

Straits 5.0

STRAITS 5.0

From resources in tin since the 1880s to property development and equity investments from the 1960s, hospitality in the 1990s to a conglomerate-investment company today, The Straits Trading Company Limited (“**Straits Trading**”) has strategically transformed its businesses with the times to address new challenges and deliver shareholder value.

With our values of resourcefulness, reinvention and resilience embedded, Straits Trading is embarking on a new era of transformation. Straits 5.0 will provide opportunities for all stakeholders to participate in the continued growth of the company.

Corporate Profile

Incorporated in 1887, The Straits Trading Company Limited is a conglomerate-investment company with diversified operations and financial interests internationally in resources, property and hospitality. Its investments comprise majority or strategic stakes in Malaysia Smelting Corporation Berhad, which is dual listed on Bursa Malaysia and SGX-ST; Straits Real Estate; ARA Asset Management Limited and Far East Hospitality Holdings as well as a diversified property portfolio that is wholly-owned by the Group.

- 1.0 ▶

1880s
Straits Trading was the world’s largest tin producer and its “Straits Tin” was renowned internationally as the purest quality of tin in the world.
- 2.0 ▶

1960s
The “Golden Era” of Straits Trading, when it diversified into property development and equity investment having acquired colonial properties in 1923.
- 3.0 ▶

1990s
Straits Trading branched out into the hospitality business in Asia-Pacific in 1994, under Rendezvous Hospitality Group.
- 4.0 ▶

2010s
Following the successful takeover by the Tecity Group in 2008, Straits Trading has transformed its businesses into scalable assets and sustainable growth engines as a capital allocator.
- 5.0 ▶

2020s
Straits Trading embarks on a new era of transformation by democratising our assets and convert the assets into investable securities to broaden our investors base.

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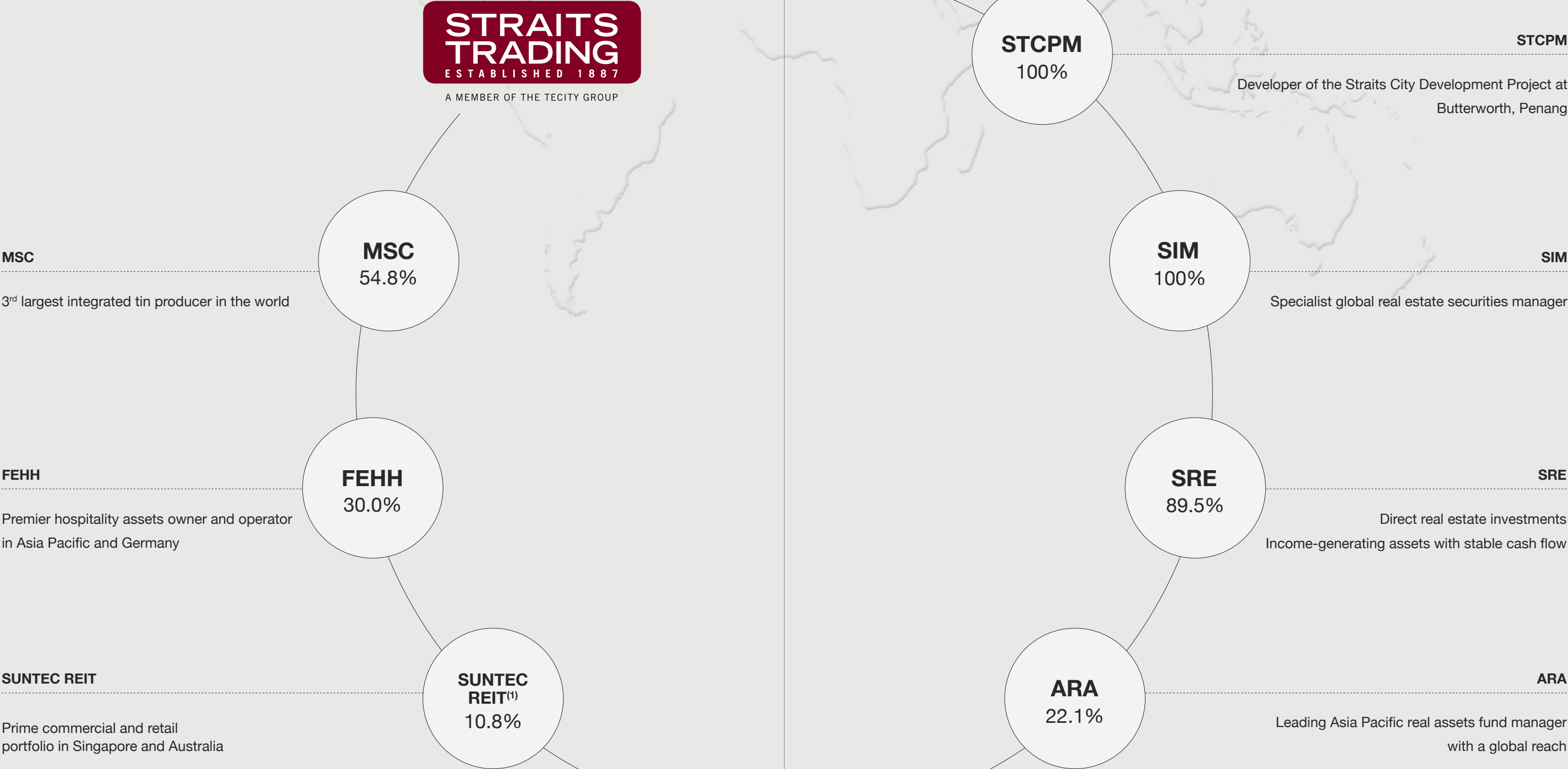
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Company Overview

