**

CEO'S
REVIEW OF OPERATIONS

In 2019, the **Group recorded total revenue of $310.7 million** as compared to $336.1 million in the previous year. **Net profit attributable to shareholders was $33.2 million**, compared to $131.3 million in the previous year.

During the year, the Group continued to expand its asset portfolio while enhancing its existing properties to bolster its recurring rental income streams.

In Indonesia, we have increased our land bank in Batam to 125 hectares for future development. A mere 45-minute ferry ride from Singapore's HarbourFront Center, we are confident of Batam's development potential into high-quality lifestyle for residents and visitors. Batam Opus Bay, our real estate community project located in Batam, Indonesia, sprawls across more than 100 hectares of lush greenery and beachfront. The planned development will comprise apartments and villas, tourist attractions, retail developments, hotels, conference facilities, international schools, and medical facilities.

We have also secured a development opportunity in the 500-hectare integrated development project in Bali, Indonesia. Tuan Sing is the lead development partner in this upcoming sustainability-based development project. Named Kura Kura Bali, it will offer a comprehensive suite of commercial, industrial, residential, healthcare and education amenities upon its completion and launch – from luxury bungalows and hotels, to retail and factory outlets. Among these offerings will be Tsinghua Southeast Asia Center, a creative cultural exchange-focused educational center which will be built on the island in partnership with China's Tsinghua University and aided by Indonesia's non-profit United in Diversity Foundation.

The Group's flagship investment property, **18 Robinson**, obtained its Temporary Occupation Permit in January 2019 and has been welcoming tenants steadily since 2Q2019. As the Group's flagship building, 18 Robinson is designed by award-winning New York-based architect, Kohn Pedersen Fox Associates in conjunction with Architects 61. This state-of-the-art building is strategically located at a key convergence point at the Robinson Road and Market Street junction, and has a diversified tenant base with a weighted average lease expiry of 3.9 years. Its automated car parking system is the first of its kind in Southeast Asia, and has garnered several awards including the MIPIM Asia Awards, BCA Green Mark Gold^{PLUS} and BCA Universal Design Mark Gold^{PLUS}.

The brilliance of 18 Robinson is accentuated by its shimmering glass facade

The asset enhancement initiative at **Link@896** has progressed smoothly through 2019 and is expected to be completed by early 2020. Meanwhile, the revised scope of asset enhancement work at **Link@Langley, Perth** was finalised during the year, with work expected to commence in 2020. This is part of our regular asset enhancement initiatives to keep our properties relevant, refreshed and competitive to secure higher recurring income for the Group.

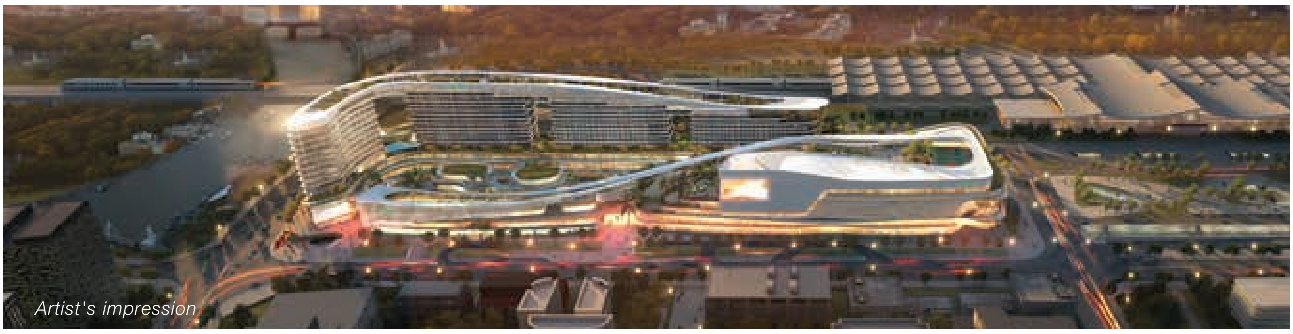
Meanwhile, our two hotels in Australia, Grand Hyatt Melbourne and Hyatt Regency Perth, continue contributing steadily to the Group's bottomline while maintaining their award-winning momentum.

In October 2019, our wholly owned subsidiary Superluck Properties Pte Ltd established a new S$500 million secured multicurrency medium term note ("MTN") programme, under which it successfully priced and issued S$200 million three-year senior secured notes. Unsubordinated and guaranteed by the Group, the Notes will mature on 18 October 2022. Priced at par, they bear a coupon rate of 2.8% per annum payable in arrears semi-annually starting from April 2020. This, together with the redemption of all S$80 million 4.5% per annum notes due in 2019 under Tuan Sing's earlier S$900 million MTN programme, which have since been fully redeemed and cancelled, produced cost benefits for the Group in terms of lowering its borrowing costs – allowing the Group to generate higher operating margins and greater shareholder value over the longer term.

In December 2019, Tuan Sing established a new business arm, Calypso Construction Management Pte. Ltd., to provide ancillary services for the Group's projects in Singapore and abroad. This will broaden the Group's offerings of integrated real estate solutions while ensuring that its developments adhere to our high construction standards.

2019 also marked the Group's Golden Jubilee. We have proven our resilience since our inception in 1969, and have grown into a multi-disciplinary real estate development and investment company with an expansive property portfolio and talent pool. This is evident from the various accolades that we have received over the years, which further affirms our enthusiasm, dedication and confidence.

CEO'S REVIEW OF OPERATIONS



The integrated development in Sanya, China

As we embark on our next half-century of success, we work to reposition as a major regional real estate developer through our participation in large-scale integrated developments, both overseas and in Singapore.

2020 AND BEYOND – BUSINESS AND OUTLOOK

The opening months of 2020 saw the COVID-19 outbreak cast a shadow over the global economy. While the impact is confined to the short-term for now, we are cognizant of the risks that a prolonged outbreak would have on global growth prospects. At the same time, the property cooling measures introduced in 2018 will continue to cast a shadow over the real estate sector in 2020.

Despite the aforementioned, and other macroeconomic headwinds, we remain confident in our longer-term economic prospects, particularly in Southeast Asia.

The OECD expects Southeast Asia to grow at an annual rate of 5.2% between 2019 to 2023. This is backed by resilient private consumption in the region fuelled by an increasingly well-educated workforce, a wealth of natural resources, rapid urbanisation and growing infrastructure spending. Indeed, Singapore Prime Minister Lee Hsien Loong had also echoed the region's growth potential in his speech at the opening ceremony of the 50th ASEAN Economic Ministers Meeting held in Singapore in 2018, where he declared that ASEAN is expected to become the fourth largest single market in the world by 2030- just behind the United States of America, China and the European Union.

To leverage this enormous growth potential, the Group has been systematically building up its assets and capabilities in the region, so as to propel the next lap of growth for Tuan Sing. In addition, we also expect growth opportunities in tourism gateway cities, such as Batam, Bali, Sanya, Melbourne and Perth – all cities in which the Group has a presence in.

Beyond 2020, we expect the real estate environment to evolve around new urbanisation trends of healthcare, tourism, co-living, co-working and retirement housing, in good accessible locations of major gateway cities such as Singapore, Melbourne, Shanghai and Jakarta. Meanwhile, new business models and competition, extensive use of technology, and changing tenant and investor expectations will continue to redefine the commercial real estate industry.

BUILDING ON STRENGTHS

Through a combination of entrepreneurial spirit, professional excellence and in-depth understanding of the demand-supply dynamics in the regional real estate industry, the Group has embarked on a business transformation to reposition itself from a niche developer to a major regional player with a presence in commercial, residential, hospitality, healthcare and mixed-use properties in various key Asian cities across Singapore, China, Indonesia and Australia.

Leveraging on its strengths and track record in property development and investment across a diverse range of property segments, the Group intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

REPOSITIONING FROM NICHE DEVELOPER TO REGIONAL PLAYER

Building on our success, we look forward to a new era of growth as we develop more projects of superior design and deliver quality products, both locally and internationally, to generate stronger sales. The Group continues to optimise value through a diversified portfolio of investments and carry out asset enhancement initiatives for creation of stronger recurring income streams, while divesting non-core assets for better reallocation of resources.

While we take our core businesses of commercial buildings and residential properties to the next level, we will also be exploring new fields such as property fund management, retail warehouse, property related businesses of hospitality and healthcare.

We will seek to continue lighting the fire of motivation in the hearts and minds of all employees. We will continue to strive together as one to shape the future.

Above all, our work at Tuan Sing is more than just developing and investing in properties. At the heart of our work is the creation of a sustainable future, and financial and social value for all stakeholders. We care about the communities that we operate in, and are committed to ensuring the sustainability of these communities, whether through the provision of amenities and infrastructure, jobs creation or to inspire a new way of living.

Going forward, we will continue leveraging on our decades of knowledge, expertise and experience from trial and error to remain ahead of the times, as we continue to bring different methods and high-quality developments to the region.

William Liem
Chief Executive Officer
Tuan Sing Holdings Limited

OPERATION SUMMARY

Mont Botanik Residence, Singapore – A luxurious freehold development

OVERVIEW

Tuan Sing Holdings Limited is a fast-growing, diversified regional investment holding company with interests mainly in property development, property investment and hotel ownership. Over the years, the Group has developed a portfolio of strategically located real estate assets not only in Singapore but across the Asia Pacific region, establishing a reputation for delivering high quality and iconic developments.

The Group operates in four Business Segments, namely Property, Hotels Investment, Industrial Services and Other Investments.

- **Property.** This segment focuses on the development properties for sale in Singapore. Having sold most of the completed development properties in Singapore, the Group is now embarking on regional development opportunities in Sanya, China and Batam, Indonesia. Property Segment also focuses on investment properties in Singapore, Australia and China. In Singapore, the Group's ongoing development properties are Kandis Residence, Mont Botanik Residence and Peak Residence; and the Group's main investment properties are 18 Robinson (completed in 2018 and obtained TOP in January 2019), Robinson Point and Link@896 (formerly "896 Dunearn Road").

- **Hotels Investment.** This segment comprises two hotels in Australia – Grand Hyatt Melbourne and Hyatt Regency Perth – which are managed by Hyatt International.

- **Industrial Services.** Our investments in this segment include a 80.2% equity stake in SP Corporation Limited ("SP Corp"), a SGX listed company; and a 97.9% equity stake in Hypak Sdn Berhad ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene woven bags in Malaysia.

- **Other Investments.** This segment comprises a 44.5% equity interest in Gul Technologies Singapore Pte. Ltd. ("GulTech"), which manufactures printed circuit boards; and a 49% equity interest in Pan-West (Private) Limited, a retailer of golf-related products. Headquartered in Singapore, GulTech has three manufacturing facilities in China, which serve valued clients such as Visteon Corporation, Continental AG and Wistron Corporation.

PROPERTY

Kandis Residence, Singapore is scheduled to complete in 2020

Revenue for the Property segment was $109.0 million, an increase of $26.0 million or 31% from $83.0 million for the same period in the previous year. The increase was mainly driven by higher sales and percentage of completion for Kandis Residence and Mont Botanik Residence and revenue contribution from 18 Robinson which obtained its Temporary Occupation Permit ("TOP") in January 2019.

SINGAPORE PROPERTY

The Singapore property market remained resilient in 2019.

A slowdown in residential property sales was observed in the first quarter of 2019 following the implementation of cooling measures in July 2018. The measures took effect in moderating the property price increase during the year as compared to the pre-measures level as seen in the first half of 2018. However, buying sentiments improved from the second quarter onwards as private residential property sales picked up. The rebound came on the backdrop of the sustained cooling measures and uncertain economy stemming from on-going trade tensions between United States and China.

Office rental rates in the CBD continued to experience growth, albeit at a slower pace as sentiment softened due to economic uncertainties. As compared to the previous year, the average rent for Grade A CBD space was higher in 2019 as a result of tight vacancy.

The Group has completed various development projects in Singapore over the past few years, namely Seletar Park Residence, Sennett Residence and Cluny Park Residence.

The Group will continue to develop and market its development properties in Singapore:

- **Sennett Residence** features a wide choice of condominium housing (three 19-storey and one five-storey condominium block) with a total of 332 residential and three shop units, two basement car parks, roof terraces and other facilities. Occupying an area of approximately 8,664 square metres, the 99-year leasehold site is located right next to the Potong Pasir MRT station and overlooks the landed Sennett estate. TOP was obtained in June 2016 and the Certificate of Statutory Completion ("CSC") in May 2017.

- **Cluny Park Residence** is a 52-unit luxury residential development located directly opposite the Singapore Botanic Gardens. It is the one and only condominium along Cluny Park Road. Occupying a land area of approximately 4,544 square metres, this freehold development faces the Bukit Timah entrance to the Gardens. The TOP was obtained in July 2016 and CSC in October 2016.

- **Kandis Residence** provides condominium housing with full facilities. One three-storey block and three seven-storey blocks offer a total of 130 residential units, ranging from one- to three-bedroom units. Occupying an area of approximately 7,046 square metres, the 99-year leasehold development is well-placed within the North Coast Innovation Corridor earmarked by the Urban Redevelopment Authority, and lies just a short drive away from key commercial centres along the Corridor – the

PROPERTY

Woodlands Regional Centre, the future Seletar Regional Centre and the Punggol Creative Cluster. Designed by Ong & Ong, Kandis Residence is scheduled to be completed by 2020.

- **Mont Botanik Residence** is a freehold condominium with 108 residential units, occupying a land area of approximately 4,047 square metres. It is within walking distance from the Hillview MRT Station and is surrounded by lush greenery – the neighbouring Bukit Timah Nature Reserve, Bukit Batok Nature Park and Bukit Gombak "Little Guilin". Designed by AGA Architects, Mont Botanik Residence was launched in August 2018 and is expected to be completed by 2021.

- **Peak Residence** (formerly "Peak Court") is a freehold residential site acquired by collective sale tender through a 70:30 joint venture with Rich Capital Realty Pte Ltd for a purchase consideration of $118.9 million. The acquisition was completed in August 2018, and the Group is targeting to launch the project in 2020. The site is located near the Novena MRT station and the upcoming Mount Pleasant MRT station along the Thomson-East Coast Line. With a land area of approximately 5,331 square metres and a plot ratio of 1.4, it will be redeveloped into 90 residential units for sale. The project is scheduled to be completed by 2022.

The Group has a diversified portfolio of investment properties in Singapore comprising the following:

- **18 Robinson** obtained its TOP in January 2019. Designed by Kohn Pedersen Fox Associates in conjunction with Architects 61, it is a 28-storey commercial building comprising office tower and retail podium and has a sky terrace level with six basement levels. The podium comprises retail, food and beverage and office spaces located on the first to seventh storey while office tower comprises office spaces located on the 10th to 27th storey (save for 25th storey) and retail and food and beverage spaces on the 28th storey. The basement levels consist of one basement level of vehicular drop-off and car lift access and five basement levels of an automated guided vehicle car parking system. Situated at the northern junction of Robinson Road and Market Street, 18 Robinson comprises approximately 17,834 square metres of net lettable area.

  18 Robinson features urban windows revealing its interior functions and serves to connect with the street activities. For occupiers on all office floors, the low-iron glass facade provide sweeping, all-around panorama of city vistas and marina views. The building's energy- and-water saving features are aimed at achieving and maintaining BCA Green Mark Gold^{PLUS} standards, reflecting the Group's green and sustainability initiatives. Some of the green and sustainability initiatives include the use of energy-efficient variable-speed drives in the air-conditioning system and the extensive use of LED lighting throughout the building.

18 Robinson's open-air garden leads to the 8th storey landscaped sky terrace

The building also has passive energy-saving design features including a curtain wall facade system that uses low-emissivity, double-glazed insulating glass units to minimize heat gain into the building.

Equipped with a fully automated carpark system that uses battery-powered automated guided vehicle, 18 Robinson employs a laser-guided positioning system instead of conventional automatic parking systems that require conveyor belts to transport the cars.

PROPERTY

The family-friendly rock climbing gym with boulder zone at Link@896, Singapore

- **Link@896** (formerly "896 Dunearn Road") was acquired in June 2017. It is a five-storey building located opposite the King Albert Park MRT station, on a part-freehold, part-999-year leasehold site of 13,089 square metres with an allowable gross plot ratio of 1.8 and a maximum permissible gross floor area of 23,560 square metres. Currently, the building has about 17,917 square metres of net lettable area, with a mixture of retail and office tenancies. The Group intends to reposition the property through Additions and Alterations ("A&A") works which are expected to be completed by early 2020.

- **Robinson Point** is a 21-storey freehold office building at 39 Robinson Road, in the heart of Singapore's Central Business District. The building comprises approximately 12,483 square metres of net lettable area, with retail units on the ground floor. It offers 57 car park bays at levels 3 to 5.

- **The Oxley** is a freehold 10-storey mixed commercial-cum-residential building along Oxley Rise, which lies in the prime District 9, and is just a few minutes' walk away from the entertainment, shopping and hotel belt of Orchard Road. The building includes a podium block that houses commercial premises from the first to the third storey, a tower block with residential units from the fourth to the 10th storey, and a three-storey basement car park. The Group was the developer of the building and currently owns the three-storey office space. The first and second floors are fully leased out to the Group's major shareholder, while the third floor currently houses Tuan Sing's corporate headquarters.

- **Far East Finance Building** is a 13-storey commercial building with a basement and it comprises mainly office use to all levels except for part of ground floor which accommodates shop space. It is located right next to 18 Robinson on the north-western side of Robinson Road, near its junction with Cecil Street/Finlayson Green. The Group owns the strata unit that occupies the whole of the 11th floor.

- **L&Y Building** is a five-storey light industrial building with a basement car park, located at Jalan Pemimpin close to the Marymount MRT station. The Group owns three of the 24 strata units in the building. The three units are currently vacant.

AUSTRALIA PROPERTY

The Group has commercial buildings in Melbourne and Perth, which are respectively adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth.

In Melbourne, rents for retail space generally remained stable with small increases were recorded for lease incentives in order to remain competitive and fill up vacancies. In Perth, demand strengthened for office space in prime areas while the rising vacancies and soft tenant demand for retail space in prime areas continued to put rents under pressure. *(Source: Colliers Research and Forecast Report – Retail & Office Second Half 2019)*.

The Group's Melbourne investment property consists of a **Commercial Centre and a basement carpark within the Grand Hyatt Melbourne complex**. The tenancies occupy a total lettable area of 3,024 square metres, featuring a mixture of leases ranging from two to 13 years. Some of the luxury and high-end stores in the hotel's shopping complex include Chanel, Bvlgari, Paspaley Pearls and Giorgio Armani. In 2019, the Group achieved an average occupancy rate of 98% as compared with 100% in 2018.

The Group has a master lease agreement with Secure Parking for the leasing of the basement car park, which has 595 bays.

PROPERTY

Some of the high-end luxury stores in the Grand Hyatt Melbourne's shopping complex

The Group's Perth investment property consists of **Fortescue Centre, two basement levels of carpark and two vacant land plots.** Occupying a land area of 3,072 square metres, the two vacant land plots adjoin the commercial centre and carpark. Fortescue Centre is a three-level office with a total lettable area of 23,557 square metres. It faces Terrace Road and Plain Street, and overlooks the picturesque Swan River. Fortescue Metals Group, which occupies approximately 62% of the total lettable area, is a major tenant. In 2019, the Group achieved average occupancy rate of 55% as compared with 59% in 2018.

The carpark, which is outsourced to Secured Parking under management agreement, can accommodate approximately 1,018 cars.

The retail component of the commercial centre and part of the car park area are currently undergoing an AEI. Upon completion, it will be an iconic commercial and retail hub in the Eastern Perth CBD, which is in proximity to the Crown Casino and the Perth Optus Stadium. The proposed development is expected to be completed in the first half of 2021.

INDONESIA PROPERTY

In June 2018, the Group acquired a leasehold site in Batam through a 90% equity stake in two special purpose vehicles for a purchase consideration of $39.15 million. The leasehold site comprises four plots of land and spans an area of approximately 850,000 square metres or 85 hectares.

During the year, the Group secured another leasehold site in Batam through the acquisition of a wholly-owned subsidiary, P.T. Titian Damai Mandiri ("PT TDM") at a purchase consideration of $5.0 million. Under the land allocation letter from Batam authorities, PT TDM has the right to acquire approximately 401,000 square metres or 40 hectares of land in Batam.

The Group now holds a total of 1.251 million square metres or 125 hectares of land in Batam. Over time, the Group intends to develop these two adjoining leasehold sites into an integrated mixed-development township named Opus Bay. The proposed development will feature hotels with MICE facilities, retail, tourist facilities and attractions as well as residential properties.

Subject to relevant authorities' approval, the Group plans to launch Opus Bay's initial phase of the integrated township development in 2020. The project is currently at the master planning stage.

The Group continued to seek opportunities to grow its portfolio of well-located assets in tourist destinations such as Bali, Indonesia. During the year, the Group acquired a 2.26% equity interest in Goodwill Property Investment Limited ("GPI") for a consideration of US$18.5 million. GPI owns 80% of PT Bali Turtle Island Development which is a developer in Indonesia that owns approximately 491 hectares of land in Kura Kura Bali. Located at South Eastern part of Bali, Kura Kura Bali is easily accessible from popular resort destinations and is just a 15-minute drive away from Denpasar International Airport.

PROPERTY

Artist's impression

Batam Opus Bay, Indonesia

CHINA PROPERTY

At present, the Group has no development activities in China. In March 2018, the Group divested its wholly-owned subsidiary which owns a plot of land in Jiaozhou, with a profit of $3.9 million. The Group currently has one plot of vacant land in Fuzhou for residential development. The Fuzhou Land is approximately 163,740 square metres, situated in the mountainous ridge of the Shoushan Country, Jing'an District, which is a rural part of the city. The site is about 400 metres above the sea level and is an approximately 30-minute drive to the city center.

In September 2018, the Group acquired an equity interest of 7.8% in Sanya Summer Real Estate Co Ltd ("SSRE"), a Hainan-based property development company which owns the land at Hainan Sanya Yuxiu Road. SSRE had obtained the necessary approvals to develop its initial block of land of approximately 57,839 square metres, adjacent to the Sanya High-Speed Railway Station in Hainan. The Chinese government had since requested SSRE to swap a partial land area of approximately 13,354 square metres, in exchange for a piece of residential land of approximately 28,569 square metres at Hairun Road. The land exchange transaction has been completed and the development plans for the land at Yuxiu Road would feature an iconic landmark project comprising commercial, residential and retail components. The proposed development is expected to be completed progressively in three to five years.

The Group has a three-storey commercial building located at No. 2950 Chun Shen Road, Shanghai, China, occupying a land area of approximately 1,741 square metres. The leasehold building has been fully leased out, with an estimated lettable area of 2,170 square metres.

During the year, the Group determined that there has been a change in use of the leasehold properties previously held for sale in China. This has led to the transfer of certain leasehold properties from development properties to the following investment properties:

- **Six shop units within Lakeside Ville Phase III** which is situated at Qingpu district, Shanghai. The Group was the developer of the development which was completed in 2010. Occupying a total estimated lettable area of 278 square metres, these commercial areas are fully leased out as at 31 December 2019.

- **Basement commercial spaces within Lakeside Ville Phase III**, Qingpu District, Shanghai, have an estimated lettable area of 3,618 square metres. As at 31 December 2019, the basement commercial spaces have been fully leased out.

- **An underground carpark** that is located at Lane 558, Baochun Road, Minhang district, Shanghai, occupies the basement of a 17-storey building. The carpark comes with an estimated area of 2,403 square metres.

HOTELS
INVESTMENT

Experience the grandeur and elegance of the Savoy Ballroom at Grand Hyatt Melbourne

Revenue for Hotels Investment Segment was $101.8 million (or A$107.2 million) for 2019, a decrease of $7.9 million (or A$1.4 million) from $109.7 million (or A$108.6 million) in the same period in the previous year. While Grand Hyatt Melbourne performed better with an increase in Revenue Per Available Room ("RevPAR"), this was offset by the weaker performance at Hyatt Regency Perth.

The Group owns two award-winning and prominent hotels, Grand Hyatt Melbourne and Hyatt Regency Perth. Details of the hospitality awards received by these hotels during the year are set out in the "Awards and Accolades" section of this Annual Report. Both hotels are managed under the Hyatt brand name, in line with the hotel management agreement with Hyatt International.

In Melbourne, there was a decline in occupancy as the market continued to combat new room supply with its robust calendar of events. In Perth, the sector continued to face more challenges from new supply as it recorded declines in Average Daily Rate ("ADR") and occupancies. *(Source: Savills – Australia & New Zealand Hotel Market Update 3Q2019)*

GRAND HYATT MELBOURNE is located within Melbourne's Central Business District at the "Paris End" of Collins Street, with access to both Russell Street and Flinders Lane. The internationally recognised five-star hotel, which opened in 1986 and has been extensively renovated in recent years, comprises a total of 550 guestrooms and suites over 34 levels. The hotel also features four food and beverage outlets, 15 meeting rooms, a day spa, a fully equipped health/fitness club with a swimming pool, a tennis court, a basketball court and a golf driving area. Lauded as an outstanding hospitality service provider, Grand Hyatt Melbourne received a slew of awards over the years.

In 2019, it achieved an occupancy rate of 91.0% as compared to 91.4% in 2018.

HYATT REGENCY PERTH is located at the eastern end of Perth's Central Business District, offering easy access to Adelaide Terrace and Bennett Street, as well as splendid views of the iconic Swan River. Completed in 1984, it features an integrated five-star hotel, office, retail, and parking complex, along with an adjacent commercial centre known as Fortescue Centre. It comprises 367 hotel rooms and suites over the upper nine levels. Facilities and amenities include four food and beverage outlets, 15 conference/meeting rooms and numerous recreation facilities, including an outdoor heated swimming pool and a fitness centre.

In 2019, it achieved an occupancy rate of 75.7% as compared to 81.1% in 2018.

INDUSTRIAL **SERVICES**

Industrial Services Segment posted $101.4 million in revenue for 2019 as compared with $144.8 million for the same period in the previous year, representing a decrease of $43.4 million or 30%. The decrease was due to lower contributions from the SP Corporation Ltd ("SP Corp"), a commodities trading business.

SP CORP is an 80.2% owned subsidiary listed in Singapore. Its main operations are the trading and marketing of industrial commodities, such as coal, natural rubber and aluminium.

SP Corp's business activities

HYPAK SDN BERHAD ("Hypak") is a 97.9% owned subsidiary of the Group. Its main business is in the manufacturing and marketing of polypropylene woven bags in Malaysia.

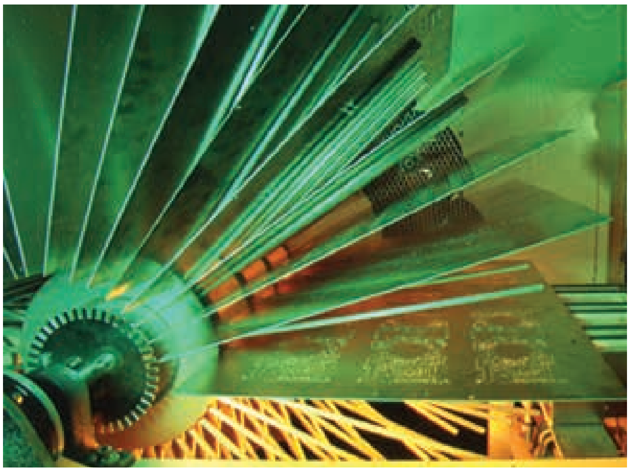
Hypak's production process of polypropylene woven bags

OTHER **INVESTMENTS**

Profit after tax in the Other Investments Segment was $21.7 million for 2019, as compared with $19.3 million in 2018.

The Group has an equity stake of 44.5% in Gul Technologies Singapore Pte. Ltd. ("GulTech") and a 49% stake in Pan-West (Private) Limited ("Pan-West"). These holdings are classified under the "Other Investments" segment. Profits in this segment are derived mainly from GulTech. In line with our strategic direction, the Group is not averse to disposing of its investments in these two businesses should the opportunity arises.

GULTECH is a respected player in the printed circuit boards ("PCB") market, serving customers in the automotive, computer peripheral, consumer electronics, telecommunication, healthcare and instrument & control sectors. It has three manufacturing facilities in China, located in Suzhou and Wuxi. Leveraging on its innovative designs and prototype expertise, GulTech continues to work in partnership with multinational customers to provide leading-edge solutions in a highly-dynamic and fast-paced technological environment. Its customers include leading suppliers and manufacturers for automotive systems such as Visteon Corporation, Continental AG and Wistron Corporation.



GulTech manufactures printed circuit boards at its state-of-the-art production facilities in Suzhou and Wuxi, China

PAN-WEST distributes golf-related lifestyle products through a variety of on-course and off-course outlets and concessionaires in Singapore. Pan-West is the exclusive distributor for some of the world's top golfing brands including Honma Golf, Cleveland Golf, Sun Mountain, Volvik and High Definition Golf simulators. Pan-West is also an exclusive dealer for Asics Golf and Skechers Golf footwear in Singapore.

PROPERTY PORTFOLIO

CHINA

4 COMMERCIAL PROPERTIES

No. 2950 Chun Shen Road, Shanghai
Six shop units within Lakeside Ville Phase III, Shanghai
Basement commercial spaces within Lakeside Ville Phase III, Shanghai
Underground carpark at Lane 558, Baochun Road of Minhang District, Shanghai

1 LAND HELD FOR FUTURE DEVELOPMENT

Land in Jin-an District, Fuzhou Fujian Province

3 PROPERTIES HELD UNDER OTHER INVESTMENTS

GulTech Suzhou Factory Building
GulTech Wuxi Factory Building
GulTech Jiangsu Factory Building

2 LANDS HELD THROUGH EQUITY INVESTMENTS IN OVERSEAS DEVELOPER

Land in Hainan Sanya Yuxiu Road, adjacent to Sanya High-Speed Railway Station
Land in Hairun Road

INDONESIA

1 PROPERTY UNDER DEVELOPMENT

Batam Opus Bay (125 hectares of land)

1 LAND HELD THROUGH EQUITY INVESTMENTS IN OVERSEAS DEVELOPER

Kura Kura Bali

PROPERTY PORTFOLIO

SINGAPORE

2 COMPLETED DEVELOPMENT PROPERTIES
Sennett Residence
Cluny Park Residence

3 PROPERTIES UNDER DEVELOPMENT
Kandis Residence
Mont Botanik Residence
Peak Residence

5 COMMERCIAL PROPERTIES
The Oxley, 1st – 3rd floor
18 Robinson
Robinson Point
Far East Finance Building, 11th Floor
Link@896

1 INDUSTRIAL PROPERTY
L&Y Building (3 strata units)

MALAYSIA

1 PROPERTY HELD UNDER INDUSTRIAL SERVICES
Hypak Factory Building, Malacca

AUSTRALIA

2 PROPERTIES HELD UNDER HOTEL OPERATIONS
Grand Hyatt Melbourne
Hyatt Regency Perth

2 COMMERCIAL PROPERTIES
Commercial Centre and Carpark within Grand Hyatt Melbourne Complex
Commercial Centre and Carpark within Hyatt Regency Perth Complex

PROPERTY PORTFOLIO

DEVELOPMENT PROPERTIES

NAME OF PROPERTY	LOCATION	ESTIMATED GROSS FLOOR AREA/LAND AREA (SQUARE METRE)	TENURE
COMPLETED PROPERTIES HELD FOR SALE			
Sennett Residence	Singapore	33,328	99 years from year 2011
Cluny Park Residence	Singapore	6,997	Freehold
PROPERTIES UNDER DEVELOPMENT			
Kandis Residence	Singapore	10,850	99 years from year 2016
Mont Botanik Residence	Singapore	8,546	Freehold
Peak Residence	Singapore	8,209	Freehold
Batam Opus Bay Land (I)	Indonesia	849,748[a]	30 years from year 2004
Batam Opus Bay Land (II)	Indonesia	401,229[a]	30 years from year 2019
LAND HELD FOR FUTURE DEVELOPMENT			
Land in Jin-an District, Fuzhou Fujian Province	China	163,740[b]	70 years from year 1994

(a) Land area only.
(b) Land area only and pending renewal of expired certificate for construction site planning.

INVESTMENT PROPERTIES

NAME OF PROPERTY	LOCATION	ESTIMATED LETTABLE/ STRATA AREA (SQUARE METRE)	TENURE
COMMERCIAL			
18 Robinson	Singapore	17,834	999 years (approx 83% of the total land) from year 1884 & 1885 or 99 years (approx. 17% of the total land) from year 2013 for certain plots
Link@896	Singapore	17,917	Freehold or 999 years from year 1879
Robinson Point	Singapore	12,483	Freehold
The Oxley, 1st – 3rd floor	Singapore	2,770	Freehold
Far East Finance Building – 11th Floor	Singapore	402	999 years from year 1884
Commercial Centre and Carpark (595 lots) within Grand Hyatt Melbourne complex	Australia	3,024	Freehold
Commercial Centre and Carpark (1,018 lots) within Hyatt Regency Perth complex (including 2 vacant land plots)	Australia	23,557	Freehold
No. 2950 Chun Shen Road Property	China	2,170	58 years from year 2008
Six shop units within Lakeside Ville Phase III, Qingpu district, Shanghai, China	China	278	70 years from year 1997
Basement commercial spaces within Lakeside Ville Phase III, Qingpu district, Shanghai, China	China	3,618	70 years from year 1997
Underground Carpark of a 17-storey building at Lane 558, Baochun Road of Minhang district, Shanghai, China	China	2,403	60 years from year 2005
INDUSTRIAL			
L&Y Building (3 strata units)	Singapore	2,285	999 years from year 1885

PROPERTY PORTFOLIO

HOTELS INVESTMENT

NAME OF PROPERTY	TOTAL HOTEL ROOMS	LOCATION	LAND AREA (SQUARE METRE)	TENURE
Grand Hyatt Melbourne	550	Australia	5,776[c]	Freehold
Hyatt Regency Perth	367	Australia	22,754[d]	Freehold

(c) The land area includes the commercial and carpark components. The commercial portion occupies a land area of approximately 742 square metres.
(d) The land area includes the commercial and carpark components. The hotel operation occupies a land area of approximately 6,500 square metres.

INDUSTRIAL SERVICES & OTHER INVESTMENTS

NAME OF PROPERTY	LOCATION	LAND AREA (SQUARE METRE)	TENURE
Hypak Factory Building, Malacca	Malaysia	19,100	99 years from year 1973
GulTech Suzhou Factory Building	China	40,455	48 years from year 1999
GulTech Wuxi Factory Building	China	78,800	50 years from year 2004
GulTech Jiangsu Factory Building	China	75,500	50 years from year 2012

EQUITY INVESTMENTS IN OVERSEAS DEVELOPERS

NAME OF PROPERTY	LOCATION	ESTIMATED LAND AREA (SQUARE METRE)	TENURE
Land in Hainan Sanya Yuxiu Road (indirectly holding 7.8% equity stake in Sanya Summer Real Estate Co Ltd)	China	44,485	40 years from year 2017
Land in Hairun Road (indirectly holding 7.8% equity stake in Sanya Summer Real Estate Co Ltd)	China	28,569	70 years from year 2019
Kura Kura Bali (indirectly holding 2.26% stake in Goodwill Property Investment Limited)	Indonesia	4,910,000	Various leasehold tenure of 30 years

REVIEW OF FINANCIAL PERFORMANCE

This review is to provide readers with an insight into our financial performance, financial position, cash flow, capital structure management and treasury management as of 31 December 2019. Readers are advised to read this review together with the Statutory Reports and Accounts.

OVERVIEW

OUR FINANCIAL STRATEGY AND TARGET

Liquidity	Flexibility	Strong Metrics
To maintain adequate cash (including near cash) to support business needs and explore opportunities	To diversify source of financing with a mix of fixed and variable interest and maturity periods	To maintain cordial and strong relationship with the banking community and use non-recourse debt whenever possible
Cash and Bank Balances[1] **$172.3 million** **Cash Equivalents**[1] **$89.0 million**	**Undrawn Facilities** **$194.0 million** **Secured Debt/Total Assets** **0.52x**	**Weighted Average Cost of Financing from Financial Institutions** **2.9% p.a.** **Cost of Notes issued** **Unsecured MTN Series I: 4.5% p.a.**[2] **Unsecured MTN Series II: 6.0% p.a.** **Secured MTN Series I: 2.8% p.a**

1 Cash and bank balances comprise of cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents exclude encumbered fixed deposits and bank balances.
2 All unsecured Series I notes have been fully redeemed and cancelled upon the maturity date on 14 October 2019.

KEY PERFORMANCE INDICATORS

		2019	2018 (Restated)	Change
Profitability – measures ability to generate earnings				
Revenue	$'Million	**310.7**	336.1	-8%
Profit before tax and fair value adjustments	$'Million	**8.8**	22.5	-61%
Profit after tax	$'Million	**32.7**	131.4	-75%
Profit attributable to shareholders	$'Million	**33.2**	131.5	-75%
Liquidity – measures ability to meet debt obligations				
Working capital	$'Million	**223.6**	(393.9)	n.m.
Operating cash flow	$'Million	**20.5**	(93.9)	n.m.
Free cash flow[1]	$'Million	**13.4**	(212.9)	n.m.
Efficiency – measures efficiency of using fund and managing assets				
Total assets	$'Million	**2,997.3**	2,911.9	3%
Shareholders' funds	$'Million	**1,105.0**	1,088.4	2%
Return on assets[2]	%	**1.1**	4.7	-77%
Return on shareholders' funds[3]	%	**3.0**	12.7	-76%
Debt leverage – measures capital employed and financial leverage				
Total borrowings	$'Million	**1,711.3**	1,630.4	5%
Net borrowings	$'Million	**1,539.1**	1,497.4	3%
Gross gearing[4]	times	**1.53**	1.48	3%
Net gearing[4]	times	**1.38**	1.36	1%
Shareholders' return – measures wealth creation for shareholders				
– Earnings per share (before fair value adjustments)	cents	**0.4**	1.7	-76%
– Earnings per share (after fair value adjustments)	cents	**2.8**	11.1	-75%
Net asset value per share	cents	**93.1**	91.7	2%
Dividend per share[5]	cent	**0.6**	0.9	-33%
Dividend payout ratio[6]	%	**165.4**	54.3	205%
Dividend yield[7]	%	**1.7**	2.2	-23%

Definitions:
1. Free cash flow = operating cash flow + investing cash flow
2. Return on assets = profit after tax/average total assets
3. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
4. Gross gearing = total borrowings/total equity; Net gearing = net borrowings/total equity
5. Dividend per share = proposed first and final dividend per share and additional special dividend per share
6. Dividend payout ratio = total dividend payout/profit before fair value adjustments attributable to shareholders
7. Dividend yield = dividend per share/average share price during the year

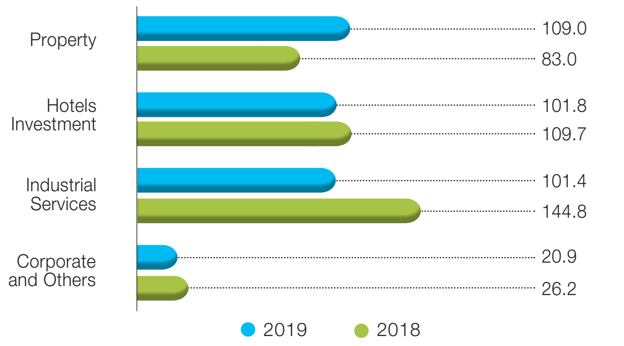
REVIEW OF FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

REVENUE

REVENUE BY BUSINESS SEGMENT
Group's revenue was $310.7 million, a decrease of 8% as compared to $336.1 million last year. The overall decrease was due mainly to lower revenue from Hotels Investment and Industrial Services segments, partially offset by higher revenue from the Property segment.

REVENUE BY BUSINESS SEGMENT ($'MILLION)



Industrial Services segment contributed 33% of the Group's revenue in 2019.

REVENUE BY GEOGRAPHICAL LOCATION
Group's revenue was mainly generated from Singapore and Australia, contributing a combined 90% and 91% of the total revenue in 2019 and 2018 respectively.

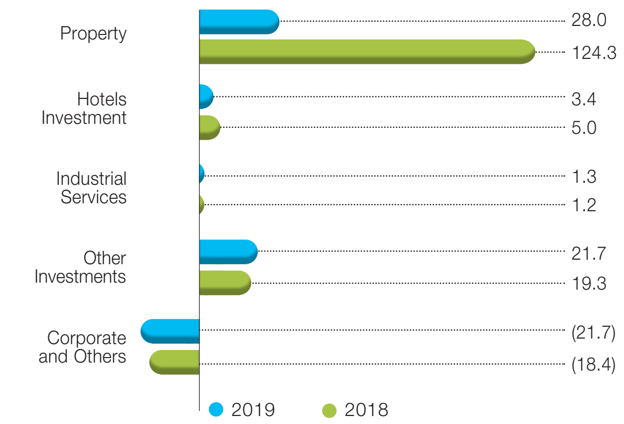
REVENUE BY GEOGRAPHICAL LOCATION

	2019		2018	
	$'MILLION	%	$'MILLION	%
Singapore	**161.0**	**52%**	179.8	53%
Australia	**118.7**	**38%**	127.0	38%
China	**19.5**	**6%**	14.5	4%
Malaysia	**8.3**	**3%**	8.5	3%
Indonesia	**3.2**	**1%**	6.3	2%
	310.7	**100%**	336.1	100%

PROFITABILITY

PROFIT AFTER TAX BY BUSINESS SEGMENT
Profit after tax decreased 75% to $32.7 million. All operating segments were profitable in 2019. Property segment reported lower profit mainly due to lower fair value gain arising from the revaluation of investment properties and higher interest expenses. The other significant contributor for the year was Gul Technologies Singapore Pte Ltd ("GulTech") under the Other Investments segment.

PROFIT AFTER TAX BY BUSINESS SEGMENT ($'MILLION)



PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS
For the same reasons mentioned above, profit after tax attributable to shareholders decreased 75% to $33.2 million and was mainly driven by the decrease in Property segment.

FINANCIAL POSITION

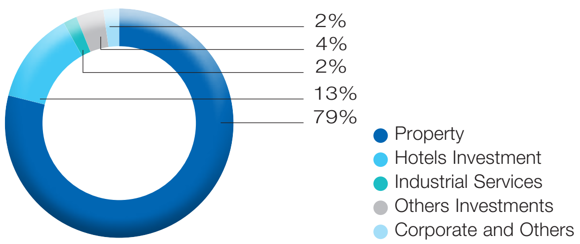
As at 31 December 2019, the Group's **total assets** increased 3% or $85.4 million to $2,997.3 million as compared to $2,911.9 million as at 31 December 2018. The increase was attributable mainly to an increase in carrying amount of investment properties as a result of fair value gain, other investment in Goodwill Property Investment Limited, increase in carrying amount of investments in equity accounted investees attributable mainly to the Group's equity share of profits from GulTech, partially offset by the Group's disposal of an investment property in March 2019.

REVIEW OF FINANCIAL PERFORMANCE

The Group's **total liabilities** increased by 4% or $69.4 million to $1,878.3 million as compared to $1,808.9 million at the previous year end. The increase was due mainly to an increase in loans and borrowings, partially offset by a decrease in trade and other payables. These additional borrowings resulted in gross gearing ratio increasing to 1.53 times (from 1.48 times) and net gearing ratio increasing to 1.38 times (from 1.36 times).

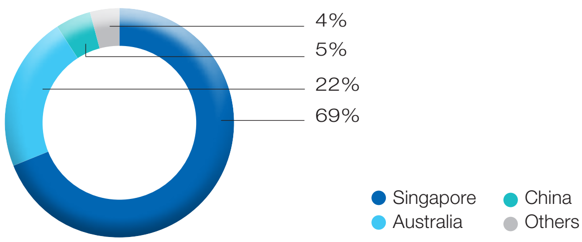
As at 31 December 2019, **shareholders' fund** grew by 2% or $16.6 million from last year end to $1,105.0 million. Total equity (i.e. including non-controlling interests) increased to $1,119.1 million as at 31 December 2019, from $1,103.0 million at the previous year end. The increase was mainly the result of operating profits made during the year, gain from revaluation of properties, but after netting of foreign currency translation losses and Company's payment of dividends to shareholders.

TOTAL ASSETS BY BUSINESS SEGMENT (2019: $2,997.3 MILLION)



Property segment contributed 79% of the Group's total assets in 2019.

TOTAL ASSETS BY GEOGRAPHICAL LOCATION (2019: $2,997.3 MILLION)



69% of the Group's total assets are located in Singapore whereas assets in Australia form the bulk of the Group's overseas assets.

SHARE CAPITAL AND EARNINGS PER SHARE ("EPS")

The number of issued ordinary shares as at 31 December 2019 was 1,186,248,411 (excluding treasury shares) as compared to 1,186,404,962 as at 31 December 2018. On 26 June 2019, 3,748,449 new ordinary shares were allotted and issued at $0.344 per share to shareholders who had elected to participate in the Company's Scrip Dividend Scheme in respect of the 0.9 cent dividend per ordinary share for the year ended 31 December 2018. Separately, 3,905,000 ordinary shares were purchased from the market under the "Share Purchase Mandate" and were held as treasury shares.