(As of 31 December 2020)



⁽¹⁾ Aggregate interest in Suntec REIT, comprising 2.8% direct interest and 8.0% deemed interest through its shareholding in ARA group companies

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of The Straits Trading Company Limited for the financial year ended 31 December 2020 (“FY2020”).

Over the last decade our priority has been to transform our investments into sustainable business engines, focusing on achieving sustainable growth and improving return on shareholders’ capital. Today, our transformation has proven fruitful as our business engines continue to grow and demonstrate resilience despite external headwinds.

Resilient Business Engines

Notwithstanding the extraordinary challenges brought about by the Covid-19 pandemic (the pandemic), Straits Trading’s profit after tax (“PAT”) remained resilient at \$71.2 million for FY2020. Our key profit driver last year continued to be the real estate segment. Its strong recurring income base and well-diversified portfolio has positioned Straits Trading well to weather the impact of the pandemic.

While not immune to the impact of the pandemic, our diversified portfolio of investments and strong balance sheet shielded us from the brunt of it. This strategy of proactive recycling of capital

was instrumental in our successful navigation of operational difficulties arising from the pandemic.

Despite the challenging operating environment, we are pleased to declare an interim dividend of 6 cents per share for FY2020, unchanged from FY2019. We remain committed to deliver a sustainable and increasing dividend payout to our shareholders.

Straits Real Estate Pte. Ltd. (“Straits Real Estate” or “SRE”)

About 89% SRE’s assets are income-generating and these provided a stable stream of cash flow during the pandemic. This sturdy portfolio enabled SRE to contribute \$75.1 million to Straits Trading’s PAT for FY2020.

Last year, SRE made its maiden entry into the United Kingdom by acquiring Bourne Business Park, a prime freehold business park in Addlestone, Surrey, England, that provides a resilient income stream from its stable existing leases.

In Japan, SRE divested nine freehold residential properties located in Tokyo and the Greater Tokyo Area, realising a gain on an investment that it has held since 2017 at an internal rate of return of 18%.

Both were completed despite subdued market sentiment, demonstrating SRE’s discipline in acquisitions and timely divestments.

Riding on the rise of e-commerce that has emerged since the pandemic, SRE will continue to further develop its portfolio of build-to-suit logistics properties in Australia and South Korea.

ARA Asset Management Holdings Pte Ltd (“ARA”)

ARA has scaled new peaks in 2020 as gross assets managed by the ARA Group¹ and its associates increased to approximately \$119 billion as at 31 December 2020, exceeding its target of managing \$100 billion² in gross assets by 2021.

During the year, ARA acquired majority stakes in LOGOS Group, a real estate logistics platform in the Asia-Pacific and Venn Partners LLP, an established investment manager in European real estate private debt.

Additionally, ARA made a proportional offer for Cromwell Property Group, raising its stake to 30.7%, and tender-offer for Kenedix together with Sumitomo Mitsui Finance and Leasing Company (“SMFL”), with the objective of taking the entity private.

Far East Hospitality Holdings Pte. Ltd. (“Far East Hospitality”)

Despite being in one of the hardest hit sectors during the pandemic, Far East Hospitality marched ahead and grew its hospitality management portfolio in the Asia Pacific, with the opening of six hotels comprising 1,300 rooms in Japan, Australia and New Zealand in 2020.

We expect operating conditions to remain challenging for a protracted period, but Far East Hospitality is positioning itself for long-term growth.

Malaysia Smelting Corporation Berhad (“MSC”)

In FY2020, MSC recorded a net profit of RM15.7 million, compared to RM30.7 million the previous year on evolving market conditions and operational disruptions as a result of the pandemic.

We are positive about MSC’s outlook given its rationalisation efforts and a resurgence of interest in the tin industry which has seen LME 3-month tin prices soaring to a seven-year highs. Various factors, such as the increased use of electronic devices as well the growth of electric vehicles, have boosted demand for tin. The commissioning of the Pulau Indah smelter slated for late-2021 or early-2022 is timely and well-positioned MSC to capitalise on the rising tin demand.

Unlocking the value of Butterworth Land

Our 40-acre Butterworth Land has generated a lot of interest from investors due to its strategic location, freehold status and huge redevelopment potential. Our transformation of the land into a mixed-use development called Straits City is in progress despite restrictions from the Movement Control Order in Malaysia.

The construction of a 23-storey 4-star hotel in Phase 1 has reached 16 storeys to date. Barring unforeseen circumstances, Phase 1 is expected to be completed in 2H 2022 and we intend to launch Straits City in 1Q 2022.

Straits Investment Management Pte. Ltd. (“SIM”)

Our subsidiary, SIM is a global fund management firm with capabilities that span equities, fixed income and real estate alternatives. With its focus on investments in listed real estate securities, SIM complements SRE’s investments in private real estate and completes the Straits Trading real estate ecosystem. Together, these two approaches are able to generate superior risk-adjusted returns for Straits Trading.

Despite the global pandemic last year, SIM’s investment strategy outperformed the Straits Times Index and the Singapore REIT Index by 16.3% and 11.5% (net of fees), respectively.

SIM is also a sub-advisor to the NikkoAM Shenton Global Property Fund.

Sustainability

Recognising our duty to deliver returns in a sustainable manner, we have taken a proactive stance to mitigate environmental and social risks. In FY2020, we continued our efforts to actively engage capital market participants through various investor roadshows and analyst briefings. The full report on our sustainability and investor relations efforts can be found inside this report.

Straits 5.0 – A New Era Of Transformation

Our operating environment will remain challenging with economic headwinds and geopolitical risks. Hence, we must constantly reinvent and grow while adding value to the economy, shareholders and employees. Straits Trading has always been an integral part of Singapore’s history.

We are confident that our robust structure, with our values of resourcefulness, reinvention and resilience embedded, will provide opportunities for all stakeholders to participate in the continued growth of the company.

The fast-changing business environment requires Straits Trading to be nimble and responsive. From the 1880s to the 1960s, the first era of change lasted 80 years and the second period, or Straits 2.0, from the 1960s to 1990s, lasted 30 years. Straits 3.0 from 1990 to 2010 was 20 years and Straits 4.0 from 2010 to 2020 was only 10 years. Time is compressed. We have to keep moving.

Acknowledgement

Dr Gary Hilton Weiss stepped down as Independent and Non-Executive Director in September 2020. I would like to thank him for his valuable contributions over his six-year tenure with Straits Trading.