	2019	2018 (Restated)
Earnings per share (cents):		
– Including fair value adjustments	**2.8**	11.1
– Excluding fair value adjustments	**0.4**	1.7
Weighted average number of ordinary shares in issue (in millions)	**1,186.1**	1,188.8

Earnings per share, including fair value adjustments, decreased 75% to 2.8 cents, as compared to 11.1 cents a year earlier. This is mainly the result of lower fair value gain from revaluation of investment properties.

DIVIDEND AND SHAREHOLDERS' RETURN

DIVIDEND

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 22 April 2020, a first and final one-tier tax exempt dividend of 0.6 cent per share, amounting to about $7.1 million, will be paid on 25 June 2020 in respect of the year ended 31 December 2019. For the previous year end, a first and final one-tier tax exempt dividend of 0.6 cent per share and an additional special dividend of 0.3 cent per share was made, amounting to $10.7 million consisting of a cash payment of $9.4 million and the issuance of 3,748,449 ordinary shares at an issue price of $0.344 per share to shareholders who opted for the Scrip Dividend Scheme.

Shareholders will continue to have the opportunity to participate in the Scrip Dividend Scheme and receive their dividend in the form of the Tuan Sing shares instead of cash. For the purpose of determining dividend entitlements, book closure dates have been fixed on 8 May 2020.

The Group has been declaring dividends every year since 2009. Total gross dividend payout since then amounts to $68.1 million, including $7.1 million proposed for FY2019.

REVIEW OF FINANCIAL PERFORMANCE

YEAR	DIVIDEND PER SHARE (CENT)	NO OF SHARES (MILLION)	GROSS PAYOUT ($'000)	CUMULATIVE PAYOUT ($'000)
2009	0.3	1,138	3,412	3,412
2010	0.4	1,146	4,586	7,998
2011	0.3	1,154	3,463	11,461
2012	0.5	1,161	5,806	17,267
2013	0.5	1,173	5,864	23,131
2014	0.5	1,176	5,881	29,012
2015	0.6	1,179	7,073	36,085
2016	0.6	1,183	7,097	43,182
2017	0.6	1,187	7,122	50,304
2018	0.9	1,186	10,678	60,982
2019	0.6	1,186	7,117	68,099

DIVIDEND PAYOUT AND DIVIDEND YIELD

The proposed dividend of 0.6 cent per share for 2019 represents i) dividend payout ratio of 165.4% based on core earnings which are the net profit before fair value adjustments; ii) dividend yield of 1.7% based on dividend per share over the average share price of 35.9 cents traded during the year.

CASH FLOW

FREE CASH FLOW

One of the important drivers to increase shareholder value is the generation of free cash inflow over a medium term. Free cash flow for a period is the arithmetic sum of two streams of cash flows during the period: cash generated from/used in operating activities and cash used in/from investing activities. The sources of cash from operating activities are operating profit, a change in working capital, and finance income less taxes. The avenue of cash used in investing activities could be for capital expenditure and investment.

During the year, there was a free cash inflow of $13.4 million as compared to an outflow of $212.9 million in 2018. This was due mainly to lower investing cash outflow of $7.1 million and operating cash inflow of $20.5 million. In comparison, last year's investing cash outflow and operating cash inflow were $119.0 million and $93.9 million respectively.

CASH FROM OPERATING ACTIVITIES

The cash inflow from operating activities was mainly from the operating profits, after changes in working capital and other adjustments.

CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was an outflow of $7.1 million, mainly related to payment of $25.4 million for the acquisition of financial asset designated as FVTOCI, payment of $7.1 million for the purchase of property, plant and equipment, progress payments for investment properties of $6.9 million, $5.0 million for a loan to a related party and acquisition of subsidiaries for $4.7 million in connection with the purchase of land in Batam. This was offset by proceeds of $42.0 million from the sale of an investment property.

CASH FROM FINANCING ACTIVITIES

Net cash from financing activities was an inflow of $9.8 million, mainly from net proceeds from borrowings of $98.1 million, offset by interest payments of $58.9 million, bank deposits pledged as securities for bank facilities of $18.5 million, dividend payment of $9.4 million and purchase of treasury shares of $1.4 million.

CASH AND CASH EQUIVALENTS

As at 31 December 2019, cash and cash equivalents were $89.0 million as at 31 December 2019, representing an inflow of $23.3 million since 31 December 2018.

BANK BORROWINGS AND MEDIUM TERM NOTES ("MTN")

As of 31 December 2019, the Group had total bank borrowings and debt securities of $1,711.3 million, comprising:

- Bank Borrowings of $1,358.1 million: These are secured borrowings mainly relating to investment properties, development properties loans and Australia's hotel properties and commercial properties loans.

- Unsecured MTN of $149.8 million: These are unsecured borrowings under the S$900 million MTN programme approved by the shareholders in 2013.

  Tuan Sing has established an unsecured S$900 million MTN Programme in February 2013 under which it can issue notes of various durations in series or tranches either in Singapore dollar or other currency as deemed appropriate at the time.

  The first tranche of the unsecured notes of S$80 million ("Series I unsecured notes") were issued on 14 October 2014. They were of five years duration, unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrears. Tuan Sing has fully redeemed and cancelled all outstanding Series I unsecured notes upon the maturity date on 14 October 2019.

  The second tranche of the unsecured notes of S$150 million ("Series II unsecured notes") were issued on 5 June 2017. They are of three years duration, unsecured, bear a fixed interest rate of 6.00% per annum payable semi-annually in arrears and will mature on 5 June 2020. The Group is in on-going discussions with bankers to refinance these unsecured notes.

REVIEW OF FINANCIAL PERFORMANCE

- Secured MTN of $198.3 million: These are secured borrowings under the S$500 million MTN programme approved by the shareholders in 2019.

  Superluck Properties Pte Ltd, a wholly-owned subsidiary of Tuan Sing, has established a secured S$500 million MTN Programme on 13 October 2019 under which it can issue notes of various durations in series or tranches in Singapore dollar or other currencies.

  The first tranche of the secured notes of S$200 million ("Series I secured notes") were issued on 18 October 2019. They are of three years duration, secured, bear a fixed interest rate of 2.80% per annum payable semi-annually in arrears and will mature on 18 October 2022.

- Bill payables of $5.1 million: These are in the form of trust receipts for commodities trading.

We spread our borrowings amongst a few banks using a combination of floating or fixed interest rates and of various durations depending on a number of factors. These include the timing the debt is entered into, the then prevailing market sentiment, our view of the financial market outlook, the nature of the assets pledged, if any, etc. To mitigate interest rate risk, we monitor the trend of interest rate movements. Financial instruments are used, if it is deemed necessary, to hedge interest rate exposures.

As at 31 December 2019, the profiles of the bank borrowings and MTN are as follows:

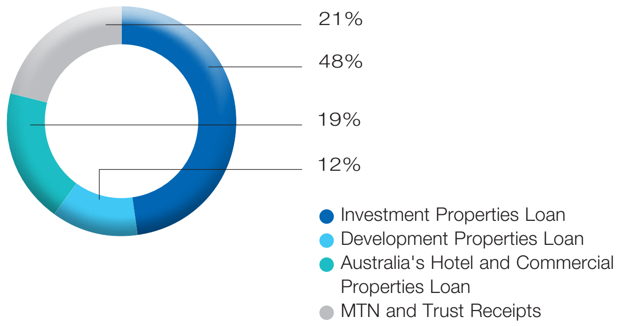
- By secured and unsecured borrowings:
  - o Secured borrowings: 91% or $1,561.5 million. These are mainly secured with investments properties, development properties and Australia's hotel and commercial properties loans.
  - o Unsecured borrowings: 9% or $149.8 million. This relates to the Series II unsecured notes.

- By interest rates:
  - o Floating rates borrowings – 80%
  - o Fixed rates borrowings – 20%

- By borrowing currencies:
  - o Singapore dollar currency borrowings – 81%
  - o Australian dollar currency borrowings – 19%

- By loan types:
  - o Investment properties borrowings – 48%
  - o Development properties borrowings – 12%
  - o Australia's hotel and commercial properties borrowings – 19%
  - o Medium Term Notes and trust receipts – 21%

TOTAL BORROWINGS BY LOAN TYPE



- By loan maturity dates:
  - o Maturing by 2020 – 16% ($281.1 million) (This is mainly relating to the second tranche unsecured MTN of S$150 million maturing in June 2020 and other bank borrowings secured by investment properties)
  - o Maturing by 2021 – 6%
  - o Maturing by 2022 – 78% (This is mainly relating to the first tranche secured MTN of S$200 million maturing in October 2022 and other bank borrowings secured by investment properties and development properties)
  - o Maturing by 2023 and beyond – less than 1%

CAPITAL STRUCTURE MANAGEMENT

OUR CAPITAL STRUCTURE MANAGEMENT

In managing our capital structure, we try to find a right balance between shareholders' funds and external borrowings. Leveraging may amplify the returns on shareholders' fund in both positive and negative manner. An increase in leverage may increase the risk of breach of covenants on borrowings and borrowing costs may increase as a consequence in addition to other implications.

Tuan Sing has access to different sources of financing. We monitor the financial markets and decide on the financing approach that is best suited for our business needs at the time. In making the decision, we also bear in mind the risk of concentration. Hence, we have a fairly diversified source of financing and borrow on both secured and unsecured basis. To achieve an optimal capital structure, we may issue new shares from time to time, buy back shares in the open market and cancel them, retire or obtain new borrowings, sell assets to reduce borrowings, adjust the amount of dividend payment, or return capital to shareholders.

Having access to flexible and cost effective financing allows us to respond quickly to opportunities. In our view, Tuan Sing has adequate sources of financing to meet our business

REVIEW OF FINANCIAL PERFORMANCE

requirement in the foreseeable future through the operating cash flow generated, divestment proceeds, if any, from low yielding or non-core assets, secured borrowings and unsecured bonds that may be issued from time to time.

OUR DEBT FINANCING

We use a combination of short and long-term debts to finance our operations. For prudence, our long-term investments are financed by long-term debts. This debt is usually in the currency as the underlying investment and repayment terms are normally designed to match cash flows expected from that investment.

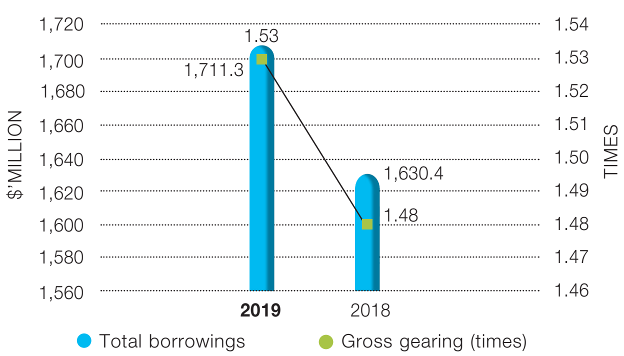
Having access to reasonably-priced financing is dependent, in part, on how our financiers view our credit ratings. Like most mid-capped companies, we do not engage the service of a credit rating agency to perform a credit rating exercise. We do however believe that we have a reputation for having good governance and high transparency. We are able to get competitive financing and at reasonably short notice because of these factors. This is particularly so when we are able to offer quality assets as pledge and show convincing income and cash flow projections for the project/loan period.

OUR GEARING

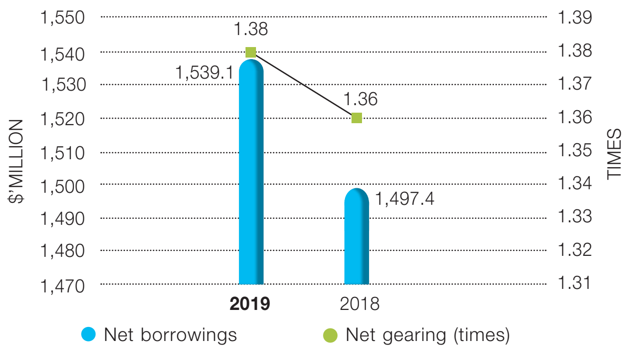
We use gross gearing ratio (debt as a percentage of total equity) and net gearing ratio (net debt as a percentage of total equity) to measure our debt leverage. Net debt is defined as debt less cash in hand and at banks.

As at 31 December 2019, gross gearing ratio increased from 1.48 times to 1.53 times. Similarly, net gearing ratio increased to 1.38 times from 1.36 times last year. This was mainly for the developments of Link@896, Peak Residence, Mont Botanik Residence and 18 Robinson.

GROSS GEARING



NET GEARING



OUR INTEREST COVERAGE RATIO

The Group's interest cover was 2.0 times as at end 2019 as compared to 3.8 times in 2018. The lower interest cover was attributable to lower profits. Borrowing costs saw an increase of approximately 6% to $50.8 million from $48.1 million last year. The increase was due mainly to additional loan drawn downs for the development of Peak Residence and the issuance of Series I secured notes of S$200 million in October 2019. However, this was partially offset by the decrease in interest expense of the unsecured Series I notes of S$80 million, which have been fully redeemed and cancelled in October 2019.

TREASURY MANAGEMENT

Treasury management is carried out by the business units in accordance with established group policies and guidelines. Policies and guidelines have been regularly updated to take into account changes in the operating environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans. New investments are structured with an appropriate mix of equity and debt after careful assessment of relevant risks.

Each business unit and the head office monitor working capital requirement, perform profit and cash flow forecast on a quarterly basis. We also ensure that loan covenants are complied with and that there is a proper mix of duration and interest period for the loans. The quarterly cash flow projections are on a rolling sixteen-month basis. We closely monitor relevant emerging regulations which may potentially impact the way that we obtain our finances or introduce any operating constraints. We are kept updated of the latest development in debt markets and to arrange new financing as opportunities arise. Our consistent approach has helped us to build a long-term relationship with financial institutions.

Cash and cash equivalents and undrawn committed facilities are maintained for draw down at short notice. Maturity dates of our facilities are spread out and up to year 2024.

MANAGING RISK IN DELIVERING OUR STRATEGY

OVERVIEW OF OUR APPROACH

The Group's business environment is subject to constant and significant changes that require regular assessment of our corporate strategies. At Tuan Sing, risk management is an integrated process that supports informed decision-making throughout the Group. Our integrated approach recognises the need for clear, timely direction and decision from the Board of Directors, senior management and our business unit management (i.e. SBUs). Risk management is also embedded into day-to-day decision-making and operational activities (i.e. operational risk management).

The top-down approach (i.e. strategic risk management) involves a review of the external environment in which we operate and our risk appetite. The result will then guide our execution of our strategy. Key risk indicators have been identified for each of our principal risks and are used to monitor our risk exposure. These key risks are reviewed quarterly by the Risk and Audit Committee to ensure that the activities of the business remain within our risk appetite.

The bottom-up approach (i.e. operational risk management) involves identifying, managing and monitoring risks at the "front line" level. This way, risk management is embedded in our everyday operations. Control of this process is through maintaining of risk registers by all SBUs. These risk registers are aggregated and reviewed by the CEO and CFO, with significant and emerging risks escalated for the Board and Audit and Risk Committee's consideration as appropriate. This process complements the top-down view by helping us to identify our principal risks and ensuring that operational risks are fully considered in determining the risk appetite and the corresponding strategy of the business.

The Group's ERM system is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that may be required to be disclosed is reported to the Board through the Audit and Risk Committee. We have reviewed the current ERM framework and are of the view that it remains appropriate for the year 2019.

MANAGE RISK IN DELIVERING OUR STRATEGY

The Group remains focused on property and hotels investment segments to drive growth. The Group will continue to expand its property development business and acquire quality and strategic locations of investment and hotel properties that will contribute a recurring income flow to the Group. In pursuit of corporate strategies and business goals, the Group acknowledges that it is necessary to take certain risks that the Group believe are manageable and appropriate in relation to expected opportunities. However, these should be within the Group's risk appetite by taking into consideration the assessment of macro-environment that the Group is operating in. The Group uses key risk indicators to ensure that the activities of the business are within its risk appetite.

RISK PROFILE AND KEY RISKS

The Group's key risks and appropriate mitigating measures are summarised under "Business Dynamics and Risk Factors Statement" section of this Annual Report. The Group's risk appetite and risk profile remains broadly unchanged in 2019, although the evolving business environment has led the Group to closely monitor the impact on its risk landscape.

NO THREAT TO GOING CONCERN

After making due inquiry, the management is satisfied that there were no risks that could threaten the ability of the Group to continue as a going concern over the coming 12 months.

OUR RISK GOVERNANCE & OVERSIGHT STRUCTURE

THE BOARD

- Determine strategic objectives
- Set risk appetite and parameters
- Review external environment
- Manage and monitor risk
- Assess effectiveness of risk management system
- Instil culture and approach for risk governance

AUDIT & RISK COMMITTEE

- Direct delivery of strategic actions
- Report principal risks and uncertainties
- Oversee financial reporting, operational and compliance risks
- Oversee internal and external audit processes
- Consider aggregation of risk exposures across the business
- Monitor key risk indicators and the implementation of risk mitigation plans
- Oversee the adequacy and effectiveness of the Group's risk management and internal control systems

CEO & CFO

- Implement the Company's strategy
- Strengthen the Group's risk management culture
- Ensure the overall framework of risk management is comprehensive and responsive to changes in the business
- Review the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts on a regular basis

STRATEGIC BUSINESS UNITS

- Monitor and manage operational risks on an ongoing basis
- Identify emerging risks
- Maintain risk registers which provide a framework for all relevant staff to recognise their shared responsibility for an effective management of risks on a regular and timely basis

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

CONSEQUENCE	RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
EXTREME	* Compliance				
HIGH		* Liquidity	* Business Continuity		
MAJOR	* Financial Management	* Strategy * Investment			
MODERATE	* Derivative Financial Instrument * Insurance	* Process, Sourcing, Execution	* Competition * Industry * Cyber Security	* Reputation * Macro-economic & Political * Price	* Foreign Exchange * Tax * Interest Rate
LOW		* Alliance * People * Work Health & Safety * Terrorism	* Credit * Capital Structure	* Social & Environmental * Regulatory	
NEGLIGIBLE					

LIKELIHOOD

RISK EXPOSURE & APPETITE TABLE

RISK LEVEL	ACTION REQUIREMENTS
EXTREME	Not acceptable: * Immediate action required * Must be managed by senior management with a detailed treatment plan
HIGH	Senior Management attention: * Senior management attention needed and management responsibility specified * Treatment plans to be developed * Must be monitored with regular frequency
MEDIUM	Tolerable: * Management responsibility must be specified * Treatment plans to be developed * Ongoing monitoring and review
LOW	Acceptable: * Manage by routine process/procedures * Consider the implementation of additional controls only if they are clearly quantifiable cost benefit * Ongoing monitoring and review
NEGLIGIBLE	Acceptable: * Manage by routine process/procedures * Unlikely to require specific application of resources

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

BUSINESS & STRATEGY RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
STRATEGY RISK	
• The Group is exposed to risks associated with its overseas expansion plans. • Expansion involves the spreading of resources in setting up new business units and dealing with unfamiliar rules and regulations in foreign countries or nuances in customer service expectations. • Such expansion plans may cause management to lose focus.	• New investment proposal is evaluated carefully to ensure that it is in line with the corporate strategy and investment objectives and that it can meet the relevant hurdle rates of financial returns. Other relevant risk factors are also considered. • Evaluation includes macro and project-specific risks analyses, due diligence and sensitivity analyses on key assumptions. Each investment proposal must be reviewed and approved by the Board. • Where appropriate, the Group will explore joint venture opportunities that allow risk and reward sharing between partners. • IPT Mandate is in place to provide the Group with added means to underpin its expansion strategy by leveraging on Interested Persons' network and its close working relationship with Interested Persons.
COMPETITION RISK	
• The relatively small size of our operations may be a disadvantage in the highly competitive property development industry. Hence, the Group may be more vulnerable to external shocks and negative occurrences specific to its operations. • Real estate markets in Singapore and in the region are changing rapidly, which means the Group has to respond swiftly and effectively – more so than other bigger players. • The hospitality industry in Australia, where our hotels are situated, is highly competitive. Any completion of new hotels or renovation of competing hotel properties would reduce the competitiveness of older or existing properties.	• The Group strives to maintain competitiveness by differentiating its products and leveraging on its brand name to set itself apart from the mass market. In recent years, the Group has also been diversifying its property portfolio across geographies to enhance the stability of its future revenue and profitability streams. • Tuan Sing is a recognised developer with proven track records and a sterling reputation associated with award-winning projects. • The Group actively works with potential business partners to submit joint- bids for new land parcels. • The Group's hotel properties offer choice locations and excellent services for their class. Long term management agreements are in place with Hyatt International for hotel operations. • Plans are in progress to create value from existing assets through asset enhancement initiatives and redevelopment works.
INDUSTRY RISK	
• The Group is exposed to inherent risks in property developments. • Adverse weather, labour shortage, poor performance by main contractors, industrial accidents or delays in obtaining regulatory approvals could delay the completion of projects and cause cost overruns. • The Group is exposed to the hotel industry's supply and demand cycle, which is dependent on the conditions of the hospitality and leisure industry and the state of the property market in Australia. • Reductions in room rates and occupancy levels would adversely affect the Group's results.	• Policies and procedures covering project management process are in place. • A pre-approved project budget is agreed to in advance so as to monitor the performance of the project team. All variation orders require approval at appropriate level. • The Group's procurement function has been strengthened to establish a robust bulk procurement database in order to achieve competitive pricing and ensure supplied materials meet the quality standards and comply with local regulations. • Hyatt management tracks room bookings daily. Room rates are adjusted as and when necessary to optimise returns.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

BUSINESS & STRATEGY RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
MACROECONOMIC & POLITICAL RISK	
• Changing macroeconomic and political conditions in countries where the Group operates could adversely affect the Group's performance, particularly when the Group ventures further into the region. • The property development business depends heavily on the continued health of the real estate market in Singapore and in the region. • Changes in government policies and regulations affect the market demand, land title acquisition, planning and design, construction hours and financing.	• The Group monitors key economic indicators and keeps itself updated regarding potential changes of policies by the authorities. • The Group remains optimistic about the medium and long-term outlook for the property markets in Singapore and in the region.
REGULATORY RISK	
• Group is exposed to changes in prevailing laws and regulations in the countries where it operates, particularly in corporate law, competition law, consumer protection and environmental law.	• The Group works closely with advisors, consultants and local authorities so as to keep abreast of changes. • Local business units are required to apprise the head office of material regulatory developments in a timely manner.
REPUTATION RISK	
• The Group's reputation is at risk of adverse publicity if there is mishandling of transactions or events.	• The Group values its reputation and has in place an open communication programme to ensure timely and effective communication with its key stakeholders. • The Group has clearly articulated its mission statement and the guiding principles that drive its operations. • The Group has established an Investor Relations policy that has been made available on its corporate website to further strengthen its communication with stakeholders.
BUSINESS CONTINUITY RISK	
• Property and hotels investment businesses are capital-intensive and rely heavily on external financing at commercially acceptable interest rate and terms. • Property development business relies on obtaining land plots, taking projects to fruition and successfully marketing the units within a certain timeframe, while achieving profitability that is commensurate with the risks involved.	• A S$900 million MTN Programme has been in place since 2013 to allow the Group to seize business opportunities at short notice, diversify its sources of funding and raise its business profile. • A portfolio of mostly freehold investment properties provides a platform of growth and generates recurring income. Existing hotel properties offer a stable income stream given its choice locations.
TERRORISM RISK	
• The Group could be adversely affected by direct terrorist attacks because of its geographical footprint. • Such an event could result in damage to its properties or facilities, or cause injury or death to personnel as well as disruption in operations, thus causing financial losses to the Group.	• This is an inherent risk that the Group faces. • The Group has a disaster recovery plan in place. • Properties are protected through the implementation of various security measures.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

FINANCIAL RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
LIQUIDITY RISK	
• Renewal or additional debt-financing on favourable terms would be subject to prevailing global and local economic conditions, sentiments in credit and capital market. • The Group's property portfolio in Singapore and Australia is pledged under various mortgage loan agreements. A breach in any loan covenant could trigger various repayments at short notice.	• The Group monitors its cash and cash equivalents and maintains a level deemed adequate. • The Group manages debt financing and bond issuance proactively to ensure all covenants are met as and when required. • Moving 16-month cash flow projections, debt maturity profiling and bank facilities undrawn are reviewed quarterly to monitor the Group's liquidity position. • Great emphasis is placed on the timely execution of ongoing projects to ensure that a significant proportion of our property projects is sold and that cash is being realised as early as is possible.
CAPITAL STRUCTURE RISK	
• An inefficient capital structure or weakness in financial management could affect the Group's ability to provide adequate returns for shareholders.	• The Group conducts regular reviews to ensure an optimal capital structure. • The Group monitors its gross gearing, net gearing ratios and their trends on a quarterly basis. • To achieve an optimal capital structure, the Group might from time to time issue new shares, obtain new borrowings, sell assets (thereby reducing borrowings), adjust the dividend payout, or return capital to shareholders.
DERIVATIVE FINANCIAL INSTRUMENT RISK	
• Market conditions could move against the assumptions the Group adopts at the time of hedging transactions, an inherent risk.	• Derivative financial instruments are used only to manage the impact of interest rate fluctuations on floating rate debts or foreign currency exposure, or to comply with certain bank covenants. • Hedging is undertaken to meet actual operational requirements, not for speculative purposes. • The Group closely monitors the impact of the macro-economic conditions.
PRICE RISK	
• Revenue and profit recognition for development properties and fair value adjustments for investment properties are lumpy. • Residential property prices and demand in Singapore and in the region are subject to rounds of government cooling measures.	• This is an inherent systemic risk as the Group operates in the industry. • Diversify its property portfolio. • For development properties, the Group reduces the gestation period of a property launch. In addition, the Group monitors the market sentiments so as to leverage on any potential upside. • For investment properties, the Group aims to lock in major tenants with multi-year lease durations.
CREDIT RISK	
• Credit risk arises when counterparties default on their contractual obligations resulting in financial losses to the Group.	• Standard operating procedures are in place which include extending pre-approved credit terms to only creditworthy customers and monitoring credit risk on a regular basis. • Collections are closely monitored. Major collectability issues are highlighted to all concerned.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

FINANCIAL RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
FOREIGN EXCHANGE RISK	
• Exchange gains or losses might arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting or repatriation purposes.	• Natural hedging is used extensively, including matching sale with purchase or matching assets with liabilities of the same currency and amount whenever it is practicable. • Currency translation risk is inherent for operations outside Singapore. Since it is non-cash in nature, it is not hedged.
INTEREST RATE RISK	
• The Group is exposed to interest rate fluctuations through borrowings.	• The Group keeps abreast of the trends in interest rate movements. • A variety of financial instruments, including interest rates of different durations, interest rate swaps, caps and forwards, could be used to hedge interest rate risks arising in the ordinary course of business.
TAX RISK	
• The Group is exposed to vagaries of tax interpretations or changes at short notice in foreign jurisdictions.	• The Group monitors changes in tax rules in different countries on a periodic basis. • Tax provisions are made in strict compliance with the rules so as to reduce under-accrual in the book of accounts. • The Group developed its Transfer Pricing Documentation Master File to provide a guideline on transfer pricing for all subsidiaries across different countries.
FINANCIAL MANAGEMENT RISK	
• Apart from the Group's policies and guidelines and the internal audit function which has been outsourced, the Group relies on the self-assessment, review and reporting process at strategic business units to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies and that the internal controls are adequate and effective. • This system may not prevent or detect all fraud or misstatements in a timely manner. • Changes in conditions or operations might cause system effectiveness to vary from time to time.	• Internal controls over financial reporting are reviewed regularly and embedded within our corporate governance structure. • On a quarterly basis, the operating and finance heads of strategic business units report the results of their self-review in their management representation letter. • The quarterly management representation letter also serves as a platform for all strategic business units to highlight any transactions and/or events that could have material or potential financial impact to the Group.
INVESTMENT RISK	
• Higher returns are usually accompanied with higher risk and uncertainty. Therefore, the Group has to strike a balance when making an investment.	• Major investments are reviewed by the Board or its committee to ensure that they are in line with the Group's strategic focus, meet the relevant risk-adjusted hurdle rate of return, and pass other risk assessments.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

OPERATIONAL RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
ALLIANCE RISK	
• The medium or long term interests of business associates or joint venture partners might not necessarily be aligned with the Group's. • Policy and personnel changes by business associates could lead to their inability or unwillingness to fulfil obligations.	• The Group agrees with business associates in advance on well thought-out rights, duties and obligations of each party. • The Group maintains cordial working relationships with business partners.
SOCIAL & ENVIRONMENT RISK	
• Heightened awareness among the public or environmental agencies could increase the Group's operating expenses with relation to environmental issues.	• The Group adopts environmentally-friendly practices across countries, so as to bring them in line with best practices in the market and to remedy shortcomings identified. • The Group provides eco-themed amenities and nature-inspired landscaping at its development projects. The Group is also committed to meeting green building requirements for its projects. For hotel operations, various environmental conservation initiatives are implemented. • The Group has implemented its Sustainability Policy which has been published on the corporate website to promote stakeholder engagement.
PEOPLE RISK	
• The Group depends on steadfast service provided by good personnel for business continuity. • Succession plan execution is a challenge given the size of the Group.	• The Group provides a safe working environment in which employees can develop their careers with work-life balance so as to ensure that human capital are nurtured and retained. • Attractive award and bonuses are given to staff who performed well.
PROCESS, SOURCING & EXECUTION RISK	
• Property development projects take 3-5 years to complete. Delays in project completion and cost overruns could arise from labour and material shortage, poor performance of contractors, delays in obtaining necessary regulatory approvals, or industrial accidents, etc. • The Group relies heavily on third-party contractors and consultants for various services. • Long term hotel management agreements have given Hyatt International almost full discretion in the operations of the Group's two hotels in Australia.	• Operating manuals, standard operating procedures and a delegation-of-authority matrix are in place. • Project costs and project timelines are closely monitored through regular project meetings with consultants, suppliers and contractors. • Project control sheets are prepared for on-going projects and are monitored on a monthly basis. Costs overruns are analysed and highlighted to the senior management and the Board. • Regular management team meetings facilitate effective project coordination and communication. • Profit sharing terms in the hotel management agreements aim to ensure alignment with the Group's risk appetite.
WORK HEALTH AND SAFETY RISK	
• Employees are exposed to workplace health and safety risks arising from events such as incidents in the production process or pandemics.	• The Group cultivates a safety-consciousness culture at all levels where appropriate. Such steps include the setting up of an employees' safety council. • Refresher drills on fire safety, emergency evacuation and first aid responses are conducted regularly. • A disease/pandemic preparedness plan is in place to safeguard the health and welfare of employees, and to ensure quick resumption of critical business functions.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

OPERATIONAL RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
INSURANCE RISK	
• Properties owned are subject to risks (e.g. war, terrorism, outbreak of contagious diseases, environmental breaches) that might not be insurable. Even where they are, the premium could be prohibitive or the financial losses might not be fully compensated for by insurance proceeds.	• The Group conducts insurance reviews with insurance brokers on an annual basis to ensure adequate and comprehensive insurance coverage.
CYBER SECURITY RISK	
• The Group's operations are exposed to disruptions to the network. • These could happen through targeted attacks by hackers, insider attacks or accidental cyber incidents. • Cyber thefts of sensitive and confidential information could lead to litigation by customers and/or regulatory fines and penalties.	• The Group adopts a holistic approach by keeping abreast of the threat landscape and changes in business environment. • The Group has in place an Information Security Policy, which covers cyber security and data protection measures.

COMPLIANCE RISKS

COMPLIANCE RISK	
• There have been rapid changes in laws, regulations and practices making compliance more complicated. • The Group's internal control systems and related framework might not be brought up-to-date in time.	• Internal controls, risk management and corporate governance frameworks, and control self-assessment processes are all in place and are reviewed on an annual basis. • A whistle-blowing policy and annual declarations by staff on ethics have been in place for some time. • External auditors are engaged for statutory audits and internal auditors are engaged to conduct operations reviews; both report directly to the Audit and Risk Committee.

CORPORATE STRUCTURE

AS AT 10 MARCH 2020

TUAN SING HOLDINGS LIMITED

PROPERTY

- AREI Partners Pte. Ltd.
  - Greenwillow-AREI Partners Pte. Ltd. (50%)
- Asiaview Properties Pte. Ltd.
- Asplenium Land Pte. Ltd.
- Calypso Construction Management Pte. Ltd.
- Clerodendrum Land Pte. Ltd.
- Dillenia Land Pte. Ltd.
- Episcia Land Pte. Ltd.
- Gerbera Land Pte. Ltd.
- Heliconia Land Pte. Ltd.
- Ipomoea Land Pte. Ltd.
  - TSRC Novena Pte. Ltd. (70%)
- Jasminum Land Pte. Ltd.
- Megaton Investments Pte Ltd
- Oxley Development Pte Ltd
- Pemimpin Properties Pte. Ltd.
- Robinson Point Limited
  - 39 Robinson Road Pte. Ltd.
- Silveridge Investments Pte Ltd
  - Shelford Properties Pte Ltd
- Superluck Properties Pte Ltd
- Maylands Investment Pte Ltd (70%)
- Fuchsia Land Pty Ltd
- Splendourland Pte Ltd (90%) — (2%) — PT. Goodworth Investments
- Goodworth Investments Pte Ltd (90%) — (98%) — PT. Goodworth Investments
- TSHI Holdings Pte. Ltd.
  - Lantana Pte. Ltd. — (49%) — P.T. Titian Damai Mandiri
  - Lachenalia Pte. Ltd. — (51%) — P.T. Titian Damai Mandiri
  - Goodwill Property Investment Limited (2.26%)[1]
- Bauhinia Land Pte. Ltd.
- Sing-Hu International Pte Ltd
  - Premiera Development Pte. Ltd.
  - Shanghai Shenyu Interior Decoration Limited Liability Company
    - Fujian Ji'Xing Real Estate Development Co. Ltd
- TSH China Holdings Pte Ltd
  - Yewglade Pte Ltd
    - Habitat Properties (Shanghai) Ltd. (91%)[2]
  - Shanghai Shenjia Property Management Co., Ltd.
    - Sanya Summer Real Estate Co Ltd (7.8%)[3]
- Tuan Sing (China) Investments Limited#
- Shanghai Xin Min Real Estate United Development Co., Ltd.# (70%)[4]

HOTELS INVESTMENT

- TSH Australia Holdings Pte Ltd
  - Tuan Sing (Australia) Pty Limited ("TSA")
  - Tuan Sing Real Estate Pty Limited ("TSRE")
    - Grand Hotel Group – Grand Hotel Company Pty Limited
      - GH Operations Pty Ltd
      - HR Operations Pty Ltd
      - Grand Hotel Management Pty Ltd
      - GHG Capital Pty Ltd

INDUSTRIAL SERVICES

- SP Corporation Limited* (80.2%)
  - SP Performance Pte. Ltd.
    - Performance Retreads Sdn. Bhd.
  - SP Energy Pte. Ltd.
    - SP Mining & Engineering Pte. Ltd.
      - PT. SP Mining & Engineering (99%)[5]
  - Globaltraco International Pte Ltd
  - SP Resources International Pte. Ltd.
  - SP Global International Pte. Ltd.
    - SP Global Hong Kong Limited
- Hypak Sdn. Berhad (97.9%)

OTHER INVESTMENTS

- TS Planet Sports Pte. Ltd.
  - Pan-West (Private) Limited (49%)
    - Pan-West (Malaysia) Sdn. Bhd.
- TS Technologies Pte Ltd
  - Gul Technologies Singapore Pte. Ltd. (44.5%)
    - Gultech International Pte Ltd
    - Gultech China Pte. Ltd.
      - Gultech SG (2019) Pte. Ltd.
      - Gultech (Jiangsu) Electronics Technologies Co., Ltd
        - Gultech (Suzhou) Electronics Co., Ltd
        - Gultech (Wuxi) Electronics Co., Ltd
          - Gultech Wuxi Electronics Co (HK)., Limited
  - Pacific Consultants Pte. Ltd.

● 100% owned
● Less than 100% owned
● TSA and TSRE each holds 50% in that entity
Entity incorporated outside Singapore
* Public listed company
# in members' voluntary liquidation

1 TSHI Holdings Pte. Ltd. holds an investment of 2.26% in Goodwill Property Investment Limited which in turn holds 80% of PT Bali Turtle Island Development
2 Balance of 9% is held by TSH China Holdings Pte Ltd
3 Shanghai Shenjia Property Management Co., Ltd. holds an investment of 7.8% in Sanya Summer Real Estate Co Ltd
4 Balance of 30% is held by Tuan Sing (China) Investments Limited
5 Balance of 1% is held by SP Energy Pte. Ltd.

CORPORATE DATA

BOARD OF DIRECTORS
Ong Beng Kheong, Chairman
William Nursalim alias William Liem, Chief Executive Officer
Albert Choo Teow Huat
Cheng Hong Kok
David Lee Kay Tuan
Michelle Liem Mei Fung
Neo Ban Chuan
Richard Eu Yee Ming

AUDIT AND RISK COMMITTEE
Albert Choo Teow Huat, Chairman
David Lee Kay Tuan
Neo Ban Chuan
Richard Eu Yee Ming

NOMINATING COMMITTEE
Albert Choo Teow Huat, Chairman
Cheng Hong Kok
Michelle Liem Mei Fung
Neo Ban Chuan
Ong Beng Kheong

REMUNERATION COMMITTEE
Cheng Hong Kok, Chairman
Albert Choo Teow Huat
Michelle Liem Mei Fung

WHISTLE-BLOWING COMMITTEE
William Nursalim alias William Liem, Chief Executive Officer
Leong Kok Ho, Chief Financial Officer
Tan Sock Kiang, Group Company Secretary
Email: whistle-blowing@tuansing.com

GROUP COMPANY SECRETARY
Tan Sock Kiang
FCIS MSc

REGISTERED OFFICE
9 Oxley Rise
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Tel: (65) 6223 7211
Fax: (65) 6224 1085

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

GROUP EXTERNAL AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Tel: (65) 6224 8288
Fax: (65) 6538 6166
Partner-in-charge: Loi Chee Keong
Date of appointment of Partner-in-charge: 9 April 2015

GROUP INTERNAL AUDITORS
PricewaterhouseCoopers Risk Services Pte. Ltd.
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Tel: (65) 6236 3388
Partner-in-charge: Ng Siew Quan

PRINCIPAL FINANCIERS
United Overseas Bank Limited
DBS Bank Limited
Australia and New Zealand Banking Group Limited

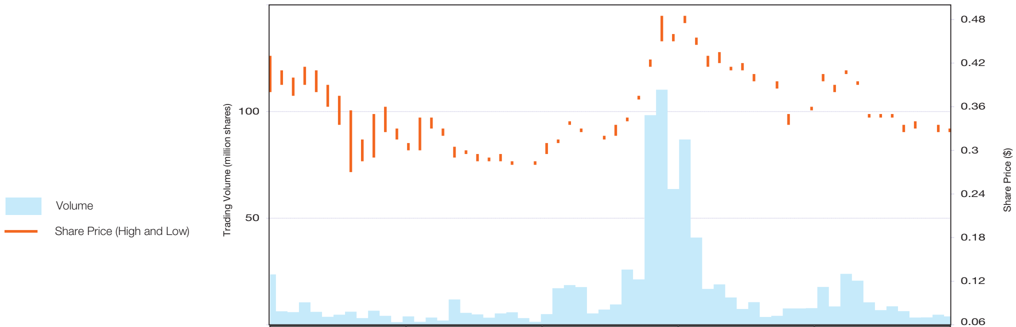
SHARE LISTING INFORMATION
Counter name: Tuan Sing
SGX code: T24
Bloomberg code: TSH:SP

STOCK MARKET **STATISTICS**

Share Price and Trading Volume (2015-2019)

Market: Singapore Stock Exchange ("SGX")	SGX Code: T24
Sector: Real Estate Management and Development	Bloomberg Code: TSH:SP

TSH SHARE PRICE AND TRADING VOLUME 2015-2019



	2015	2016 (Restated)	2017 (Restated)	2018 (Restated)	2019
Last transacted (cents)#	32.5	28.5	45.0	36.0	**33.0**
High (cents)	42.5	34.0	46.5	50.0	**42.5**
Low (cents)	28.0	27.5	29.0	32.5	**32.0**
Average (cents)##	36.1	30.0	35.3	40.7	**35.9**
Market capitalisation ($'million), year end	383.1	337.1	534.1	427.1	**391.5**
Trading volume (million shares), full year	82.5	52.6	400.2	225.6	**119.1**
Number of shares issued (million shares), year end	1,178.8	1,182.8	1,187.0	1,186.4	**1,186.2**
P/E ratio, year end	5.6X	10.0X	8.5X	3.3X	**11.8X**
P/B ratio, year end	0.4X	0.4X	0.5X	0.4X	**0.4X**

Notes:
Last transacted share price as at year end
Average closing price of all trading days during the year
P/E ratio – Last transacted share price/earnings per share for the year
P/B ratio – Last transacted share price/net asset value per share as at year end

SHARE PRICE PERFORMANCE (5-YEAR)

TSH Share Price versus ST Index and Real Estate Index (2015 – 2019)

Share performance	1-year	2-year	3-year	4-year	5-year
Period Commencing	2/1/2019	2/1/2018	3/1/2017	4/1/2016	2/1/2015
Period Ending	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019
Tuan Sing (TSH:SP)	**-5%**	-28%	14%	2%	-19%
Straits Times Index (FSSTI)	**6%**	-6%	11%	14%	-4%
ST Real Estate Index (FSTRE)	**16%**	1%	24%	26%	16%
ST Real Estate Holding and Development Index (FSTREH)	**13%**	-8%	15%	14%	9%

FINANCIAL CALENDAR

2019

26 APRIL
Announcement of first quarter financial results for the period ended 31 March 2019

24 JULY
Announcement of half-year financial results for the period ended 30 June 2019

13 NOVEMBER
Announcement of third quarter financial results for the period ended 30 September 2019

2020

23 JANUARY
Announcement of full-year financial results for the year ended 31 December 2019

24 MARCH
Despatch of 2019 annual report

22 APRIL
50th Annual General Meeting

8 MAY
Record date for 2019 first and final one-tier tax-exempt dividend of 0.6 cent per share

25 JUNE
Proposed payment date for 2019 first and final one-tier tax-exempt dividend (subject to shareholders' approval at 50th Annual General Meeting)

24 JULY
Proposed announcement of half-year financial results for the period ending 30 June 2020

2021

FEBRUARY
Proposed announcement of full-year financial results for the year ending 31 December 2020

Note: *The dates for the proposed results announcements in 2020 and 2021 are indicative only and are subject to change.*

SUSTAINABILITY AT TUAN SING

MANAGING SUSTAINABILITY

Sustainable practices have been progressively embedded into the day-to-day operations of Tuan Sing Holdings Limited ("Tuan Sing") since the implementation of the Company's Sustainability Policy in 2016. Today, these practices guide the Group in the conduct of its business, and is an integral part of our business strategy.

The three pillars of our Sustainability Policy are as follows: to nurture our PLANET, to care for our PEOPLE and to grow sustainable PROFIT.

Nurture Our Planet	Care For Our People	Grow Sustainable Profit
As an advocate of the spirit of "caring" for our society and the environment, we actively encourage our employees to volunteer for charitable causes and to practise eco-friendly behaviour when and where possible.	We are committed to the professional development of our employees through the provision of training and upskilling opportunities, as well as the creation of an inclusive and collaborative work environment.	We strive for sustainable growth and performance as a company by adhering to a high standard of corporate governance and embracing a risk-centric culture.

SCOPE OF THIS SUSTAINABILITY REPORT

We present Tuan Sing and its subsidiaries' annual sustainability report for the financial year ended 31 December 2019. This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option, issued by the Global Sustainability Standards Board. We are also guided by the Practice Note 7F of the Sustainability Reporting Guide issued by SGX-ST. This sustainability report has not been audited by an external entity, but may be considered in future.

BOARD STATEMENT

In compliance with SGX-ST Listing Rule 711, the Board acknowledges that its members are collectively responsible for the long term strategic direction of the Company, and states that it has specifically considered sustainability issues including environmental, social and governance factors during the formulation of its strategies.

The journey towards long-term sustainability is one that requires collective and continuous effort by all employees of Tuan Sing. To align and achieve the sustainability targets set as an organisation, it is essential to have good governance in place as the Board manages and monitors the sustainability performance of all employees.

This report covers the primary components as set out in paragraph 4 of the Practice Note 7F Sustainability Reporting Guide issued by SGX-ST and focuses on the material topics identified. This report is issued with the approval of the Board.

SUSTAINABILITY CONTACT

Your feedback is valuable to us in improving our sustainability practices. If you have any comments or feedback, please send your views to us at http://www.tuansing.com/contactus/feedback.aspx

SUSTAINABILITY **AT TUAN SING**

STAKEHOLDER ENGAGEMENT

At Tuan Sing, we understand the importance of having frequent communications with our stakeholders. It is only through timely engagements that allow us to better understand our stakeholders' expectations and concerns. This is fundamental to the formulation of our business strategies and plays a crucial role in business development to achieve sustainable growth. We identified our key stakeholders by assessing their influence and involvement in our business.

The following table summarises our engagement approach with our key stakeholders:

Our Stakeholders	Frequency	Engagement Platforms	Key Topics and Concerns Raised	Our Response
Investors	Throughout the year	• Annual General Meeting • Site visits • Corporate website • Investor Relations email • Annual Report	• Sustainable returns • Corporate governance practices • Risk management practices	Refer to "Message to Shareholders", "CEO's Review of Operations", "Corporate Governance", "Managing Risk in Delivering Our Strategy" and "Business Dynamics & Risk Factors Statement" of the Annual Report.
Employees	Throughout the year	• Performance appraisal discussions • Weekly meetings • E-communications	• Remuneration and welfare • Working environment • Training opportunities	Refer to "Labour Practices & Conducive Workplace" within the sustainability report.
Customers	Throughout the year	• Tenant meetings • Show flat • Email correspondence • Feedback forms	• Quality of products and services	Refer to "Sustainable Supply Chain Management" within the sustainability report.
Business Partners	Throughout the year	• Meetings • On-site inspections	• Ethical and fair trading	Refer to "Labour Practices & Conducive Workplace" within the sustainability report.
Community	Throughout the year	• Community service engagements	• Environmental and social impact	Refer to "Community Involvement" and "Environmental Initiatives" within the sustainability report.

MATERIAL TOPICS

Having taken into consideration the outcome of our stakeholder engagements, Tuan Sing has identified the following material topics to be discussed in this sustainability report in accordance with its level of significance to Tuan Sing's economic, environmental and social impact, as well as their importance to our stakeholders.

Material Topics	GRI Standard Reported	Impact Boundary	Read more in the following sections
• Energy consumption	GRI 302-1 – Energy consumption within the organisation	All business segments	"Environmental Initiatives" within the sustainability report
• Water consumption	GRI 303-5 – Water consumption	All business segments	"Environmental Initiatives" within the sustainability report
• Employee hires and turnover	GRI 401-1 – New employee hires and employee turnover	Employees	"Labour Practices & Conducive Workplace" within the sustainability report
• Diversity	GRI 405-1 – Diversity of governance bodies and employees	Employees	"Labour Practices & Conducive Workplace" within the sustainability report
• Training hours	GRI 404-1 – Average hours of training per year per employee	Employees	"Labour Practices & Conducive Workplace" within the sustainability report

ENVIRONMENTAL INITIATIVES

As a property developer, Tuan Sing develops not only properties but also living spaces, lives and communities. We are a strong advocate of creating a sustainable living environment for future generations. This begins with us, as a developer, to reduce the environmental footprint of our projects and properties.

In conceptualising our developments, we create value by balancing economic objectives with the need to champion environmental sustainability, promote continual improvements in health and safety practices, and uphold universal design considerations. We apply universal design principles at every level – architectural planning, construction, building operations and maintenance – to achieve:

1) seamless connectivity within the development and its external premises/infrastructure;
2) simple and intuitive facilities for equitable use by everyone; and
3) integration of inclusive design principles with the overall architecture and space planning.

GREEN BUILDINGS FOR SUSTAINABLE DEVELOPMENT

Beyond developing high-quality premium homes that are known for their design excellence, lush greenery and modernity over the past two decades, we have also transformed our built environment with numerous award-winning green buildings including 18 Robinson and Robinson Point.

In 2017, 18 Robinson was awarded the Green Mark Gold^{PLUS} Rating by the Building and Construction Authority (“BCA”) of Singapore for the numerous green features that have been incorporated in the design build. These include energy-efficient air-conditioning systems, lifts and escalators, an excellent building envelope system that uses high-performance glazing to minimise heat gain into the building, energy-efficient LED lightings that are supplemented with motion sensors in staircases and toilets which are projected to contribute up to 40% of energy savings, efficient water fittings which meet the Public Utilities Board’s Water Efficiency Labelling Scheme (“WELS”) efficiency standards and requirements. In addition, highly efficient chilled water plants have been installed to reduce energy consumption. These features will result in estimated water and energy savings of approximately 9,715m^3 and 2,359,318kWh per year, respectively.

Our Robinson Point building was also awarded the Green Mark Gold Rating by the BCA. Its state-of-the-art features include an energy-efficient air-conditioned plant, a naturally well-ventilated car park, sub-meters that track energy and water consumption by tenants, and an advanced recycling waste management system.

In recognition of Tuan Sing’s impact on the built environment in Southeast Asia, the Group was named one of the Top 10 Developers in Singapore at the BCI Asia Awards in 2018.

SUSTAINABILITY PRACTICES AT OUR HOTELS

We recognise that our hotel operations have been one of the biggest generators of waste, and consume high amounts of energy within our Group operations due to the inherent nature of the business. In this respect, we have implemented measures and closely monitored the operations’ energy and water consumption with the aim of reducing waste generation and greenhouse gas emissions while slowing down the rate of resource depletion.

Grand Hyatt Melbourne (“GHM”) – GHM has a number of fairly large food & beverage outlets which generate a sizeable volume of food waste. To contain this problem and divert food waste from landfills, GHM installed an appropriately sized Closed-Loop Organics Unit that uses composting technology to process all food waste onsite in 2016. The unit can reduce food waste volumes by up to 90% in 24 hours. The resulting material is a nutrient-rich soil conditioner that can be used as fertiliser for the hotel gardens.

Installing of the Closed-Loop Organics Unit has improved our waste management across the board. Removing food waste from the general waste stream has resulted in:

- Lower volumes of general waste sent to landfills
- Reduced contamination rates arising from better signage and education
- Higher volumes of commingled (i.e. mixed, dry recyclable) materials recycled
- Lower volumes of general waste, which allowed us to replace the large general waste compactor with smaller 1,100-litre bins
- A review of waste contractor, infrastructure and pick-up requirements, which enabled us to negotiate a more financially beneficial arrangement

ENVIRONMENTAL INITIATIVES

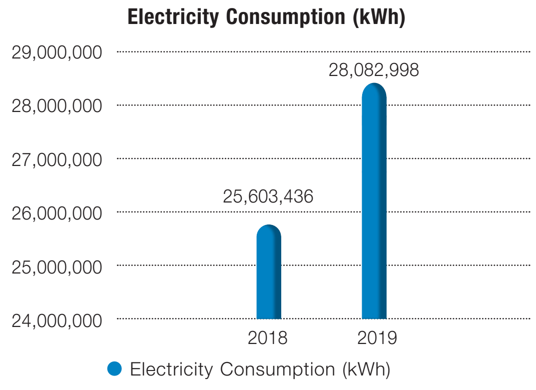
As the first five-star hotel in Victoria, Australia to implement this organics recycling programme, GHM has significantly boosted awareness of the latest food-waste recycling solutions. This advanced composting initiative and GHM's other environmental efforts received industry recognition at the Premier's Sustainability Awards 2017, where it was named a finalist in the Large Business category. In 2017, GHM also hosted a Building Engineering Managers meeting which included a tour of its food recycling operations.

Hyatt Regency Perth ("HRP") – A top priority for HRP is to minimise the impact of its operations and practices on the environment. As part of continuing efforts to reduce and recycle waste, HRP engaged the City of Perth as an agent to provide a total waste service that includes the removal of commingled waste and organic waste directly from the site, which in turn helps to contain costs and inefficiencies. Meanwhile, the introduction of new energy-efficient LED lighting in corridors, function rooms and guest bathrooms has substantially reduced energy consumption at HRP.

In 2020, HRP aims to reduce water and electricity consumption by implementing the following additional measures:

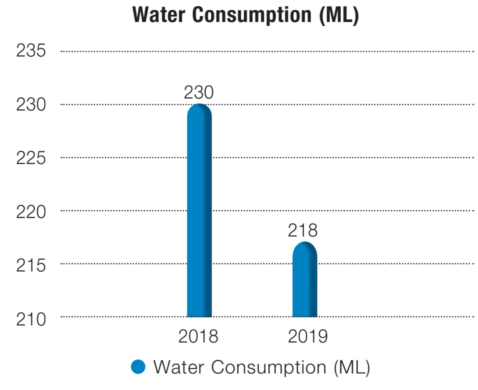
- Install a high voltage meter and actively manage peak load demands
- Modify the cooling tower enclosure to improve air flow and reduce operating temperatures
- Continue the introduction of LED lighting to reduce power consumption and heat generated
- Review, upgrade and replace equipment when required, as well as review schedules and operating parameters
- Continue the introduction of dual flush toilets to the other wings (As of 2019, only one wing has been completed)
- Inspect basins and ensure flow rates are appropriate
- Increase inspections of high water consumption areas, such as cooling towers to identify leaks and issues promptly to reduce unnecessary loss

Electricity Consumption



Electricity consumption for 2019 was 28,082,998kWh as compared with 25,603,436kWh in 2018, an increase of 2,479,562kWh. The increase was due mainly to 18 Robinson, which obtained its Temporary Occupation Permit in January 2019. Otherwise, electricity consumption in 2019 would have been 25,029,358kWh.

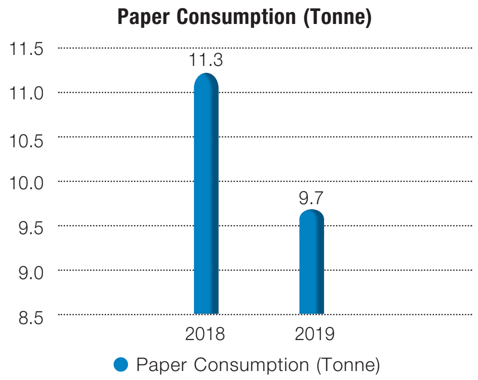
Water Consumption



Water consumption for 2019 was 218ML as compared with 230ML in 2018, representing a decrease of 12ML. The drop was due mainly to the completion of the construction of 18 Robinson in 2019, when high levels of water usage were recorded during the construction and completion phases. Lower water consumption was also due to the cooler climates in Melbourne, Australia in 2019, which resulted in lesser water consumption in the cooling towers.

ENVIRONMENTAL INITIATIVES

PAPER CONSUMPTION



Paper consumption for 2019 was 9.7 tonnes as compared with 11.3 tonnes in 2018, representing a decrease of 1.6 tonnes. The lower paper consumption was due mainly to better printing practices across our business operations. Employees were encouraged to print using recycled paper and the photocopiers in our Australia hotels have changed to a default setting of printing double pages instead of single-sided printing.

FOOD WASTE REDUCTION

For our hotel operations, food wastage remains a key concern as food waste that ends up in landfills produce large amounts of carbon dioxide. As part of our environmental conservation initiatives, GHM installed a Closed-Loop Organics unit in February 2016 to convert food waste into high-quality composted organic fertiliser. Since its implementation, average food waste has been reduced consistently by more than 60%. The reduction rate fell slightly from 73.7% in 2018 to 67.7% in 2019, caused mainly by the repair works on the Closed-Loop Organics unit during the year which resulted in downtime.

COMMUNITY INVOLVEMENT

At Tuan Sing, we strongly believe in giving back to the society to help us grow and unite as citizens of the world while creating an enduring corporate legacy. As such, we fully champion initiatives to reach out to the communities around us. To foster and facilitate greater engagement, we actively encourage our employees to take part in meaningful community initiatives, while sponsoring many activities and programmes that aim to make a true difference in the lives of our beneficiaries.

CARING FOR THE COMMUNITY

Since 2012, we have worked together with RSVP Singapore to reach out to the less privileged. Serving more than 200,000 beneficiaries a year, RSVP is a non-profit organisation comprising senior volunteers who utilise their skills and life experience to bring change to the community. Activities that we have participated in over the years include educational tours for students and outings for the mentally disadvantaged.

In August 2019, our employees were part of a group of 8,000 participants who participated in the Community Chest Heartstrings Walk to raise funds for the less fortunate in Singapore. The event was held to raise awareness of the importance of empowering and supporting people with disabilities in the pursuit of their dreams, notwithstanding their personal challenges in life. We were heartened to meet other like-minded individuals from all walks of life during the event, collectively working towards the common goal of a caring and inclusive society.

HOTELS PHILANTHROPY

In Australia, our hotel employees are equally passionate about contributing to their communities, through reaching out to the less fortunate and creating opportunities to shape lasting change.

In 2019, the employees of the Grand Hyatt Melbourne raised A$14,377 for various charities as part of the "Casual for a Cause" campaign. In addition, the employees clocked 286 volunteer hours in support of these charities. At the annual "Christmas in July" event, volunteers served lunch to more than 200 individuals at a Salvation Army facility. The hotel is also a proud participant of the "Global Month of Service" held in June 2019, which focused on volunteer activities in support of RiseHY - Hyatt's community-hiring initiative that is committed to hiring 10,000 opportunity youths aged 16 to 24 into the hospitality industry by 2025. As part of this initiative, Talent Rise workshops were held for at-risk youths, while a number of youths were recruited by the Grand Hyatt Melbourne.

The Grand Hyatt Melbourne is also a proud advocate of mental health awareness. In conjunction with the annual "R U OK?" day, hotel employees were encouraged to have meaningful conversations with their colleagues and establish deeper emotional connections with their loved ones. Such bonds serve as a crucial first step towards identifying those with suicidal intentions, and provides timely emotional support to these individuals.

At the Hyatt Regency Perth, employees have a long tradition of giving back to the community as well. In 2019, they took part in a wide range of outreach activities, including fundraisers for breast and bowel cancers, and provided support for a blood donation appeal that helped to save the equivalent of 60 lives.

DONATIONS AND SPONSORSHIPS

In addition to its active community participation, Tuan Sing has also provided financial support to charitable organisations through donations and sponsorships over the years. These amounted to $104,082 in 2019, an increase from $86,789 in 2018.

LABOUR PRACTICES & CONDUCIVE WORKPLACE

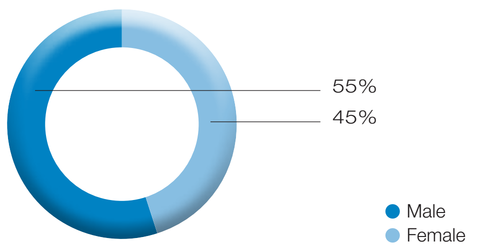
Our employees are our most important asset. We are committed to actively engaging our workforce, motivating them to work together with the Company to create a brighter future for all. Spreading positivity in the workplace helps nurture happy, satisfied employees, spurring their desire to contribute positively to the Company. To this end, we endeavour to provide our employees with a safe and conducive working environment, and to equip them with the skills they need to perform at their best, through both learning and career advancement opportunities.

DIVERSITY

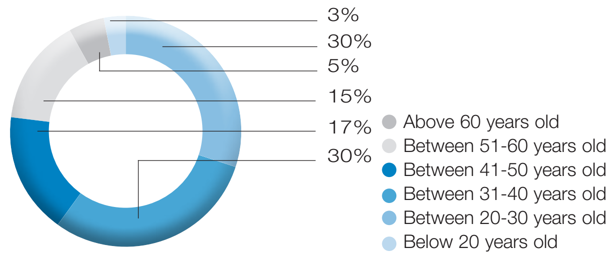
Diversity within a workplace is important as it allows Tuan Sing to expand its horizons with a wider range of insights and perspectives, as it has access to a diverse pool of talents. As at 31 December 2019, Tuan Sing and its subsidiaries have a total headcount of 960 people.

In terms of gender proportion, Tuan Sing has an almost equal mix of males and females. Approximately 55% of our employees are males. The gender distribution across our businesses in most countries is fairly evenly distributed with Singapore office having a male to female ratio of 51:49. In Malaysia, we have more male employees due to the inherent nature of the manufacturing industry.

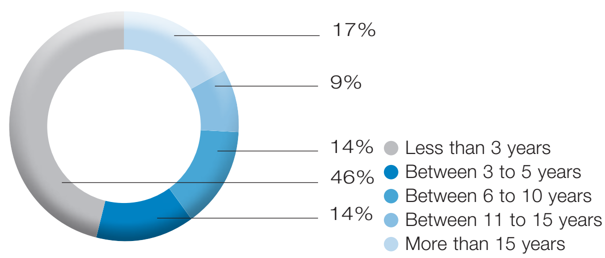
EMPLOYEES BY GENDER



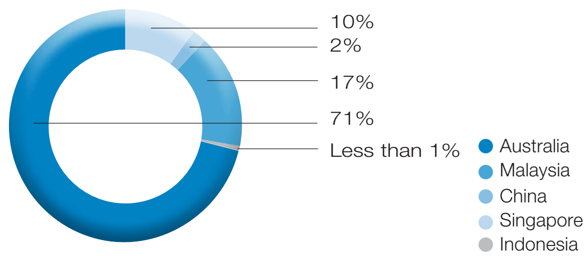
EMPLOYEES BY AGE BAND



EMPLOYEES BY YEARS OF SERVICE



EMPLOYEES BY COUNTRY



LABOUR PRACTICES & CONDUCIVE WORKPLACE

Across the Tuan Sing Group, we have employees employed on either a permanent or temporary basis. As opposed to permanent-contract employees, employees who are employed under a temporary contract, have a definite and defined employment period. Out of the total headcount of 960, Tuan Sing has 4 temporary-contract employees, of which 2 are in Singapore and the other 2 are in China and Indonesia, respectively.

The employees of Tuan Sing are also categorised into full-time and part-time employees. A full-time employee is one whose working hours per week, month, or year are defined according to national legislation and practices regarding working hours. As at 31 December 2019, there were only 3 part-time employees as majority of our employees are full-timers.

EMPLOYEES BY EMPLOYMENT CONTRACT, COUNTRY AND GENDER

	Permanent		Temporary		
	Male	Female	Male	Female	Total
Singapore	47	44	–	2	**93**
Australia	338	347	–	–	**685**
China	9	10	–	1	**20**
Malaysia	127	32	–	–	**159**
Indonesia	2	–	1	–	**3**
Total	**523**	**433**	**1**	**3**	**960**

EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

	Full-time	Part-time	Total
Male	524	–	**524**
Female	433	3	**436**
Total	**957**	**3**	**960**

EMPLOYEES BY DESIGNATION AND COUNTRY

	Permanent				
	Executive Director	Manager	Executive	Non-executive	Total
Singapore	2	52	26	11	**91**
Australia	–	3	10	672	**685**
China	–	5	3	11	**19**
Malaysia	1	7	18	133	**159**
Indonesia	–	2	–	–	**2**
Total	**3**	**69**	**57**	**827**	**956**

LABOUR PRACTICES & CONDUCIVE WORKPLACE

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

In 2019, the rate of new employee hires was 44%. The majority of the new employee hires were from Australia and falls within the age group of 20 to 30 years old.

NEW EMPLOYEE HIRES

	Singapore		Australia		China		Malaysia		Indonesia		Total	
2019	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Less than 20 years old	–	–	41	13%	–	–	7	13%	–	–	**48**	**12%**
20 to 30 years old	5	15%	181	56%	1	17%	31	57%	–	–	**218**	**52%**
31 to 40 years old	20	59%	77	24%	4	66%	13	24%	1	100%	**115**	**27%**
41 to 50 years old	7	20%	17	5%	1	17%	3	6%	–	–	**28**	**7%**
51 to 60 years old	2	6%	8	2%	–	–	–	–	–	–	**10**	**2%**
Older than 60 years old	–	–	1	*	–	–	–	–	–	–	**1**	*****
Total	**34**	**100%**	**325**	**100%**	**6**	**100%**	**54**	**100%**	**1**	**100%**	**420**	**100%**

* Less than 1%

In terms of employee turnover, the turnover rate was 34% in 2019. The majority of the turnovers were from Australia and falls within the age group of 20 to 30 years old.

EMPLOYEE TURNOVER

	Singapore		Australia		China		Malaysia		Indonesia		Total	
2019	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Less than 20 years old	–	–	10	4%	–	–	8	15%	–	–	**18**	**6%**
20 to 30 years old	–	–	151	58%	–	–	22	40%	–	–	**173**	**53%**
31 to 40 years old	4	67%	63	24%	2	40%	16	29%	–	–	**85**	**26%**
41 to 50 years old	2	33%	27	10%	2	40%	4	7%	–	–	**35**	**11%**
51 to 60 years old	–	–	5	2%	1	20%	5	9%	–	–	**11**	**3%**
Older than 60 years old	–	–	4	2%	–	–	–	–	–	–	**4**	**1%**
Total	**6**	**100%**	**260**	**100%**	**5**	**100%**	**55**	**100%**	**–**	**–**	**326**	**100%**

Despite the relatively high employee turnover, approximately 54% of the employees have been with Tuan Sing for more than 3 years. Approximately 56% of the employees in Australia have been with the company for more than 3 years. As part of the Group's efforts to improve employee retention, employees who have resigned are interviewed prior to leaving the company.

A SAFE WORKING ENVIRONMENT

At Tuan Sing, safety is always our top priority. Steps to promote and foster mental health and well-being include taking measures to prevent discrimination (including bullying and harassment) of any kind in the workplace. As a standard modus operandi, all new employees are briefed on the Company's policies and practices during the orientation programme.

The safety and health committees at our two hotels, and at the factories of Gul Technologies Singapore Pte. Ltd. ("GulTech"), regularly review safety and health issues while sourcing for ways to make the work environment safer. To support such efforts, we allocate an appropriate sum from the budget each year to help improve work safety across the board. We have also implemented a pandemic preparedness plan that can be activated at short notice across our businesses in Singapore, Australia and China. Due to the nature of the operations, our two hotels in Australia have specific pandemic preparedness plans for potential outbreaks of communicable diseases such as Severe Acute Respiratory Syndrome ("SARS"), H5N1 or H7N9 avian flu and the 2019 novel coronavirus ("COVID-19"). GulTech not only allocates a budget for work safety improvement but also conducts audits to ensure compliance with occupational safety and health standards (OSHA18001) and environmental protection standards (ISO14001). Its induction programme for new employees emphasises the importance of work safety and precautions.

In addition, we have placed Automatic External Defibrillators ("AEDs") in all buildings owned by Tuan Sing in Singapore and the two hotels in Australia. We conduct regular training sessions for our employees on how to use the AED and carry out Cardiac Pulmonary Resuscitation to ensure that they are competent and confident enough to render help should it become necessary.

LABOUR PRACTICES & CONDUCIVE WORKPLACE

FAIR AND MERIT-BASED EMPLOYMENT

Ample opportunities are given to all employees to excel in their career with the Group, regardless of their background. We recognise that older workers can continue to contribute to the Company's success by sharing their extensive experience with their younger peers. We value all our employees, and it is our practice to continue to re-employ employees beyond the retirement age.

The Company adopts an open performance appraisal approach and reviews appraisal criteria regularly to align them with the changing expectations of different employee categories.

The Company's remuneration package consists of both fixed and variable components. The variable component is performance-based and is determined based on the performance of the Company, the business unit and the individual. The variable portion of and employee's remuneration increases as he/she moves up the corporate ladder.

EMPLOYEE RELATIONS

Employees are updated regularly on their respective business units' performance as well as the Group's. Our open door policy helps to facilitate and encourage both formal and informal interaction between employees at all levels.

Our open performance appraisal system promotes two-way communication, allowing employees to freely discuss their past performance and their career aspirations, thus ensuring better job matches and happier employees on the whole.

Employee grievances are dealt with promptly. Our Whistle-blowing Policy has been in place for years and has been made known to all employees. A Whistle-Blowing Committee ("WBC") has been tasked to look into any feedback from employees regarding unfair practices, corruption or misconduct.

EMPLOYEE DEVELOPMENT & TRAINING

As we believe our employees are an essential asset, we take pains to help them reach their full potential through training, job rotation and internal promotion opportunities, so they can move beyond their existing work scope both locally and regionally. Training needs for each employee are identified annually, mutually agreed on and steadily implemented over time. We actively promote continuous learning, encouraging our staff to equip themselves with relevant job-related skills. We also foster a culture of sharing, encouraging employees to share with colleagues the knowledge and skills they have gained through training. Training materials are made available to all interested employees. In addition, eligible employees are granted sponsorships for higher studies and examination leave.

The table below shows the average training hours by countries and employee categories.

	Singapore	Australia	China	Malaysia	Indonesia
Management	36.7	0.9	0.2	0.5	–
Non-management	38.7	11.4	0.5	1.3	11.0

The table below shows the average training hours by countries and employee categories.

	Singapore	Australia	China	Malaysia	Indonesia
Male	29.0	5.2	0.3	1.5	11.0
Female	48.2	6.2	0.4	0.3	–

EMPLOYEE WELLNESS AND WORK-LIFE BALANCE

At Tuan Sing, the well-being of our employees comes first. We believe that happy employees feel a strong sense of accomplishment and find considerable satisfaction in their work. Hence, in addition to maintaining a five-day work-week, we strive to promote a holistic and balanced lifestyle for our employees in various ways. Among others, they are allowed to work from home and to decide when to start and end their workdays for a certain period.

Employees are also free to use the swimming pool and jacuzzi facilities at the corporate head office. Complimentary health screenings are made available to employees annually. Comprehensive health screening packages, dental services and telecommunication services are also offered at preferential corporate rates to our employees and their family members.

Our employees in Australia enjoy complimentary stays at participating Hyatt hotels worldwide.

LABOUR PRACTICES & CONDUCIVE WORKPLACE

SUCCESSION PLANNING

We strive to retain a diverse and robust talent pool, carefully grooming our people to ensure that they will be ready to meet future needs. Priority is given to employees whenever there is a job opening within the Group. Numerous employees have benefited from this approach, as it allows them to broaden their exposure and skill-sets across various business functions.

EMPLOYEES' CODE OF CONDUCT

Tuan Sing has always upheld the highest standards of integrity and professionalism in conducting its business activities, and expects its employees to embrace these values as well. This forms the basis of long-lasting relationships with our stakeholders. To ensure that employees are aware of the Company's philosophy, an Employee Handbook providing guidelines on the Code of Conduct is made readily available to all employees through the Company intranet. It serves as a reminder to employees that they should act in the best interests of the Company and avoid situations that could create a conflict of interest. At the end of each year, employees are required to declare their compliance with the Code of Conduct, and whether they have been involved in any situation that might lead to a conflict of interest. A formal "Anti-Bribery and Anti-Corruption Policy" is also made available to all employees through the Company's intranet.

There were no bribery or corruption cases reported in 2019.

CORPORATE GOVERNANCE AND TRANSPARENCY

We believe ingraining good governance practices in our corporate culture diminishes the need for management to keep "casting its eyes on the corporate governance ball", allowing it to instead focus fully on achieving the financial goals of the Company. Once best practices become an integral part of our business strategy and decision-making process at every level, the Company can press ahead with strategic initiatives to drive growth and profitability. Embracing good governance as well as greater transparency also enhances the Company's image and standing among suppliers, customers and financiers.

Tuan Sing's persistent and measured efforts in this area have been recognised in recent years, greatly boosting its ranking in the Singapore Governance and Transparency Index ("SGTI"), a leading index for assessing the corporate governance practices of locally listed companies.

As published on 5 August 2019, Tuan Sing was ranked 11th on the index in 2019, out of 578 listed companies in Singapore. It is noteworthy that, for six consecutive years, Tuan Sing has been the only non-big-market-capitalisation company to secure a spot among the top 12 on this index – the other 11 companies being counters with multibillion-dollar capitalisations.

Year	Position
2019	11th
2018	12th
2017	7th
2016	7th
2015	10th
2014	10th

Tuan Sing's efforts towards adopting good corporate governance and transparency practices were recognised with the Shareholder Communications Excellence Award and runner-up for the Singapore Corporate Governance Award in the mid-capitalisation category during the Securities Investors Association (Singapore) Investors' Choice Awards 2019. The Group was also honoured with two awards in the mid-capitalisation category – Best Managed Board (Bronze) and Best Risk Management (Bronze) during the Singapore Corporate Awards, which is an annual event organised by the Institute of Singapore Chartered Accountants ("ISCA"), the Singapore Institute of Directors ("SID") and The Business Times to recognise exemplary corporate practices by listed companies in Singapore.

SUPPLY CHAIN MANAGEMENT

SUSTAINABLE PROJECTS

For all projects, Tuan Sing keeps its sustainability targets in sight by exercising caution when selecting business partners who play an integral role in the various phases of the Group's property development projects. Consultants, contractors and suppliers engaged by Tuan Sing should demonstrate equally high levels of work ethics and commitment towards the environment, health and safety.

The sustainability practices we have in place for our property development projects take into account requirements laid out under (i) the Green Mark certification standard instituted by the BCA, (ii) ISO 26000: 2010 Guidance on Social Responsibility, (iii) ISO 14001 Certificate of Developers, Main Builder, Mechanical & Engineering Consultant and Architect, (iv) ISO 14064-1 Greenhouse Gas (GHG) Emission, and (v) SS 557: 2010 Code of Practice for Demolition.

The sustainability practices established throughout our supply chain have resulted in the incorporation of many green features in our latest flagship building 18 Robinson, such as energy-efficient variable-speed drives in the air-conditioning system and the extensive use of LED lighting throughout the building. Passive energy-saving design features include an excellent curtain wall facade system that uses high-performance Low-E glazing to minimise heat gain. In recognition of these conscientious efforts towards the environment, 18 Robinson was certified Green Mark Gold^{PLUS} by BCA in 2017 and was recognised once again by BCA in 2018, receiving the Universal Design Mark Gold^{PLUS} (Design) certification awarded to ongoing non-residential projects.

In 2020, 18 Robinson achieved a "CONQUAS STAR" rating by the BCA as it attained a score of above 95 points. The BCA Construction Quality Assessment System ("CONQUAS") sets the industry benchmark for quality and workmanship standards for construction projects in Singapore. Besides 18 Robinson, Tuan Sing's completed development property projects in Singapore, namely the Sennett Residence and Cluny Park Residence, have achieved an above-average CONQUAS score by the BCA when assessed in previous years. In 2018, Tuan Sing was also named as one of the Top 10 Developers in Singapore at the BCI Asia Awards, which recognises leading architectural firms and developers that have had the greatest impact on the built environment in Southeast Asia. These achievements were the result of Tuan Sing's continuous efforts towards sustainable supply chain management.

GRI CONTENT INDEX

GRI Disclosure		Page number & Comments
Organisational Profile		
102-1 (Core)	Name of the organisation	Tuan Sing Holdings Limited
102-2 (Core)	Activities, brands, products, and services	Refer to "Management Discussion and Analysis" of the Annual Report. Tuan Sing does not provide any products or services that are banned in certain markets.
102-3 (Core)	Location of headquarters	Refer to the "Statutory Reports and Accounts" of the Annual Report.
102-4 (Core)	Location of operations	Refer to "Management Discussion and Analysis" of the Annual Report.
102-5 (Core)	Ownership and legal form	Refer to "Our Corporate Profile" of the Annual Report.
102-6 (Core)	Markets served	Refer to "Management Discussion and Analysis" of the Annual Report.
102-7 (Core)	Scale of the organisation	Refer to "Our Corporate Profile" and "Highlights of the Year" of the Annual Report. Refer to "Labour Practices & Conducive Workplace" within the sustainability report.
102-8 (Core)	Information on employees and other workers	Refer to "Labour Practices & Conducive Workplace" within the sustainability report.
102-9 (Core)	Supply chain	Refer to "Sustainable Supply Chain Management" within the sustainability report.
102-10 (Core)	Significant changes to the organisation and its supply chain	There were no significant changes in FY2019.
102-11 (Core)	Precautionary principle or approach	Refer to "Managing Risk in Delivering Our Strategy" and "Business Dynamics & Risk Factors Statement" of the Annual Report.
102-12 (Core)	External initiatives	Refer to page 62 of the sustainability report.
102-13 (Core)	Membership of associations	Refer to pages 59, 62, 67 and 68 of the sustainability report.
Strategy		
102-14 (Core)	Statement from senior decision-maker	Refer to "Message to Shareholders" of the Annual Report.
Ethics and Integrity		
102-16 (Core)	Values, principles, standards, and norms of behaviour	Refer to "Company and Strategy" of the Annual Report.
Governance		
102-18 (Core)	Governance structure	Refer to page 72 for the corporate governance structure.

GRI CONTENT INDEX

GRI Disclosure		Page number & Comments
Stakeholder Engagement		
102-40 (Core)	List of stakeholder groups	Refer to page 58 of the sustainability report.
102-41 (Core)	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42 (Core)	Identifying and selecting stakeholders	Refer to page 58 of the sustainability report.
102-43 (Core)	Approach to stakeholder engagement	Refer to page 58 of the sustainability report.
102-44 (Core)	Key topics and concerns raised	Refer to page 58 of the sustainability report.
Reporting Practice		
102-45 (Core)	Entities included in the consolidated financial statements	Refer to pages 52 and 53 of the Annual Report.
102-46 (Core)	Defining report content and topic boundaries	Refer to page 58 of the sustainability report.
102-47 (Core)	List of material topics	Refer to page 58 of the sustainability report.
102-48 (Core)	Restatements of information	There is no restatement of information.
102-49 (Core)	Changes in reporting	There is no change in reporting.
102-50 (Core)	Reporting period	Refer to page 57 of the sustainability report.
102-51 (Core)	Date of most recent report	The last sustainability report was released as part of our Annual Report for FY2018.
102-52 (Core)	Reporting cycle	Refer to page 57 of the sustainability report.
102-53 (Core)	Contact point for questions regarding the report	Refer to page 57 of the sustainability report.
102-54 (Core)	Claims of reporting in accordance with the GRI Standards	Refer to page 57 of the sustainability report.
102-55 (Core)	GRI content index	Refer to pages 69 and 70 of the sustainability report.
102-56 (Core)	External assurance	Refer to page 57 of the sustainability report.

CORPORATE **GOVERNANCE**

CORPORATE GOVERNANCE

"Tuan Sing Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") is committed to achieving and maintaining a high standard of corporate governance to promote transparency as we believe that good governance supports long-term value creation."

The directors of the Company ("**Directors**" or "**Board**") and the Company's management ("**Management**") believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board has established policies and procedures to enhance corporate performance and accountability of the Group.

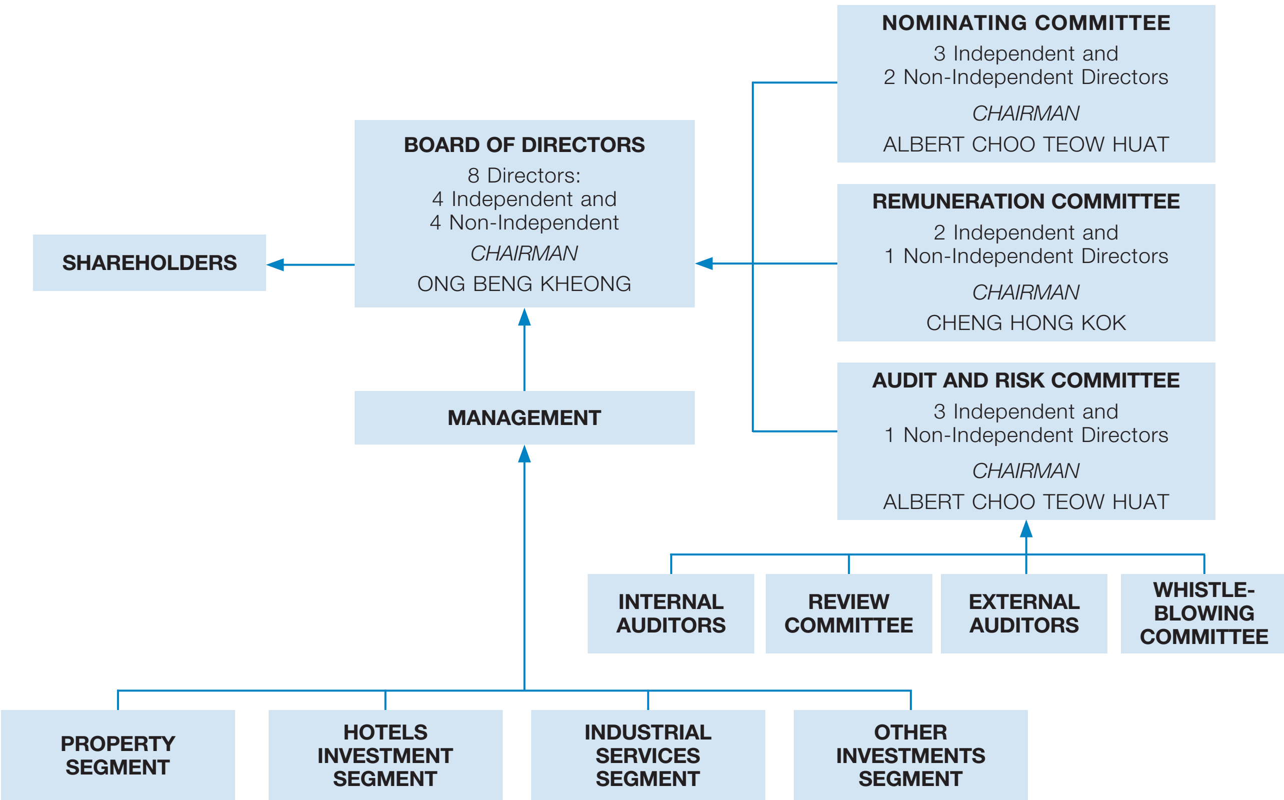
In 2019, the Company received a number of accolades in recognition of its pursuit to achieve high standards of corporate governance and was ranked 11th in The Singapore Governance and Transparency Index (SGTI) 2019, out of 578 Singapore-listed companies.

Welcome to the Corporate Governance section of our Annual Report

This report sets out the Company's corporate governance processes, practices and activities in the financial year ended 31 December 2019 ("**FY2019**") with specific reference to the Code of Corporate Governance 2018 ("**Code**").

Unless otherwise elaborated, the Board is pleased to report that the Company has complied, in all material aspects, with the principles and provisions set out in the Code.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE

I. BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS
PRINCIPLE 1: EFFECTIVE BOARD LEADERSHIP AND ORGANISATION, WORKING WITH MANAGEMENT FOR THE LONG-TERM SUCCESS OF THE COMPANY

The Board works with the Management to achieve the long-term success of the Company and value-creation for our shareholders.

Provisions 1.1 and 1.2
Board roles and Directors' duties

The Board oversees the strategic direction, performance and business affairs of the Group and provides overall guidance to Management. The duties and power of the Board include:

i. providing entrepreneurial leadership, setting corporate strategies and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

ii. reviewing and approving the Group's annual business plan, including the annual budget, operational and capital expenditure plans as well as constructively challenging Management on the strategic options and planning process;

iii. reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework (including establishing risk appetite, parameters and internal control systems which include financial, operational compliance and information technology controls and management systems) to safeguard the shareholders' investments and the Company's assets;

iv. effectively monitoring and managing risks, achieving appropriate balance between risks and the Company's performance;

v. overseeing the long-term succession planning for Management and ensuring that Management observes the code of conduct as applied to them;

vi. ensuring that policies are in place to ensure compliance with legislative and regulatory requirements;

vii. monitoring the Group's performance, position and prospects and reviewing the performance of Management against agreed goals and objectives and satisfying themselves that the Group's businesses are properly managed;

viii. reviewing and approving the release of the Group's quarterly and year-end financial results and a variety of other strategic initiatives tabled by Management; and

ix. ensuring transparency and accountability to key stakeholder groups.

In carrying out its roles, the Board will appropriately focus on value creation, innovation and sustainability.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group. It also relies on the skills, commitment and due diligence of its Management and its external advisors to make objective decisions in the best interests of the Group while maximising value for shareholders. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned. The Board is also supported by three Board committees (Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**")) to facilitate the discharge of its functions to which it delegates specific areas of responsibilities.

Conflicts of interest

Internal guidelines requiring all Board members who have a potential conflict of interest in a particular agenda item to abstain from participating in the relevant Board discussion have been implemented. This policy also applies to all the Board committees.

Directors' competencies

Directors are provided with opportunities to undergo training which are relevant, to continually improve the performance of the Board and Board committees. The Company will fund Directors' participation at industry conferences, seminars or any training programmes in connection with their duties as Directors. The Company will also update Directors on statutory and regulatory changes that affect their obligations as Directors.

During FY2019, the Board met with Management at an offsite strategy meeting in June 2019 to review the Company's strategic plans. The Company's independent directors ("**Independent Directors**") also undertook three visits to China and Indonesia in March, September and November 2019 respectively, to keep abreast of developments within the Company.

News articles and reports (including industry news and analyst reports) relevant to the Group's business are circulated to the Directors on a regular basis. It is also the Company's standard practice for other updates including changes in laws and regulations, code of corporate governance and financial reporting standards to be shared at Board meetings or circulated via email to the Directors.

Upon appointment to the Board, a Director will receive a formal letter of appointment together with a thumb drive containing information which include Directors' duties and responsibilities, Board and Board committee meetings' schedule, the Company's last Annual Report, Constitution, respective Board committees' terms of reference, remuneration framework for Directors and the Group's guidelines for dealing in securities by Directors and employees. A Director's onboarding programme is also organised for the new Director which includes a presentation session by senior management on an overview of the Group's business activities and site visits to the Group's key investment properties and projects.

The Company observed the aforesaid practices when Mr Richard Eu Yee Ming joined the Board in August 2019.

CORPORATE GOVERNANCE

Provision 1.3

Internal guidelines on matters requiring Board's approval

The Company has established guidelines governing matters that require the Board's approval. The Delegation of Authority matrix, which forms part of the Company's Policies and Procedures Manual, provides clear direction to Management on matters requiring the Board's specific approval, which include:

i. formation of new entities;

ii. material acquisition and disposal of land/assets/investments;

iii. corporate/financial restructuring/corporate exercises;

iv. financial results announcements and press releases;

v. budgets/forecasts;

vi. declaration of dividends;

vii. delegation of authority matrix, policies and procedures; and

viii. material financial/funding arrangements and provision of all corporate guarantees.

The Delegation of Authority matrix is reviewed and revised periodically (last reviewed in November 2019).

Key Activities of the Board – 2019

Standard agenda:

- Reports of the ARC, NC and RC
- Group Chief Executive Officer ("**CEO**")'s monthly management report and quarterly updates on:
  - o businesses including risk profiles
  - o development/operations in Australia
  - o compliance of financial covenants and 16-month cash flow projection
  - o litigation cases
- Review and approval of all announcements including those for quarterly results and year-end financial statements
- Interested Person Transactions ("**IPTs**") Register
- Whistle-blowing Register
- Disclosure of Directors' interests pursuant to Section 156 of the Companies Act, Cap. 50

Other key items deliberated during FY2019:

- Proposed acquisitions and divestments
- Medium Term Note Programme
- Business strategies
- Developments/updates relating to accounting, legal, regulatory and/or corporate governance
- Formation of entities

Matters reserved for specific Board approval:

i. Documents for distribution to shareholders, annual report and financial statements

ii. Annual budgets and business plans

iii. Dividend payout

iv. CEO's Key Performance Indicators ("**KPIs**") and performance review

The Board is also responsible for the succession planning, appointment and replacement of Directors, appointment of key management personnel ("**KMP**") and the determination of their remuneration. The Company's KMP has been identified as the CEO, Chief Financial Officer ("**CFO**") and General Counsel.

Board organisation and support

Provision 1.4

Delegation to Board Committees

To assist the Board in discharging its functions and to optimise operational efficiency, the Board has delegated certain of its functions to various committees, namely: the ARC, the NC, and the RC (each, a "**Board Committee**" and collectively, the "**Board Committees**"). Each Board Committee has its specific written terms of reference setting out the scope of its duties and responsibilities, and procedures governing the manner in which it is to operate and how decisions are to be taken. Any amendment to the terms of reference for any Board Committee requires the approval of the Board. Further information on the Board Committees are set out in the respective sections concerning Board Committees in this report.

Provision 1.5

Board and Board Committee meetings and attendance records

Meetings of the Board, Board Committees and shareholders are scheduled in advance of each financial year in consultation with the Directors to ensure optimal participation. *Ad hoc* meetings of the Board and Board Committees may be called where necessary or warranted by particular circumstances. On occasions when Directors are unable to attend meetings in person, telephonic or video conference participation is permitted in accordance with the Constitution of the Company.

In line with our commitment to sustainability, the Company has, since 2014, issued each Director with an electronic tablet device to enable them to access and read meeting papers electronically in place of hard-copy printouts. This initiative also enhances information security as the documents are passcode-secured for Directors to download to their tablet devices.

CORPORATE GOVERNANCE

The attendance record of the Directors in FY2019 is set out below:

	Board	ARC[1]	NC	RC	General Meetings
Total Number of Meetings held	6	6	1	1	2
	Total Number of Meetings Attended				
Executive Director					
William Nursalim alias William Liem	6	N.A.	N.A.	N.A.	2
Non-Executive Director					
Ong Beng Kheong	6	N.A.	1	N.A.	2
Cheng Hong Kok	6	N.A.	1	1	2
Albert Choo Teow Huat	6	6	1	1	2
Richard Eu Yee Ming[2]	2	1	N.A.	N.A.	0
David Lee Kay Tuan	4	5	N.A.	N.A.	0
Michelle Liem Mei Fung	4	N.A.	1	1	0
Neo Ban Chuan	6	6	1	N.A.	2

Annotations:
(1) The ARC met six times in FY2019, of which four were scheduled meetings and two were *ad hoc* meetings.
(2) Appointed on 19 August 2019.