I would also like to extend my appreciation to our business partners, bankers and shareholders for their confidence and support, my fellow Directors for their counsel, and all employees at Straits Trading and its subsidiaries, for their hard work and dedication throughout the year.

CHEW GEK KHIM PJG

Executive Chairman
 31 March 2021

¹ ARA Asset Management Holdings Pte. Ltd. and the Group of companies

² “Steadfast about growth”, The Business Times, August 2018

Board of Directors

CHEW GEK KHIM, PJG, 59
Executive Chairman



First appointed: 20 March 2008
Last re-elected: 27 April 2018

Ms Chew Gek Khim is a lawyer by training. She has been Chairman of The Straits Trading Company Limited since 24 April 2008. Ms Chew is also Executive Chairman of the Tecity Group and Executive Director of Tecity Asset Management Pte. Ltd.. She is Chairman of Malaysia Smelting Corporation Berhad and ARA Trust Management (Suntec) Limited, and sits on the Boards of ARA Asset Management Holdings Pte. Ltd. and Singapore Exchange Limited. She is also Deputy Chairman of the Tan Chin Tuan Foundation. She sits on the Board of Governors of S. Rajaratnam School of International Studies and NUS Board of Trustees.

Ms Chew graduated from the National University of Singapore in 1984. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010, the Singapore Businessman of the Year 2014 in 2015, and the Meritorious Service Medal at the National Day Awards in 2016.

CHEW GEK HIANG, 57
Non-Independent and Non-Executive Director



First appointed: 30 April 2008
Last re-elected: 30 April 2020

Ms Chew Gek Hiang, an accountant by training, has been with the Tecity Group, the parent company of The Straits Trading Company Limited, since 1991. As Executive Director and Head of Finance, she is actively involved in the investment activities of the Tecity Group and is responsible for its securities trading portfolio. She is also Director of Tecity Asset Management Pte. Ltd.. She oversees the human resource and administrative functions in the Tecity Group.

Currently serving on the Advisory Board of the Academy of Chinese Medicine, Singapore, Ms Chew is also a Council Member of Tan Chin Tuan Foundation in Singapore. She is also President of Noah's Ark CARES (Companion Animal Rescue and Education Society), a non-profit animal welfare charity which champions responsible pet ownership and active sterilisation and microchipping of stray dogs and cats in Singapore.

After her graduation from the National University of Singapore in 1986, Ms Chew worked with Ernst & Whinney in Singapore for a year. She then joined Ernst & Young (London) in 1987 to pursue chartered accountancy, and was admitted to the Institute of Chartered Accountants in England and Wales in October 1990.

GOH KAY YONG DAVID, 59
Non-Independent and Non-Executive Director



First appointed: 30 April 2008
Last re-elected: 26 April 2019

Mr Goh Kay Yong David is the Chief Investment Officer and Chief Strategist of the Tecity Group, the parent company of The Straits Trading Company Limited.

Mr Goh started his investment career as an Investment Analyst with Great Eastern Life in 1986, and taught at the Nanyang Technological University ("NTU"), Singapore in the Bachelor of Business Financial Analyst programme in 1991. After joining the Tecity Group in 1997, he remained from 1997 to 2003, as Adjunct Associate Professor of Finance at NTU. Mr Goh also serves as Director of Stewardship Equity Pte Ltd, Commonwealth Capital Pte. Ltd. and Project Chulia Street Limited.

Mr Goh holds a Bachelor of Arts (Hons) degree in Economics from York University, Canada; a Master of Science in Management (System Dynamics, Finance and Strategy) from Massachusetts Institute of Technology's Sloan School of Management, and is a CFA Charter holder.

TAN TIONG CHENG, 70
Independent and Non-Executive Director



First appointed: 1 July 2013
Last re-elected: 26 April 2019

Mr Tan Tiong Cheng served as President and subsequently as Senior Advisor of Knight Frank Asia Pacific Pte Ltd until his retirement on 31 March 2020. He was the Executive Chairman of Knight Frank Pte Ltd's Group of Companies until 31 March 2017. Over the last four decades, he has amassed an extensive and in-depth knowledge of real estate. He is an Independent and Non-Executive Director of UOL Group Limited, Chairman of Remuneration Committee and a Member of its Audit and Risk Committee. Mr Tan is the Lead Independent Director, Chairman of the Remuneration Committee and a Member of the Audit Committee and Nominating Committee of Heeton Holdings Limited. He is also a Non-Executive Independent Director of Amara Holdings Limited, the Chairman of its Remuneration Committee and a Member of its Audit and Risk Committee of Amara.

A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. A Licensed Appraiser, he is also a Fellow Member of the Singapore Institute of Valuers and Surveyors, and the Association of Property and Facilities Management, an Associate Member of the New Zealand Institute of Valuers and a Senior Member of The Property Institute of New Zealand. He served as a Member of the Valuation Review Board until 30 April 2016.

Board of Directors

CHIA CHEE MING, TIMOTHY, 71
Lead Independent Director



First appointed: 27 February 2015
Last re-elected: 27 April 2018

Mr Chia Chee Ming, Timothy is Chairman of Hup Soon Global Corporation Private Limited. He sits on the boards of several other private and public companies, including Banyan Tree Holdings Ltd, Fraser and Neave, Limited, Singapore Power Limited, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Malaysia Smelting Corporation Berhad and Thai Beverage Public Company Limited. He is a Member of the Corporate Governance Advisory Committee of The Monetary Authority of Singapore, a Member of the Advisory Board of the Asian Civilisations Museum and a Term Trustee of the Singapore Indian Development Association. Mr Chia was a Member of the Board of Trustees of the Singapore Management University.

Mr Chia graduated with a Bachelor of Science *cum laude*, majoring in Management from Fairleigh Dickinson University in the United States of America.

TAN CHIAN KHONG, 65
Independent and Non-Executive Director



First appointed: 1 January 2018
Last re-elected: 30 April 2020

Mr Tan Chian Khong has approximately 35 years of experience in the audit industry. He joined Ernst & Young LLP (then known as Ernst & Whinney) in April 1981 and was a partner of the firm from July 1996 to June 2016. Currently he is an Independent Non-Executive Director of Alliance Bank Malaysia Berhad, listed on Bursa Malaysia, Hong Leong Asia Ltd, CSE Global Limited and Banyan Tree Holdings Ltd. He is a Board member of Casino Regulatory Authority of Singapore and SMRT Corporation Ltd, and volunteers as the Honorary Executive Director of Trailblazer Foundation Ltd.

Mr Tan holds a Bachelor of Accountancy from the National University of Singapore and he is a Member of the American Institute of Certified Public Accountants, a Fellow of CPA Australia and the Institute of Singapore Chartered Accountants.

CHUA TIAN CHU, 61
Independent and Non-Executive Director



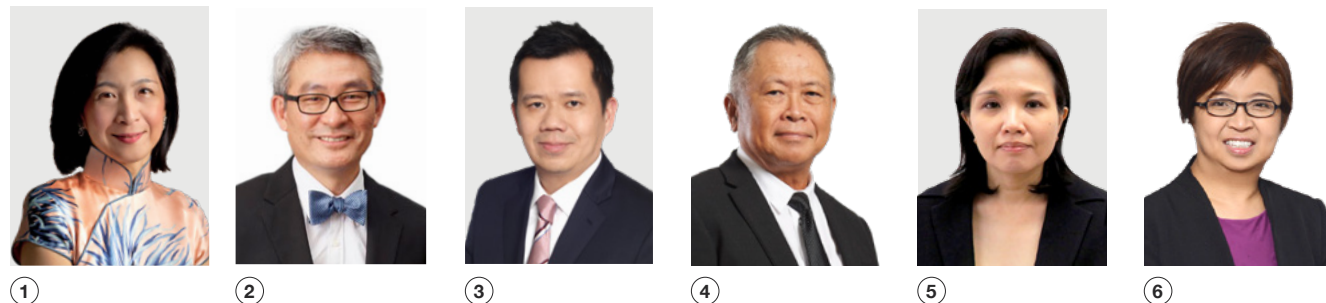
First appointed: 1 January 2018
Last re-elected: 30 April 2020