Provision 1.6
Access to information

To enable the Board to make informed decisions and to fulfil its responsibilities, Management provides complete, accurate and adequate information in a timely manner.

The Board, Board Committees and Directors have separate and independent access to Management and are free to request for additional information as needed to make informed decisions. Agendas of the Board and Board Committee meetings are to be circulated to the Directors together with meeting materials at least one week ahead of the meetings.

In addition to the annual budget and business plans submitted to the Board for approval, the Board is provided with monthly management reports analysing the operational performance. The reports also detail the variances between the achieved results and those of the corresponding period of the previous year, as well as that of the budget, complete with appropriate explanations. Further, reports on cash flow forecast, performance forecast, risks assessment, scenarios analysis, share price movements, utilisation of bank facilities, benchmarking with other listed real estate entities, Board memorandums and related materials are circulated to the Board from time to time. All internal auditors' reports are sent directly to members of ARC for review. Detailed qualitative and financial analysis, cash flow forecasts and financing requirements of each bid or project are formalised in proposals, and tabled to the Board for approval before any bid for land or properties or engagement in new projects.

Provision 1.7
Independent professional advice/Company Secretary

The Company provides for Directors, individually or as a group, to have separate and independent access to Management, the Company Secretary and to seek external professional advice, where necessary, at the expense of the Company, in the furtherance of their duties and after consultation with the Chairman of the Board.

The role of the Company Secretary has been clearly defined and includes, *inter alia*, advising the Board on all matters regarding the proper function of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, Cap. 50 ("**Companies Act**"), the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. She assists the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and the Board Committees and between Management and Non-Executive Directors. Meeting materials and minutes of meetings are circulated to all members of the Board and Board Committees in a timely manner. The appointment and removal of the Company Secretary are subject to the approval of the Board.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: APPROPRIATE LEVEL OF INDEPENDENCE AND DIVERSITY OF THE BOARD, ENABLING IT TO MAKE DECISIONS IN THE BEST INTERESTS OF THE COMPANY

Board Composition at a glance

The Board consists of members who have the appropriate level of independence and diversity of thought and background. Collectively, their established track record in real estate, business, finance, accounting, legal, strategic planning and management have enabled the Board to make decisions in the best interests of the Company.

Independent and Non-Executive Directors

1. Albert Choo Teow Huat
2. Cheng Hong Kok
3. Neo Ban Chuan
4. Richard Eu Yee Ming

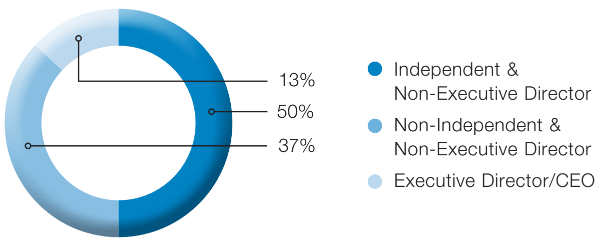
Non-Independent and Non-Executive Directors

1. Ong Beng Kheong
2. David Lee Kay Tuan
3. Michelle Liem Mei Fung

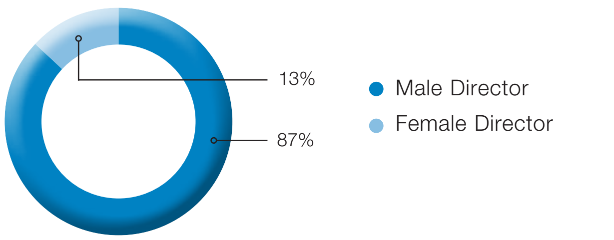
Executive Director/Chief Executive Officer

William Nursalim alias William Liem

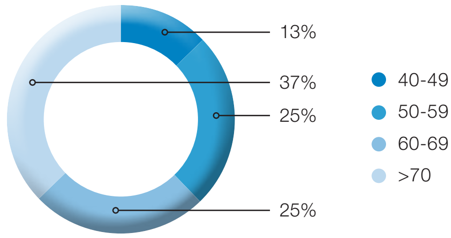
INDEPENDENCE



GENDER DIVERSITY



AGE GROUP OF OUR DIRECTORS



Provision 2.1

Independence of Directors

The Board comprised eight Board members, of whom four are independent and four are non-independent as at end December 2019. Other than the CEO, all Directors are non-executive.

An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers who can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company.

The NC and the Board take into account the existence of relationships or circumstances, including those identified by the SGX-ST Listing Manual and the Code's Practice Guidance 2018 ("**Practice Guidance**") that are relevant in determining as to whether a Director is independent.

Each Director is required to declare his independence by completing an annual declaration in the form of a self-assessment questionnaire that sets out the circumstances where a Director is deemed not to be independent, and submit to the NC for review, results of which are collated by the Company Secretary and reported to the Board.

In FY2019, the NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the provision 2.1 of the Code, the Practice Guidance and SGX-ST Listing Rules 210(5)(d)(i) and (ii).

The Board recognises that Independent Directors will over time, develop significant insights in the Group's business and operations, and continue to provide objective valuable contribution to the Board as a whole. The Board is of the view that the independence of a Director ought not to be determined solely on the basis of a set period of time. Nevertheless, when there are Directors who have served beyond nine years, the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

In line with SGX-ST Listing Rule 210(5)(d)(iii) which will take effect from 1 January 2022, any Independent Director who has served the Board for an aggregate period of more than nine years will undergo the mandatory two-tier voting process at the Company's 2021 Annual General Meeting.

CORPORATE **GOVERNANCE**

As at the end of FY2019, Mr Albert Choo Teow Huat was the only Independent Director who had served beyond nine years. He was thus subjected to a rigorous assessment by the NC and the Board (with Mr Choo abstaining from the exercise). The assessment included the following:

i. Contribution: whether he offered objective and constructive opinions concerning IPTs; whether he made independent judgment or decisions or adopted an autonomous stand at meetings;

ii. Knowledge and abilities: whether he used his knowledge and abilities to challenge Management's assertions/ responses particularly on IPTs;

iii. Integrity: whether he demonstrated objective, fair and ethical behaviour in decision-making and whether he acted as a "gatekeeper" for minority shareholders; and

iv. Teaming: whether he respected the Board's governance role versus Management's role, and contributed as a team member without compromising his responsibilities as an Independent Director.

After the completion of the assessment, fellow Directors unanimously affirmed Mr Choo's independent status.

The NC noted Mr Cheng Hong Kok's directorship in the Company's subsidiary, SP Corporation Limited ("**SP Corporation**"). Mr Cheng's appointment was solely for board service and he was neither employed by the Company nor SP Corporation. In FY2019, the Company provided management support services to SP Corporation. The aggregate value of the said support was not material compared to the revenues of the Company and SP Corporation. Mr Cheng was not involved in determining the value of the support or rendering the support itself. The NC was of the view that Mr Cheng's directorship with SP Corporation had neither interfered, nor was reasonably perceived to interfere, with his ability to exercise independent judgement to act in the best interests of the Company.

For FY2019, the NC had assessed the independence of Messrs Albert Choo Teow Huat, Cheng Hong Kok, Neo Ban Chuan and Richard Eu Yee Ming and was satisfied that there was no relationship (based on the aforesaid assessments) or other factors such as gifts or financial assistance, past or present association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management which would impair their independent judgement.

Provision 2.2
Composition of Independent Directors on the Board

The Board notes the requirement for Independent Directors to make up a majority of the Board where the Board Chairman is not an Independent Director and non-compliance thereof for FY2019.

The NC commenced work on board renewal process in FY2018 and Mr Richard Eu Yee Ming was appointed as an additional Independent Director in August 2019 upon recommendation of the NC and the approval of the Board.

The Board Independent Directors composition satisfies the SGX-ST Listing Rule (210(5)(c)) requirement wherein Independent Directors shall comprise one-third of the Board. Rule 210(5)(c) becomes effective on 1 January 2022.

For FY2019, the NC reviewed the composition of the Board and its Committees and was of the view that the current Board size of eight Directors was adequate to facilitate effective decision making for the current needs and demands of the Group's businesses.

The NC would continue with the search for additional Independent Directors with the appropriate skills, knowledge and experience to join the Board. The Board concurred with the NC's assessment and recommendation.

Each Director participates in the Board's decision-making process, which are made collectively without any individual or small group of individuals influencing or dominating the decision-making process.

Provision 2.3
Proportion of Non-Executive Directors

For FY2019, Independent Directors made up half of the Board (four out of eight Board members) whilst majority of the Board members (seven out of eight Board members) were Non-Executive in nature. The Non-Executive Directors help Management in setting strategies and goals and where necessary, challenge the underlying assumptions of Management's proposals. They also set the CEO's KPIs. During the year, Non-Executive Directors reviewed the monthly operation reports submitted by Management and monitored Management's performance in meeting KPIs and long-term strategies.

Provision 2.4
Board composition and size

In FY2019, the NC conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the operations of the Group. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experience met with the requirements of the Group.

As part of the annual assessment process, the NC reviewed the competency matrix of the Directors, taking into account their respective areas of specialisation and expertise, and was satisfied that members of the Board as a whole possess the relevant core competencies in areas such as accounting, finance, legal, property, strategic planning, business and management experience. The Executive Director possesses good industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences, and provide independent judgement during Board deliberations. The Board concurred with the NC's assessment.

Board diversity policy

The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("**Board Diversity**"). The Board views Board Diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

CORPORATE GOVERNANCE

Although the Company does not have a written policy on Board Diversity, it has maintained a culture of diversity to benefit from a wide talent pool. The current composition of the Board provides diversity in terms of skills, experience, gender and knowledge.

The NC believes in the merits of gender diversity in relation to the composition of the Board. In identifying suitable candidates for new appointment to the Board, the NC will ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on merit, taking into account the candidates' potential contributions to the Board, as part of the process for new Board appointments and Board succession planning.

In FY2019, there was one female Director (12.5%) out of a total of eight Directors. The female Board member is Ms Michelle Liem Mei Fung. Ms Liem has been a member of the Board since 2001. The Company continues to benefit from her membership in terms of improved discussions, debates and decision-making at the Board level.

The NC will be tasked to develop a Board Diversity policy setting out the qualitative and quantitative objectives at an appropriate time.

Provision 2.5
Regular meetings of Non-Executive Directors

In FY2019, the Non-Executive Directors met quarterly and informally with the KMP (including the CEO) and other senior management of the Group from time to time to discuss matters relating to the Group. After the meetings, they provided feedback to Management to review and resolve specific issues and matters discussed during the meetings. The Company benefitted from Management's ready access to the Non-Executive Directors for guidance and exchange of views, both within and outside of Board and Board Committee meetings.

The Non-Executive Directors meet to discuss, *inter alia*, Management's performance without the presence of Management at least once a year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PRINCIPLE 3: DIVISION OF RESPONSIBILITIES BETWEEN BOARD AND MANAGEMENT, AND AVOIDANCE OF A SINGLE INDIVIDUAL INFLUENCE ON DECISION-MAKING

Provisions 3.1 and 3.2
Separation of the role of Chairman and CEO

The roles of the Chairman and the CEO of the Company remain distinct through a clear division of responsibilities which have been established in the written terms of reference of the Board.

The Chairman leads the Board with the highest standard of integrity and governance. He promotes effective communication and contributions by each Director. The Chairman manages the business of the Board by setting agendas for meetings, which he leads to ensure full discussion of all agenda items.

The CEO translates the Board's decisions into executive actions and is accountable to the Board. He provides clear and decisive leadership and guidance to the Company's employees. The CEO runs the Company's business with a clear vision and missions set by the Board.

There is no familial relationship between the Chairman, Mr Ong Beng Kheong, and the CEO, Mr William Nursalim alias William Liem.

The Chairman, Mr Ong Beng Kheong, is responsible for ensuring the effective functioning of the Board to act in the best interests of the Company and shareholders. He leads the Board; encourages interaction between the Board and Management; facilitates effective contribution of Non-Executive Directors; encourages constructive relations among the Directors; and promotes good corporate governance.

Prior to each Board meeting, Mr Ong, in consultation with Management and the Company Secretary, sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, meeting papers are sent to Directors at least one week in advance, in order for Directors to be adequately prepared for the meeting. Mr Ong leads the meetings and ensures full discussion of each agenda and that the Board members are able to engage the Management in constructive debate and open discussions on various matters including strategic issues. Members of the management team with proposals, or who can provide insights into these discussion matters, are invited to participate in the meetings.

At each general meeting of shareholders, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders and the Board.

Provision 3.3
Lead Independent Director

The Code provides for a Lead Independent Director to be appointed by the Board in situations where the Chairman is conflicted and when the Chairman is not independent. The NC and the Board, having taken into consideration the Company's current business operations and current Board size (eight members including four Independent Directors) are of the view that the appointment of a Lead Independent Director is not necessary.

Although no Lead Independent Director has been appointed, the Company's Independent Directors set aside time to meet (without the presence of other Directors) at least once a year. They provide their feedback to the Chairman of the Board. The Independent Directors also meet regularly with, and have unrestricted access to the CEO, other KMP and senior management members, as well as other Non-Executive Directors to discuss matters relating to the Group.

Directors and Management are also accessible to the Company's shareholders, and the Company has always responded to queries raised by its shareholders. The absence of a Lead Independent Director has not impacted, and is unlikely to impact, the efficient communication between the Board and shareholders or other stakeholders of the Company.

Nevertheless, the Board will, on an annual basis, examine the need for the appointment of a Lead Independent Director.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR APPOINTMENT/RE-APPOINTMENT AND PROGRESSIVE RENEWAL OF THE BOARD

Provisions 4.1 and 4.2

NC membership and key terms of reference

The NC consists of the following five members with the majority, including the Chairman, being independent:

- Mr Albert Choo Teow Huat, Chairman
(Independent and Non-Executive)
- Mr Cheng Hong Kok
(Independent and Non-Executive)
- Mr Neo Ban Chuan
(Independent and Non-Executive)
- Ms Michelle Liem Mei Fung
(Non-Independent and Non-Executive)
- Mr Ong Beng Kheong
(Non-Independent and Non-Executive)

The NC is guided by its written terms of reference which stipulate its principal roles as follows:

i. review the nomination, appointment and re-appointment of Directors to the Board;

ii. review annually the independence of Directors;

iii. determine a suitable size of the Board;

iv. develop and maintain internal guidelines to assess a Director's ability and his/her performance in carrying out his/her duties as Director of the Company;

v. review the Directors' mix of skills, attributes/qualities, experiences and diversity that the Board requires;

vi. recommend to the Board on internal guidelines to address the competing time commitments faced by Directors serving on multiple boards;

vii. develop and maintain, as appropriate, a formal assessment process and criteria to evaluate the effectiveness and performance of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board;

viii. review, as appropriate, the independence of any Director who has served on the Board beyond nine years from the date of his/her first appointment; and

ix. review the succession plans for Directors, appointment and/or replacement of the Chairman, the CEO, and other KMP for recommendation to the Board.

Upon request of the Board and/or the CEO, the NC shall also review any other senior management appointments within the Group, save for any entity listed on a stock exchange and has its own nominating committee, and those that are jointly controlled of which the Company's influence is balanced by other joint venture party(ies).

Other than as stated above, the NC is also involved in the review of training and professional development programmes for the Board. For FY2019, the task of this review was assisted by the in-house corporate secretarial team.

When making decisions on the appointment of new Directors to the Board, the NC and the Board consider several criteria which include the relevant expertise and experience that are required on the Board and the Board Committees. Other determining factors include diversity, independence, conflicts of interest and time commitments.

In discharging its key responsibilities, the NC reviewed the following in FY2019:

i. the independence of Directors, particularly any Director who has served more than nine years;

ii. the size of the Board and its composition;

iii. the commitment of Directors serving on multiple boards;

iv. the performance of the Board as a whole and the Board Committees;

v. contribution by each individual Director to the effectiveness of the Board;

vi. the Directors' continued training and professional development;

vii. the disclosure of Board matters in the annual report; and

viii. Board succession and renewal plans.

A NC report is submitted to the Board at the end of each financial year and the minutes of NC meetings are tabled to the Board to keep Board members apprised.

Provision 4.3

Selection, appointment and re-appointment of Directors

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation or retirement, or if there is a need to appoint additional Directors to fill a competency gap in the Board, or for any other reasons as identified by the NC. The potential candidate may be proposed by existing Directors, the Management or through third-party referrals.

The Company has in place a process for selecting and appointing new Directors. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC may have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history, and to complete certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

CORPORATE GOVERNANCE

The NC confirmed that, in FY2019, it had observed the due process enumerated above in relation to the appointment of Mr Richard Eu Yee Ming as a Director.

The NC also ensures compliance with the Company's Constitution which stipulates that at each Annual General Meeting ("**AGM**"), one-third of the Board (inclusive of the Chairman and CEO), shall retire from office by rotation at least once every three years.

The CEO is subject to the same provisions on retirement by rotation, resignation and removal as other Directors of the Company as part of the Board renewal process.

In addition, the Constitution of the Company stipulates that new Directors appointed by the Board during the financial year without shareholders' approval be re-elected at the next AGM following their appointment.

Provision 4.4

Continuous review of Directors' independence

During FY2019, the NC had conducted, *inter alia*, an annual review of the independence of the Directors based on their declaration which was drawn up in accordance with the guidelines provided under the Code and had determined, having regard to the circumstances set forth in Provision 2.1 of the Code, the independence of each Director. Please refer to Provision 2.1 of this Corporate Governance Report on the process and details of NC's review of Directors' independence. The NC is also committed to reassess the independence of each individual Director as and when warranted.

Provision 4.5

Multiple directorships

Information on the directorships and principal commitment(s) of each Director is furnished under the "Directors' Profile" section of this Annual Report and on the Company's website.

There are internal guidelines to assist the NC to determine whether Directors who sit on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs. In this respect, the Company's current policy stipulates that if a Director is an executive director or key management personnel of another listed company or a major corporation, he/she should preferably not hold more than three other directorships on unrelated listed companies and/or major corporations. No Director exceeded this limit for FY2019.

For FY2019, the NC reviewed each Director's external directorships, his/her principal commitment(s) and attendance and contributions to the Board. Despite the multiple directorships of some Directors, the NC was satisfied that all the Directors had discharged their duties adequately and satisfactorily.

BOARD PERFORMANCE

PRINCIPLE 5: FORMAL ANNUAL ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD, ITS BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

Provisions 5.1 and 5.2

Board evaluation process, Board performance criteria and individual Director evaluation

The Company has implemented a formal process to evaluate (i) the performance and effectiveness of the Board as a whole and of its Board Committees; and (ii) the contribution by the Chairman and each individual Director to the Board.

The performance criteria were recommended by the NC and approved by the Board.

In FY2019 and as in previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors in the following manner:

i. Each Director was to complete the questionnaire for "Board Performance Assessment" with comments where necessary; and

ii. Self-assessments were conducted by the individual Directors, with comments where necessary.

The "Board Performance-Assessment" encompasses the performance evaluation for the Board Committees. The NC and the Board were of the view that this streamlined process was adequate and effective.

In evaluating the Board's performance, the following areas were assessed:

(a) Board structure including independent element on the Board, working partnership between the Board and Management, Board size, and contribution by the Chairman and each Director to the Board;

(b) conduct of meetings including their regularity, adequacy of notice, leadership of the chair, quality of discussion and consensus of decision;

(c) corporate strategy and planning including provision of entrepreneurial leadership to the Management, resources allocation and approval of annual business plan;

(d) risk management and internal controls including its framework and a review of their implementation effectiveness;

(e) measuring and monitoring Management's performance, including conducting monthly and quarterly reviews in comparison with the previous year's performance and budget;

(f) recruitment, evaluation and compensation, including approval for KMP appointments, remuneration framework, annual compensation and bonus for the KMP;

(g) succession planning for the Board and Management;

(h) financial reporting including the integrity of financial statements, principles applied and approval for announcements; and

(i) communication with shareholders.

CORPORATE GOVERNANCE

In evaluating the Board's performance, the NC also considered the Company's five-year share price performance against certain market indexes, five-year financial indicators such as return on assets, return on equity, and the economic value add of the Group.

In addition, the NC used the data obtained from the "Real Estate Development & Holding Company – market capitalisation of $300 million – $3 billion" (source: Bloomberg) as a benchmark to assess the Company's past year performance. Where there was material divergence, underlying reasons were sought and recorded, and action was taken where necessary.

In the self-assessment of individual Directors, a Board competency matrix is used to assess the Directors' respective areas of specialisation and expertise, as well as other factors as provided under the Code's guidelines. The Board will then act on the results where appropriate.

The evaluation of each individual Director's performance is a continuous process. The evaluation criteria include the Director's attendance at meetings of the Board, Board Committees and at general meetings, his/her ability to devote sufficient time and attention to the Company's affairs, participation in discussions at meetings, knowledge of and contacts in the regions where the Group operates, his/her functional expertise and commitment of time to the Company.

Further, the Executive Director and the Non-Executive Directors are evaluated using different criteria. The Executive Director is evaluated by the Non-Executive Directors, *inter alia*, through assessment of his performance against certain KPIs set by the Board in the early part of the year. The KPIs include both financial and non-financial criteria and short-term to medium-term goals.

To ensure confidentiality, completed evaluation forms by all Directors were submitted to the Company Secretary for collation. The results of the evaluation were collectively presented first to the NC for review and discussion, and thereafter to the Board for a further discussion.

The Board was satisfied with the results of the annual evaluation of the performance of the Board, its Board Committees and individual Directors' assessment for FY2019.

The results of the performance evaluation exercise are used as a reference by the Chairman (who is also a member of the NC) to review, where appropriate, the composition of the Board and its Board Committees, and in consultation with the NC, to support its proposals for Board renewal, so as to improve the effectiveness of the Board's oversight of the Company. Comments received from the NC are compiled and presented to the Board in due course.

The Board did not engage any independent external consultant to facilitate the annual review of the performance of the Board, the Board Committees and the individual Directors in FY2019.

II. REMUNERATION MATTERS

Matters concerning remuneration of the Directors, KMP and other senior management are under the purview of the RC, whose primary function is to establish formal and transparent policies on remuneration matters in the Company.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report and in the notes to the financial statements of the Company and of the Group.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES PRINCIPLE 6: FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING DIRECTOR AND EXECUTIVE REMUNERATION

Provisions 6.1 and 6.2

Remuneration Committee composition and terms of reference

The RC comprises the following Directors, all of whom are non-executive and the majority, including the Chairman, being independent:

- Mr Cheng Hong Kok, Chairman
(Independent and Non-Executive)
- Mr Albert Choo Teow Huat
(Independent and Non-Executive)
- Ms Michelle Liem Mei Fung
(Non-Independent and Non-Executive)

The RC is guided by its written terms of reference, which stipulate its principal responsibilities as follows:

i. offers an independent perspective in assisting the Board to establish a formal and transparent procedure for developing a remuneration policy for Directors and KMP (or executive of equivalent rank) of the Company;

ii. establishes an appropriate remuneration framework to motivate and retain Directors and KMP (or executive of equivalent rank), and ensure that the Company is able to attract appropriate talent from the market in order to maximise value for shareholders;

iii. develops a remuneration policy for the Executive Director and KMP (or executive of equivalent rank), structuring it to link rewards to corporate and individual performance;

iv. determines specific remuneration packages for the Executive Director and KMP (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

v. reviews and approves the compensation of the KMP (or executive of equivalent rank); and

vi. reviews the appropriateness and transparency of remuneration matters for disclosure to shareholders.

CORPORATE GOVERNANCE

The RC has explicit authority to investigate any matter within its terms of reference including seeking expert advice within and/or outside the Company.

An RC report is submitted to the Board at the end of each financial year and the minutes of the RC meetings are tabled to the Board to keep Board members apprised.

Provision 6.3
Developing remuneration framework

The RC, with the endorsement of the Board, has established an appropriate remuneration framework to attract, retain and motivate Directors and KMP (or executive of equivalent rank) of the Company as well as specific remuneration packages for each Director, the KMP (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company. The framework is being reviewed periodically to ensure that they remain relevant and effective.

The RC's remit is to make recommendations to the Board. Determining the remuneration of the Directors is the purview of the Board as a whole, and individual Directors do not participate in discussions regarding their own remuneration.

In FY2019, the RC reviewed and recommended to the Board the remuneration package of the CEO and the KMP (or executive of equivalent rank). The RC also reviewed and endorsed the Management's recommendation of other employees' bonuses for 2019 and salary increments for 2020.

The Company's obligations in the event of termination of service of the Executive Director and the KMP are enumerated in their respective employment letters. The RC is satisfied that the termination clauses therein were fair and reasonable to the respective employment class and were not overly generous.

Provision 6.4
RC's access to advice on remuneration matters

The RC has direct access to the Company's Director of Human Resources, should they have any queries on human resource matters. The RC has explicit authority to investigate any matter within its terms of reference and to seek external expert advice should such a need arise at the Company's expense. In this regard, the RC draws on a pool of independent consultants for diversified views and specific expertise to ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The Company did not engage any external remuneration consultants in FY2019.

LEVEL AND MIX OF REMUNERATION
PRINCIPLE 7: LEVEL AND STRUCTURE OF REMUNERATION ARE APPROPRIATE AND PROPORTIONATE TO THE SUSTAINED PERFORMANCE, VALUE CREATION AND STRATEGIC OBJECTIVES OF THE COMPANY

Provisions 7.1, 7.2 and 7.3
Remuneration of Directors and KMP

The Company's remuneration structure for the Executive Director/CEO and KMP (or executive of equivalent rank) has been benchmarked against entities of a comparable size and in similar industries. It consists of both fixed and variable portions with the aim to attract, retain and motivate appropriate talents on a sustainable basis. The fixed compensation comprises a base salary and fixed allowances. The variable component, on the other hand, is a cash-based, short-term incentive that is performance-related and is linked to the Company and the individual's performance. This is designed to align the employees' remuneration with the interests of shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group.

Throughout FY2019, the Board had only one Executive Director, namely the CEO. As stipulated in the Company's remuneration framework, the Executive Director and KMP of the Group do not receive Director's fees from the Company or from its subsidiaries/associated entities if they are nominated and appointed to these boards.

For the purpose of assessing the performance of the Executive Director/CEO and KMP (or executive with equivalent rank), KPIs with both financial and non-financial targets are clearly set out at the start of the financial year. Financial targets include net profit, return on total assets, return on shareholders' equity and total shareholder's return (i.e. dividend plus share price movement over the year). Non-financial targets are those related to reputation, customers, employees, environment, community and sustainable future. Such KPIs also comprise both quantitative and qualitative factors as well as short and medium-term targets. The RC believes that the KPIs enable the Company to monitor its success in achieving its strategy and the progress of the Group in delivering high-quality sustainable growth.

Each year, the RC reviews and approves the remuneration package of the Executive Director/CEO and the KMP (or executive with equivalent rank) for recommendation to the Board. This includes the review of their basic salary, allowance, benefits and bonus. In the process, the RC takes into account the KPI performance of each individual for the financial year under review. In addition, the RC also reviews the performance of the Group's other heads of department ("**HOD**") (excluding those employed by the listed subsidiary which has its own remuneration committee), after taking into consideration the CEO's assessment of, and recommendation for, bonus and remuneration.

Having reviewed and considered the variable components of the Executive Director/CEO and KMP (or executive of equivalent rank), which are not excessive, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years. There are no lengthy or onerous removal clauses in the employment contracts.

For FY2019, the RC was satisfied that the adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director/CEO and KMP were reflective of their performance and contributions made by them taking into account the extent to which their KPIs were met.

Currently, the Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration.

CORPORATE GOVERNANCE

Remuneration framework for Non-Executive Directors

Non-Executive Directors have no service contracts (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. The remuneration packages of Non-Executive Directors consist of Directors' fees and attendance fees, which are computed based on a fees scale covering basic retainer fees as Director; additional fees for serving on any of the Board Committees; and attendance fees for participation in meetings of the Board and the Board Committees.

The RC takes into consideration factors such as the frequency of meetings, the time spent and responsibilities of Non-Executive Directors, as well as the need to stay competitive with industry practices when determining the appropriate level of Directors' fees.

The RC also considers the nature and responsibilities of the Chairman and members of the ARC who receive higher additional fees which are commensurate with their roles and responsibilities.

The framework for Non-Executive Directors' fees (on a per-annum basis unless otherwise indicated), which was last revised in FY2018, is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$50,000	Additional $50,000
Audit and Risk Committee	$20,000	Additional $20,000
Other Committees	$7,500	Additional $7,500
Attendance Fee	$1,000 per meeting	
Overseas Engagement Fee	$2,000 per trip	
Special or *Ad hoc* Project(s)	Appropriate sum depending on complexity and time involved, as recommended by the Board after the completion of the projects and approved by shareholders in a general meeting	

The remuneration framework for Non-Executive Directors was last reviewed in FY2018, using data obtained from a survey of such fees disclosed by comparable peers in property companies listed in Singapore in their 2017 annual reports. The Board concurs with the RC's proposal for Non-Executive Directors' fees for FY2019 which are computed in accordance with the current framework. The RC and the Board will accordingly table the Non-Executive Directors' fees for FY2019 for shareholders' approval at the forthcoming AGM. The Chairman and Non-Executive Directors will abstain from voting in respect of this resolution.

The RC and the Board are collectively of the view that the remuneration for FY2019 is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company, and for KMP to successfully manage the Company for the long term.

DISCLOSURE ON REMUNERATION
PRINCIPLE 8: TRANSPARENCY ON REMUNERATION POLICIES, PROCEDURE, LEVEL AND MIX, AND RELATIONSHIP BETWEEN REMUNERATION, PERFORMANCE AND VALUE CREATION

Provision 8.1

Remuneration report

Details on the remuneration of Directors and the KMP for FY2019 are reported below. During FY2019, there were no termination, retirement or post-employment benefits granted to any of them.

The remuneration of the Executive Director/CEO and Non-Executive Directors for FY2019 is set out in Table A below:

TABLE A

Name of Directors	Directors' Fees[1]	Salary[2]	Benefits[3]	Variable Bonus	Total
Executive Director					
William Nursalim alias William Liem[4]	–	$864,000	$46,626	$468,000	$1,378,626
Non-Executive Directors					
Ong Beng Kheong	$114,500	–	–	–	$114,500
Cheng Hong Kok	$86,500	–	–	–	$86,500
Albert Choo Teow Huat	$133,500	–	–	–	$133,500
Richard Eu Yee Ming[5]	$31,900	–	–	–	$31,900
David Lee Kay Tuan	$76,000	–	–	–	$76,000
Michelle Liem Mei Fung	$69,000	–	–	–	$69,000
Neo Ban Chuan	$97,500	–	–	–	$97,500
Total Directors' Remuneration	**$608,900** **31%**	**$864,000** **43%**	**$46,626** **2%**	**$468,000** **24%**	**$1,987,526** **100%**

CORPORATE GOVERNANCE

Annotations:
(1) If approved, the aggregate amount of Directors' fees of $608,900 will be paid to the Non-Executive Directors upon approval by shareholders at the forthcoming AGM.
(2) Salary refers to basic salary (CPF contribution is not applicable).
(3) Benefits refer to car benefits.
(4) As an Executive Director, Mr William Nursalim alias William Liem does not receive Director's fees.
(5) Mr Richard Eu Yee Ming was appointed as a Director and a member of the ARC effective 19 August 2019.

During FY2019, there was no change in the fee structure for Directors. The total proposed Directors' fees of $608,900 for FY2019 is 6% higher than that for FY2018, reflecting mainly an increase in the number of Directors, overseas engagements and meetings held during the year.

The range of gross remuneration of the top five management personnel including the KMP, excluding the Executive Director/CEO of the Group is set out in Table B below:

TABLE B

Name of Top 5 Management Personnel including KMP	Designation	Breakdown of Remuneration by Percentage (%)				Total Remuneration in Compensation Bands of $250,000
		Salary[1]	Benefits[2]	Bonus[3]	Total	
Leong Kok Ho[4]	Chief Financial Officer	70%	0%	30%	100%	$250,000 – $499,000
Nick Ng Choong How	Senior Vice President, Business Development	77%	0%	23%	100%	$250,000 – $499,000
Patrick Tan Boon Chew	Head, Asset & Fund Management	70%	0%	30%	100%	$250,000 – $499,000
Peggy Wong[4]	General Counsel	67%	0%	33%	100%	$250,000 – $499,000
Illan Weill	General Manager, Grand Hyatt Melbourne	75%	7%	18%	100%	$500,000 – $749,999
Total Remuneration of Top 5 Management Personnel including the KMP		**$1,700,586 72%**	**$55,250 2%**	**$606,628 26%**	**$2,362,464 100%**	

Annotations:
(1) Salary refers to basic salary, allowance and employer's provident fund or equivalent contribution thereof.
(2) Benefits refer to car benefits and taxable health insurance.
(3) Bonus refers to variable bonus and employer's provident fund or equivalent contribution thereof.
(4) The KMP of the Company are the CEO, the CFO and the General Counsel. The CEO's compensation is disclosed under Table A above.

The aggregate remuneration paid to the above top five management personnel including the KMP (excluding the Executive Director/CEO of the Group) in FY2019 was $2,362,464.

Provision 8.2
Employees related to Substantial Shareholders, Directors or CEO

Except for the Executive Director/CEO, Mr William Nursalim alias William Liem, whose remuneration is disclosed in Table A above, there is no other employee who is a substantial shareholder or is an immediate family member of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeds $100,000 during the year.

Provision 8.3
Details of all forms of remuneration and other payments and benefits paid to Directors and KMP

Please refer to Table A and Table B above on the breakdown of remuneration and other payments and benefits paid to the Directors and KMP.

The information on the link between remuneration paid to the Executive Director/CEO and KMP and their performance is set out under Principle 7 above.

The Company has no employee share/stock options scheme nor long-term incentive scheme.

CORPORATE GOVERNANCE

III. ACCOUNTABILITY AND AUDIT

The Board and the ARC are responsible for the governance of risks, and ensure that the Company maintains a sound system of risk management and internal controls over financial reporting, operational risks and compliance risks (including information technology controls and risk management systems), to safeguard the interests of the Company and its shareholders. All areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner. During FY2019, quarterly unaudited results and the audited full-year results of the Group had all been announced within the prescribed timeline after the end of each period.

RISK MANAGEMENT & INTERNAL CONTROLS
PRINCIPLE 9: BOARD'S GOVERNANCE OF RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLS

Provision 9.1

Significant risks, objectives and value creation

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditors. The ARC reviews key risk categories on a quarterly basis to ensure that the activities of the business remain within the Group's risk appetite.

Having considered the Company's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required at this juncture.

During FY2019 and as in the previous years, the ARC assisted the Board in the identification of risks and oversight of the Group's risk profile and policies, adequacy and effectiveness of the Group's risk management systems and internal controls. The ARC reported to the Board on risks facing the Group; suggested level of risk tolerance for the Company to achieve its strategic objectives and value creation; and its review of updated risk policies.

A detailed Group Risks Management Report was prepared by Management and reviewed by the ARC and recommended to the Board for approval. The Report identified twenty-six risks and ways to manage them. The Board had since endorsed the Group Risks Management Report. A summary of the contents may be referred to under "Business Dynamics and Risk Factors Statement" section of this Annual Report.

The Group's risks management process is based on the Group's Enterprise Risks Management framework, which is in turn designed to be in line with ISO 31000 – "Risk Management Principles and Guidelines" and the recommended practice under "Risk Governance Guidance for Listed Boards" issued by the Corporate Governance Council in 2012.

The last review of the framework by the ARC and the Board was in 2016, and takes into account changes in the business and operation environments as well as evolving corporate governance requirements. The framework outlines the principles, process, tools, risk categories and types, key responsibilities, reporting requirements and communication timelines within the Group, and intends to provide reasonable assurance that the Group's objectives can be achieved and that its obligations to customers, shareholders, employees and community can be met.

Risks that affect the achievement of the business objectives and financial performance of the Group over a short-to-medium term are summarised in the Group Risks Register by each business unit. The identified risks had been grouped in two dimensions: one based on the risk exposure and appetite, and the other based on the likelihood of happening. From there, a "Risk Matrix Table" was then charted to aid the Board's deliberation. The Group's risks had also been classified into four main categories, namely, Business & Strategy Risks, Financial Risks, Operational Risks and Compliance Risks including information technology controls and risk management systems.

In order to mitigate the risk of fraud, corruption and misconduct by employees, the Group had also implemented the following practices: the Employees' Code of Conduct and Practices, Dealing in Securities, IPTs and Whistle-blowing Policy, all of which are set out in the "Corporate Governance in Action" section of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The risk management system has become an essential part of the Group's business planning and monitoring process. On an annual basis, Management submitted to ARC and the Board the "Risks Report" detailing the Group's risk profile, evaluating their potential impact and proposing countermeasures to mitigate or to transfer identified risks so as to bring them to an acceptable level.

The ARC also reviewed reports submitted by the internal auditors on pre-selected areas of the operations of the Group. The selection process follows a cycle of a few years so that all key operations/units of the Group would be subject to an internal audit in a cycle.

In FY2016, the Company implemented the following policies:

i. <u>Information Security Policy</u>

   This policy provides guidelines to employees on the proper use of the Company's information systems and to ensure that the confidentiality of proprietary information is protected. It also supports the Company's business objectives of ensuring that the security, integrity and availability of information technology systems are balanced against the need for staff to access systems and services that are necessary for their job, within the limits imposed by this policy.

CORPORATE GOVERNANCE

ii. Personal Data Protection Policy

This policy aims to ensure that employees are aware of the legal obligations of the Company under the Personal Data Protection Act 2012, Singapore, or similar legislation in countries which the Group operates so as to protect the security and confidentiality of third party data obtained during its operations.

iii. Anti-bribery and Anti-corruption Policy

This policy sets out guidelines to ensure that the Company and its Directors, officers, employees and agents conduct their activities in an honest and ethical manner, and that they comply with the applicable anti-bribery or anti-corruption laws and regulatory requirements in the various jurisdictions in which the Company operates.

iv. Sustainability Policy

This policy codifies the Company's commitment to reducing the impact of our business operations on the environment by ensuring that sustainability and ecological awareness are incorporated into our business practices, processes and operations.

In accordance with the SGX-ST Listing Rules 711A and 711B, the Board has reviewed the Company's Sustainability Report and approved its inclusion in the Annual Report.

As part of the Group's continuous efforts to ensure that its risk management systems and internal controls are adequate and effective, the Company is not only working towards strengthening the existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new ones where necessary so as to meet challenges brought on by a changing business environment.

Provision 9.2
Assurance from CEO, CFO and other responsible KMP

The CEO and the CFO have provided assurances to the Board that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company and the Group's operations and finances for the year ended 31 December 2019.

The Company has adopted an internal annual compliance checklist on internal controls and risk management systems of the Group for FY2019 ("**Compliance Checklist**") which is completed and confirmed by the relevant HOD within the Group. The Compliance Checklist assists the Company in monitoring the compliance of the Group's internal controls (including regulatory compliance, financial, operational and information technology controls) and risk management systems.

Based on the Compliance Checklists that were confirmed and signed off by the relevant HOD within the Group, the CEO and the relevant HOD have provided assurances that the Company's risk management and internal control systems were adequate and effective as of the same date.

The responsibility statements from the CEO, CFO and relevant HOD as published in this Annual Report explicitly acknowledged the aforementioned points in detail.

Board's commentary, with the concurrence of the ARC, on adequacy and effectiveness of internal controls and risk management systems

Based on internal controls established and maintained by the Group, work performed by internal and external auditors and reviews performed by Management, written representation by the CEO and the CFO and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control framework and systems were adequate and effective as at 31 December 2019 to address financial, operational and compliance risks including information technology controls and risk management systems, which the Group consider relevant and material to its operations.

AUDIT AND RISK COMMITTEE
PRINCIPLE 10: ESTABLISHMENT OF AUDIT & RISK COMMITTEE WHICH DISCHARGES ITS DUTIES OBJECTIVELY
Provisions 10.1, 10.2 and 10.3
Composition, roles and expertise of the ARC

The ARC comprises the following Directors, all of whom are non-executive and the majority, including its Chairman, are independent:

- Mr Albert Choo Teow Huat, Chairman
(Independent and Non-Executive)
- Mr Neo Ban Chuan
(Independent and Non-Executive)
- Mr Richard Eu Yee Ming
(Independent and Non-Executive)
- Mr David Lee Kay Tuan
(Non-Independent and Non-Executive)

The ARC members collectively bring with them accounting, financial management and legal expertise and experience. The Board, after considering the advice from the NC, believes that members of the ARC are appropriately qualified to discharge the ARC's responsibilities as defined under its terms of reference, which have been approved by the Board.

At least two members of the ARC (including the ARC Chairman) have recent and relevant accounting or related financial management expertise or experience.

The ARC Chairman, Mr Albert Choo, has accumulated extensive financial management experience throughout his professional career. Mr Choo previously held senior positions in finance and treasury in the Shell group of companies as well as Caltex Corporation. Mr Choo was also a board member of Power Senoko Pte Ltd.

Mr Neo Ban Chuan is a chartered accountant and a business advisor by profession. Mr Neo is currently the managing director of two business consultancies. He is also a board member of several private organisations including Manulife (Singapore) Pte Ltd.

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Mr Richard Eu Yee Ming brings with him extensive corporate expertise and knowledge, having served as Group CEO of Eu Yan Sang International for 28 years, and where he remains as Non-Executive Chairman. With various corporate leadership positions in several other organisations under his belt, Mr Eu has a wide range of experience across a variety of roles that includes corporate finance.

For FY2019, no former partner or Director of the Company's incumbent auditing firm or its member firms was a member of the ARC.

During FY2019, the ARC met six times, of which four were scheduled meetings and two were ad hoc meetings. The KMP attended all the six meetings. The internal auditors and the external auditors attended two and four scheduled meetings respectively.

The ARC is kept abreast by Management as well as external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Duties of the ARC

The roles and responsibilities of the ARC as defined under its terms of reference are summarised below:

i. Reviewing the adequacy and effectiveness of the internal controls over financial, operational, compliance, information technology, and risk management policies and systems established by Management;

ii. Reviewing the assurance from the CEO and the CFO on the Group's financial records and financial statements;

iii. Monitoring compliance with the laws and regulations, the SGX-ST Listing Manual and the Code;

iv. Reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify, preventing and minimising these business risks;

v. Reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements;

vi. Reviewing the monthly management reports as well as quarterly and annual financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before submission to the Board or made public;

vii. Meeting with Management and external auditors to review the financial statements, the process and the results of the audit and other sections of the annual report including disclosure on corporate governance practices before its release;

viii. Reviewing and recommending for the Board's approval, IPTs as defined under Chapter 9 of the SGX-ST Listing Manual and those that require the ARC's approval as specified in the general mandate approved by shareholders ("**IPT Mandate**");

ix. Reviewing the internal auditors' program with regard to the complementary roles of the internal and external audit functions; ensuring that there are no unjustified restrictions or limitations to the internal auditors' work scope; reviewing the internal auditors' reports and ensuring timely response by Management;

x. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, by which employees of the Company and/or external parties may, in confidence, raise concerns about suspected improprieties including financial irregularities;

xi. Reviewing the audit representation letters to be issued by the Company before consideration by the Board; reviewing the contents of the external auditors' management letters, monitoring the responsiveness of Management to the recommendations made, and ensuring that the external auditors have direct and unrestricted access to officers of the Company and the Chairman of the ARC;

xii. Reviewing audit fees, the terms of the audit, the nature and extent of non-audit services provided by the external auditors, and making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment or removal of the external auditors; and

xiii. Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit functions.

An ARC Report is submitted to the Board at the end of each financial year, and minutes of the ARC meetings are routinely tabled at Board meetings to keep the Board apprised.

Activities of the ARC

In FY2019 and as in past years, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committee in Singapore, including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

During FY2019 and in line with the IPT Mandate, certain ARC members designated by the ARC Chairman participated in three meetings of the IPT Review Committee ("**IPT RC**"). The minutes of each IPT RC meeting was subsequently tabled at the ARC meeting following each review.

Minutes of the ARC and IPT RC meetings are routinely tabled at Board meetings for information. When considering the IPTs, Directors who are interested in the transactions had recused themselves from the deliberation and approval process in both the ARC and Board meetings.

CORPORATE GOVERNANCE

The ARC reviewed the external auditor's audit plan for FY2019 and agrees with the auditor's proposed significant areas of focus that impact the financial statements. In the ARC's review of financial statements of the Group for FY2019, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements, and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2019:

(1) Revenue recognition of development properties

(2) Valuation of development properties

(3) Valuation of investment properties and hotel properties

Audit & Risk Committee's commentary on key audit matters

The ARC discussed the key audit matters for FY2019 with the Management and the external auditors, Deloitte & Touche LLP ("**Deloitte**"). The ARC concurred with the basis and conclusions included in the auditors' report with respect to the key audit matters for FY2019. For more information on the key audit matters, please refer to pages 98 to 99 of this Annual Report.

Management reported and discussed with the ARC on changes to the accounting standards and accounting issues which had a direct impact on the financial statements. The Directors were invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 6 March 2020 approved the financial statements.

Whistle-blowing policy

The Group has in place a "Whistle-blowing Policy" ("**Policy**") so as to provide a formal avenue for employees and external parties to raise concerns. The Policy offers reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

A copy of the Policy has been posted on the Company's Human Resource Intranet and official website encouraging the report of any behaviour or actions that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. In addition, a Chinese translation of the said policy has been disseminated to the Group's employees in China. A summary of the Policy is presented in the "Corporate Governance in Action" section of this Annual Report.

The Policy details the mechanism for which submission of issues or concerns could be made and the means of communication including a dedicated email address, whistle-blowing@tuansing.com and the two committees handling the submissions, namely, the Whistle-blowing Committee and the ARC. The Company treats all information received confidentially and protects the identity and the interests of all whistle-blowers. Anonymous reporting will also be attended to, and anonymity honoured.

All newly recruited employees are briefed on the existence of the Policy, and a reminder is sent to all employees annually in the form of an Annual Declaration by employees requiring them to disclose any instances of conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is required even if there is nothing to declare.

It has also been a routine item in the agenda of quarterly meetings of the ARC to review any entries in the register of whistle-blowing incidents, and progress of investigation, if it remains outstanding. The Policy and its accompanying procedures are periodically reviewed, updated and approved by the ARC to ensure its relevance.

The ARC has explicit authority to investigate any matter including whistle-blowing within its terms of reference. All whistle-blower complaints were reviewed by the ARC to ensure independent and thorough investigation and adequate follow-up. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents, including "nil" returns in the register, are reviewed by the ARC during its quarterly meetings.

Evaluation of external auditors

During FY2019 and as in past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte, the independent auditors, discussed about the terms of engagement, materiality in auditing, significant risks assessment, areas of audit focus, internal control plans and audit quality indicators, before the commencement of their audit work.

In respect of the audit quality indicators, the ARC reviews, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

The ARC undertook a review of the independence and objectivity of the external auditors, their approach of the audit work, their proposed audit fees as well as the non-audit fees awarded to them.

CORPORATE GOVERNANCE

The ARC reviewed and concurred with the nature of non-audit work performed and fees charged by Deloitte and its member firms. A breakdown of the fees paid or payable to Deloitte and its member firms are analysed in the table below (excluding fees paid or payable by the Company's associates, i.e., Gul Technologies Singapore Pte. Ltd. and Pan-West (Private) Limited):

	FY2019		FY2018	
	S$	**% of Total Fees**	**S$**	**% of Total Fees**
Audit fees to Deloitte Singapore	380,000	48%	328,000	50
Audit fees to Deloitte member firms outside Singapore	233,000	29%	196,000	30
Total Audit Fees	613,000	77%	524,000	80
Total Non-Audit Fees (both Singapore and member firms)	181,000	23%	128,000	20
Total Fees	**794,000**	**100**	**652,000**	**100**

The ARC is satisfied that the nature and extent of the non-audit services performed by the external auditors have not prejudiced their independence and objectivity.

On the recommendation of the ARC, the Board approved the re-appointment of Deloitte as the independent auditors of the Group at the forthcoming AGM for shareholders' approval. During FY2019, the Company's associates also engaged Deloitte and its member firms for the audit work. In view of the aforesaid, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the Company's appointment of auditing firms.

The ARC has full access to, and has had the full co-operation of Management and staff. It also has full discretion to invite any Director or any member of Management to attend its meetings.

Provision 10.4
Internal auditors, reporting line, compliance and function

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal audit. The primary reporting line of the internal audit function, which has been outsourced to PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**"), is to the ARC, which also decides on the appointment, termination and remuneration of the internal auditor. The internal auditor has unrestricted access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

Upon the recommendation by ARC, the Board approved the re-engagement of PwC as the internal auditor of the Group in the ensuing year. In FY2019 and as in the past years, the ARC assessed the adequacy of the internal audit function through reviewing of PwC's audit plan submitted at the beginning of the year and the quality of its reports during the year.

The Company's internal audit function is independent of the external audit. PwC is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Group's engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of selected functions or business units of the Group is developed and agreed by the ARC. The audit plan has been devised in such a way that all major functions or business units are audited within an internal-audit cycle. The ARC directs the internal auditor, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted as well as to audit any operational/ business aspects. Having reviewed the audit plan of PwC, the ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

ARC's commentary on the independence, adequacy and effectiveness of the internal audit function

For FY2019, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively, and that Management provided the necessary co-operation to enable PwC to perform its function. After having reviewed the PwC reports and remedial actions implemented by Management, the ARC was satisfied that the internal control functions were independent, adequate and effective.

Provision 10.5
Independent meeting with external and internal auditors

During FY2019, the Company's external auditors and internal auditors were invited to attend the ARC meetings. They also met separately with the ARC without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

The Company believes in treating all shareholders fairly and equitably by recognising, protecting and facilitating the exercise of shareholders' rights. As such, it reviews and updates relevant arrangements regularly and embraces effective and fair communication with its shareholders. It also encourages shareholders to raise questions and to participate in discussions at general meetings.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11: FAIR AND EQUITABLE TREATMENT OF SHAREHOLDERS, ENABLING THEM TO EXERCISE SHAREHOLDER RIGHTS AND COMMUNICATE THEIR VIEWS. PROVIDING SHAREHOLDERS WITH BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS

Provision 11.1

Providing opportunity for shareholders to participate and vote at general meetings

Shareholders are entitled to attend the general meetings and are given opportunities to participate effectively in, and vote at, the general meetings of the Company.

Shareholders are informed of annual general meetings at least twenty-eight days in advance through reports/circulars/letters or notices published in the newspapers, Company announcements via SGXNet and the Company's website. General meetings are usually held at venues within the central business district and which are easily accessible by shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll, through which procedures are clearly explained by the scrutineers at the beginning of the voting in such general meetings.

An AGM presentation on the performance, position and prospects of the Group are given to shareholders at the start of the AGM. In addition, a presentation deck accompanies each financial results announcement to give shareholders and investors a better understanding of the Group's performance. The presentation documents are also announced via SGXNet and available on the Company's corporate website.

In an attempt to facilitate shareholders' effective participation at AGMs, the Company has done the following:

i. posted under the "Investor Relations" section of the Company's website, two documents prepared by SGX, titled "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports" so as to assist shareholders in gaining a more comprehensive understanding of the annual reports read and framing pertinent questions at the AGMs;

ii. ensured that shareholders are given notice of AGMs twenty-eight days in advance.

Pursuant to the provisions in the Company's Constitution, shareholders who are not "relevant intermediaries" may appoint up to two proxies to attend, speak, and vote on his/her behalf at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board ("**CPF**"), are allowed to appoint more than two proxies. This is to facilitate the participation of indirect shareholders, including CPF investors, in general meetings. Such indirect shareholders where so appointed as proxies will have the same rights as direct shareholders to attend, speak and vote at general meetings.

In order to have a valid registration of a proxy, an instrument appointing a proxy must be deposited at a place or places specified in the notice convening the general meetings at least 72 hours before the time appointed for the general meeting.

The Company has been using electronic poll voting for a number of years so as to promote greater transparency in the voting process. In the Company's last AGM held on 24 April 2019, the following was conducted to the satisfaction of shareholders:

- Registering electronically shareholders and proxies who attended the meeting, and issuing an electronic token to each of them.
- Reviewing the robustness of the system by the appointed scrutineer who is an independent external party prior to the commencement of the meeting.
- Verifying proxies and poll voting information by the appointed scrutineer, ensuring that the polling process is properly carried out.
- Giving instructions on the use of the electronic token for polling.
- Putting each and every resolution to electronic polling.
- Flashing the results of the voting on the screen including the number and the percentage of votes cast for and against.
- Releasing voting results to SGX-ST on the same day as after the conclusion of such meeting via SGXNet.

Provision 11.2

Separate resolutions at general meetings

The Board ensures that separate resolutions are proposed for approval on each issue at general meetings. There is no bundling of the resolutions as they are not interdependent nor linked to each other. Detailed explanatory notes on each item of the agenda are also provided in the Notice of AGM.

Provision 11.3

Attendees at general meetings

In FY2019, the Chairman of the Board and the Chairman of each Board Committee, the KMP and HOD attended all the general meetings to address issues raised by shareholders.

The Company's external auditors and legal advisers were also present at the meetings to address relevant queries from shareholders. The attendance of the Directors attending the general meetings is set out under Provision 1.5 of this Report.

CORPORATE GOVERNANCE

Provision 11.4

Absentia voting at general meetings

Provision has been made under Article 76 of the Constitution, allowing for shareholders to vote in absentia. Examples of absentia voting are voting via mail, electronic mail or facsimile at the general meetings. However, such methods may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web is not compromised. Therefore, at this point in time, the Company does not allow a shareholder to vote in absentia at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead.

Provision 11.5

Minutes of general meetings

The Company prepares minutes of general meetings with details of the proceedings, questions raised by shareholders, and answers given by the Board and Management and the voting results of each resolution. Minutes of the AGM will be published via the Company's website.

Provision 11.6

Dividend Policy

The Company has established a dividend policy which attempts to balance on one hand, the need to conserve cash for working capital and investment for the future, and on the other hand, shareholders' desire to receive dividends arising from their investments in the Company. The dividend policy is presented in the "Corporate Governance in Action" section of this Annual Report.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12: REGULAR COMMUNICATION WITH SHAREHOLDERS AND FACILITATION OF SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

Provisions 12.1, 12.2 and 12.3

Communication with shareholders

Since November 2015, an Investor Relations Policy ("**IR Policy**") has been established, setting out the principles to provide shareholders and prospective investors with information necessary to make well-informed investment decisions. This IR Policy is published on the Company's website at www.tuansing.com.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Company's announcements are as descriptive, detailed and forthcoming as possible. Hence, the Company's quarterly results announcements contain much useful information and analysis. In addition, press releases and PowerPoint slides are provided and posted in the Company's website.

An investor relations contact has been provided in the Company's website which stakeholders can use to voice their concerns or feedbacks. In the event that shareholders make any enquiries to the Company, Management endeavours to respond within two working days.

Avenues of communication

The Company communicates with shareholders and the investment community on a non-selective basis through timely release of announcements to SGX-ST via SGXNet and the Company's corporate website. Should an inadvertent disclosure be made to a selected group, the Company will make the same disclosure publicly as soon as is practicable. The Company's website also allows the public to have access to its past years' announcements.

The Company believes in providing forthcoming disclosures, if deemed beneficial to its shareholders and the general public. In this respect, the Company has been disclosing the Company's broad strategy, business developments and financial performance through appropriate media. For developments that could have a material impact on the share price, the information is announced as soon as it is available. The Company has been utilising news releases, annual reports, shareholder circulars, shareholders' meetings, announcements through SGXNet and the Company's website for the purpose of communication.

The planned dates of release of quarterly financial results was previously disclosed twelve months ahead in the annual report of the preceding year. Such dates were confirmed approximately two weeks prior to the actual dates of announcement via SGXNet. Following the lifting of quarterly financial reporting by the SGX-ST, the Company will be adopting half-yearly reporting for the financial year ending FY2020.

For FY2019, quarterly results were announced within the prescribed timeline; and full-year unaudited results were released on 23 January 2020. Each results announcement is accompanied by a press release and a PowerPoint presentation. The 2019 Annual Report will be distributed to shareholders twenty-eight days before the AGM which is scheduled to be held on 22 April 2020.

General meetings have been and are still the principal forum for dialogue with shareholders. At AGMs, shareholders are given a PowerPoint presentation by the CFO on the Group's past performance and outlook. Shareholders are then invited to raise questions, express any concerns or to give suggestions. Before the voting of each resolution, shareholders are again given opportunities to raise queries.

The Company has stated in the "Investor Relations" section of the Annual Reports, steps it has taken to solicit and understand the views of shareholders. During the year, Management also attended to analysts and fund managers' requests for dialogue.

To enhance the process of soliciting input from shareholders and members of the investment community, a "Feedback and Queries" template has been established in the Company's website. The Company's website also has an "Investor Contact" link which gives contact details for shareholders to communicate with the Company. The Company also attends to shareholders' queries made via telephone.

CORPORATE GOVERNANCE

V. MANAGING STAKEHOLDERS RELATIONSHIPS

The Board believes in adopting an inclusive approach by considering and balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served.

ENGAGEMENT WITH STAKEHOLDERS
PRINCIPLE 13: MANAGING STAKEHOLDER RELATIONSHIPS, BALANCING THE NEEDS AND INTERESTS OF MATERIAL STAKEHOLDERS FOR THE COMPANY'S BEST INTERESTS

Provisions 13.1, 13.2 and 13.3

Managing stakeholder relationships

The Company has appropriate channels in place to identify and engage with its material stakeholders groups. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business.

The Company's approach to stakeholders' engagement and materiality assessment can be found under the "Sustainability Report" section of this Annual Report.

The Company has a corporate website to communicate and engage with all stakeholders.

CORPORATE GOVERNANCE IN ACTION

To maintain a high standard of corporate governance, the Company has in place various policies and practices to be observed by its Directors and employees.

INTERESTED PERSON TRANSACTIONS

Listing Manual Rule 907

The Company has obtained a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual ("**IPT Mandate**") at an extraordinary general meeting held on 24 April 2019. Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither take part in the discussions nor exercise any influence over other members of the Board. The Board last revised the IPTs policy and procedures in 2019. A Review Committee has been tasked by the Board to assist the ARC in reviewing and approving IPTs exceeding S$100,000 but below 3% of the Group's latest audited net tangible assets. For clarity, a separate register of IPTs carried out pursuant to the IPT Mandate is maintained for such purpose. Minutes of the Review Committee meetings are also circulated to the ARC and Board for their information.

For IPTs outside the ambit of the IPT Mandate, a list of IPTs including those less than S$100,000 and their aggregate is submitted quarterly to the ARC for its review. Any IPT exceeding S$100,000 must get the ARC's recommendation and the Board's approval before it is entered into. Where an IPT or its aggregate exceeded 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate exceeded 5% of the Group's latest audited net tangible assets, shareholders' approval will be sought through a general meeting, while the interested shareholder will abstain from voting. In FY2019, the aforesaid 3% threshold was about S$32.7 million using the audited 31 December 2018 balance sheet.

Details of IPTs for FY2019 and FY2018 are presented in the "SGX-ST Listing Manual Requirements" section of this Annual Report.

DEALINGS IN SECURITIES

Listing Manual Rule 1207(19)

The Company has a formal insider trading policy whereby all Directors and employees of the Group are prohibited from dealing in the securities of the Company and its listed subsidiary (i.e. SP Corporation Limited) (collectively the "**listed entities**") while in possession of price-sensitive information and during the period commencing one month before the announcement of the listed entities' full-year results, and two weeks before the announcement of the first three quarters financial results till the day of such announcements. In line with the discontinuation of quarterly reporting, a window closing period of one month before the Company's half year and full year financial result announcements will apply. This policy discourages all Directors and employees of the Group from dealing in the listed entities' securities for short-term considerations and reminds them of their obligations under insider trading laws.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of maintaining a high level of integrity and professionalism by its Directors and officers in the conduct of the Group's business. Hence, the Company's code of conduct and practices is entailed in the Employees' Handbook. The Handbook is stored electronically in the Company's Intranet and is introduced to all new employees during their induction.

This code enumerates, at the employee level, the standard of acceptable and unacceptable behaviour as well as issues of workplace harassment. On the business front, the code addresses the standard of business behaviour pertaining to the offering and receiving of business courtesies as well as issues of conflicts of interest.

The code of conduct has been strengthened since FY2016 with the implementation of the following: Information Security Policy, Personal Data Protection Policy as well as the Anti-bribery and Anti-corruption Policy.

WHISTLE-BLOWING POLICY

The Company is committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto. In line with this commitment, the Whistle-blowing Policy aims to provide an avenue for employees and external parties to raise concerns and offer assurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

CORPORATE GOVERNANCE

While the Whistle-blowing Policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous and bogus complaints. The policy is also not a route for taking up personal grievances.

There may be circumstances where there is insufficient evidence for the Whistle-blowing Committee ("**WBC**") to proceed with the investigation, particularly in situations of anonymous reporting or in cases where the reliability and/or credibility of the reported concern is questionable.

A mechanism for the submission of issues/concerns has been established. This includes a dedicated email address allowing whistle-blowers to contact the WBC and the ARC Chairman directly, and in confidence so that his/her identity will be protected from reprisals within the limits of the law.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action and reports to the Board accordingly. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to appropriate external professional advice. Where appropriate or required, a report will be made to the relevant governmental authorities for further investigation.

➢ *Whistle-blowing Committee*

The WBC consists of:

- CEO;
- CFO; and
- Group Company Secretary.

The Board believes that the earlier an issue/concern is raised, the easier it would be for the Group to take the necessary action as appropriate.

During FY2019, there was no incident reported to the WBC.

DIVIDEND POLICY

The Company's priority is to achieve long-term capital growth for the benefit of shareholders. Most of its profits, when made, shall therefore be retained for investment into the future.

Tuan Sing recognises, however, the desire of some of our shareholders to receive income out of their investments in the Company. Tuan Sing therefore strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividend so that its medium-term dividend yield would be better than the first quartile of the benchmarked group of Real Estate Development and Holding Companies. For the avoidance of doubt, the first quartile is defined as the middle number between the smallest number and the median of the data set.

The actual dividend payout shall be recommended by the Board at the end of each year, and tabled at the AGM of the Company for shareholders' approval. The Board may, at its absolute discretion, consider recommending a special dividend to commemorate the Company having achieved exceptional operational performance in a particular year or in a major investment sale.

The Tuan Sing Holdings Limited Scrip Dividend Scheme (the "**Scheme**") shall be an integral and important component of the dividend policy, so that shareholders who opt for it may grow with the Company.

The Scheme was announced on 18 December 2009, and allows shareholders of the Company who are entitled to dividends to elect to receive either cash or an allotment of ordinary shares in the Company credited as fully-paid, in lieu of the cash amount of the dividend to which the Scheme applies. The Scheme will provide shareholders with greater flexibility in meeting their investment objectives.

No transaction costs will be incurred by shareholders when electing to invest in the Company through the Scheme. Through the issuance of ordinary shares pursuant to the Scheme, the Company benefits from greater share liquidity in the market and conservation of cash, which could be used to strengthen the Company's working capital.

Full details of the Tuan Sing Holdings Limited Scrip Dividend Scheme Statement are available on the Company's website at www.tuansing.com.

ADDITIONAL INFORMATION
REQUIRED UNDER SGX-ST LISTING RULE 720(6)

The following table sets out the additional information on Directors seeking re-appointment at the 50th Annual General Meeting pursuant to SGX Listing Rule 720(6).

	MICHELLE LIEM MEI FUNG **Non-Independent &** **Non-Executive Director**	**RICHARD EU YEE MING** **Independent &** **Non-Executive Director**
Date of appointment	5 April 2001	19 August 2019
Date of last re-appointment	26 April 2017	Not applicable
Age	53	72
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the NC's recommendation for the re-appointment of Ms Michelle Liem Mei Fung.	The Board concurred with the NC's recommendation for the re-appointment of Mr Richard Eu Yee Ming.
Working experience and occupation(s) during the past 10 years	Refer to Director's Profile on page 19.	Refer to Director's Profile on page 18.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interests in 628,814,529 ordinary shares in the Company and 28,146,319 ordinary shares in SP Corporation Limited by virtue of her interest in Nuri Holdings (S) Pte Ltd.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Liem is deemed to be a substantial shareholder of the Company by virtue of her interests in Nuri Holdings (S) Pte Ltd. She is the spouse of Mr David Lee Kay Tuan, a Non-Executive Director of the Company and a sister of Mr William Nursalim alias William Liem, the Chief Executive Officer and Executive Director of the Company.	Nil
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.	Yes	Yes
Other Principal Commitments including directorships • Past (for the last 5 years)	Not applicable.	There is no change to the disclosure by Mr Richard Eu in Annex B of Appendix 7.4.1 of the SGX-ST Listing Manual announced on 19 August 2019.
Other Principal Commitments including directorships • Present	Refer to "Director's Profile" on page 19.	Refer to "Director's Profile" on page 18.
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Ms Liem's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".	Mr Eu's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".

STATUTORY REPORTS **AND ACCOUNTS**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Directors of the Company 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 2019.

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 103 to 200 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, 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

(b) 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 statement are as follows:

Mr Ong Beng Kheong
Mr William Nursalim alias William Liem
Mr Cheng Hong Kok
Mr Choo Teow Huat Albert
Mr Richard Eu Yee Ming (Appointed on 19 August 2019)
Mr David Lee Kay Tuan
Ms Michelle Liem Mei Fung
Mr Neo Ban Chuan

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 was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of 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 interest in the share capital and debentures of the Company or of related corporations as recorded in the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act (the "**Act**") except as follows:

	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
Names of Directors and companies in which interests are held	**As at 31 December 2019**	**As at 1 January 2019**	**As at 31 December 2019**	**As at 1 January 2019**
The Company (Ordinary Shares)				
Mr Ong Beng Kheong	2,200	2,200	–	–
Mr David Lee Kay Tuan	250,000	250,000	–	–
Ms Michelle Liem Mei Fung	–	–	628,814,529[(1)]	628,814,529[(1)]
Mr William Nursalim alias William Liem	–	–	628,814,529[(1)]	628,814,529[(1)]
The Company				
S$80 million 5-year 4.50% per annum Notes due 2019 pursuant to the S$900,000,000 Multicurrency Medium Term Note Programme ("**MTN Programme**")				
Mr William Nursalim alias William Liem	–[(2)]	$500,000	–	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
Names of Directors and companies in which interests are held	**As at 31 December 2019**	**As at 1 January 2019**	**As at 31 December 2019**	**As at 1 January 2019**
S$150 million 3-year 6% per annum Notes due 2020 pursuant to the MTN Programme				
Mr Ong Beng Kheong	–	–	$500,000	$500,000
Mr William Nursalim alias William Liem	$500,000	$500,000	–	–
Mr Choo Teow Huat Albert	–	–	$250,000	$250,000
Mr David Lee Kay Tuan	$500,000	$500,000	–	–
Subsidiary				
SP Corporation Limited (Ordinary Shares)				
Ms Michelle Liem Mei Fung	–	–	28,146,319[1]	28,146,319[1]
Mr William Nursalim alias William Liem	–	–	28,146,319[1]	28,146,319[1]

Notes

[1] By virtue of interest in Nuri Holdings (S) Pte Ltd.

[2] The S$80 million 5-year 4.50% per annum Notes due 2019 pursuant to the MTN Programme have been redeemed in full.

By virtue of Section 7 of the Act, Ms Michelle Liem Mei Fung and Mr William Nursalim alias William Liem are deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned Directors' interests between the end of the financial year and 21 January 2020.

4 SHARE OPTIONS

During the financial year, there were no options granted to take up unissued shares of the Company or any corporation in the Group.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT AND RISK COMMITTEE

The members of the Audit & Risk Committee at the date of this statement are as follows:

Choo Teow Huat Albert	(Chairman, Independent Non-Executive Director)
David Lee Kay Tuan	(Non-Independent Non-Executive Director)
Neo Ban Chuan	(Independent Non-Executive Director)
Richard Eu Yee Ming	(Independent Non-Executive Director)

The Audit and Risk Committee performed functions specified in Section 201B (5) of the Act, the SGX-ST Listing Manual and the Singapore Code of Corporate Governance.

The Audit and Risk Committee met six times during the financial year ended 31 December 2019 and had reviewed, *inter alia*, the following with the executive Director, external and internal auditors of the Company where relevant:

(a) the external and internal audit plans; the scope of the internal audit procedures 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;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 AUDIT AND RISK COMMITTEE (CONT'D)

(c) the consolidated financial statements of the Group and the financial statements of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(d) the quarterly, half-yearly and annual announcements on the results and financial positions of the Company and the Group;

(e) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;

(f) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(g) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk 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 functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

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

6 EXTERNAL AUDITORS

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

On Behalf of the Directors

Mr Ong Beng Kheong
Chairman

Mr William Nursalim alias William Liem
Chief Executive Officer

6 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Tuan Sing Holdings Limited (the "Company") and its subsidiaries (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 2019, 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 103 to 200.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2019 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 *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.

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.

Revenue recognition of development properties

The Group enters into contracts with customers to sell specified residential units which are under development based on the terms and specifications as set out in the contracts. The analysis of whether the contracts comprises one or more performance obligations, determination of whether the performance obligations are satisfied over time and the method used to measure progress for revenue recognition for these development properties requires estimate by management.

The stage of completion is measured by reference to certifications of the value of work performed to date by third party quantity surveyors as compared to the estimated total construction costs of the development project as approved by management. Significant judgements are required to determine the total construction costs which include estimation for variation works and any other claims from contractors. Any changes to the estimated total construction costs will impact the stage of completion, and consequentially the revenue recognised.

Our audit performed and responses thereon

We read the sales and purchase agreements of development properties and discussed with management to understand the relevant terms of the agreements and the basis of management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met. We performed procedures to evaluate the design and implementation of the relevant controls put in place by the Group in respect of revenue recognition from the development properties.

We also reviewed management's estimated total construction cost for each of the development projects, and assessed the reasonableness of the assumptions and estimates applied by management which included key elements such as construction costs and variation works, taking also into consideration the need by management to account for any effects of significant or unusual events that occurred during the year which may impact the estimated total construction cost. In addition, we also used the value of the work performed to date as provided by third party quantity surveyors, compared to the estimated total construction cost and performed arithmetic computations of the stage of completion and revenue to be recognised for the year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

KEY AUDIT MATTERS (CONT'D)

Our audit performed and responses thereon (cont'd)

We found management's basis of identifying performance obligations and the basis of revenue recognition for these development properties to be appropriate. We also found management to have the relevant controls in place and that the key assumptions applied by management for estimated total construction costs to be reasonable based on supportable information available.

Further disclosures are made in Note 28 to the financial statements.

Valuation of development properties

The Group has residential properties under development and held for sale which are mainly located in Singapore. These development properties are stated at the lower of cost and net realisable values. The determination of the estimated net realisable value of these development properties is dependent upon the Group's expectations of future selling prices. There is a risk that the estimates of net realisable values may exceed future selling prices, resulting in losses when properties are sold.

Our audit performed and responses thereon

We discussed with and evaluated management's basis used in their assessment in determining whether the Group's properties under development and completed residential properties held for sale are impaired and the amount of impairment to be recorded if any, based on the Group's estimated selling prices of these properties, by comparing where available, to recently transacted prices and prices of past sales of comparable properties in surrounding locations. We also performed sensitivity analysis on the estimated selling prices used by management in their assessment and considered the adequacy of the disclosures in respect of the impairment losses presented in the financial statements for these properties.

We found management's estimates to be reasonable based on supportable information available, and that management had applied their knowledge of the business in determining the estimated selling prices of the respective properties, by taking into consideration the selling prices of recent sales of the respective properties and that of comparable properties, and expectations of the property market conditions. We found that the Group had appropriately recorded the impairment loss in profit or loss and the related disclosures to be appropriate.

Further disclosures are made in Note 10 to the financial statements.

Valuation of investment properties and hotel properties

The Group has investment and hotel properties stated at fair value, determined based on professional external valuers engaged by the Group.

The valuation process involves significant judgement and estimation. The valuations are dependent on the valuation methodology applied and the underlying assumptions used, which includes price per square metre of market comparables used; capitalisation rates; price per square metre of gross/net lettable area and value per room for hotel properties. A change in the key assumptions applied may have a significant impact to the valuation.

Our audit performed and responses thereon

We read the terms of engagement of the external valuers engaged and also considered the objectivity and independence of the external valuers including their qualifications and competency.

We considered the appropriateness of the valuation techniques used by the external valuers for the respective investment and hotel properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to externally published benchmarks or comparables where available and considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

We found the external valuers to have the appropriate level of qualifications and experience, and that the valuation methodologies adopted were in line with generally accepted market practices for similar properties. The key assumptions used were within reasonable range, taking into account historical rates and available industry data for comparable markets and properties. We also found that the related disclosures in the financial statements to be appropriate.

Further disclosures on the investment properties and hotel properties are found in Notes 14 and 12 to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the Directors' Statement 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 Company and Strategy, Highlights of the Year, Corporate Stewardship, Management Discussion and Analysis, Corporate Governance Report, Sustainability Report and Shareholding Statistics reports, 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 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 when it becomes available 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 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 other information which are expected to be made available to us after the date of this auditor's report, 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 SFRS(I)s, 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 RESPONSIBILITIES 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

(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 year 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.

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 those subsidiary corporations 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 Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

6 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group			Company	
		31 December 2019 $'000	31 December 2018 $'000 (Restated)	1 January 2018 $'000 (Restated)	31 December 2019 $'000	31 December 2018 $'000
ASSETS						
Current assets						
Cash and bank balances	5	**172,274**	133,007	216,843	**37,558**	25,165
Trade and other receivables	6	**70,424**	76,142	89,130	**408**	347
Contract assets	7	**29,974**	13,517	4,480	**–**	–
Contract costs	8	**1,295**	757	485	**–**	–
Amounts due from subsidiaries	20	**–**	–	–	**378,149**	400,312
Inventories	9	**2,370**	2,792	2,906	**–**	–
Development properties	10	**343,067**	353,091	186,433	**–**	–
Asset classified held for sale	11	**–**	42,040	–	**–**	–
Total current assets		**619,404**	621,346	500,277	**416,115**	425,824
Non-current assets						
Property, plant and equipment	12	**414,256**	425,944	446,749	**2,386**	67
Right-of-use assets	13	**250**	–	–	**1,060**	–
Investment properties	14	**1,778,168**	1,742,662	1,592,687	**498**	498
Investments in subsidiaries	15	**–**	–	–	**760,760**	733,800
Investments in equity accounted investees	16	**137,863**	117,914	93,185	**–**	–
Financial asset at fair value through other comprehensive income	17	**30,916**	–	–	**–**	–
Deferred tax assets	23	**2,047**	2,135	2,253	**–**	–
Trade and other receivables	6	**14,433**	–	–	**–**	–
Contract assets	7	**–**	1,934	5,057	**–**	–
Other non-current assets		**5**	12	12	**–**	–
Total non-current assets		**2,377,938**	2,290,601	2,139,943	**764,704**	734,365
Total assets		**2,997,342**	2,911,947	2,640,220	**1,180,819**	1,160,189
LIABILITIES AND EQUITY						
Current liabilities						
Loans and borrowings	18	**281,062**	884,170	278,943	**149,763**	79,877
Lease liabilities	13	**63**	–	–	**907**	–
Trade and other payables	19	**109,045**	125,125	121,917	**31,674**	24,573
Amounts due to subsidiaries	20	**–**	–	–	**401,438**	308,288
Contract liabilities	22	**1,536**	593	372	**–**	–
Derivative financial instruments	35	**–**	–	87	**–**	–
Income tax payable		**4,148**	5,313	13,514	**–**	14
Total current liabilities		**395,854**	1,015,201	414,833	**583,782**	412,752
Non-current liabilities						
Loans and borrowings	18	**1,430,270**	746,271	1,179,177	**–**	149,203
Lease liabilities	13	**52**	–	–	**153**	–
Derivative financial instruments	35	**939**	–	–	**–**	–
Deferred tax liabilities	23	**50,805**	47,073	47,784	**–**	–
Other non-current liabilities	19	**349**	373	463	**–**	–
Total non-current liabilities		**1,482,415**	793,717	1,227,424	**153**	149,203
Capital, reserves and non-controlling interests						
Share capital	24	**175,234**	173,945	172,514	**175,234**	173,945
Treasury shares	25	**(2,955)**	(1,523)	–	**(2,955)**	(1,523)
Reserves	26	**932,684**	915,935	814,821	**424,605**	425,812
Equity attributable to owners of the Company		**1,104,963**	1,088,357	987,335	**596,884**	598,234
Non-controlling interests		**14,110**	14,672	10,628	**–**	–
Total equity		**1,119,073**	1,103,029	997,963	**596,884**	598,234
Total liabilities and equity		**2,997,342**	2,911,947	2,640,220	**1,180,819**	1,160,189

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 31 December 2019 $'000	Group 31 December 2018 $'000 (Restated)
Revenue	28	**310,689**	336,108
Cost of sales		**(239,153)**	(266,603)
Gross profit		**71,536**	69,505
Other operating income		**5,520**	5,754
Distribution costs		**(6,833)**	(5,143)
Administrative expenses		**(29,151)**	(25,494)
Other operating expenses		**(1,313)**	(1,080)
Share of results of equity accounted investees	16	**21,561**	19,214
Interest income	29	**5,836**	5,226
Finance costs	30	**(58,325)**	(45,458)
Profit before tax and fair value adjustments		**8,831**	22,524
Fair value adjustments	31	**33,207**	113,084
Profit before tax	32	**42,038**	135,608
Income tax expenses	33	**(9,359)**	(4,178)
Profit for the year		**32,679**	131,430
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of properties	35	**4,292**	7,754
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	35	**(1,288)**	(2,358)
		3,004	5,396
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	35	**(12,953)**	(19,278)
Share of exchange differences on translation of equity accounted investees	35	**(1,131)**	1,866
Cash flow hedges	35	**(939)**	82
Income tax relating to components of other comprehensive income that may be reclassified subsequently	35	**282**	(25)
		(14,741)	(17,355)
Other comprehensive loss for the year, net of tax	35	**(11,737)**	(11,959)
Total comprehensive income for the year		**20,942**	119,471
Profit attributable to:			
Owners of the Company		**33,213**	131,537
Non-controlling interests		**(534)**	(107)
		32,679	131,430
Total comprehensive income attributable to:			
Owners of the Company		**21,504**	119,432
Non-controlling interests		**(562)**	39
		20,942	119,471
Basic and diluted earnings per share (in cents)			
Including fair value adjustments	34	**2.8**	11.1
Excluding fair value adjustments	34	**0.4**	1.7

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		31 December 2019 $'000	**31 December 2018 $'000 (Restated)**
Operating activities			
Profit before tax		**42,038**	135,608
Adjustments for:			
Fair value gain	31	**(33,207)**	(113,084)
Share of results of equity accounted investees	16	**(21,561)**	(19,214)
Write-back of allowance for diminution in value for development properties, net	10	**(328)**	(842)
Depreciation of property, plant and equipment	12	**8,024**	7,916
Depreciation of right-of-use assets	13	**26**	–
Amortisation of contract costs	8	**2,607**	725
(Write-back) of allowance/allowance for doubtful trade and other receivables, net	6	**(53)**	525
Bad debts written off	6	**429**	–
Write-back of recognised corporate guarantee no longer required	16	**(346)**	–
Net gain on disposal of a subsidiary	37	**–**	(3,893)
Net loss disposal of an investment property	11	**48**	–
Net loss on disposal of property, plant and equipment	32	**14**	36
Interest income	29	**(5,836)**	(5,226)
Finance costs	30	**58,325**	45,458
Operating cash flows before movements in working capital		**50,180**	48,009
Development properties		**10,197**	(163,367)
Inventories		**400**	65
Trade and other receivables		**(7,310)**	31,222
Contract costs		**(3,489)**	(1,282)
Contract assets		**(14,523)**	(5,916)
Contract liabilities		**943**	221
Trade and other payables		**(18,507)**	3,298
Cash generated from/(used in) operations		**17,891**	(87,750)
Interest received		**8,198**	6,114
Income tax paid		**(5,599)**	(12,268)
Net cash from/(used in) operating activities		**20,490**	(93,904)
Investing activities			
Purchase of property, plant and equipment	12	**(7,103)**	(3,433)
Proceeds from disposal of property, plant and equipment		**44**	18
Proceeds from sale of an investment property		**41,992**	–
Additions to investment properties		**(6,920)**	(85,949)
Acquisition of financial asset designated at FVTOCI		**(25,396)**	–
Loan to related parties		**(5,000)**	(20,000)
Acquisition of investment in an associate		**–**	(14,888)
Acquisition of subsidiaries	37	**(4,677)**	(11,310)
Proceeds from disposal of a subsidiary	37	**–**	16,547
Net cash used in investing activities		**(7,060)**	(119,015)
Financing activities			
Proceeds from loans and borrowings		**687,268**	230,008
Repayment of loans and borrowings		**(589,206)**	(38,349)
Repayment of lease liabilities	13	**(25)**	–
Interest paid		**(58,901)**	(50,054)
Bank deposits pledged as securities for bank facilities		**(18,482)**	(2,543)
Dividend paid to shareholders		**(9,383)**	(5,431)
Purchase of treasury shares	25	**(1,432)**	(1,523)
Shares bought back and cancelled	24	**–**	(258)
Net cash from financing activities		**9,839**	131,850
Net increase/(decrease) in cash and cash equivalents		**23,269**	(81,069)
Cash and cash equivalents at the beginning of the year	5	**66,567**	151,145
Foreign currency translation adjustments		**(850)**	(3,509)
Cash and cash equivalents at the end of the year	5	**88,986**	66,567

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation account $'000	Asset revaluation reserve $'000	Other capital reserves# $'000	Revenue reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group										
At 1 January 2019 (Previously reported)		173,945	(1,523)	(48,596)	139,151	156,909	673,566	1,093,452	15,012	1,108,464
Effects of changes in accounting policies	43	–	–	–	–	–	(5,095)	(5,095)	(340)	(5,435)
At 1 January 2019 (Restated)		173,945	(1,523)	(48,596)	139,151	156,909	668,471	1,088,357	14,672	1,103,029
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	33,213	33,213	(534)	32,679
Exchange differences on translation of foreign operations	35	–	–	(14,056)	–	–	–	(14,056)	(28)	(14,084)
Revaluation of properties	35	–	–	–	4,292	–	–	4,292	–	4,292
Cash flow hedges	35	–	–	–	–	(939)	–	(939)	–	(939)
Income tax adjustments relating to other comprehensive income	35	–	–	–	(1,288)	282	–	(1,006)	–	(1,006)
Other comprehensive (loss)/income for the year, net of tax		–	–	(14,056)	3,004	(657)	–	(11,709)	(28)	(11,737)
Total		–	–	(14,056)	3,004	(657)	33,213	21,504	(562)	20,942
Transactions with owners, recognised directly in equity										
Transfer from revenue reserve to other capital reserves		–	–	–	–	22,755	(22,755)	–	–	–
Discount on investment in equity instrument designated as at FVTOCI		–	–	–	–	5,520	–	5,520	–	5,520
Discount on acquisition of a subsidiary		–	–	–	–	397	–	397	–	397
Issue of shares under the Scrip Dividend Scheme	24	1,289	–	–	–	–	–	1,289	–	1,289
Repurchase of shares	25	–	(1,432)	–	–	–	–	(1,432)	–	(1,432)
Dividend paid to shareholders:										
– Cash	27	–	–	–	–	–	(9,383)	(9,383)	–	(9,383)
– Share	27	–	–	–	–	–	(1,289)	(1,289)	–	(1,289)
Total		1,289	(1,432)	–	–	28,672	(33,427)	(4,898)	–	(4,898)
At 31 December 2019		175,234	(2,955)	(62,652)	142,155	184,924	668,257	1,104,963	14,110	1,119,073

Details of "Other capital reserves" disclosed in Note 26.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation account $'000	Asset revaluation reserve $'000	Other capital reserves# $'000	Revenue reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group (cont'd)										
At 1 January 2018 (Previously reported)		172,514	–	(31,038)	133,755	150,662	563,698	989,591	10,628	1,000,219
Effects of changes in accounting policies	43	–	–	–	–	–	(2,256)	(2,256)	–	(2,256)
At 1 January 2018 (Restated)		172,514	–	(31,038)	133,755	150,662	561,442	987,335	10,628	997,963
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	131,537	131,537	(107)	131,430
Exchange differences on translation of foreign operations	35	–	–	(17,558)	–	–	–	(17,558)	146	(17,412)
Revaluation of properties	35	–	–	–	7,754	–	–	7,754	–	7,754
Cash flow hedges	35	–	–	–	–	82	–	82	–	82
Income tax adjustments relating to other comprehensive income	35	–	–	–	(2,358)	(25)	–	(2,383)	–	(2,383)
Other comprehensive (loss)/income for the year, net of tax		–	–	(17,558)	5,396	57	–	(12,105)	146	(11,959)
Total		–	–	(17,558)	5,396	57	131,537	119,432	39	119,471
Transactions with owners, recognised directly in equity										
Transfer from revenue reserve to other capital reserves		–	–	–	–	17,388	(17,388)	–	–	–
Non-controlling interest arising from acquisition of a subsidiary		–	–	–	–	–	–	–	3,405	3,405
Non-controlling interest arising from incorporation of a subsidiary		–	–	–	–	–	–	–	600	600
Issue of shares under the Scrip Dividend Scheme	24	1,689	–	–	–	–	–	1,689	–	1,689
Shares bought back and cancelled	24	(258)	–	–	–	–	–	(258)	–	(258)
Repurchase of shares	25	–	(1,523)	–	–	–	–	(1,523)	–	(1,523)
Dividend paid to shareholders:										
– Cash	27	–	–	–	–	–	(5,431)	(5,431)	–	(5,431)
– Share	27	–	–	–	–	–	(1,689)	(1,689)	–	(1,689)
Goodwill paid over acquiring additional shares in a member of associate		–	–	–	–	(11,198)	–	(11,198)	–	(11,198)
Total		1,431	(1,523)	–	–	6,190	(24,508)	(18,410)	4,005	(14,405)
At 31 December 2018 (Restated)		173,945	(1,523)	(48,596)	139,151	156,909	668,471	1,088,357	14,672	1,103,029

Details of "Other capital reserves" disclosed in Note 26.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Treasury shares $'000	Other capital reserve# $'000	Revenue reserve $'000	Total equity $'000
Company						
At 1 January 2019		**173,945**	**(1,523)**	**101,264**	**324,548**	**598,234**
Profit for the year, representing total comprehensive income for the year		**–**	**–**	**–**	**9,465**	**9,465**
Transactions with owners, recognised directly in equity						
Issue of shares under the Scrip Dividend Scheme	24	**1,289**	**–**	**–**	**–**	**1,289**
Dividend paid to shareholders						
– Cash	27	**–**	**–**	**–**	**(9,383)**	**(9,383)**
– Share	27	**–**	**–**	**–**	**(1,289)**	**(1,289)**
Repurchase of shares	25	**–**	**(1,432)**	**–**	**–**	**(1,432)**
Total		**1,289**	**(1,432)**	**–**	**(10,672)**	**(10,815)**
At 31 December 2019		**175,234**	**(2,955)**	**101,264**	**323,341**	**596,884**
At 1 January 2018		172,514	–	101,264	319,787	593,565
Profit for the year, representing total comprehensive income for the year		–	–	–	11,881	11,881
Transactions with owners, recognised directly in equity						
Issue of shares under the Scrip Dividend Scheme	24	1,689	–	–	–	1,689
Dividend paid to shareholders						
– Cash	27	–	–	–	(5,431)	(5,431)
– Share	27	–	–	–	(1,689)	(1,689)
Shares bought back and cancelled	24	(258)	–	–	–	(258)
Repurchase of shares	25	–	(1,523)	–	–	(1,523)
Total		1,431	(1,523)	–	(7,120)	(7,212)
At 31 December 2018		173,945	(1,523)	101,264	324,548	598,234

Details of "Other capital reserves" are disclosed in Note 26.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1 GENERAL

Tuan Sing Holdings Limited (Registration number: 196900130M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries and associates are disclosed in Notes 41 and 42 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

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 2019 were authorised for issue by the Board of Directors on 6 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 (International) ("SFRS(I)s").

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 share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

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.

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 subsidiaries 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 subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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 SFRS(I)s). 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 SFRS(I) 9, or 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 and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

Associates (equity accounted investees)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The results of and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, investment in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of the associate exceed the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired [Note 2(f)].

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associates. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where the group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency transactions and translation

Functional and presentation currency

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (i.e. its functional currency).

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("SGD") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies below Note 2(d).

Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency transactions and translation (cont'd)

Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

(d) 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 instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "interest income" line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Equity instruments designated as at FVTOCI (cont'd)

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

The Group has designated all investments in equity instrument that are not held for trading as at FVTOCI.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 40(e).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date.

Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income/(expense)" line item;

- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other operating income/(expense)" line item;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income/(expense)" line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- An actual or expected significant deterioration in the operating results of the debtor;

- Significant increases in credit risk on other financial instruments of the same debtor; and

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Significant increase in credit risk (cont'd)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the nature, size and industry of the debtors. Balances from related parties are assessed for expected credit on an individual basis.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (2) held for trading, or (3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities at FVTPL (cont'd)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised 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 in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 40(e).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Derivative financial instruments

The Group enters into interest rate swap contracts to manage its exposure to interest rate risks. Further details of derivative financial instruments are disclosed in Note 35.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available as of the date of the reporting rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Property, plant and equipment

Measurement

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Cost includes professional fees and for qualifying assets, borrowing cost, capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Revaluation

Certain land and buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising from the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction and freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

	Useful lives
Building on freehold land	50 years
Leasehold land, buildings and improvements	Over the remaining lease periods ranging 3 to 99 years
Plant and equipment	1 to 15 years
Motor vehicles	5 to 10 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

Disposal

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. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

(f) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(g) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and non-tangible 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 (CGU), or otherwise they are allocated to the smallest group of CGUs 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of tangible and intangible assets excluding goodwill (cont'd)

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.