Mr Chua Tian Chu was the Deputy Chief Executive Officer of Meritus Hotels & Resorts from 2012 to 2013. Prior to this, Mr Chua held the positions of Executive Vice President of International Sector and Greater China Region, as well as Head, Global Financial Institutions Group of United Overseas Bank Limited, and Managing Director and Head of Investment Finance of Citigroup Private Bank (Asia Pacific Region) as well as Head of Citigroup Corporate Banking in Singapore. He was also formerly the Managing Director and Group Chief Executive Officer of Far East Orchard Limited (then known as Orchard Parade Holdings Limited).

Mr Chua holds a Master in Business Administration from the National University of Singapore, a Master in Theological Studies (*magna cum laude*) from the Asia Theological Center, and a Master of Divinity from the East Asia School of Theology. Mr Chua also has a Bachelor Degree in Civil Engineering from the National University of Singapore. He has also attended the Advanced Management Program of Harvard Business School.

Personnel

Key Management



1. CHEW GEK KHIM, PJG

Executive Chairman

(Please refer to page 6 for profile)

2. ERIC TENG, BBM, PBM

CEO, Straits Developments Private Limited

Mr Teng is responsible for the Group's property business (except for properties held by Straits Real Estate), hospitality, new business opportunities and leads the Group's corporate functions.

Mr Teng joined the Tecity Group in 2005 and was CEO of Tan Chin Tuan Foundation from 2006 to 2010. Between 2009 to 2015, he had held key appointments at Straits Trading, including CEO for Property and Hospitality between 2010 and 2013. Between 2016 to 2019, he was Executive Director and CEO of SGX-listed Heeton Holdings Limited before rejoining Straits Trading.

He remains an Advisor to the Tecity Group and Tan Chin Tuan Foundation. Mr Teng holds an MBA from the National University of Singapore (NUS) Business School.

3. DESMOND TANG

CEO, Straits Real Estate Pte. Ltd.

Mr Desmond Tang has been CEO of Straits Real Estate since February 2014. He drives the business growth and investment strategies of the company. Mr Tang has more than 28 years of experience in real estate investment and management.

At various times prior to joining Straits Real Estate, he was Managing Director and Co-Head at Alpha Investment Partners, and Managing Director at GrowthPath Capital Private Limited which he co-founded. Mr Tang has a Bachelor of Science (Honours) degree in Real Estate from the National University of Singapore, and a Master of Applied Finance degree from Macquarie University.

4. DATO' DR. IR. PATRICK YONG MIAN THONG

Group CEO & Executive Director, Malaysia Smelting Corporation Berhad

Dato' Dr. Ir. Patrick Yong Mian Thong joined Malaysia Smelting Corporation Berhad in 2016 and is currently the Group CEO and Executive Director of the Company. He leads its strategic development and policies, and business operations.

Dato' Yong started his career as an engineer with the National Electricity Board of Malaysia where he established proficiency in electrical distribution systems. Previously, he was CEO of Yokohama Industries Berhad (2010 to 2015) managing a secondary lead smelter and SLI battery manufacturing, and CEO of Tai Kwang Yokohama Industries Berhad (2007 to 2010).

He holds a Bachelor of Science (Honours) in Electrical and Electronics Engineering and a PhD in Electrical Engineering based on his research on energy conversion efficiency.

5. JOYCE TAN WEI TZE

Group Financial Controller

Ms Joyce Tan Wei Tze has been Group Financial Controller since 31 December 2020 and oversees its finance, accounting, risk management and tax matters.

She has over 24 years of experience in finance, accounting, tax, treasury, investment banking and corporate finance. She was Chief Financial Officer Retail Asia of Robinson and Company Private Limited (2017 to 2019), and Chief Financial Officer and Executive Vice President Financial Services of Genting Hong Kong Limited (2009 to 2017).

Ms Tan holds a Bachelor of Science (Honours) in Accounting from the University of Hull, United Kingdom, and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the HK Institute of Certified Public Accountants.