(h) Investment properties

Investment properties comprise completed properties and properties under construction or redevelopment held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss 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.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment Note 2(e) up to the date of change in use.

(i) Development properties

Development properties comprise properties in the course of development and completed properties held for sale in the ordinary course of business.

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. Cost is determined by apportionment of the total land cost and development costs capitalised attributable to properties. Net realisable value takes into account the estimated selling price, less cost to be incurred in marketing and selling, and the expected costs to completion, where appropriate.

Cost of development properties comprises costs that relate directly to the development, such as cost of land and construction and related costs that are attributable to development activities and can be allocated to the development project.

When losses are expected, full allowance are recognised as expenses immediately based on best estimates of net realisable value and estimated costs to completion.

Lands held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

The Group's policy for revenue recognition in relation to development properties is described under "Revenue recognition" Note 2(n).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

(k) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of cash flows exclude encumbered fixed deposits and bank balances.

(l) Leases

Before 1 January 2019

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.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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 the benefit attributable to the leased asset is diminished. Initial direct cost 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.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs Note 2(o). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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 expenses 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases (Cont'd)

After 1 January 2019

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases (cont'd)

After 1 January 2019 (cont'd)

The Group as lessee (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

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

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

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

(n) Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods
- Sale of development properties
- Revenue from hotel operations
- Revenue from services rendered
- Rental income
- Interest income
- Dividend income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
The Group sells commodity trading products and polypropylene and polyethylene woven bags. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers do not have a right of return.

Sale of residential properties
The Group constructs and sells residential properties under long-term contracts with customers.

Under the terms of the contracts for sale of residential properties in Singapore, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue is recognised based on the stage of completion of construction. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects as approved by management. Management considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition (cont'd)

Sale of residential properties (cont'd)

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract. For development properties under construction, the Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party surveyor and an invoice for the related milestone payment. For completed development properties, the Group is entitled to invoice customers in accordance with the payment schedule in the sales contract.

If the value of the goods transferred exceed the milestone payments, a contract asset is recognised. If the milestone payment exceeds the revenue recognised to date, a contract liability is recognised.

When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

Revenue from hotel operations

Revenue from operations of a hotel is recognised from the following major sources: hotel stays, valet parking services and sales of food and beverages.

Provision of hotel stays and valet parking services are recognised as performance obligations satisfied over time. Progress towards complete satisfaction of these performance obligations is measured based on the proportion of the total duration of stay that has elapsed at the end of the reporting period. Payment for hotel stays and valet parking services sold to corporates are due from the customer at the end of the duration of stay. Payment for such services sold to individual customers are due from the customer prior to the stay. A contract asset is recognised for time which has elapsed representing the Group's right to consideration for the services performed to date, except for short durations of service where the effect would be immaterial.

Revenue from sales of food and beverages are recognised when control of the goods has transferred, being at the point in time when the food and beverages are consumed. This is also the point where the Group is entitled to payment.

The Group sells hotel packages to customers. The hotel packages offer combined goods and services. These goods and services are considered distinct as they are regularly supplied by the Group to customers on a stand-alone basis. These are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on their stand-alone selling prices. Payment of the transaction price is due immediately when the customer purchases the hotel package.

Revenue from services rendered

The Group provides services to lessees of its investment properties and property management services. Such services are recognised as a performance obligation satisfied over time. Revenue of recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion is determined as the proportion of the total service period that has elapsed as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for these services are due in accordance with payment schedules in the customer contract, on straight-line basis over the term of the contract.

Rental income

The Group's policy for recognition of revenue from operating leases is described above in Note 2(l).

Interest income

The Group's policy for recognition of interest income is described above in Note 2(d).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition (cont'd)

Dividend income

Dividends on investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders' equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders' approval are not deducted from equity and are not recorded as liabilities.

(q) Employee benefits

Retirement benefit obligations

Payments to defined contribution retirement benefit plans are recognised as expenses 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognised any related restructuring costs.

Employees' leave entitlement

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

(r) Income tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss 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 countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income tax (cont'd)

Deferred tax (cont'd)

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets 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 when the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties and hotel properties that are measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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 either in other comprehensive income or directly in equity, or where they arise from the initial accounting for business combination. In case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(s) Non-current asset held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

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 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. Revisions 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 the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group'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.

Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of 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:

Stage of completion for revenue recognition

The Group recognises contract revenue in Note 28 based on the stage of completion for the sale of development properties in Singapore where the Group has enforceable rights to payment for performance completed to date. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects as approved by management.

Significant judgements are required to estimate the total construction costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and provisions for foreseeable losses, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs. The Group adopts a prudent approach in evaluating these uncertainties.

The carrying amount of the Group's revenue recognised based on the stage of completion are disclosed in Note 28 to the financial statements.

Allowance for diminution in value for development properties

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Allowance for diminution in value for development properties (cont'd)

During the year, a net write-back of allowance for diminution in value of $328,000 (2018: write-back of allowance for diminution in value of $842,000) was made on Singapore development properties, taking into account with reference to past sales of the respective properties and that of comparable properties, location and market conditions.

The carrying amounts of development properties and allowance for diminution in value are disclosed in Note 10.

Fair value measurement and valuation processes

The Group carries its hotel properties and investment properties at fair value based on independent professional valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, income method, capitalisation method and discounted cash flow method) which involve certain estimates and significant unobservable inputs which are disclosed in Notes 12 and 14. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The income method capitalises an income stream into a present value using single-year capitalisation rates. Capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Information relating to the valuation techniques and inputs used in determining the fair value of hotel properties and investment properties are disclosed in Notes 12 and 14 respectively to the financial statements.

Deferred tax liabilities arising from increase in the carrying amount of investment in Grand Hotel Group

The Group's interest in Grand Hotel Group ("GHG") is held by TSH Australia Holdings Pte Ltd ("TAHAUD"), a wholly-owned subsidiary of the Company, through Tuan Sing (Australia) Trust ("TSAT") and Tuan Sing Real Estate Trust ("TSRET"). GHG comprises of the Grand Hotel Trust ("GHT") and its controlled entities and Grand Hotel Company Pty Ltd ("GHC") and its controlled entities. The units in GHT are 'stapled' to the shares of GHC. GHT is not liable for tax under the Australian tax legislation provided the taxable income (including any assessable component of capital gains from sale of investment assets) is fully distributed to unit holders in each year.

TAHAUD is subject to income taxes in the Australian jurisdiction. The Group has estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG amounting to A$43,594,000 (2018: A$43,249,000) or equivalent to $40,882,000 (2018: $42,107,000) Note 23. In estimating this amount, the Group considers the taxable gains to be the excess of Group's share of the fair value of net assets of GHG over the tax cost base of the securities in GHG held by the Group.

Future actual tax liability when incurred and payable will differ from this estimate to the extent that the future realisation of values from the investment in GHG differs from the amount of fair value of the assets currently estimated. It would similarly be affected by any change in tax losses and tax base which have yet to be agreed with the Australian tax authorities.

Loss allowance for receivables and refundable trade deposit

Loss allowance for aged trade receivables and refundable trade deposit are based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, past collection history of each customer, ongoing dealings with them and forward-looking macro-economic information. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional loss allowance may be required.

The carrying amount of trade and other receivables are disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

4 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

For management purpose, the Group is organised into strategic business units based on their products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under SFRS(I) 8 are as follows:

Segment	Principal activities
Property	Development of properties for sale, property investment and provision of property management services in Singapore, Australia, China and Indonesia.
Hotels Investment	Investment in hotels in Melbourne and Perth, Australia, managed by hotel operators.
Industrial Services	Trading and marketing of industrial commodities, as well as manufacturing of polypropylene woven bags in Malaysia.
Other Investments	Investment in GulTech, a printed circuit boards manufacturer with plants in China.

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Information regarding each of the Group's reportable segments is presented below.

Segment revenues and results

	Property $'000	Hotels Investment[3] $'000	Industrial Services $'000	Other Investments[1] $'000	Corporate and Others[2] $'000	Inter-Segment Eliminations $'000	Consolidated $'000
2019							
Revenue							
External revenue	107,879	101,238	101,390	–	182	–	310,689
Inter-segment revenue	1,144	522	–	–	20,736	(22,402)	–
	109,023	101,760	101,390	–	20,918	(22,402)	310,689
Results							
Profit before tax and fair value adjustments	(837)	3,867	1,544	21,832	4,509	(22,084)	8,831
Fair value adjustments	33,307	–	–	(100)	–	–	33,207
Profit before tax	32,470	3,867	1,544	21,732	4,509	(22,084)	42,038
Income tax expenses	(4,490)	(433)	(282)	–	(4,154)	–	(9,359)
Profit for the year	27,980	3,434	1,262	21,732	355	(22,084)	32,679
Profit attributable to:							
Owners of the Company	28,756	3,434	1,020	21,732	355	(22,084)	33,213
Non-controlling interests	(776)	–	242	–	–	–	(534)
Profit for the year	27,980	3,434	1,262	21,732	355	(22,084)	32,679

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

4 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

	Property $'000	Hotels Investment[3] $'000	Industrial Services $'000	Other Investments[1] $'000	Corporate and Others[2] $'000	Inter-Segment Eliminations $'000	Consolidated $'000
2018 (Restated)							
Revenue							
External revenue	81,874	109,227	144,828	–	179	–	336,108
Inter-segment revenue	1,145	487	–	–	26,042	(27,674)	–
	83,019	109,714	144,828	–	26,221	(27,674)	336,108
Results							
Profit before tax and fair value adjustments	13,974	5,953	1,423	19,337	7,128	(25,291)	22,524
Fair value adjustments	113,120	–	–	(36)	–	–	113,084
Profit before tax	127,094	5,953	1,423	19,301	7,128	(25,291)	135,608
Income tax expenses	(2,840)	(999)	(266)	–	(73)	–	(4,178)
Profit for the year	124,254	4,954	1,157	19,301	7,055	(25,291)	131,430
Profit attributable to:							
Owners of the Company	124,665	4,954	853	19,301	7,055	(25,291)	131,537
Non-controlling interests	(411)	–	304	–	–	–	(107)
Profit for the year	124,254	4,954	1,157	19,301	7,055	(25,291)	131,430

Notes:

1. No revenue is reported under "Other Investments" as the Group's investment in GulTech is equity accounted for.
2. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at Group-level upon consolidation.
3. Results of GHG's commercial, retail and car park components, which are currently leased out to various tenants, are included in the Property Segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

4 SEGMENT INFORMATION (CONT'D)

Segment assets, liabilities and other segment information

	Property $'000	Hotels Investment $'000	Industrial Services $'000	Other Investments[1] $'000	Corporate and Others $'000	Consolidated $'000
31 December 2019						
Assets						
Segment assets	**2,313,481**	**422,262**	**51,631**	**–**	**41,189**	**2,828,563**
Financial asset at fair value through other comprehensive income	**30,916**	**–**	**–**	**–**	**–**	**30,916**
Investments in equity accounted investees	**14,355**	**–**	**–**	**123,508**	**–**	**137,863**
Total assets	**2,358,752**	**422,262**	**51,631**	**123,508**	**41,189**	**2,997,342**
Liabilities						
Segment liabilities	**(77,406)**	**(17,928)**	**(3,487)**	**(5,023)**	**(8,140)**	**(111,984)**
Loans and borrowings	**(1,357,723)**	**(198,722)**	**(5,125)**	**–**	**(149,762)**	**(1,711,332)**
Income tax payable and deferred tax liabilities	**(7,799)**	**(189)**	**(384)**	**–**	**(46,581)**	**(54,953)**
Total liabilities	**(1,442,928)**	**(216,839)**	**(8,996)**	**(5,023)**	**(204,483)**	**(1,878,269)**
Net assets/(liabilities)	**915,824**	**205,423**	**42,635**	**118,485**	**(163,294)**	**1,119,073**
Other information						
Capital expenditure	**686**	**3,643**	**110**	**–**	**2,664**	**7,103**
Depreciation of property, plant and equipment	**164**	**7,268**	**248**	**–**	**344**	**8,024**
Depreciation of right-of-use assets	**9**	**–**	**17**	**–**	**–**	**26**
Write back of allowance for diminution in value for development properties	**328**	**–**	**–**	**–**	**–**	**328**
Write-back of recognised corporate guarantee no longer required	**–**	**–**	**–**	**346**	**–**	**346**
Revaluation gain of properties	**–**	**4,292**	**–**	**–**	**–**	**4,292**
Fair value gain on investment properties	**33,307**	**–**	**–**	**–**	**–**	**33,307**
Fair value loss on financial instruments	**–**	**–**	**–**	**(100)**	**–**	**(100)**
31 December 2018 (Restated)						
Assets						
Segment assets	2,276,512	435,242	55,939	–	26,340	2,794,033
Investments in equity accounted investees	14,828	–	–	103,086	–	117,914
Total assets	2,291,340	435,242	55,939	103,086	26,340	2,911,947
Liabilities						
Segment liabilities	(76,103)	(15,973)	(14,736)	(5,368)	(13,911)	(126,091)
Loans and borrowings	(1,195,203)	(206,158)	–	–	(229,080)	(1,630,441)
Income tax payable and deferred tax liabilities	(6,189)	(268)	(425)	–	(45,504)	(52,386)
Total liabilities	(1,277,495)	(222,399)	(15,161)	(5,368)	(288,495)	(1,808,918)
Net assets/(liabilities)	1,013,845	212,843	40,778	97,718	(262,155)	1,103,029
Other information						
Capital expenditure	77	3,064	175	–	117	3,433
Depreciation of property, plant and equipment	81	7,510	275	–	50	7,916
Write back of allowance for diminution in value for development properties	842	–	–	–	–	842
Revaluation gain of properties	–	7,754	–	–	–	7,754
Fair value gain on investment properties	113,120	–	–	–	–	113,120
Fair value loss on financial instruments	–	–	–	(36)	–	(36)

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4 SEGMENT INFORMATION (CONT'D)

Segment assets, liabilities and other segment information (cont'd)

	Property $'000	Hotels Investment $'000	Industrial Services $'000	Other Investments[1] $'000	Corporate and Others $'000	Consolidated $'000
1 January 2018 (Restated)						
Assets						
Segment assets	1,905,383	455,994	76,918	–	108,740	2,547,035
Investments in equity accounted investees	–	–	–	93,185	–	93,185
Total assets	1,905,383	455,994	76,918	93,185	108,740	2,640,220
Liabilities						
Segment liabilities	(75,912)	(19,435)	(16,665)	(5,432)	(5,395)	(122,839)
Loans and borrowings	(1,011,132)	(218,624)	–	–	(228,364)	(1,458,120)
Income tax payable and deferred tax liabilities	(14,526)	(275)	(292)	–	(46,205)	(61,298)
Total liabilities	(1,101,570)	(238,334)	(16,957)	(5,432)	(279,964)	(1,642,257)
Net assets/(liabilities)	803,813	217,660	59,961	87,753	(171,224)	997,963
Other information						
Capital expenditure	74	4,096	93	–	–	4,263
Depreciation of property, plant and equipment	106	7,291	379	–	–	7,776
Write back of allowance for diminution in value for development properties	1,249	–	–	–	–	1,249
Revaluation gain of properties	–	33,846	–	–	–	33,846
Fair value gain on investment properties	44,525	–	–	–	–	44,525
Fair value gain on financial instruments	–	–	–	289	–	289

Note:

1. No capital expenditure and depreciation are reported under "Other Investments" as the Group's investment in GulTech is equity accounted for.

Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia and other ASEAN countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers. Non-current assets other than the investment in associates and deferred tax assets are based on the geographical location of the assets.

	Revenue from external customers		Non-current assets		
	2019 $'000	2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000 (Restated)	1 January 2018 $'000 (Restated)
Singapore	**160,974**	179,849	**1,540,624**	1,513,022	1,357,155
Australia	**118,724**	127,035	**635,259**	646,660	676,296
China	**19,510**	14,467	**21,738**	6,306	6,407
Malaysia	**8,314**	8,449	**4,387**	4,485	4,647
Indonesia	**3,167**	6,297	**36,020**	20	–
Others	**–**	11	**–**	59	–
	310,689	336,108	**2,238,028**	2,170,552	2,044,505

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4 SEGMENT INFORMATION (CONT'D)

Other segment information

Included in the Group revenue of $310.7 million (2018: $336.1 million) were sales of approximately $62.5 million (2018: $52.8 million) to a customer that contributed 10% or more to the Group's revenue for both years in the Industrial Services segment.

5 CASH AND BANK BALANCES

	Group		Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Cash at banks and on hand	**49,344**	50,769	**16,718**	12,553
Fixed deposits	**111,582**	80,813	**20,840**	12,612
Amounts held under the Housing Developers (Project Account) Rules	**11,348**	1,425	**–**	–
	172,274	133,007	**37,558**	25,165

Cash and bank balances comprise cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits earned interest ranging from 0.6% to 2.6% per annum (2018: 0.6% to 3.4% per annum) and for tenures ranging from 7 days to 2 years (2018: 7 days to 3 years).

Withdrawals of amounts held under the project accounts are restricted to payments for expenditure incurred on development properties and are subject to the provisions in the Housing Developers (Project Account) Rules in Singapore.

The carrying amounts of the cash and bank balances approximate their fair values at the end of the reporting period. Further details regarding the exposure to interest rate risk, contractual and effective interest rates and foreign currency denomination of the cash and bank balances are disclosed under Note 40 to the financial statements.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Cash and cash equivalents per consolidated statement of cash flows		
Cash and bank balances (as per statements of financial position)	**172,274**	133,007
Encumbered fixed deposits and bank balances	**(83,288)**	(66,440)
	88,986	66,567

As at 31 December 2019, the Group had cash and cash equivalents placed with banks in China amounting to $78,815,000 (2018: $79,062,000), the repatriation of which into Singapore is subject to the Foreign Exchange Control Regulations in China. Of this amount, $63,123,000 (2018: $63,097,000) were fixed deposits ranging from 3 months to 2 years (2018: 2 years) but were classified as current on the basis that these deposits are used to secure a facility in Singapore which could be cancelled at short notice by the borrower and the sum of these deposits can be released without significant penalty and changes in value.

As at 31 December 2019, cash and bank balances amounting to $84,321,000 (2018: $77,279,000) were pledged to banks to secure credit facilities.

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6 TRADE AND OTHER RECEIVABLES

	Note	Group			Company	
		31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000 (Restated)	31 December 2019 $'000	31 December 2018 $'000
Trade						
Trade debtors		**17,455**	16,243	17,884	**–**	–
Less: Loss allowance		**(748)**	(1,021)	(536)	**–**	–
		16,707	15,222	17,348	**–**	–
Amounts due from related parties (a)	21	**21,720**	21,699	31,040	**–**	–
Less: non-current portion	21	**(9,346)**	–	–	**–**	–
Total trade receivables – current		**29,081**	36,921	48,388	**–**	–
Non-trade						
Deposits		**952**	468	17,086	**73**	73
Prepayments		**5,445**	4,039	3,480	**289**	323
Interest receivables		**722**	3,103	4,434	**14**	23
Sundry debtors		**3,379**	2,373	5,567	**37**	–
Advances to suppliers		**–**	–	521	**–**	–
Tax recoverable		**16**	186	459	**–**	–
		10,514	10,169	31,547	**413**	419
Less: Loss allowance		**(126)**	(127)	(129)	**(72)**	(72)
		10,388	10,042	31,418	**341**	347
Amount due from related parties	21	**36,042**	29,179	9,324	**67**	–
		46,430	39,221	40,742	**408**	347
Less: non-current portion	21	**(5,087)**	–	–	**–**	–
Total non-trade receivables – current		**41,343**	39,221	40,742	**408**	347
Total trade and other receivables – current		**70,424**	76,142	89,130	**408**	347
Total trade and other receivables – non-current		**14,433**	–	–	**–**	–

(a) Included in the carrying amount of amounts due from related parties – trade as at 31 December 2019 were unbilled revenue of $240,000 (2018: $Nil) relating to rent-free period given to related party lessees [Note 21].

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 180 days (2018: 7 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

6 TRADE AND OTHER RECEIVABLES (CONT'D)

Analysis of amounts due from related parties

Certain past due trade amounts due from related parties bear interest rates ranging from 8% to 12% (2018: 8% to 12%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade amounts due from related parties are generally on 90 to 180 days (2018: 90 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

For purpose of impairment assessment, the amounts due from related parties is considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the amounts due from related parties since initial recognition. Accordingly, for the purpose of impairment assessment for the amounts due from related parties, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate, in estimating the probability of default of the trade amounts due from related parties as well as the loss upon default. Management determines the trade amounts due from related parties are subject to immaterial credit loss.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – credit-impaired $'000
Group	
Balance as at 1 January 2018	536
Amounts written off	(82)
Change in loss allowance due to new trade receivables originated	525
Exchange difference on consolidation	42
Balance as at 31 December 2018	1,021
Amounts written off	(199)
Change in loss allowance due to new trade receivables originated	(53)
Exchange difference on consolidation	(21)
Balance as at 31 December 2019	748

The following table shows the movement in expected credit losses (ECL) that has been recognised for other receivables:

	Lifetime ECL – credit-impaired $'000
Group	
Balance as at 1 January 2018	129
Exchange difference on consolidation	(2)
Balance as at 31 December 2018	127
Exchange difference on consolidation	(1)
Balance as at 31 December 2019	126
Company	
Balance as at 31 December 2018 and 31 December 2019	72

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6 TRADE AND OTHER RECEIVABLES (CONT'D)

The following is an aging analysis of trade receivables:

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Not past due	**10,978**	25,135
< 3 months	**8,988**	5,064
3 months to 6 months	**2,703**	1,717
6 months to 12 months	**11,228**	3,771
> 12 months	**4,530**	1,234
	38,427	36,921

Details of collateral

As at 31 December 2019, trade and other receivables amounting to $11,989,000 (2018: $10,724,000) included in the above balances were mortgaged to banks to secure certain credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 18 to the financial statements.

7 CONTRACT ASSETS

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Sales contracts	**29,974**	15,451
Analysed as:		
Current	**29,974**	13,517
Non-current	**–**	1,934
	29,974	15,451

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The changes in contract assets are due to the differences between the agreed payment schedule and progress of the construction work.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the residential industry. None of the amounts due from customers at the end of the reporting period is past due. As there was no historical credit loss experience by the Group, the ECL is assessed by management to be insignificant.

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8 CONTRACT COSTS

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Costs to obtain contracts	**1,295**	757

Costs to obtain contracts relate to commission paid to intermediaries as a result of obtaining residential property sales contracts.

These costs are amortised over the period of construction. Amortisation amounting to $2,607,000 (2018: $725,000) was recognised as part of the cost of sales recognised in profit or loss. There was no impairment loss in relation to the costs capitalised.

9 INVENTORIES

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Raw materials	**681**	769
Work-in-progress	**933**	1,262
Finished goods	**756**	761
At cost	**2,370**	2,792

There was no allowance for inventory obsolescence recognised in profit or loss for the year ended 31 December 2019 and 31 December 2018.

Details of collateral

As at 31 December 2019, inventories amounting to $2,370,000 (2018: $2,792,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 18 to the financial statements.

10 DEVELOPMENT PROPERTIES

	Group		
	31 December 2019 $'000	**31 December 2018 $'000 (Restated)**	**1 January 2018 $'000 (Restated)**
Properties in the course of development	**313,011**	308,319	112,123
Land held for future development	**6,844**	7,024	7,236
Land held for sale	**–**	–	11,856
	319,855	315,343	131,215
Completed properties held for sale	**23,212**	37,748	55,218
	343,067	353,091	186,433
The above comprises:			
Properties in the course of development in Singapore	**262,103**	265,023	112,123
Properties in the course of development in Indonesia	**50,908**	43,296	–
Land held for future development in China	**6,844**	7,024	7,236
Land held for sale in China	**–**	–	11,856
Completed properties held for sale in Singapore	**23,212**	33,299	51,173
Completed properties held for sale in China	**–**	4,449	4,045
	343,067	353,091	186,433

NOTES TO THE FINANCIAL STATEMENTS

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10 DEVELOPMENT PROPERTIES (CONT'D)

Development properties comprise properties in the course of development; land held for future development or held for sale and completed properties held for sale. These properties have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

For the land that was held for sale in China, the Group had entered into a sale and purchase agreement in 2017 to dispose its interests in a wholly-owned subsidiary which owned the land in Jiaozhou, China. The transaction had been completed during the year ended 31 December 2018.

The completed properties held for sale in Singapore includes one residential unit (31 December 2018: two residential units) held on behalf of a related party (Party B) as the balance consideration for the acquisition of land in Batam which was completed on 7 June 2018 (Note 37). Such balance consideration has yet to be settled in cash. Under the terms and conditions of the agreements, Party B is (a) entitled to request the Group to transfer ownership of the units to itself or a nominee in satisfaction of the relevant cash payment obligation; and (b) will not hold the Group liable for any loss suffered should the Group fail to achieve the selling price stipulated in the agreement, provided that Party B has agreed to the relevant sale.

For the completed properties held for sale in China, the Group has determined that there has been a change in the use of the properties. Accordingly, the Group has transferred properties amounting to $2,638,000 and $1,873,000 to property, plant and equipment (Note 12) and investment properties (Note 14) respectively as at 31 December 2019.

Properties in the course of development and land held for future development or sale

	Group		
	31 December 2019 $'000	**31 December 2018 $'000 (Restated)**	**1 January 2018 $'000 (Restated)**
Land cost	**294,036**	299,342	127,591
Development cost incurred to-date	**24,291**	18,922	8,323
Others	**8,372**	4,103	2,537
	326,699	322,367	138,451
Less: Allowance for diminution in value	**(6,844)**	(7,024)	(7,236)
	319,855	315,343	131,215

Completed properties held for sale

	Group		
	31 December 2019 $'000	**31 December 2018 $'000 (Restated)**	**1 January 2018 $'000 (Restated)**
Completed properties, at cost	**23,911**	38,775	57,086
Less: Allowance for diminution in value	**(699)**	(1,027)	(1,868)
	23,212	37,748	55,218

10 DEVELOPMENT PROPERTIES (CONT'D)

Allowance for diminution in value

The allowance for diminution in value for development properties held for sale was estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on expected selling prices for the development project after taking into consideration of prevailing market conditions. During the year, a net write-back in allowance for diminution in value for development properties of $328,000 (2018: $842,000) is included in "other operating expenses/cost of sales" in profit or loss (Note 32).

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
Movements in allowance for diminution in value			
At 1 January		**(8,051)**	(9,104)
Exchange difference on consolidation		**180**	211
Allowance made during the year	32	**(58)**	(135)
Write-back during the year	32	**386**	977
At 31 December		**(7,543)**	(8,051)

Land in Fuzhou Jin'an District, Fuzhou, Fujian Province, China

Included in the development properties is a carrying amount of $6,844,000 (31 December 2018: $7,024,000, 1 January 2018: $7,236,000) relating to a land parcel acquired in 2009 in Fuzhou, China with an expired certificate for the construction site planning. The Group has applied to the relevant authorities for its renewal since 2013. An allowance of $6,844,000 (31 December 2018: $7,024,000, 1 January 2018: $7,236,000) was made based on management's best estimate on net realisable value of the development site.

Details of collateral

As at 31 December 2019, development properties amounting to $262,103,000 (31 December 2018: $265,023,000, 1 January 2018: $112,123,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 18 to the financial statements.

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10 DEVELOPMENT PROPERTIES (CONT'D)

List of development properties

As at 31 December 2019, the development properties held by the Group are as follows:

Name of property/ location	Description/ planned use	Held by	Tenure	Land area (sq m)	Estimated gross floor area (sq m)	Year completed/ estimated completion	Group's effective equity interest
Properties in the course of development							
Kandis Residence, Jalan Kandis, Singapore	Condominium of 130 units (90 units booked/sold)	Dillenia Land Pte Ltd	99 years from 2016	7,046	10,850	2020	100%
Mont Botanik Residence, Jalan Remaja Singapore	Condominium of 108 units (49 units booked/sold)	Episcia Land Pte Ltd	Freehold	4,047	8,546	2021	100%
Peak Residence, 333 Thomson Road Singapore	Condominium of 90 units	TSRC Novena Pte Ltd	Freehold	5,331	8,209	2022	70%
Batam Land (I) Indonesia	Proposed integrated mixed-development township	PT Goodworth Investments	30 years from 2004	849,748	**	**	90%
Batam Land (II) Indonesia	Proposed integrated mixed-development township	PT Titian Damai Mandiri	30 years from 2019	401,229	**	**	100%
Land held for future development							
Land in Jin-an District, Fuzhou Fujian Province, China	Residential	Fujian Ji'Xing Real Estate Development Co., Ltd	70 years from 1994	163,740	*	*	100%
Completed properties held for sale							
Sennett Residence, Pheng Geck Avenue Singapore	Condominium townhouses of 332 units and three shop units (326 units booked/sold)	Clerodendrum Land Pte Ltd	99 years from 2011	8,664	33,328	2016	100%
Cluny Park Residence, Cluny Park Road Singapore	Condominium of 52 units (52 units booked/sold)	Shelford Properties Pte Ltd	Freehold	4,544	6,997	2016	100%

* Pending renewal of expired certificate for construction site planning.
** Subject to relevant authorities' approval.

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11 ASSET CLASSIFIED AS HELD FOR SALE

On 27 December 2018, the Group, together with the other subsidiary proprietors of all other strata units in Century Warehouse, accepted a tender bid by a private investment company for the collective sale of all the strata units and the common property of Century Warehouse at the consideration of $48,500,000 based on a 100 percent owners' consensus basis.

The Group owned close to 90 percent of the strata area and the share of the consideration is $42,040,000. The sale had been completed during the year and the net loss of $48,000 (Note 32) arose from the transaction cost incurred upon sale completion.

12 PROPERTY, PLANT AND EQUIPMENT

	Note	Building and freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost or valuation:						
At 1 January 2019		**402,688**	**7,420**	**29,382**	**526**	**440,016**
Effects from adoption of SFRS(I) 16	13	**–**	**(219)**	**–**	**–**	**(219)**
At 1 January 2019 (Restated)		**402,688**	**7,201**	**29,382**	**526**	**439,797**
Exchange differences on consolidation		**(14,776)**	**(84)**	**(1,721)**	**(2)**	**(16,583)**
Additions		**269**	**–**	**6,834**	**–**	**7,103**
Disposals		**–**	**(71)**	**(60)**	**(17)**	**(148)**
Write-offs		**–**	**–**	**(4,091)**	**–**	**(4,091)**
Revaluation		**1,026**	**–**	**–**	**–**	**1,026**
Reclassification		**71**	**–**	**(68)**	**(3)**	**–**
Transfer from development properties following change in use	10	**–**	**2,638**	**–**	**–**	**2,638**
Reclassified to investment properties	14	**–**	**–**	**(2,130)**	**–**	**(2,130)**
At 31 December 2019		**389,278**	**9,684**	**28,146**	**504**	**427,612**
At 1 January 2018		417,386	7,472	34,418	764	460,040
Exchange differences on consolidation		(22,925)	(124)	(2,883)	(3)	(25,935)
Additions		41	72	3,320	–	3,433
Disposals		–	–	(111)	(235)	(346)
Write-offs		–	–	(1,912)	–	(1,912)
Revaluation		4,736	–	–	–	4,736
Reclassification		3,450	–	(3,450)	–	–
At 31 December 2018		402,688	7,420	29,382	526	440,016
Comprising						
At 31 December 2019:						
At cost		**498**	**6,729**	**28,146**	**504**	**35,877**
At valuation		**388,780**	**2,955**	**–**	**–**	**391,735**
		389,278	**9,684**	**28,146**	**504**	**427,612**
At 1 January 2019:						
At cost		498	4,246	29,382	526	34,652
At valuation		402,190	2,955	–	–	405,145
		402,688	7,201	29,382	526	439,797
At 31 December 2018:						
At cost		498	4,465	29,382	526	34,871
At valuation		402,190	2,955	–	–	405,145
		402,688	7,420	29,382	526	440,016

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12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Building and freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group (cont'd)						
Accumulated depreciation:						
At 1 January 2019		**–**	**533**	**10,281**	**356**	**11,170**
Effects from adoption of SFRS(I) 16	13	**–**	**(80)**	**–**	**–**	**(80)**
At 1 January 2019 (Restated)		**–**	**453**	**10,281**	**356**	**11,090**
Exchange differences on consolidation		**(38)**	**(13)**	**(1,091)**	**(2)**	**(1,144)**
Depreciation	32	**3,304**	**81**	**4,608**	**31**	**8,024**
Disposals		**–**	**(22)**	**(52)**	**(15)**	**(89)**
Write-offs		**–**	**–**	**(4,091)**	**–**	**(4,091)**
Revaluation		**(3,266)**	**–**	**–**	**–**	**(3,266)**
At 31 December 2019		**–**	**499**	**9,655**	**370**	**10,524**
At 1 January 2018		–	461	9,358	487	10,306
Exchange differences on consolidation		(112)	(16)	(1,698)	(3)	(1,829)
Depreciation	32	3,130	88	4,624	74	7,916
Disposals		–	–	(91)	(202)	(293)
Write-offs		–	–	(1,912)	–	(1,912)
Revaluation		(3,018)	–	–	–	(3,018)
At 31 December 2018		–	533	10,281	356	11,170
Accumulated impairment:						
At 1 January 2019		**–**	**2,902**	**–**	**–**	**2,902**
Exchange differences on consolidation		**–**	**(70)**	**–**	**–**	**(70)**
At 31 December 2019		**–**	**2,832**	**–**	**–**	**2,832**
At 1 January 2018		–	2,985	–	–	2,985
Exchange differences on consolidation		–	(83)	–	–	(83)
As at 31 December 2018		–	2,902	–	–	2,902
Carrying amount:						
At 31 December 2019		**389,278**	**6,353**	**18,491**	**134**	**414,256**
At 1 January 2019		402,688	3,846	19,101	170	425,805
At 31 December 2018		402,688	3,985	19,101	170	425,944

NOTES TO THE FINANCIAL STATEMENTS

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12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Plant and equipment $'000
Cost:	
At 1 January 2019	**117**
Additions	**2,663**
At 31 December 2019	**2,780**
At 1 January 2018	–
Additions	117
At 31 December 2018	117
Accumulated depreciation:	
At 1 January 2019	**50**
Depreciation	**344**
At 31 December 2019	**394**
At 1 January 2018	–
Depreciation	50
At 31 December 2018	50
Carrying amount:	
At 31 December 2019	**2,386**
At 31 December 2018	67

Included in building and freehold land is freehold land with a carrying amount of $209,773,000 (2018: $217,015,000) which is not subject to depreciation.

The Group reviews the carrying amounts of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss. No impairment loss was made in 2019 and 2018 as a result of such assessment.

Details of collateral

As at 31 December 2019, property, plant and equipment amounting to $407,942,000 (2018: $424,750,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 18 to the financial statements.

Fair value measurement of hotel properties

The Group's hotel properties (including freehold land and buildings) are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulative depreciation and subsequent accumulative impairment loss. The fair value measurement is based on the valuation carried out by independent valuers, who have appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2019 and 2018, the fair value measurement of the Group's hotel properties is classified within Level 3 of the fair value hierarchy. There is no change in the fair value hierarchy as compared to prior year.

Based on the valuation, revaluation gain amounting to $4,292,000 (2018: $7,754,000) was recognised in other comprehensive income [Note 35].

As at 31 December 2019, had freehold land and building been carried at historical cost, their aggregate carrying amount would have been approximately $308,416,000 (2018: $322,996,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Fair value measurement of hotel properties (cont'd)

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2019 and 2018 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2019			
Grand Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria[a]	Direct Comparison	Value per room	\$260,400 – \$465,300
	Capitalisation Approach	Capitalisation rate[1]	5.25%
	Discounted Cash Flow Method	Discount rate[1]	7.25% – 8.25%
		Terminal yield rate[1]	4.75% – 5.75%
Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia[a]	Direct Comparison	Value per room	\$150,500 – \$433,300
	Capitalisation Approach	Capitalisation rate[1]	5.00%
	Discounted Cash Flow Method	Discount rate[1]	7.25% – 8.25%
		Terminal yield rate[1]	4.75% – 5.75%
2018			
Grand Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria[a]	Direct Comparison	Value per room	\$632,800 – \$681,600
	Capitalisation Approach	Capitalisation rate[1]	5.25%
	Discounted Cash Flow Method	Discount rate[1]	7.25% – 8.25%
		Terminal yield rate[1]	4.75% – 5.75%
Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia[a]	Direct Comparison	Value per room	\$116,800 – \$146,100
	Capitalisation Approach	Capitalisation rate[1]	5.00%
	Discounted Cash Flow Method	Discount rate[1]	7.25% – 8.25%
		Terminal yield rate[1]	4.75% – 5.75%

[1] Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

[a] The property valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd, an independent valuer, for both years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

List of hotel properties

The carrying amount of the Group's hotel properties as at 31 December 2019 and 2018 included in property, plant and equipment are set out below. The non-hotel properties within the complexes are accounted for under investment properties [Note 14].

Name of Property	Description	Tenure	Land area (sq m)	Group's effective equity Interest	31 December 2019 A$'000[1]	31 December 2018 A$'000[1]	31 December 2019 S$'000	31 December 2018 S$'000
Australia								
Grand Hyatt Melbourne Australia	Located at the "Paris end" of Collins Street and its intersection with Russell Street. The Property is of 34 levels featuring one of Melbourne's largest 5-star hotels, complete with retail/commercial space. The carrying value of the retail/commercial space has been disclosed as investment property [Note 14].	Freehold	5,776	100%	**379,500**	379,573	**355,895**	369,552
Hyatt Regency Perth Australia	By Swan River and within walking distance from the central business district. The Property is an integrated 5-star hotel, office, retail and parking complex. The hotel is built over 9 levels. The carrying value of the office, retail and parking complex has been disclosed as investment property [Note 14].	Freehold	22,754	100%	**49,000**	50,096	**45,952**	48,773
					428,500	429,669	**401,847**	418,325

[1] Figures in A$ are for information.

13 LEASES (GROUP AS A LESSEE)

The Group leases several assets including office premises, accommodation for staff, office equipment and motor vehicles. The leases have varying terms and renewal rights. The average lease term is between 0.5 to 84 years and rentals are generally fixed for the same periods.

The Group does not have the option to purchase the leased assets for a nominal amount at the end of the lease term.

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FINANCIAL STATEMENTS

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13 LEASES (GROUP AS A LESSEE) (CONT'D)

Right-of-use assets

Group	Note	Leasehold land $'000	Leasehold Building $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Cost:						
At 1 January 2019		219	23	19	–	261
Additions		–	4	67	25	96
Disposals		–	(4)	–	–	(4)
Exchange differences on consolidation		–	(1)	–	–	(1)
At 31 December 2019		219	22	86	25	352
Accumulated depreciation:						
At 1 January 2019		80	–	–	–	80
Depreciation	32	3	15	8	–	26
Disposals		–	(4)	–	–	(4)
At 31 December 2019		83	11	8	–	102
Carrying amount:						
At 31 December 2019		136	11	78	25	250

Company	Leasehold Building $'000
Carrying amount as at 31 December 2019	1,060
Depreciation expense for the year ended 31 December 2019	–

There was a lease that expired in the current financial year and was replaced by a new lease for an identical underlying asset. This resulted in additions to right-of-use assets of $4,000. The additions to remaining right-of-use assets of $92,000 relates to new leases of assets during the year.

Lease liabilities

	Group 2019 $'000
Amounts due for settlement within 12 months (shown under current liabilities)	63
Amounts due for settlement after 12 months	52
	115
Maturity analysis:	
Not later than 1 year	63
Later than 1 year and not later than 5 years	52
	115

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

13 LEASES (GROUP AS A LESSEE) (CONT'D)

Lease liabilities (cont'd)

	Company 2019 $'000
Amounts due for settlement within 12 months (shown under current liabilities)	**907**
Amounts due for settlement after 12 months	**153**
	1,060
Maturity analysis:	
Not later than 1 year	**907**
Later than 1 year and not later than 5 years	**153**
	1,060

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Amounts recognised in profit or loss

	Note	Group 2019 $'000
From 1 January 2019		
Depreciation expense on right-of-use assets	32	**26**
Interest expense on lease liabilities	30	**2**
Expense relating to short-term leases	32	**293**
Before 1 January 2019		
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases		300

At 31 December 2019, the Group is committed to $25,000 for short-term leases.

None of the leases in which the Group is the lessee contain variable lease payment terms. The total cash outflow for leases amount to $25,000 during the year.

At 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2018 $'000
Within one year	219
In the second to fifth years inclusive	181
	400

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

14 INVESTMENT PROPERTIES

	Note	Completed investment properties $'000	Investment properties under redevelopment $'000	Total $'000
Group				
At 1 January 2019		**1,742,662**	**–**	**1,742,662**
Exchange differences on consolidation		**(8,724)**	**–**	**(8,724)**
Development costs		**6,920**	**–**	**6,920**
Net gain from fair value adjustments	31	**33,307**	**–**	**33,307**
Property transferred from development properties following change in use	10	**1,873**	**–**	**1,873**
Property reclassified from property, plant and equipment	12	**2,130**	**–**	**2,130**
At 31 December 2019		**1,778,168**	**–**	**1,778,168**
At 1 January 2018		1,106,736	485,951	1,592,687
Exchange differences on consolidation		(13,286)	–	(13,286)
Development costs		338	91,843	92,181
Net gain from fair value adjustments	31	13,481	99,639	113,120
Property reclassified as held for sale	11	(42,040)	–	(42,040)
Property reclassified as completed investment properties		677,433	(677,433)	–
At 31 December 2018		1,742,662	–	1,742,662
Company				
At 31 December 2019		**498**	**–**	**498**
At 31 December 2018		498	–	498

	Group	
	2019 $'000	2018 $'000
Represented by:		
Completed investment properties in Singapore	**1,532,690**	1,510,023
Completed investment properties in Australia	**231,468**	226,382
Completed investment properties in China	**14,010**	6,257
	1,778,168	1,742,662

Fair value adjustments

The Group's investment properties are stated at fair value as at 31 December 2019 and 2018, based on valuation carried out by independent professional valuers, who have the appropriate qualification and experience in the location and category of the properties being valued. Based on these valuations, a net fair value gain amounting to $33,307,000 (2018: a net fair value gain amounting to $113,120,000) was recognised in profit or loss [Note 31].

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2019 and 2018, the fair value measurement of the Group's investment properties is classified within Level 3 of the fair value hierarchy. There were no transfers between different levels.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

14 INVESTMENT PROPERTIES (CONT'D)

Fair value adjustments (cont'd)

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2019 and 2018 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2019			
Singapore			
Robinson Point[a] 39 Robinson Road Singapore	Comparison Method	Price per square metre of lettable area[1]	$26,200 -$30,900
	Income Method	Net income margin*[1] Capitalisation rate[2]	75% to 85% 3.0% to 3.5%
The Oxley[a] 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Comparison Method	Price per square metre of strata floor area[1]	$22,500 -$35,600
	Income Method	Net income margin*[1] Capitalisation rate[2]	70% to 80% 3.0% to 3.5%
L&Y Building[b] #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	$6,300 – $7,500 $6,400 – $7,500 (ground floor)
Far East Finance Building[c] #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	$9,700 – $35,600
Link@896[d] 896 Dunearn Road Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	Retail: $27,000 – $37,700 Office: $13,000 – $20,400
18 Robinson[c] 18 Robinson Road Singapore	Capitalisation Method	Capitalisation rate[2]	3.1%
	Discounted Cash Flow Method	Discount rate[2] Terminal yield rate[2]	6.5% 3.35%
	Direct Comparison Method	Price per square metre of lettable area[1]	$23,600 – $30,900
Australia			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[e]	Capitalisation Method	Capitalisation rate[2]	7.75%
	Discounted Cash Flow Method	Discount rate[2] Terminal yield rate[2]	8.00% – 8.50% 7.75% – 8.25%
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[e]	Capitalisation Method	Capitalisation rate[2]	Retail: 5.00% Carpark: 5.25%
	Discounted Cash Flow Method	Discount rate[2]	Retail: 6.00% – 6.50% Carpark: 6.50% – 7.00%
		Terminal yield rate[2]	Retail: 5.25% – 5.75% Carpark: 5.25% – 5.75%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

14 INVESTMENT PROPERTIES (CONT'D)

Fair value adjustments (cont'd)

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
China			
No. 2950 ChunShen Road Shanghai, China[f]	Direct Comparison Method	Price per square metre of gross floor area[1]	\$3,000 – \$3,800
	Income Method	Capitalisation rate[2] Net income margin*[1]	6.00% 80%
6 shop units and basement commercial spaces within Lakeside Ville Phase III, Qingpu District, Shanghai, China[g]	Direct Comparison Method	Price per square metre of gross floor area[1]	\$5,800 – \$6,500 \$880 – \$1,270 (basement)
	Income Method	Capitalisation rate[2] Net income margin*[1]	6.00% 75% – 80%
Underground Carpark at Lane 558, Baochun Road, Minhang District, Shanghai, China[h]	Direct Comparison Method	Sale price per car park lot	\$47,300 – \$49,510
2018			
Singapore			
Robinson Point[a] 39 Robinson Road Singapore	Comparison Method	Price per square metre of lettable area[1]	\$26,900 – \$32,600
	Income Method	Net income margin*[1] Capitalisation rate[2]	75% – 85% 3.0% – 3.65%
The Oxley[a] 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Comparison Method	Price per square metre of strata floor area[1]	\$21,100 – \$37,300
	Income Method	Net income margin*[1] Capitalisation rate[2]	75% – 85% 3.00% – 3.65%
L&Y Building[b] #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	\$5,600 – \$13,000 \$7,500 – \$13,000 (ground floor)
Far East Finance Building[c] #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	\$26,300 – \$37,200
Link@896[d] 896 Dunearn Road Singapore	Direct Comparison Method	Price per square metre of strata floor area[1]	Retail: \$13,600 – \$47,100 Office: \$12,100 – \$20,400
18 Robinson[e] 18 Robinson Road Singapore	Capitalisation Method	Capitalisation rate[2]	3.00%
	Discounted Cash Flow Method	Discount rate[2]	6.25% – 7.25%
	Direct Comparison Method	Price per square metre of lettable area[1]	\$19,500 – \$32,600

NOTES TO THE FINANCIAL STATEMENTS

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14 INVESTMENT PROPERTIES (CONT'D)

Fair value adjustments (cont'd)

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
Australia			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[(e)]	Capitalisation Method	Capitalisation rate[(2)]	8.50%
	Discounted Cash Flow Method	Discount rate[(2)] Terminal yield rate[(2)]	8.50% – 9.00% 8.50% – 9.00%
	Direct Comparison	Land sale per square metre[(1)]	$3,100 – $8,300
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[(e)]	Capitalisation Method	Capitalisation rate[(2)]	Retail: 5.00% Carpark: 5.50%
	Discounted Cash Flow Method	Discount rate[(2)]	Retail: 6.75% – 7.25% Carpark: 7.00% – 7.50%
		Terminal yield rate[(2)]	Retail: 5.25% – 5.75% Carpark: 5.75% – 6.25%
China			
No. 2950 ChunShen Road Shanghai, China[(f)]	Direct Comparison Method	Price per square metre of gross floor area[(1)]	$5,100 – $5,300
	Income Method	Capitalisation rate[(2)] Net income margin*[(1)]	8.00% 70% – 75%

Notes:

* Net income margin – net property income/annual gross rental income.

\# Total development cost includes construction cost, professional fees, interest cost, land holding cost and other development related cost.

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

(a) The property valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer, for the two years.

(b) The property valuation was performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, for the two years.

(c) The property valuation was performed by Savills Valuation and Professional Services (S) Pte Ltd. The 2018 valuation was performed by CBRE Pte. Ltd.

(d) The property valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd for three consecutive years.

(e) The valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd for three consecutive years.

(f) The property valuation was performed by Shanghai Orient Real Estate Appraisal Co. Ltd. The 2018 valuation was performed by Shanghai Shenjia Real Estate Appraisal Co. Ltd.

(g) The property valuation was performed by Shanghai Orient Real Estate Appraisal Co. Ltd.. Following the change in use of the leasehold properties within Lakeside Ville Phase III which were previously held for sale in China, there has been a transfer of leasehold properties from development properties (Note 10) to investment properties during the year.

(h) The property valuation was performed by Shanghai Orient Real Estate Appraisal Co. Ltd. Following the change in use of the leasehold properties which were previously held for sale in China, there has been a transfer of leasehold properties from development properties (Note 10) to investment properties during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

14 INVESTMENT PROPERTIES (CONT'D)

Operating lease disclosure

During the year, rental income from the Group's investment properties which were all leased under operating leases amounted to $41,033,000 (2018: $39,231,000) [Note 28]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $13,357,000 (2018: $8,844,000). Information on operating lease commitments is disclosed in Note 38 to the financial statements.

Details of collateral

As at 31 December 2019, investment properties amounting to $1,764,158,000 (2018: $1,778,445,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 18 to the financial statements.

List of completed investment properties

The carrying amounts of completed investment properties held by the Group as at 31 December 2019 and 2018 are as follows:

Name of Property	Description	Tenure	Strata floor area (sq m)	Group's effective equity interest	31 December 2019 $'000	31 December 2018 $'000
Singapore						
Robinson Point 39 Robinson Road Singapore	A 21-storey commercial building with 3-levels of carpark	Freehold	15,724	100%	**374,400**	368,000
The Oxley 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	3 floors of commercial space within a 10-storey building including residential units	Freehold	2,770	100%	**64,700**	64,000
L&Y Building #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	3 out of a total of 24 strata units of a 5-storey industrial building	999 years from 1885	2,285	100%	**14,090**	14,090
Far East Finance Building #11-01/02 14 Robinson Road Singapore	1 strata unit (floor) within a 13-storey commercial building and a basement	999 years from 1884	402	100%	**10,000**	10,000
Link@896 896 Dunearn Road Singapore	A 5-storey commercial building with covered and surface carpark	Estate in Fee Simple (Lot 1182K), Estate in Fee Simple and 999 years from 7 May 1879 (Lot 1185L), Estate in Perpetuity (Lot 99907P), 999 years from 7 May 1879 (Lot 99891X)	23,500	100%	**388,000**	376,500

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31 DECEMBER 2019

14 INVESTMENT PROPERTIES (CONT'D)

List of completed investment properties (cont'd)

Name of Property	Description	Tenure	Strata floor area (sq m)	Group's effective equity interest	31 December 2019 $'000	31 December 2018 $'000
18 Robinson[1] 18 Robinson Road Singapore	A 28-storey commercial building comprising office tower, retail podium, sky terrace and an automated guided vehicular car parking system	999-years from 1884 & 1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P) 99-years from 2013 (Lots 485M, 488P)	24,086	100%	**681,500**	677,433
					1,532,690	1,510,023

[1] The building for 18 Robinson was physically completed during the year ended 31 December 2018.

Name of property	Description	Tenure	Lettable floor area (sq m)	Group's effective equity interest	31 December 2019 A$'000[1]	31 December 2018 A$'000[1]	31 December 2019 S$'000	31 December 2018 S$'000
Australia								
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex	4 Collins St. retail shops consisting of 2 floors each, a bar & function room. A further 7 retail areas in and around Russell St. with 4-levels of basement car park	Freehold	3,024	100%	**155,400**	147,400	**145,734**	143,509
Fortescue Centre & Carpark (being part of the Perth Hyatt Regency complex)	A 3-level commercial building and plaza level shops and suites with 2-levels of basement car park	Freehold	23,557	100%	**91,420**	85,120	**85,734**	82,873
					246,820	232,520	**231,468**	226,382

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31 DECEMBER 2019

14 INVESTMENT PROPERTIES (CONT'D)

List of completed investment properties (cont'd)

Name of property	Description	Tenure	Gross Floor floor area (sq m)	Group's effective equity interest	31 December 2019 RMB'000[1]	31 December 2018 RMB'000[1]	31 December 2019 S$'000	31 December 2018 S$'000
China								
No. 2950 ChunShen Road Shanghai, China	A 3-storey commercial building	58 years from 2008	2,170	100%	**31,960**	31,520	**6,181**	6,257
Lakeside Ville Phase III Qingpu district Shanghai, China	6 shop units and basement commercial spaces	70 years from 1997	3,896	100%	**26,730**	–	**5,170**	–
Lane 558, Baochun Road, Minhang district, Shanghai, China	Underground carpark	60 years from 2005	2,403	100%	**13,750**	–	**2,659**	–
					72,440	31,520	**14,010**	6,257

[1] Figures in A$ and RMB are for information only.

During the year ended 31 December 2018, interest costs capitalised was $6,232,000 at effective interest rate of 3.0% per annum) [Note 30].

15 INVESTMENTS IN SUBSIDIARIES

	Company 31 December 2019 $'000	Company 31 December 2018 $'000
Quoted shares, at cost	**115,976**	115,976
Unquoted shares, at cost	**585,027**	583,226
Loan to a subsidiary	**80,000**	79,877
Deemed investment arising from financial guarantees	**95,939**	74,005
	876,942	853,084
Less: Allowance for impairment	**(116,182)**	(119,284)
	760,760	733,800
Fair value of investment in a subsidiary for which there are published price quotations	**14,214**	12,666

Details of the Company's significant subsidiaries are disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Financial guarantees

The Company provided guarantees to banks for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with SFRS(I) 9 *Financial Instruments: Recognition and Measurement*. The deemed income is amortised over the period of the guarantees. The unamortised financial guarantee fee of $22,730,000 (2018: $10,649,000) is disclosed under the Company's non-trade payables in [Note 19] to the financial statements. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be additional investment in subsidiaries.

Movements in allowance for impairment

	Company	
	2019 $'000	2018 $'000
Allowance for impairment		
At 1 January	**(119,284)**	(123,114)
Allowance for impairment	**(873)**	(3,301)
Reversal of impairment	**3,975**	1,000
Write-off of impairment	**–**	6,131
	3,102	3,830
At 31 December	**(116,182)**	(119,284)

During the year, impairment loss amounting to $873,000 (2018: $3,301,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts after taking into account the current financial position of the subsidiaries. In addition, there was a reversal of impairment amounting to $3,975,000 (2018: $1,000,000) in relation to certain subsidiaries due to increase in their recoverable amounts.

Loan to a subsidiary

Loan to a subsidiary refers to unsecured advances which have no fixed terms of repayment and are not expected to be repaid in the next 12 months. These advances bear interest rate at 6.1% per annum (2018: 6.5% per annum).

Wholly-owned subsidiaries

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2019 and 2018 is as follows:

		Number of wholly-owned Subsidiaries	
Principal activity	**Country of incorporation and operation**	**2019**	**2018**
Development of properties for sale, property investment and provision of property management services.	Singapore, China, Australia and Indonesia	**36**	29
Investment in hotels in Australia	Australia	**4**	4
Investment holding: Owning investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a Retailer of golf-related products.	Singapore, China and Malaysia	**3**	3
		43	36

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15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-wholly owned subsidiaries

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2019 and 2018 is as follows:

Principal activity	Country of incorporation and operation	Number of non-wholly owned subsidiaries 2019	2018
Trading and marketing of selected industrial commodities	Singapore and Malaysia	**9**	9
Property development	Singapore, Hong Kong, Indonesia	**6**	6
Manufacture and sale of polypropylene woven bags	Malaysia	**1**	1
		16	16

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group is disclosed below:

Name of subsidiary	Country of incorporation and principal place of business	Effective equity interest & voting power held by non-controlling interests 2019	2018	Net profit allocated to non-controlling interests 2019 $'000	2018 $'000 (Restated)	Accumulated non-controlling interests 2019 $'000	2018 $'000 (Restated)
SP Corporation Limited and its subsidiaries	Various	**19.8%**	19.8%	**496**	376	**11,043**	10,587
TSRC Novena Pte. Ltd.	Singapore	**30%**	30%	**(929)**	(355)	**(684)**	245
Goodworth Investment Pte Ltd, Splendourland Pte Ltd, PT Goodworth Investments	Singapore & Indonesia	**10%**	10%	**(98)**	(42)	**3,278**	3,364
Individually immaterial subsidiaries with non-controlling interests	Various			**(3)**	(86)	**473**	476
				(534)	(107)	**14,110**	14,672

The summarised financial information of SP Corporation Limited and its subsidiaries on a 100% basis is set out below:

	2019 $'000	2018 $'000
Current assets	**54,711**	67,520
Non-current assets	**9,467**	208
Current liabilities	**(8,378)**	(14,236)
Non-current liabilities	**(54)**	(49)
Equity attributable to owners	**55,746**	53,443
Revenue for the year	**93,076**	136,379
Net profit for the year	**2,503**	1,898

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16 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Unquoted equity shares, at cost	**87,127**	87,127
Exchange differences on consolidation	**2,034**	3,546
Share of post-acquisition results and reserves, net of dividends and distributions received	**48,702**	27,241
	137,863	117,914

Equity accounted investees

The Group equity accounted for Gul Technologies Singapore Pte Ltd ("GulTech"), Pan-West (Private) Limited ("Pan-West") and Sanya Summer Real Estate Co. Ltd ("SSRE"). In September 2018, the Group acquired 7.8% equity stake in SSRE, a Hainan-based property development company, for RMB75 million ($14.9 million), for which the Group has significant influence over SSRE.

In June 2018, GulTech increased its equity stake in Gultech (Wuxi) Electronics Co., Ltd from 51.0% to 100%. Goodwill of $11,198,000 paid over acquiring additional shares was included in the share of post-acquisition results and reserves. Details of the Group's significant associates are disclosed in Note 42 to the financial statements.

The Group's share of net assets and total comprehensive income of its associates is set out below:

		Group	
	Note	**2019 $'000**	**2018 $'000**
Share of net assets			
At 1 January		**117,914**	93,185
Exchange differences on consolidation		**(1,512)**	(9,337)
Acquisition of investment in an associate		**–**	14,888
Share of total comprehensive income (refer to below)		**21,461**	19,178
At 31 December		**137,863**	117,914
Share of total comprehensive income			
Share of results before fair value adjustments		**21,561**	19,214
Share of fair value loss on financial instruments	31	**(100)**	(36)
Share of total comprehensive income for the year		**21,461**	19,178

Details of asset revaluation reserve and cash flow hedging account are disclosed in Note 26 to the financial statements. Share of capital commitments of GulTech, an equity accounted investee is disclosed in Note 38 to the financial statements.

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16 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONT'D)

GulTech

The summarised financial information of GulTech on a 100% basis is set out below:

	31 December 2019 US$'000[1]	31 December 2018 US$'000[1]	31 December 2019 S$'000	31 December 2018 S$'000
Current assets	**210,867**	186,863	**285,893**	255,835
Non-current assets	**143,493**	149,857	**194,548**	205,169
Current liabilities	**(147,404)**	(166,361)	**(199,850)**	(227,765)
Non-current liabilities	**(2,154)**	(1,082)	**(2,921)**	(1,481)
Equity attributable to owners	**204,802**	169,277	**277,670**	231,758
Revenue for the year	**316,261**	337,655	**431,506**	455,361
Net profit for the year	**35,524**	32,339	**48,469**	43,612

1 Figures in US$ are for information.

SSRE

The summarised financial information of Sanya Summer Real Estate on a 100% basis is set out below:

	31 December 2019 RMB'000[1]	31 December 2018 RMB'000[1]	31 December 2019 S$'000	31 December 2018 S$'000
Current assets	**769,452**	179,353	**148,812**	35,599
Non-current assets	**521**	477,282	**101**	94,734
Current liabilities	**(100,759)**	(424)	**(19,487)**	(84)
Non-current liabilities	**(105,988)**	(100,000)	**(20,498)**	(19,848)
Equity attributable to owners	**563,226**	556,211	**108,928**	110,401
Net loss for the year	**(6,284)**	(13,318)	**(1,242)**	(2,713)

1 Figures in RMB are for information.

Pan-West

The Group had recognised its share of losses of $4,998,000 (2018: $5,344,000) [Note 19] being the corporate guarantees given to certain banks in exchange for bank facilities granted to Pan-West and its subsidiary. Other than the aforementioned corporate guarantees, the Group had no other commitments in relation to Pan-West.

The Group has ceased recognising Pan-West's losses after the Group's share of Pan-West's accumulated losses exceeded the Group's cost of investment. Accordingly, the Group's nominal additional share of accumulated losses of Pan-West amounting to $8,398,000 (2018: $7,312,000) as at the end of the year was not recognised.

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17 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Investment in equity instrument designated at FVTOCI:		
Unquoted equity shares	**30,916**	–

The investment in unquoted equity investment represent a 2.26% investment in an investment holding company which owns a subsidiary in the property development business. The investee is a related party which is controlled by the majority shareholder of the Group. The fair value of the investment as at 31 December 2019 was determined by reference to the fair value of the underlying assets and the valuation was carried out by an independent valuer.

The investment is held for long-term strategic purpose and is not held for trading. Accordingly, management has elected to designate the investment as at FVTOCI as the management believes that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

18 LOANS AND BORROWINGS

	Group		Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Short-term borrowings				
Bank loans	**126,175**	804,293	**–**	–
Notes issued under unsecured MTN Programme	**149,763**	79,877	**149,763**	79,877
Bills payable	**5,124**	–	**–**	–
	281,062	884,170	**149,763**	79,877
Long-term borrowings				
Bank loans	**1,231,927**	597,068	**–**	–
Notes issued under secured MTN Programme	**198,343**	–	**–**	–
Notes issued under unsecured MTN Programme	**–**	149,203	**–**	149,203
	1,430,270	746,271	**–**	149,203
Total borrowings	**1,711,332**	1,630,441	**149,763**	229,080
Represented by:				
Interest-bearing liabilities	**1,719,063**	1,633,675	**150,000**	230,000
Capitalised interest costs	**(7,731)**	(3,234)	**(237)**	(920)
	1,711,332	1,630,441	**149,763**	229,080
Security profile				
Secured borrowings				
Current	**131,299**	804,293	**–**	–
Non-current	**1,430,270**	597,068	**–**	–
	1,561,569	1,401,361	**–**	–
Unsecured borrowings				
Current	**149,763**	79,877	**149,763**	79,877
Non-current	**–**	149,203	**–**	149,203
	149,763	229,080	**149,763**	229,080
Total borrowings	**1,711,332**	1,630,441	**149,763**	229,080

NOTES TO THE FINANCIAL STATEMENTS

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18 LOANS AND BORROWINGS (CONTD)

Multicurrency Medium Term Note Programme

The Company has in place a S$900 million Multicurrency Medium Term Note Programme ("MTN Programme") under which it can issue notes in series or tranches and may be denominated in Singapore Dollars or other currency deemed appropriate at the time.

Series I of S$80 million were issued on 14 October 2014. They are of five years duration, unsecured, bore a fixed interest rate of 4.50% per annum payable semi-annually in arrear and had matured and been redeemed on 14 October 2019. Series II of S$150 million were issued on 5 June 2017. They are of three years duration, unsecured, bear a fixed interest rate of 6.00% per annum payable semi-annually in arrear and will mature on 5 June 2020. At the end of the reporting period, the fair value of the Notes approximate their respective carrying amounts.

The Company's wholly owned subsidiary, Superluck Properties Pte Ltd ("Superluck"), has on 13 October 2019, established a S$500 million secured multicurrency medium term note programme, unconditionally and irrevocably guaranteed by the Company. Superluck has issued Series I of S$200 million on 18 October 2019. They are of three years duration, secured, bear a fixed rate of 2.80% per annum payable semi-annually in arrear and will mature on 18 October 2022. At the end of the reporting period, the fair value of the secured notes approximate their respective carrying amounts.

Details of collateral

Loans and borrowings from banks were secured over the Group's cash and bank balances [Note 5], trade and other receivables [Note 6], inventories [Note 9], development properties [Note 10], property, plant and equipment [Note 12], investment properties [Note 14] and covered by corporate guarantees [Note 39].

Interest rate profile

	Group		Company	
	31 December 2019 $'000	**31 December 2018 $'000**	**31 December 2019 $'000**	**31 December 2018 $'000**
Security profile				
Loans and borrowings				
Fixed rate	**348,106**	229,080	**149,763**	229,080
Variable rate	**1,363,226**	1,401,361	**–**	–
	1,711,332	1,630,441	**149,763**	229,080

The Group's exposure to fair value interest rate risk as at 31 December 2019 is disclosed in Note 40(b) to the financial statements.

Fair value

The fair value of the current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period because they are short term in nature. The fair value of the non-current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period. Further details regarding foreign currency denomination and maturity dates, contractual and effective interest rates are disclosed in Notes 40(a) and 40(d) respectively to the financial statements.

Loan maturity profile

The non-current borrowings are generally repayable from 11 January 2021 to 25 March 2024 (2018: 31 May 2019 to 11 September 2026). Information relating to the maturity profile of the Group's loans and borrowings is disclosed in Note 40(d) to the financial statements.

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18 LOANS AND BORROWINGS (CONTD)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2019 (restated) $'000	Financing cash flow (i) $'000	New lease liabilities $'000	Foreign exchange movement $'000	Other changes (ii) $'000	31 December 2019 $'000
Group						
Bank loans	**1,630,441**	**98,062**	**–**	**(12,717)**	**(4,454)**	**1,711,332**
Lease liabilities	**42**	**(25)**	**96**	**–**	**2**	**115**

	1 January 2018 $'000	Financing cash flow (i) $'000	New lease liabilities $'000	Foreign exchange movement $'000	Other changes (ii) $'000	31 December 2018 $'000
Group						
Bank loans	1,458,120	191,659	(20,107)	–	769	1,630,441

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments.

19 TRADE AND OTHER PAYABLES

		Group		Company	
	Note	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Trade					
Trade payables		**15,466**	33,482	**–**	224
Amounts due to related parties	21	**668**	5,934	**–**	–
		16,134	39,416	**–**	224
Non-trade					
Other creditors		**30,901**	26,640	**828**	329
Other provisions		**4,559**	4,726	**–**	–
Advanced billings		**10,362**	7,168	**–**	–
Accrued operating expenses		**36,170**	34,997	**4,200**	3,576
Accrued interest expenses		**6,676**	2,801	**666**	1,445
Financial guarantees to subsidiaries	15	**–**	–	**22,730**	10,649
Amounts due to related parties	21	**4,592**	9,750	**3,250**	8,350
		109,394	125,498	**31,674**	24,573
Less: Non-current portion		**(349)**	(373)	**–**	–
Current portion		**109,045**	125,125	**31,674**	24,573

The Group is granted various credit terms on its purchases from its large number of suppliers who are geographically dispersed. Trade payables are generally on 7 to 90 days (2018: 7 to 90 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [Note 40(d)].

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19 TRADE AND OTHER PAYABLES (CONT'D)

Included in other creditors is a financial guarantee of $4,998,000 (2018: $5,344,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary.

The carrying amount of trade and other payables approximate their fair values at the end of the reporting periods. Further details regarding the contractual and effective interest rates, maturity dates and foreign currency denomination are disclosed in Note 40 to the financial statements.

20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	31 December 2019 $'000	**31 December 2018 $'000**
Amounts due from subsidiaries – non-trade	**402,402**	424,576
Less: Allowance for impairment	**(24,253)**	(24,264)
	378,149	400,312
Amounts due to subsidiaries – non-trade	**(401,438)**	(308,288)

Movements in allowance for impairment

	Company	
	31 December 2019 $'000	**31 December 2018 $'000**
Movement in allowance for impairment		
At 1 January	**(24,264)**	(25,050)
Allowance made	**(713)**	(1,118)
Allowance written back	**724**	1,904
At 31 December	**(24,253)**	(24,264)

Amounts due from/(to) subsidiaries are unsecured and are repayable on demand. Interest is charged at 3.1% (2018: 3.0%) per annum on interest-bearing advances.

For purpose of impairment assessment, amounts due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the amounts due from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management has assessed the expected credit losses to be insignificant other than the amounts provided for.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amounts due from subsidiaries.

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20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Movements in allowance for impairment (cont'd)

During the year, allowance for impairment of $713,000 (2018: $1,118,000) was made for amounts due from a subsidiary. The above assessment is after taking into account the current financial position of the subsidiary, and the allowance was due to decrease in net asset value of the underlying interest as at the reporting date. During the year, allowance written back of $724,000 (2018: $1,904,000) was made for subsidiaries due to an increase in net asset value of the underlying interest as at the reporting date.

21 AMOUNTS DUE FROM/(TO) RELATED PARTIES

		Group		Company	
	Note	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Amounts due from:					
Other related parties					
Other related parties, trade	(a)	**12,374**	21,699	**–**	–
Other related parties, trade (Non-current)	(a)	**9,346**	–	**–**	–
Other related parties, non-trade:					
– Loan to a related party (Non-current)	(b)	**5,087**	–	**–**	–
– Loan to a related party	(c)	**21,500**	20,000	**–**	–
– Refundable trade deposit with other related parties	(d)	**8,135**	8,215	**–**	–
– Others		**1,320**	964	**67**	–
		57,762	50,878	**67**	–
Total		**57,762**	50,878	**67**	–
Presented as:					
Amounts due from related parties, trade	6	**21,720**	21,699	**–**	–
Amounts due from related parties, non-trade	6	**36,042**	29,179	**67**	–
		57,762	50,878	**67**	–
Amounts due to:					
Other related parties					
Other related parties, trade		**(668)**	(5,934)	**–**	–
Other related parties, non-trade	(e)	**(4,592)**	(9,750)	**(3,250)**	(8,350)
		(5,260)	(15,684)	**(3,250)**	(8,350)
Total		**(5,260)**	(15,684)	**(3,250)**	(8,350)
Presented as:					
Amounts due to related parties, trade	19	**(668)**	(5,934)	**–**	–
Amounts due to related parties, non-trade	19	**(4,592)**	(9,750)	**(3,250)**	(8,350)
		(5,260)	(15,684)	**(3,250)**	(8,350)

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21 AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

Amounts due from/(to) other related parties

(a) Included in the trade and other receivables of SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, as at 31 December 2019 were:

(i) An amount of $8.2 million due from a related party, which is secured by two parcels of industrial land and building of the related party in Indonesia valued at approximately $20 million. During the financial year, a repayment agreement was signed by the related party to make quarterly repayments totalling $6.1 million over three years from the end of the reporting period. Accordingly, the amount of $3.9 million which is expected to be repaid after one year from the end of the reporting period has been classified as non-current. The remaining $2.1 million which is not covered under the repayment agreement is expected to be repaid within one year from the end of the reporting period and has been classified as current.

(ii) An amount of $12.1 million due from another related party which had signed a repayment agreement with respect to the past due amounts subsequent to the end of the reporting period, to make quarterly repayments totalling $11.4 million over two years from the end of the reporting period. Management has assessed that the signing of the agreement represents an adjusting event after the end of the reporting period. Accordingly, the amount of $5.4 million expected to be repaid after one year from the end of the reporting period has been classified as non-current. The remaining $0.7 million which is not covered under the repayment agreement is expected to be repaid within one year from the end of the reporting period and has been classified as current. The controlling party of this related party has provided a letter of financial support to the related party over the outstanding amount of $12.1 million. Management has assessed the ECL for this amount to be immaterial.

(b) Loan of $5.0 million to a related party is provided by a wholly-owned subsidiary of the Group, is repayable within two years from the date of disbursement on 8 October 2019 and carries fixed rate of 7.5% per annum. The loan and accrued interest shall be repaid in full on repayment date in cash, or in other repayment method as otherwise agreed between the parties.

(c) Loan to a related party is provided by SP Corp, is repayable within one year from the date of disbursement on 24 September 2018 and carries fixed rate of 7.5% per annum. Upon maturity, the loan and accrued interest totalling $21,500,000 have been extended for another year from 24 September 2019 and carries fixed rate of 7.5% per annum. The loan and all accrued interest shall be repaid in full on the extended repayment date in cash, or in such other repayment method as otherwise agreed between the parties, in which case interest would not apply.

(d) Refundable trade deposit relates to a deposit of US$6,000,000 or equivalent to $8,135,000 (2018: $8,215,000) placed by SP Corp, with a related party which owns a coal mine (Party A) to secure coal allocations. The deposit is secured by a corporate guarantee issued by the immediate holding company of Party A which is also a related party and also owns a coal mine.

The deposit is repayable within one year and subject to annual renewal by mutual agreement between the two parties. It bears an effective interest rate of 6.24% (2018: 6.83%) per annum.

(e) Included in the non-trade amounts due to related parties is an amount payable of $3,250,000 (2018: $8,350,000) to a related party in respect of the acquisition of land in Batam by the Group and the Company in the previous year (Note 10).

The trade and non-trade amounts due from/(to) other related parties were unsecured, interest-free, and repayable on demand unless otherwise stated.

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22 CONTRACT LIABILITIES

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Contract liabilities	**1,536**	593

Contract liability mainly represents amounts of consideration billed to purchasers of the Group's development properties in advance of the stage of completion of construction.

23 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax at the end of the reporting period consists of the following:

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Deferred tax assets and liabilities arising from		
Accelerated tax depreciation compared to accounting depreciation	**140**	106
Deferred development costs	**1,546**	283
Revaluation of properties	**2,827**	1,353
Foreign income not remitted and which will be subject to tax if remitted in the future	**49,630**	47,107
Unutilised tax losses	**(4,793)**	(3,297)
Others	**(592)**	(614)
	48,758	44,938
Represented by:		
Deferred tax assets	**(2,047)**	(2,135)
Deferred tax liabilities	**50,805**	47,073
	48,758	44,938

Deferred tax assets and liabilities are netted off when there is a legally enforceable right to offset and when the deferred income taxes relate to the same tax authorities.

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23 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior reporting periods are as following:

	Note	Accelerated tax depreciation $'000	Deferred development costs $'000	Revaluation of properties $'000	Foreign income not remitted $'000	Unutilised tax losses $'000	Others $'000	Total $'000
Group								
At 1 January 2019		**106**	**283**	**1,353**	**47,107**	**(3,297)**	**(614)**	**44,938**
Exchange differences on consolidation		**–**	**–**	**(68)**	**(1,660)**	**8**	**50**	**(1,670)**
(Credited)/ Charged to profit or loss	33	**34**	**1,263**	**1,542**	**3,177**	**(1,504)**	**(28)**	**4,484**
Charged to other comprehensive income	35	**–**	**–**	**–**	**1,006**	**–**	**–**	**1,006**
At 31 December 2019		**140**	**1,546**	**2,827**	**49,630**	**(4,793)**	**(592)**	**48,758**
At 1 January 2018		221	–	1,366	47,099	(1,630)	(1,525)	45,531
Exchange differences on consolidation		2	–	(41)	(2,429)	(47)	83	(2,432)
Transfer to income tax payable		–	–	–	–	–	(164)	(164)
(Credited)/ Charged to profit or loss	33	(117)	283	28	54	(1,620)	992	(380)
Charged to other comprehensive income	35	–	–	–	2,383	–	–	2,383
At 31 December 2018		106	283	1,353	47,107	(3,297)	(614)	44,938

Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of $40,882,000 (31 December 2018: $42,107,000) on account of a provision made by the Group to recognise the taxable gains on the excess of the fair value of net assets of GHG over the tax cost base of the securities in GHG.

Deferred tax liabilities not recognised

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was $303,000 (31 December 2018: $293,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

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23 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax benefits not recognised

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of $34,996,000 (31 December 2018: $32,966,000) and capital allowances of $5,011,000 (31 December 2018: $3,572,000) which were available for carry forward and set-off against future taxable income. No deferred tax asset has been recognised to the unpredictability of the relevant future profit streams.

24 SHARE CAPITAL

	Group and Company			
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Number of shares ('000)		$'000	$'000
Issued and paid up:				
At 1 January	**1,186,406**	1,186,993	**173,945**	172,514
Issued under Scrip Dividend Scheme	**3,748**	4,446	**1,289**	1,689
Shares bought back and cancelled	**–**	(650)	**–**	(258)
Shares bought back and held as treasury shares	**(3,905)**	(4,383)	**–**	–
At 31 December	**1,186,249**	1,186,406	**175,234**	173,945

The Company has a single class of ordinary shares. All issued shares carry one vote per share and are entitled to receive dividend as and when declared by the Company. The ordinary shares are fully paid and have no par value.

Issue of shares

During the year, the Company allotted and issued 3,748,000 (2018: 4,446,000) ordinary shares at an issue price of 34.4 cents (2018: 38.0 cents) per share to eligible shareholders who have validly elected to participate in the Tuan Sing Scrip Dividend Scheme in respect of the first and final ordinary dividend of 0.6 cent per share for the financial year ended 31 December 2018.

Purchase and cancellation of shares

In the previous year, the Company acquired 650,000 ordinary shares through purchase on the Singapore Exchange under the Share Purchase Mandate approved by its shareholders. The shares purchased were cancelled subsequently.

25 TREASURY SHARES

	Group and Company			
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Number of shares		$'000	$'000
At the beginning of the year	**4,383,400**	–	**1,523**	–
Repurchased during the year	**3,905,000**	4,383,400	**1,432**	1,523
At the end of the year	**8,288,400**	4,383,400	**2,955**	1,523

During the year, the Company acquired 3,905,000 (2018: 4,383,400) of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $1,432,000 (2018: $1,523,000) and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

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26 RESERVES

	Group			Company	
	31 December 2019 $'000	31 December 2018 $'000 (Restated)	1 January 2018 $'000 (Restated)	31 December 2019 $'000	31 December 2018 $'000
Asset revaluation reserve	**142,155**	139,151	133,755	**–**	–
Foreign currency translation account	**(62,652)**	(48,596)	(31,038)	**–**	–
Other capital reserves:					
– Non-distributable capital reserves	**186,295**	157,623	151,434	**101,264**	101,264
– Cash flow hedging account	**(1,371)**	(714)	(772)	**–**	–
	184,924	156,909	150,662	**101,264**	101,264
Revenue reserve	**668,257**	668,471	561,442	**323,341**	324,548
	932,684	915,935	814,821	**424,605**	425,812

Asset revaluation reserve

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of property, plant and equipment which are held for the purpose of production or supply of goods and services.

Foreign currency translation account

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company, i.e. SGD; as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

Other capital reserves

Non-distributable capital reserves comprise mainly capital reduction reserve of the Company, share of reserve of an associate, GulTech and distribution reserve of GHG which is used to record the balance of amounts available for distribution as defined by the Trust Deed.

Cash flow hedging account represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

Revenue reserve

Revenue reserve is used to record the balance of amounts available for distributions as defined by regulatory requirements. This is distributable to shareholders as dividend.

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27 DIVIDEND

	Group and Company	
	31 December 2019 $'000	**31 December 2018 $'000**
Tax-exempt one-tier first and final dividend and special dividend paid in respect of the previous year		
Cash	**9,383**	5,431
Share	**1,289**	1,689
	10,672	7,120

The Directors proposed a tax exempt one-tier first and final dividend of 0.6 cent per share (2018: 0.6 cent per share) with no additional special dividend (2018: additional special dividend of 0.3 cent per share), total amounting to $7,117,000 (2018: $10,678,000), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, to be paid in respect of the financial year ended 31 December 2019.

28 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 4).

A disaggregation of the Group's revenue for the year, is as follows:

		Group	
	Note	**31 December 2019 $'000**	**31 December 2018 $'000**
Segment Revenue			
Revenue from contracts with customers:			
Sale of products		**101,378**	144,816
Sale of development properties		**65,362**	41,251
Hotel operations and related income		**101,238**	109,227
Services rendered		**191**	205
Others		**1,487**	1,378
		269,656	296,877
Rental income from investment properties	14	**41,033**	39,231
		310,689	336,108
At a point of time:			
Sale of products		**101,378**	144,816
Sale of completed development properties		**11,892**	22,238
Hotel operations – food and beverages		**31,008**	33,750
Over time:			
Sale of development properties under construction		**53,470**	19,013
Hotel operations – room sales and other income		**70,230**	75,477
Services rendered		**191**	205
Others		**1,487**	1,378
		269,656	296,877

NOTES TO THE FINANCIAL STATEMENTS

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28 REVENUE (CONT'D)

Revenue represents the invoiced value of goods and services supplied. Included in the Group's revenue from sale of development properties is an amount of $53,470,000 (2018: $19,013,000) whereby the revenue is recognised based on the percentage of completion method.

As at 31 December 2019, the transaction price allocated to performance obligations that are partially satisfied amounted to $27,404,000 (2018: $13,264,000). Management expects that this amount will be recognised as revenue during the next financial period.

29 INTEREST INCOME

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Interest income on bank deposits	**2,237**	3,313
Interest income from debtors	**188**	231
Interest income from related parties	**3,411**	1,682
	5,836	5,226

30 FINANCE COSTS

		Group	
	Note	31 December 2019 $'000	31 December 2018 $'000 (Restated)
Interest expense on loans and borrowings		**55,454**	49,761
Amortisation of capitalised finance costs		**2,869**	1,929
Interest expense on lease liabilities	13	**2**	–
		58,325	51,690
Less: Amounts capitalised – Investment properties	14	**–**	(6,232)
		58,325	45,458

31 FAIR VALUE ADJUSTMENTS

		Group	
	Note	31 December 2019 $'000	31 December 2018 $'000
Fair value gain/(loss) from:			
Subsidiaries		**33,307**	113,120
Share of an equity accounted investee	16	**(100)**	(36)
		33,207	113,084
Represented by:			
Fair value gain/(loss) in respect of:			
– investment properties		**33,307**	113,120
– financial instruments	16	**(100)**	(36)
		33,207	113,084

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31 FAIR VALUE ADJUSTMENTS (CONT'D)

The fair value adjustment is analysed as follows:

		Group		
	Note	Gross $'000	Deferred tax $'000	Net $'000
31 December 2019				
Fair value gain on investment properties				
Subsidiaries	14	**33,307**	**(4,297)**	**29,010**
Fair value loss on financial instruments				
Share of an equity accounted investee	16	**(100)**	**–**	**(100)**
		33,207	**(4,297)**	**28,910**
31 December 2018				
Fair value gain on investment properties				
Subsidiaries	14	113,120	(1,219)	111,901
Fair value loss on financial instruments				
Share of an equity accounted investee	16	(36)	–	(36)
		113,084	(1,219)	111,865

32 PROFIT BEFORE TAX

Other than as disclosed elsewhere in these financial statements, profit before tax for the year has been arrived at after charging/(crediting) the following:

	Group	
	31 December 2019 $'000	31 December 2018 $'000 (Restated)
Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses]	**8,024**	7,916
Depreciation of right-of-use assets [included in cost of sales, distribution costs, administrative expenses and other operating expenses]	**26**	–
Net loss on disposal of property, plant and equipment [included in other operating expenses]	**14**	36
Write-back of allowance for diminution in value for development properties, net [included in other operating (income)/expenses/cost of sales]	**(328)**	(842)
(Write-back) of allowance/Allowance for doubtful trade and other receivables, net [included in other operating (income)/expenses]	**(53)**	525
Bad debts written off [included in other operating expenses]	**429**	–

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32 PROFIT BEFORE TAX (CONT'D)

	Group	
	31 December 2019 $'000	**31 December 2018 $'000 (Restated)**
Foreign exchange loss, net [included in other operating expenses]	**334**	92
Expenses relating to short term leases [included in cost of sales, distribution costs, administrative expenses and other operating expenses]	**293**	–
Net loss on disposal of an investment property (Note 11) [included in other operating expenses]	**48**	–
Write-back of recognised corporate guarantee no longer required [included in other operating income]	**(346)**	(64)
Cost of inventories recognised as an expense	**98,389**	141,288
Net gain on disposal of a subsidiary (Note 37) [included in other operating income]	**–**	(3,893)
Auditors' remuneration		
Audit fees:		
– Auditors of the Company	**380**	328
– Other auditors	**233**	196
Non-audit fees:		
– Auditors of the Company	**177**	105
– Other auditors	**4**	23
Directors' remuneration		
Of the Company:		
– Salaries and wages	**1,988**	1,886
Of the subsidiaries:		
– Salaries and wages	**1,042**	1,066
– Defined contribution plans	**26**	24
	3,056	2,976
Employees benefit expenses (excluding Directors' remuneration)		
– Salaries and wages	**13,897**	11,943
– Defined contribution plans	**1,115**	1,044
– Others	**74**	74
	15,086	13,061

The Audit and Risk Committee has reviewed the non-audit services provided by the auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the auditors.

NOTES TO THE FINANCIAL STATEMENTS

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33 INCOME TAX EXPENSES

		Group	
	Note	31 December 2019 $'000	31 December 2018 $'000 (Restated)
Current income tax:			
– Singapore		**1,467**	1,146
– Foreign		**2,420**	2,093
– Underprovision in prior years		**918**	1,254
		4,805	4,493
Withholding tax expense		**70**	65
Deferred tax	23	**4,484**	(380)
		9,359	4,178

Singapore income tax is calculated at 17% (2018: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	31 December 2019 $'000	31 December 2018 $'000 (Restated)
Profit before income tax	**42,038**	135,608
Income tax calculated at 17% (2018: 17%)	**7,146**	23,053
Adjustments:		
Share of results of an equity-accounted investee	**(3,665)**	(3,266)
Expenses not deductible for tax purposes	**4,243**	3,483
Tax losses not recognised as deferred tax assets	**681**	694
Tax losses not available for set-off against future income	**3,351**	2,170
Different tax rates of subsidiaries operating in other jurisdictions	**2,945**	1,137
Income that is not subject to tax	**(6,110)**	(23,554)
Utilisation of tax losses and capital allowance previously not recognised	**(143)**	(588)
Underprovision in prior years	**918**	1,254
Withholding tax expense	**70**	65
Others	**(77)**	(270)
	9,359	4,178

NOTES TO THE FINANCIAL STATEMENTS

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34 EARNINGS PER SHARE

Analysis of the Group's profit from operations and fair value adjustments are as follows:

		Group		
	Note	Before fair value adjustments $'000	Fair value adjustments $'000	After fair value adjustments $'000
31 December 2019				
Profit before tax		**8,831**	**33,207**	**42,038**
Income tax expenses	31, 33	**(5,062)**	**(4,297)**	**(9,359)**
Profit for the year		**3,769**	**28,910**	**32,679**
Less:				
Non-controlling interests		**(534)**	**–**	**(534)**
Profit attributable to owners of the Company		**4,303**	**28,910**	**33,213**
31 December 2018 (Restated)				
Profit before tax		22,524	113,084	135,608
Income tax expenses	31, 33	(2,959)	(1,219)	(4,178)
Profit for the year		19,565	111,865	131,430
Less:				
Non-controlling interests		(107)	–	(107)
Profit attributable to owners of the Company		19,672	111,865	131,537

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	31 December 2019 $'000	31 December 2018 $'000 (Restated)
Profit attributable to owners of the Company		
Before fair value adjustments	**4,303**	19,672
Fair value adjustments	**28,910**	111,865
After fair value adjustments	**33,213**	131,537
Basic and diluted earnings per share (cents)		
Including fair value adjustments	**2.8**	11.1
Excluding fair value adjustments	**0.4**	1.7
Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share	**1,186,095**	1,188,806

There is no dilutive ordinary share in 2019 and 2018.

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35 OTHER COMPREHENSIVE INCOME

	Note	Group		
		Before tax $'000	Deferred tax $'000	After tax $'000
2019				
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of properties	12	**4,292**	**(1,288)**	**3,004**
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**(12,953)**	**–**	**(12,953)**
Share of exchange differences on translation of equity accounted investees		**(1,131)**	**–**	**(1,131)**
Cash flow hedges		**(939)**	**282**	**(657)**
		(10,731)	**(1,006)**	**(11,737)**
2018				
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of properties	12	7,754	(2,358)	5,396
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(19,278)	–	(19,278)
Share of exchange differences on translation of an equity accounted investee		1,866	–	1,866
Cash flow hedges		82	(25)	57
		(9,576)	(2,383)	(11,959)

During the year, the Group entered into certain interest rate swap contracts to hedge its interest rate risk exposures. Derivatives that are designated and effective as hedging instruments are carried at fair value.

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Derivatives that are designated and effective as hedging instruments carried at fair value	**939**	–

The Group used interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with notional principal amount of A$177 million have fixed interest payments at a weighted average fixed rate of 1.19% per annum for periods up until January 2022 and have a floating interest rate of 3-month Bank Bill Swap Bid Rate.

All of the Group's interest rate swaps are designated and effective as cash flow hedges and the fair value change of these interest rate swaps, amounting to $939,000 (2018: $82,000) has been recognised in other comprehensive income during the year.

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35 OTHER COMPREHENSIVE INCOME (CONT'D)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting year:

Group	Average contracted fixed interest rate		Notional principal amount		Fair value	
	31 December 2019 per annum	31 December 2018 per annum	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
3 month	1.19%	–	165,991	–	939	–

36 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with the major shareholder, associates and the Directors of the Company and their associates:

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Transactions with major shareholder		
Sale of products and services rendered	**16,190**	42,878
Sale of a completed development property	**–**	7,745
Rental income	**1,905**	1,909
Interest income	**3,411**	926
Purchase of products	**(78,496)**	(95,390)
Transactions with associates		
Management fee income	**180**	180
Interest income	**–**	756
Transactions with Directors of the Company and their associates		
MTN interest expense	**(158)**	(173)

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related party transactions with major shareholder refer to transactions with the companies in which the shareholders of Nuri and their family members have a controlling interest in. The related party transactions are entered into in the normal course of business based on terms agreed between the parties.

One of the Group's subsidiary, SP Resources International Pte Ltd, is reliant on two related parties for the supply of 100% (2018: 100%) of its coal. The Group supplies 100% (2018: 100%) of its rubber products to one customer (2018: one customer) who is a related party. Sales to this related party for the financial year ended 31 December 2019 amounted to $8,260,000 (2018: $31,346,000).

At the end of the reporting year, the Group had commitments to lease certain commercial properties to Nuri and a related party of the Group. These non-cancellable operating leases had remaining lease terms of 2 months to 91 months (2018: 2 months to 103 months). Future minimum lease receivables under these leases not recognised as receivables at the end of each reporting period were as follows:

Commitment with related parties

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Commitment with major shareholder		
Operating leases:		
– Within one year	**630**	648
– After one year but not more than five years	**1,615**	1,568
– After five years	**1,147**	1,405
	3,392	3,621

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Remuneration of Directors and key management personnel

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Short-term benefits and fees	**2,776**	2,997
Post-employment benefits (defined contribution plan)	**26**	30
	2,802	3,027

37 DISPOSAL/ACQUISITION OF A SUBSIDIARY

Disposal of a subsidiary

On 14 March 2018, the Group disposed its wholly-owned subsidiary, Qingdao Shenyang Property Co., Ltd ("Qingdao Shenyang"), China. Details of the disposal are as follows:

Carrying amount of net assets over which control was lost:

	Group 31 December 2018 $'000
Current assets	
Development properties	12,121
Other receivables	4,962
Total current assets	17,083
Current liabilities	
Other payables	(12)
Total current liabilities	(12)
Net assets	17,071
Consideration	
Cash	16,547
Deposit received in prior year	4,294
Deferred consideration	496
Total consideration	21,337
Gain on disposal (Note 32)	
Consideration received/receivable	21,337
Transaction costs	(1,193)
Net assets derecognised	(17,071)
Cumulative exchange differences in respect of the net assets of the Subsidiary reclassified from equity on loss of control of subsidiary	820
	3,893
Net cash inflow arising on disposal	
Cash consideration received	16,547

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37 DISPOSAL/ACQUISITION OF A SUBSIDIARY (CONT'D)

Acquisition of subsidiaries

(a) On 8 April 2019, the Group completed the acquisition of the entire issued share capital of PT Titian Damai Mandiri ("TDM") for a cash consideration of S$5.0 million. PT Titian Damai Mandiri is the legal and beneficial owner of a 40 hectares of land in Batam (Note 10).

	Group 31 December 2019 $'000
Consideration transferred	
Cash	**4,998**
Assets acquired and liabilities assumed:	
Current assets	
Development properties	**5,074**
Cash and cash equivalents	**321**
Net assets acquired and liabilities assumed	**5,395**
Discount on acquisition	
Consideration transferred	**4,998**
Less: Fair value of identifiable net assets acquired	**(5,395)**
Discount on acquisition	**(397)**
Net cash outflow arising on acquisition	
Consideration transferred	**4,998**
Less: Cash and cash equivalent acquired	**(321)**
Net cash outflow on acquisition	**4,677**

(b) On 7 June 2018, the Group completed the acquisition of 90% of the total issued share capital of Goodworth Investments Pte Ltd ("GIPL") and Splendourland Pte Ltd ("SPL") for an aggregate consideration of S$39.15 million from Habitat Properties Pte Ltd (a related party). GIPL and SPL jointly hold the entire issued share capital of PT Goodworth Investments ("PTGI"), the legal and beneficial owner of a 85 hectares land in Batam (Note 10).

	Group 31 December 2018 $'000
Consideration transferred	
Deposits paid in prior years	11,745
Cash paid during the year	11,310
Development property transferred	7,745
Deferred consideration (Note 21)	8,350
Total	39,150

During the year, cash consideration of $5,100,000 has been transferred to Habitat Properties Pte Ltd. As at 31 December 2019, the remaining consideration in respect of the acquisition of land in Batam by the Group was $3,250,000 (Note 21).

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37 DISPOSAL/ACQUISITION OF A SUBSIDIARY (CONT'D)

Acquisition of subsidiaries (cont'd)

	Group 31 December 2018 $'000
Assets acquired and liabilities assumed:	
Current assets	
Development properties	39,150
Other receivables	34
Current liabilities	
Trade and other payables	(34)
Net assets acquired and liabilities assumed	39,150

38 COMMITMENTS

Capital commitments

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Development and investment properties expenditure contracted for but not provided in the financial statements	**23,676**	30,509
Capital expenditure contracted for but not provided in the financial statements	**6,721**	4,203
Share of commitments of equity-accounted investees – Capital expenditure contracted for but not provided in the financial statements	**6,970**	69

Operating lease commitments – where the Group is a lessor

The Group enters into commercial property leases on its investment property portfolio, consisting of commercial and industrial buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. As at the end of the reporting period, these non-cancellable leases had remaining lease terms of between one month and seven years (2018: nine months and seven years).

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with a constant increase in value over the years. The Group did not identify any indications that this situation will change.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of each reporting period but not recognised as receivables were as follows:

	Group 31 December 2019 $'000
Year 1	**38,174**
Year 2	**28,642**
Year 3	**21,409**
Year 4	**9,195**
Year 5	**5,469**
Year 6 and onwards	**1,947**
Total	**104,836**

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38 COMMITMENTS (CONT'D)

Operating lease commitments – where the Group is a lessor (cont'd)

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables were as follows:

	Group 31 December 2018 $'000
Within one year	31,667
After one year but not more than five years	38,902
After five years	1,917
Total	72,486

39 CONTINGENT LIABILITIES

	Company	
	31 December 2019 $'000	31 December 2018 $'000
Guarantees given to banks in respect of bank facilities utilised by subsidiaries	**1,140,426**	970,489

The Group recognised a financial guarantee of $4,998,000 (2018: $5,344,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary [Note 16].

40 FINANCIAL RISK MANAGEMENT

Financial risk management policies and objectives

The Group has documented financial risk management policies approved by the Board of Directors. The policies consist of guidelines and rules to identify and manage periodically significant risks that might affect the achievement of business objectives, outputs, projects or operating processes at the Group, subsidiary or business unit level. Guidelines and rules are reviewed annually by the Group to ensure that they remain relevant. The Group's overall risk management program seeks to minimise potentially adverse effects on financial performance of the Group.

The Group's risk management process is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. The key risks relating to financial management include foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing cash in excess of short-term operational requirement.

Factors behind financial risks

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise potentially adverse effects arising from the unpredictability of the financial markets on the Group's financial performance.

The Group's financial instruments comprise loans and borrowings, cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments as described in Notes 40(a) and 40(b) to the financial statements.

Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce the Group's exposure to fluctuations in foreign exchange and interest rates or to comply with covenants imposed by banks. While these financial instruments are subject to risk of change in market rates subsequent to their acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analyses indicated in Notes 40(a) and 40(b) to the financial statements.

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

Categories of financial instruments

The table below sets out the financial instruments at the end of the reporting year:

	Group		Company	
	31 December 2019 $'000	**31 December 2018 $'000**	**31 December 2019 $'000**	**31 December 2018 $'000**
Financial assets				
Financial assets at FVTOCI	**30,916**	–	**–**	–
Financial assets at amortised cost	**281,644**	220,375	**415,826**	425,501
	312,560	220,375	**415,826**	425,501
Financial liabilities				
Financial liabilities at amortised cost	**1,810,364**	1,748,771	**560,145**	551,292
Financial guarantee contracts	**–**	–	**22,730**	10,649
Lease liabilities	**115**	–	**1,060**	–
	1,810,479	1,748,771	**583,935**	561,941
Derivative financial instruments	**939**	–	**–**	–
	1,811,418	1,748,771	**583,935**	561,941

(a) Currency risk

The Group's subsidiaries operate mainly in Singapore, Australia, China, Malaysia and Indonesia. As for its associates, GulTech operates mainly in China and Singapore; Pan-West operates mainly in Singapore, SSRE operates in China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD"), Australian dollar ("AUD"), United States dollar ("USD"), Malaysian Ringgit ("MYR") and Indonesian Rupiah ("IDR"). Currency risk arises when transactions are denominated in foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations mainly in Australia and China. As far as possible, the Group relies on natural hedges of matching foreign assets and liabilities of the same currency.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Currency risk (cont'd)

Currency risk exposure

At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies were as follows:

	SGD $'000	USD $'000	AUD $'000	Others $'000
Group				
At 31 December 2019				
Financial assets				
Cash and bank balances	**63**	**47**	**35,059**	**114**
Trade and other receivables	**50**	**–**	**14**	**333**
	113	**47**	**35,073**	**447**
Financial liabilities				
Trade and other payables	**(310)**	**(19)**	**–**	**(61)**
Net financial (liabilities)/assets	**(197)**	**28**	**35,073**	**386**
Net currency exposure	**(197)**	**28**	**35,073**	**386**
At 31 December 2018				
Financial assets				
Cash and bank balances	494	406	23,535	89
Trade and other receivables	36	–	23	572
	530	406	23,558	661
Financial liabilities				
Trade and other payables	(63)	(97)	–	(60)
Net financial assets	467	309	23,558	601
Net currency exposure	467	309	23,558	601

At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

	31 December 2019		31 December 2018	
	AUD $'000	MYR $'000	AUD $'000	MYR $'000
Company				
Financial assets				
Amounts due from subsidiaries	**–**	**43**	–	43
Financial liabilities				
Amounts due to subsidiaries	**(34,639)**	**–**	(23,537)	–
Net currency exposure	**(34,639)**	**43**	(23,537)	43

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Currency risk (cont'd)

Sensitivity analysis for currency risk

The following table details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit or loss may increase (decrease) by:

	SGD		USD	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group				
Profit or Loss	**20**	(47)	**(3)**	(31)
Company				
Profit or Loss	**–**	–	**–**	–

	AUD		Others	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group				
Profit or Loss	**(3,507)**	(2,356)	**(39)**	(60)
Company				
Profit or Loss	**3,464**	2,354	**(4)**	(4)

The strengthening of the relevant foreign currency against the functional currency of each Group entity at the end of the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument may fluctuate because of changes in interest rates in the market.

The Group's exposure to interest rate risk arises mainly from bank borrowings. The Group aims to optimise net interest cost and to reduce volatility in the finance cost. The Group borrows mainly variable rate debts with varying tenures. A summary of the Group's interest-bearing financial instruments is disclosed in Note 40(d) to these financial statements.

Other than those disclosed below, the Group does not use derivative financial instruments to hedge fluctuations in interest rates for its borrowings.

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The sensitivity analysis below is based on the exposure to interest rates for non-derivative instruments at the end of the reporting year and assumes that the change took place at the beginning of the financial year and was held constant throughout the reporting year. The magnitude represents the Group's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit after tax would decrease or increase by $13,262,000 (2018: decrease or increase by $13,651,000).

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or inter-company loans that are at variable rates.

(c) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of repute. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Overview of the Group's exposure to credit risk (cont'd)

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables have been disclosed in Note 6. The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
31 December 2019						
Trade receivables	6	(i)	Lifetime ECL (simplified approach)	**39,175**	**(748)**	**38,427**
Other receivables	6	In default	Lifetime ECL – credit impaired	**6,373**	**(126)**	**6,247**
Contract assets	7	(i)	Lifetime ECL (simplified approach)	**29,974**	**–**	**29,974**
Refundable trade deposit with related party	21	Performing	12-month ECL	**8,135**	**–**	**8,135**
Loans to related parties	21	Performing	12-month ECL	**26,587**	**–**	**26,587**
					(874)	
31 December 2018						
Trade receivables	6	(i)	Lifetime ECL (simplified approach)	37,942	(1,021)	36,921
Other receivables	6	In default	Lifetime ECL – credit impaired	6,908	(127)	6,781
Contract assets	7	(i)	Lifetime ECL (simplified approach)	15,451	–	15,451
Refundable trade deposit with related party	21	Performing	12-month ECL	8,215	–	8,215
Loan to a related party	21	Performing	12-month ECL	20,000	–	20,000
					(1,148)	
Company						
31 December 2019						
Other receivables	6	In default	Lifetime ECL – credit impaired	**191**	**(72)**	**119**
Amount due from subsidiaries	20	Performing	12-month ECL	**402,402**	**(24,253)**	**378,149**
					(24,325)	
31 December 2018						
Other receivables	6	In default	Lifetime ECL – credit impaired	96	(72)	24
Amount due from subsidiaries	20	Performing	12-month ECL	424,576	(24,264)	400,312
					(24,336)	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 6 includes further details on the loss allowance for these receivables.

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31 DECEMBER 2019

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Overview of the Group's exposure to credit risk (cont'd)

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

With respect to trade and other receivables at the end of the reporting year, trade amounts due from other related parties includes an amount of $20,315,000 (2018: $20,183,000) which comprised of 2 (2018: 2) major customers with outstanding balances individually exceeding 5% of the Group's trade and other receivables as at 31 December 2019.

The credit risk for trade receivables after loss allowance for doubtful receivables was as follows:

	Group	
	31 December 2019 $'000	**31 December 2018 $'000**
By geographical area		
Singapore	**19,543**	21,229
Australia	**3,437**	3,810
China (Including Hong Kong)	**3,431**	356
Malaysia	**2,131**	2,365
Indonesia	**9,591**	8,875
United States of America (USA)	**279**	266
Others	**15**	20
	38,427	36,921
By type of customers		
Related parties	**21,720**	21,699
Non-related parties	**16,707**	15,222
	38,427	36,921
By industry sector		
Property	**5,089**	3,125
Hotels investment	**3,232**	3,667
Industrial services	**30,106**	30,129
	38,427	36,921

(d) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and borrowings with different tenures. Due to the dynamic nature of the businesses the Group is in, the Group aims at maintaining flexibility in funding and keeping adequate committed credit facilities available.

As at 31 December 2019, the Company's current liabilities exceed its current assets by $167,667,000 (31 December 2018: net current asset of $13,072,000). The directors are satisfied that the Company is able to refinance the loans that are due and it will not affect its ability to continue as a going concern within the next 12 months.

Analysis for liquidity and interest risk – non-derivative financial liabilities

The following tables detail the effective annual interest rates and the remaining contractual maturity for non-derivative financial liabilities at the end of the reporting year.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents possible future cash flow attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

Analysis for liquidity and interest risk – non-derivative financial liabilities (cont'd)

	Effective interest rate %	On demand/ less than 1 year $'000	Within 1 to 2 years $'000	Within 2 to 5 years $'000	Over 5 years $'000	Adjustment $'000	Total $'000
Group							
31 December 2019							
Non-interest bearing	**–**	**98,683**	**349**	**–**	**–**	**–**	**99,032**
Fixed interest rate instruments	**2.8 – 6.0**	**159,525**	**5,652**	**204,449**	**–**	**(21,405)**	**348,221**
Variable interest rate instruments	**2.6 – 3.1**	**157,598**	**116,605**	**1,156,181**	**–**	**(67,158)**	**1,363,226**
		415,806	**122,606**	**1,360,630**	**–**	**(88,563)**	**1,810,479**
31 December 2018							
Non-interest bearing	–	117,956	374	–	–	–	118,330
Fixed interest rate instruments	4.5 – 6.0	91,821	153,847	–	–	(16,588)	229,080
Variable interest rate instruments	2.2 – 3.5	824,997	67,766	543,371	219	(34,992)	1,401,361
		1,034,774	221,987	543,371	219	(51,580)	1,748,771

	Effective interest rate %	On demand or less than 1 year $'000	Within 1 to 2 years $'000	Within 2 to 5 years $'000	Over 5 years $'000	Adjustment $'000	Total $'000
Company							
31 December 2019							
Non-interest bearing	**–**	**411,442**	**–**	**–**	**–**	**–**	**411,442**
Fixed interest rate instruments	**6.0**	**153,847**	**–**	**–**	**–**	**(4,084)**	**149,763**
Financial guarantee contracts	**–**	**22,730**	**–**	**–**	**–**	**–**	**22,730**
		588,019	**–**	**–**	**–**	**(4,084)**	**583,935**
31 December 2018							
Non-interest bearing	–	322,212	–	–	–	–	322,212
Fixed interest rate instruments	4.5 – 6.0	91,821	153,847	–	–	(16,588)	229,080
Financial guarantee contracts	–	10,649	–	–	–	–	10,649
		424,682	153,847	–	–	(16,588)	561,941

At the end of the reporting year, the maximum amount that the Company could be forced to settle under the financial guarantee contracts if the full guaranteed amounts is claimed by the counterparty to the guarantee is $1,140,426,000 (2018: $970,489,000). 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.

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

Analysis for liquidity and interest risk – non-derivative financial liabilities (cont'd)

As at the end of the reporting year, the Group's total obligation on guarantees in connection with Pan-West's bank facilities amounted to $4,998,000 (2018: $5,344,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

Analysis for liquidity and interest risk – non-derivative financial assets

The following tables detail the effective annual interest rates and the expected maturity for non-derivative financial assets at the end of the reporting year. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different year. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

	Effective interest rate %	On demand or less than 1 year $'000	Within 1 to 2 years $'000	Within 2 to 5 years $'000	Over 5 years $'000	Adjustment $'000	Total $'000
Group							
31 December 2019							
Non-interest bearing		**95,886**	**4**	**21**	**9**	**–**	**95,920**
Variable interest rate instruments	**0.2 – 6.2**	**37,335**	**–**	**–**	**–**	**(299)**	**37,036**
Fixed interest rate instruments	**0.8 -7.5**	**127,607**	**23,157**	**–**	**–**	**(2,076)**	**148,688**
		260,828	**23,161**	**21**	**9**	**(2,375)**	**281,644**
31 December 2018							
Non-interest bearing	–	65,742	1,934	3,218	–	–	70,894
Variable interest rate instruments	0.1 – 0.3	36,561	–	–	–	(326)	36,235
Fixed interest rate instruments	0.4 – 5.7	51,390	15,457	47,640	–	(1,241)	113,246
		153,693	17,391	50,858	–	(1,567)	220,375
Company							
31 December 2019							
Non-interest bearing	**–**	**415,826**	**–**	**–**	**–**	**–**	**415,826**
31 December 2018							
Non-interest bearing	–	425,501	–	–	–	–	425,501

(e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions and other liabilities approximated their respective fair values due to their relative short-term maturity. The fair value of financial assets at FVTOCI is disclosed in Note 17.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value of financial assets and financial liabilities (cont'd)

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

At the end of each reporting year, the Group and the Company's interest rate swap was measured based on Level 2. The valuation technique and key input is future cash flows which are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

At the end of each reporting year, the Group's FVTOCI was measured based on Level 3. The fair value of the investment as at 31 December 2019 was determined by reference to the fair value of underlying assets and the valuation was carried out by an independent valuer.

Reconciliation of Level 3 fair value measurement:

	Group 31 December 2019 $'000
Opening balance	–
Addition	**30,916**
Closing balance	**30,916**

(f) Capital risk

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings disclosed in Note 18, issued capital, reserves and retained earnings disclosed in Notes 24 and 26 to the financial statements. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group's overall strategy remains unchanged from the prior years.

The Group monitors capital risks through measuring the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings as disclosed in Note 18, less cash and bank balances as disclosed in Note 5 to the financial statements.

	Group	
	31 December 2019 $'000	31 December 2018 $'000
Total borrowings	**1,711,332**	1,630,441
Total equity	**1,119,073**	1,103,029
Gross gearing (times)	**1.53**	1.48
Net borrowings	**1,539,058**	1,497,434
Total equity	**1,119,073**	1,103,029
Net gearing (times)	**1.38**	1.36

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40 FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Equity price risk management

The Group is exposed to equity risks arising from equity investment classified as FVTOCI. Equity investment measured at FVTOCI is held for strategic rather than trading purposes. The Group does not actively trade such investment. Further details of this equity investment can be found in Note 17.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. In respect of equity investment at FVTOCI, if equity price had been 10% higher/lower while all other variables were held constant, the Group's asset revaluation reserve would increase/decrease by approximately $3.1 million.

41 LISTING OF SIGNIFICANT SUBSIDIARIES

Information relating to the significant subsidiaries is disclosed as below:

				Effective equity interest and voting power held by the Group	
Name of company	**Note**	**Principal activities**	**Country of incorporation/ establishment**	**31 December 2019 %**	**31 December 2018 %**
Significant subsidiaries directly held by the Company					
Asplenium Land Pte. Ltd.		Property development	Singapore	**100**	100
Clerodendrum Land Pte. Ltd.		Property development	Singapore	**100**	100
Dillenia Land Pte. Ltd.		Property development	Singapore	**100**	100
Episcia Land Pte. Ltd.		Property development	Singapore	**100**	100
Gerbera Land Pte. Ltd.		Property development	Singapore	**100**	100
Oxley Development Pte Ltd		Property investment	Singapore	**100**	100
SP Corporation Limited		Investment holding	Singapore	**80.2**	80.2
Superluck Properties Pte Ltd		Property investment	Singapore	**100**	100
Significant subsidiaries indirectly held by the Company					
39 Robinson Road Pte. Ltd.		Property investment	Singapore	**100**	100
Grand Hotel Group	(i)	Property investment	Australia	**100**	100
Habitat Properties (Shanghai) Ltd.	(i)	Property development	China	**100**	100
Shelford Properties Pte Ltd		Property development	Singapore	**100**	100
SP Resources International Pte. Ltd.		Trading of industrial products	Singapore	**80.2**	80.2
SP Global Hong Kong Limited	(i)	Investment holding	Hong Kong	**80.2**	80.2
TSRC Novena Pte. Ltd.		Property development	Singapore	**70**	70
PT Goodworth Investments	(ii)	Property development	Indonesia	**90**	90
PT Titian Damai Mandiri	(ii)	Property development	Indonesia	**100**	–

All subsidiaries in Singapore are audited by Deloitte & Touche LLP, Singapore.

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(ii) Analytical review performed by overseas practices of Deloitte Touche Tohmatsu Limited.

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42 LISTING OF SIGNIFICANT ASSOCIATES

Associates are those in which the Group has significant influence, but not control in the operating and financial policy decisions.

Information relating to the significant associates is disclosed as below:

Name of company	Note	Principal activities	Country of incorporation	Effective equity interest and voting power held by the Group 31 December 2019 %	 31 December 2018 %
Gul Technologies Singapore Pte. Ltd.	(i)	Manufacture of printed circuit boards	Singapore	**44.5**	44.5
Sanya Summer Real Estate Co. Ltd	(ii)	Property Developer	China	**7.8**	7.8

(i) Audited by Deloitte & Touche LLP, Singapore.

(ii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

43 ADOPTION OF NEW AND REVISED STANDARDS

On 1 January 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before 1 January 2019.
- For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within cost of sales and administrative expenses in the consolidated statement of profit or loss.
- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The Group has adjusted right-of-use asset by the amount of provision for onerous leases recognised under SFRS(I) 1-37 to approximate impairment.

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43 ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

SFRS(I) 16 *Leases* (cont'd)

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of SFRS(I) 16, the Group had carried out an implementation project. The project has shown that the new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within cost of sales and administrative expenses in the consolidated statement of profit or loss.

The Group has applied SFRS(I) 16 using the modified retrospective approach. Lease liabilities were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 2.8% to 5.1%.

Explanation of difference between operating lease commitments and lease liabilities:

	Group 2019 $'000
Operating lease commitments disclosed as at 31 December 2018	**400**
Less: Short-term leases recognised on a straight-line basis as expense	**(277)**
Less: Lease which was novated during the year	**(79)**
	44
Less: Discounted using lessee's incremental borrowing rate (2.8% to 5.1 %)	**(2)**
Lease liability recognised as at 1 January 2019	**42**

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2019

43 ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

SFRS(I) 16 *Leases* (cont'd)

Impact on lessee accounting (cont'd)

Former finance leases

The main difference between SFRS(I) 16 and SFRS(I) 1-17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. SFRS(I) 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by SFRS(I) 1-17. This change did not have an effect on the Group's consolidated financial statements.

Impact on Lessor Accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under SFRS(I) 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under SFRS(I) 1-17). This change did not have a material effect on the Group's consolidated financial statements.

Capitalisation of Borrowing Costs

On 6 March 2019, the International Financial Reporting Standards Interpretation Committee ("IFRIC") has finalised the agenda decision and concluded that borrowing costs should not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time. The Group has applied the changes in accounting policies retrospectively to each reporting year presenting, using the full retrospective approach. Management has quantified the impact as disclosed below:

(A) Impact on the Statement of Financial Position as at 1 January 2018 (date of initial adoption):

Group	As previously reported $'000	Effects of change in accounting policy $'000	Note	As adjusted $'000
Current assets				
Development properties	188,680	(2,247)	10	186,433
Trade and other receivables	89,148	(18)	6	89,130
Current liabilities				
Income tax payable	13,523	(9)		13,514
Capital, reserves and non-controlling interests				
Reserves	817,077	(2,256)	26	814,821
Non-controlling interests	10,628	–	15	10,628

(B) Impact on the Statement of Financial Position as at 31 December 2018 (end of last period):

	As previously reported $'000	Effects of change in accounting policy $'000	Note	As adjusted $'000
Current assets				
Development properties	358,530	(5,439)	10	353,091
Current liabilities				
Income tax payable	5,317	(4)		5,313
Capital, reserves and non-controlling interests				
Reserves	921,030	(5,095)	26	915,935
Non-controlling interests	15,012	(340)	15	14,672

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

43 ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Capitalisation of Borrowing Costs (cont'd)

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018 (last financial year):

	As previously $'000	Effects of change in accounting policy $'000	Note	As adjusted $'000
Cost of sales	(267,390)	787		(266,603)
Other operating income	6,142	(388)		5,754
Other operating expenses	(1,087)	7		(1,080)
Finance costs	(41,861)	(3,597)	30	(45,458)
Income tax expenses	(4,190)	12	33	(4,178)
Profit for the year	134,609	(3,179)		131,430

(D) Impact on the Statement of Cash Flows for the year ended 31 December 2018 (last financial year):

	As previously reported $'000	Effects of change in accounting policy $'000	Note	As adjusted $'000
Operating activities				
Profit before tax	138,799	(3,191)		135,608
Write-back of allowance for diminution in value for development properties, net	(1,576)	734	10	(842)
Finance costs	41,861	3,597	30	45,458
Development properties	(162,227)	(1,140)	10	(163,367)

44 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial adoption.

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*

- Amendments to References to the *Conceptual Framework in SFRS(I) Standards*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

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SGX-ST LISTING MANUAL REQUIREMENTS

31 DECEMBER 2019

INTERESTED PERSON TRANSACTIONS

– Listing Manual Rule 907

Interested person transactions (excluding transactions less than $100,000) during the financial year ended 31 December 2019 are set out below.

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
		31.12.2019[(1)] $'000	**31.12.2018[(2)] $'000**	**31.12.2019[(3)] $'000**	**31.12.2018[(2)] $'000**
Nuri Holdings (S) Pte Ltd and associates	Nuri Holdings (S) Pte Ltd is the Company's major shareholder and controlling shareholder.				
Rendering of corporate support to an interested person		100	148	125	–
Rendering of corporate support from interested persons		33	218	99	–
Lease to an interested person		1,533	1,533	–	–
Michelle Liem Mei Fung and Dr Tan Enk Ee and associates	Michelle Liem Mei Fung and Dr Tan Enk Ee are deemed controlling shareholders of the Company.				
Rendering of corporate support to an interested person		285	285	46	–
Rendering of corporate support from an interested person		–	–	971	–
Equity investment in an interested person		25,639	–	–	–
Interest charge in relation to loan from an interested person		–	31	–	–
William Nursalim alias William Liem and Liem Mei Kim and associates	William Nursalim alias William Liem is the Executive Director/ Chief Executive Officer and a deemed controlling shareholder of the Company.				
Loan to an interested person[(4)]		–	–	5,087	–
Michelle Liem Mei Fung and associates	Michelle Liem Mei Fung is a deemed controlling shareholder of the Company.				
Acquisition of an Indonesian subsidiary from interested person		4,860	–	–	–
Lease to an interested person		–	509	–	–

SGX-ST LISTING MANUAL REQUIREMENTS

31 DECEMBER 2019

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
		31.12.2019[(1)] $'000	31.12.2018[(2)] $'000	31.12.2019[(3)] $'000	31.12.2018[(2)] $'000
Shanghai GT Micro Fiber Co., Ltd	Shanghai GT Micro Fiber Co., Ltd is a subsidiary of GITI Holdings Ltd. At the point of transaction, GITI Holdings Ltd and Nuri Holdings (S) Pte Ltd shared and still share common controlling shareholders, namely Michelle Liem Mei Fung, William Nursalim alias William Liem and Dr Tan Enk Ee.				
Acquisition of remaining 49% shareholding in GulTech (Wuxi) Electronics Co., Ltd from an interested person		–	23,185	–	–
Variation of terms for the acquisition of remaining 49% shareholding in GulTech (Wuxi) Electronics Co., Ltd: interest payable to an interested person		–	1,800	–	–
Aggregated interested person transactions		**32,450**	**27,709**	**6,328**	**–**

Notes:

(1) Period from 1 January 2019 to 31 December 2019

(2) Period from 1 January 2018 to 31 December 2018

(3) For the period from 24 April 2019 (date of IPT Mandate obtained approval from shareholders) to 31 December 2019

(4) The Company's wholly owned subsidiary, TSHI Holdings Pte Ltd ("**TSHI**") has on 8 October 2019, entered into a loan agreement with PT Senimba Bay Resort ("**SBR**") as borrower and Trego Holdings Inc ("**Trego**") as pledgor to provide a loan of S$5 million ("**Loan**") to SBR. The deemed controlling shareholders of SBR are William Nursalim alias William Liem and his sister, Liem Mei Kim. Trego has pledged its shares in SBR to TSHI as a continuing security for the full and punctual performance of SBR's obligations under the Loan which is repayable within two years at the fixed rate of 7.5% per annum. The loan and accrued interest shall be repaid in full on repayment date in cash, or in other repayment method as otherwise agreed between the parties.

MATERIAL CONTRACTS
– Listing Manual Rule 1207(8)

Save as disclosed above and those disclosed separately by the Company's listed subsidiary, SP Corporation Limited in its 2019 annual report, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Directors or controlling shareholders, which were either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

AUDITORS
– Listing Manual Rule 1207(6)

The aggregate amount of fees paid to the external auditors, broken down into audit and non-audit services are presented under Note 32 to the financial statements for the financial year ended 31 December 2019. The Audit and Risk Committee had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the external auditors.

The Board of Directors and the Audit and Risk Committee, having reviewed the adequacy of the resources and experience of Deloitte & Touche LLP, the audit engagement partner assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the SGX-ST Listing Manual.

SHAREHOLDING STATISTICS

AS AT 10 MARCH 2020

SHARE CAPITAL

Issued and fully paid-up capital (including treasury shares)	:	$175,234,093.32
Number of issued shares (including treasury shares)	:	1,194,536,811
Number of issued shares (excluding treasury shares)	:	1,185,364,411
Number/percentage of treasury shares	:	9,172,400 (0.77%)[1]
Number/percentage of shares for subsidiary holdings[2]	:	Nil (0%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share, the Company cannot exercise any voting rights in respect of the shares held by it as treasury shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	262	1.75	12,508	0.00
100 – 1,000	1,136	7.58	671,862	0.06
1,001 – 10,000	7,948	53.02	42,714,462	3.60
10,001 – 1,000,000	5,606	37.40	252,259,026	21.28
1,000,001 & above	37	0.25	889,706,553	75.06
TOTAL	**14,989**	**100.00**	**1,185,364,411**	**100.00**

TWENTY LARGEST SHAREHOLDERS

as shown in the Register of Members and Depository Register

No.	Name of Shareholders	No. of Shares	%
1	UOB NOMINEES (2006) PRIVATE LIMITED	628,581,792	53.03
2	DBS NOMINEES PTE LTD	71,216,207	6.01
3	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	42,500,000	3.58
4	CITIBANK NOMINEES SINGAPORE PTE LTD	41,482,365	3.50
5	RAFFLES NOMINEES (PTE) LIMITED	17,524,323	1.48
6	PHILLIP SECURITIES PTE LTD	9,921,567	0.84
7	LOW CHENG LUM	6,725,312	0.57
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,597,174	0.56
9	OCBC SECURITIES PRIVATE LTD	5,321,905	0.45
10	MAYBANK KIM ENG SECURITIES PTE.LTD	5,074,869	0.43
11	LAMIPAK KMP PTE LTD	4,382,393	0.37
12	UOB KAY HIAN PTE LTD	4,167,726	0.35
13	OCBC NOMINEES SINGAPORE PTE LTD	4,013,043	0.34
14	TAN THIAN HWEE	3,753,723	0.32
15	LOW JUNRUI (LIU JUNRUI)	3,570,062	0.30
16	LEH BEE HOE	2,763,078	0.23
17	HEXACON CONSTRUCTION PTE LTD	2,227,149	0.19
18	DBS VICKERS SECURITIES (S) PTE LTD	2,218,835	0.19
19	CHIAM HOCK POH	2,192,975	0.18
20	YEE LAT SHING	2,085,711	0.17
	TOTAL	866,320,209	73.09

Notes:

[1] The number of treasury shares is based on report provided by The Central Depository (Pte) Limited. Percentage is calculated based on total issued and paid-up shares (excluding treasury shares).

[2] "Subsidiary holdings" is defined in the Listing Manual of the Singapore Exchange Securities Limited ("**SGX-ST**") to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

SHAREHOLDING STATISTICS

AS AT 10 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

as shown in the Register of Substantial Shareholders

Name	No. of Shares (Direct Interest)	%[1]	No. of Shares (Deemed Interest)	%[1]
Nuri Holdings (S) Pte Ltd	628,814,529	53.05	–	–
Michelle Liem Mei Fung[2]	–	–	628,814,529	53.05
William Nursalim alias William Liem[2]	–	–	628,814,529	53.05
Dr Tan Enk Ee[2]	–	–	628,814,529	53.05
Koh Wee Meng[3]	69,457,000	5.86	1,600,000	0.13

Notes:

(1) Percentages are calculated based on 1,185,364,411 issued shares (excluding treasury shares) as at 10 March 2020. Percentage figures have been rounded to 2 decimal places.

(2) By virtue of interest in Nuri Holdings (S) Pte Ltd.

(3) Mr Koh Wee Meng, spouse of Mdm Lim Wan Looi, is deemed to be interested in his spouse's direct interest of 0.13% in the Company.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 10 March 2020, approximately 40.94% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of SGX-ST Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting of Tuan Sing Holdings Limited (the "**Company**") will be held at 18 Robinson, Level 27, 18 Robinson Road, Singapore 048547 on Wednesday, 22 April 2020 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December ("**FY**") 2019 and the Auditor's Report thereon. **Ordinary Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 0.6 cent per ordinary share for FY2019. **Ordinary Resolution 2**

3. To approve the payment of S$608,900 as Directors' fees for FY2019. (FY2018: S$574,000) **Ordinary Resolution 3**

4. To re-elect Ms Michelle Liem Mei Fung, a Director who will retire by rotation pursuant to Article 105 of the Constitution of the Company and who, being eligible, offers herself for re-election. **Ordinary Resolution 4**

5. To re-elect Mr Richard Eu Yee Ming, a Director who will retire pursuant to Article 106 of the Constitution of the Company and who, being eligible, offers himself for re-election. **Ordinary Resolution 5**

6. To note the retirement of Mr Ong Beng Kheong. Upon his retirement, Mr Ong will cease to be the Chairman of the Company and a member of the Nominating Committee.

7. To note the retirement of Mr Neo Ban Chuan. Upon his retirement, Mr Neo will cease to be a member of the Audit and Risk Committee and the Nominating Committee.

8. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Ordinary Resolution 6**

SPECIAL BUSINESS:

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

9. **Authority to allot and issue shares up to ten per centum (10%) of the issued shares** **Ordinary Resolution 7**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of 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 and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding that 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 10 per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST 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) the authority conferred by this Resolution 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.

10. **Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme** **Ordinary Resolution 8**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme.

11. **The Proposed Renewal of Share Purchase Mandate** **Ordinary Resolution 9**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) of Shares (each an "**On-Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) of Shares (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which the purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices (excluding any transaction that the SGX-ST requires to be excluded for this purpose) of a Share for the last five market days on which the Shares are transacted on the SGX-ST immediately preceding the day of the On-Market Purchase by the Company or the day of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the day on which the On-Market Purchase was made or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

12. **The Proposed Renewal of Interested Person Transactions Mandate** **Ordinary Resolution 10**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix A to the Company's Letter to Shareholders dated 24 March 2020 (the "**Appendix A**"), with any party who is of the classes of interested persons described in the Appendix A, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for interested person transactions as set out in Appendix A (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Independent Directors for the purpose of the IPT Mandate be and are authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they may consider expedient or necessary in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board

Tan Sock Kiang
Group Company Secretary

24 March 2020
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. An instrument appointing a proxy must be deposited at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 not less than 72 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.

EXPLANATORY NOTES ON BUSINESSES TO BE TRANSACTED:

Ordinary Resolution 1 – is to receive and adopt the Directors' Statement and the Audited Financial Statements for FY2019 and the Auditor's Report thereon which can be found under "Statutory Reports and Accounts" in the Company's 2019 Annual Report.

Ordinary Resolution 2 – is to approve a first and final one-tier tax exempt dividend of 0.6 cent per ordinary share in respect of FY2019 (the "**Proposed Dividend**"). The Tuan Sing Holdings Limited Scrip Dividend Scheme is applicable if the Proposed Dividend is approved.

Under the Tuan Sing Holdings Limited Scrip Dividend Scheme, shareholders entitled to dividends may elect to receive either cash or an allotment of ordinary shares of the Company, credited as fully paid, *in lieu* of cash amount of the Proposed Dividend. Shareholders who elect to receive the Proposed Dividend in scrip, the issue price for the new shares to be allotted shall be set at not more than 10% discount to the average of the last dealt prices of Tuan Sing shares for each market day from the ex-dividend date to the record date.

Ordinary Resolution 3 – is to approve the payment of Directors' fees of S$608,900 for FY2019, for services rendered by the Directors on the Board as well as on various Board Committees. The framework for the proposed Directors' fees is set out under the "Corporate Governance Report" in the Company's 2019 Annual Report.

Ordinary Resolution 4 – Ms Michelle Liem Mei Fung will, upon re-election, continue to serve as a member of the Nominating Committee and the Remuneration Committee. She is considered a Non-Independent and Non-Executive Director. The detailed information on Ms Michelle Liem (including information as set out in Appendix 7.4.1 of the SGX-ST Listing Manual can be found on pages 19 and 94 in the Company's 2019 Annual Report.

Ordinary Resolution 5 – Mr Richard Eu Yee Ming will, upon re-election, continue to serve as a member of the Audit and Risk Committee. He is considered an Independent and Non-Executive Director. The detailed information on Mr Richard Eu (including information as set out in Appendix 7.4.1 of the SGX-ST Listing Manual can be found on pages 18 and 94 in the Company's 2019 Annual Report.

Ordinary Resolution 6 – is to re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. The Company has complied with Rule 713(1) of the SGX-ST Listing Manual by ensuring that the audit partner is not in charge of more than five consecutive years of audits. As Mr Richard Loi, the current audit partner-in-charge of the Company and its subsidiaries has been appointed since April 2015, a new audit partner-in-charge will be appointed for FY2020.

Ordinary Resolution 7 – is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in aggregate 10% of the issued shares in the capital of the Company. This 10% limit is lower than the limit allowed under the SGX-ST Listing Manual. The Company is seeking a lower limit as it believes that this is adequate for the time being and will review the limit annually. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that this Resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

Ordinary Resolution 8 – is to authorise the Directors to issue shares in the Company pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme to participating shareholders who, in respect of that qualifying dividend, have elected to receive scrip *in lieu* of the cash amount of that qualifying dividend.

Ordinary Resolution 9 – is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

NOTICE OF ANNUAL GENERAL MEETING

The Company may use its internal sources of funds or external borrowings or a combination of both to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such ordinary shares were purchased or acquired and whether the shares purchased or acquired are held as treasury shares or cancelled.

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Group for FY2019, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 24 March 2020 (the "**Letter**"). Please refer to the Letter for more details.

Ordinary Resolution 10 – is to renew the mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the SGX-ST Listing Manual, or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Appendix A to the Letter. Please refer to the Letter for more details.

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 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF DIVIDEND PAYMENT DATE AND RECORD DATE

NOTICE IS HEREBY GIVEN THAT subject to shareholders of the Company approving the proposed payment of the first and final one-tier tax exempt dividend of 0.6 cent per ordinary share (the "**Proposed Dividend**") at the 50th Annual General Meeting to be held on 22 April 2020, the share transfer books and register of members of the Company will be closed on Friday, 8 May 2020 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed instruments of transfer received by the Company's share registrar in Singapore, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on Friday, 8 May 2020 will be registered to determine shareholders' entitlements to the Proposed Dividend.

Shareholders (being depositors) whose securities accounts with the The Central Depository (Pte) Limited ("**CDP**") are credited with shares in the capital of the Company as at 5.00 p.m. on 8 May 2020 will be entitled to the Proposed Dividend.

Shareholders with registered address outside Singapore and who have not provided to the Company or CDP, address in Singapore for the service of notices and documents by Wednesday, 22 April 2020, will not participate in the Tuan Sing Holdings Limited Scrip Dividend Scheme which is applicable to the Proposed Dividend.

The Proposed Dividend, if approved by shareholders, will be paid on 25 June 2020.

TUAN SING HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Registration No.: 196900130M)

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Tuan Sing Holdings Limited shares, this Proxy Form 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/SRS Operators if they have any queries regarding their appointment as proxies.

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 set out in the Notice of Annual General Meeting dated 24 March 2020.

PROXY FORM

ANNUAL GENERAL MEETING

I/We ______________________________ (Name), ______________ (NRIC/Passport/Registration No.)

of ____ (Address),

being a member(s) of Tuan Sing Holdings Limited (the "**Company**") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
Address		**No. of Shares**	**%**

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
Address		**No. of Shares**	**%**

or failing him/her, the Chairman of 50th Annual General Meeting of the Company ("**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting to be held at 18 Robinson, Level 27, 18 Robinson Road, Singapore 048547 on Wednesday, 22 April 2020 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

Ordinary Business		**For***	**Against***
Ordinary Resolution 1	Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report		
Ordinary Resolution 2	Payment of a first and final dividend		
Ordinary Resolution 3	Approval of Directors' fees		
Ordinary Resolution 4	Re-election of Ms Michelle Liem Mei Fung as Director		
Ordinary Resolution 5	Re-election of Mr Richard Eu Yee Ming as Director		
Ordinary Resolution 6	Re-appointment of Deloitte & Touche LLP as Auditors and authorisation for Directors to fix their remuneration		
Special Business			
Ordinary Resolution 7	Authority to allot and issue shares (General Share Issue Mandate)		
Ordinary Resolution 8	Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme		
Ordinary Resolution 9	The Proposed Renewal of the Share Purchase Mandate		
Ordinary Resolution 10	The Proposed Renewal of the Interested Person Transactions Mandate		

*Note: Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ____________ 2020.

Shares in:	**Total Number of Ordinary Shares held**
(a) Depository Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 not less than 72 hours before the time appointed for the Meeting.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by 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. 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 or proxies, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject an 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 on the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Please
Affix
Postage
Stamp

The Group Company Secretary
TUAN SING HOLDINGS LIMITED
9 Oxley Rise
#03-02 The Oxley
Singapore 238697

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PUBLISHING DETAILS

Published by :
Tuan Sing Holdings Limited

Compiled, written and edited by :
Tuan Sing In-house Team

Fiscal year :
1 January to 31 December 2019

Designed and printed by :
Toppan Merrill under ISO 9001

Hard copies produced :
600 copies

Hard copies of this Annual Report may be requested by contacting:

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Email: ir@tuansing.com

For announcements, presentation slides and other information, please visit our website at www.tuansing.com

PAPERS USED

Cover – Antarctic Snow Cambric, 280gsm
Review pages – Cocoon Silk, 130gsm
Financial pages – Woodfree, 80gsm

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DISCLAIMER

Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This Annual Report is provided for general information only and does not constitute an invitation to invest in the Company's shares. Except where you are a shareholder, this report is not, in particular, intended to confer any legal rights on you. Any decision you make by relying on this information is solely your responsibility. The historical information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraphs.

CAUTIONARY STATEMENT

This Annual Report provides readers with information that management believes is required to gain an understanding of Tuan Sing's results in the last financial year and to assess the Company's future prospect. Accordingly, certain statements herein, including statements regarding future results and performance, are forward-looking statements based on current expectations. Words such as 'expects', 'anticipates', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements.

These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events. They involve assumptions, risks and uncertainties. The actual future performance or results may differ materially from those expressed or implied by these forward looking statements as a result of various important factors. These factors include but not limited to, economic, political and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange rate movements, cost of capital and availability of capital, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in demands, customers and partners, and changes in operating costs. Further details of potential risks and uncertainties affecting the Group are discussed in "Business Dynamics & Risk Factors Statement" in this Annual Report. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this report. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

EXTERNAL/THIRD PARTY WEBSITES

Information on or accessible through any third party or external website does not form part of and is not incorporated into this Annual Report.

Use of terms

In this Annual Report, unless the context otherwise requires, 'Tuan Sing', 'the Group', 'we', 'us', and 'our' refer to Tuan Sing Holdings Limited and its consolidated entities, Statement of financial position" and "balance sheet" are used interchangeably, and any reference to 'this Annual Report' is a reference to this Annual Report.

FIGURES

Figures in parentheses in tables and in the Financial Statements are used to represent negative numbers.

FEEDBACK

The Annual Report is a key document in our communication with our shareholders and other stakeholders. If you have any questions or feedback, we would very much like to hear from you. Please contact us at http://www.tuansing.com/ContactUs/Feedback.aspx

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