6. GOH YAH HUAY

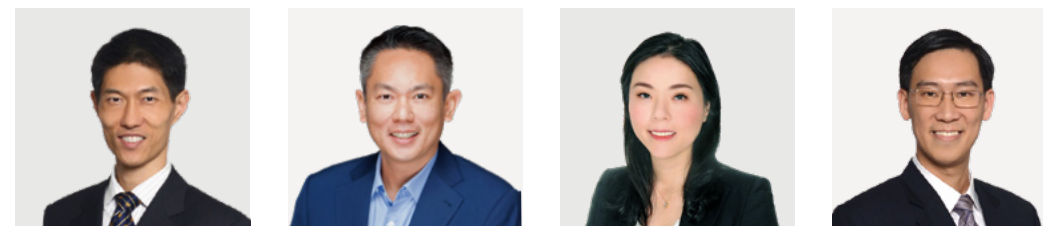
Group Treasurer

Ms Goh Yah Huay has been Group Treasurer of Straits Trading since January 2018. She is also Director of Finance at Straits Real Estate overseeing its accounting, treasury and finance-related matters.

An accountant by training, Ms Goh has over 20 years of experience in Accounting, Controllershship, Treasury, Financial Planning and Analysis. She is well-versed with the financial landscape in the Asia Pacific and has a track record in financial modelling to address key business challenges. Ms Goh holds a Bachelor of Accountancy from Nanyang Technological University and is a Chartered Accountant of Singapore since 1998.

Senior Executives in Straits Trading & its Subsidiaries

THE STRAITS TRADING COMPANY LIMITED



DR ALLEN TAN

*Head
Portfolio Management*

FOO CHEK WEE

*Head
Human Capital & Office
Administration*

SELINA HO

*Head
Investors' Relations &
Corporate Secretariat
Head
Corporate Communications*

JAMES KWIE

*Portfolio Manager
Portfolio Management*

STRAITS INVESTMENT MANAGEMENT PTE. LTD.



MANISH BHARGAVA

Chief Executive Officer

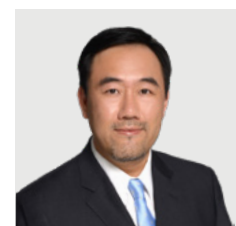
STC PROPERTY MANAGEMENT SDN. BHD.



TAN HWEI YEE

Chief Executive Officer

STRAITS REAL ESTATE PTE. LTD.



PAUL YI

Chief Investment Officer



GOH YAH HUAY

*Director
Finance*



ADELINE FONG

*Director
Asset Management*

MALAYSIA SMELTING CORPORATION BERHAD



NICOLAS CHEN

*Deputy Chief
Executive Officer
(Administration)*



LAM HOI KHONG

*Group Chief
Financial Officer*



IR. RAVEENTIRAN KRISHNAN

*Group Chief
Operating Officer,
Smelting*



MADZLAN ZAM

*Executive Director &
Senior General Manager
Rahman Hydraulic
Tin Sdn. Bhd.*



YOON CHOON KONG

Group Internal Auditor

Year in Review

Group Financial Highlights

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Total revenue	308,891	363,637	455,987	473,625	513,475
Earnings before interest, tax, depreciation and amortisation	133,848	165,081	133,443	85,847	119,065
Earnings before interest and tax	125,726	157,005	126,824	80,217	114,358
Profit before tax	95,957	129,320	99,646	57,463	94,938
Profit attributable to owners of the Company	51,483	84,371	71,722	46,432	67,291
Shareholders' funds	1,537,998	1,519,121	1,467,293	1,477,582	1,364,508
Per Share					
Earnings per share (cents)	12.7	20.7	17.6	11.4	16.5
Dividend per share (cents)	6.0	6.0	6.0	6.0	6.0
Net asset value per share (\$)	3.78	3.73	3.60	3.62	3.34
Financial Ratios					
Return on equity (%)	3.4	5.7	4.9	3.3	5.1
Net gearing (%)	42.4	33.5	38.8	25.9	22.5

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Balance Sheet					
Total non-current assets	2,260,346	2,006,809	2,021,001	1,731,357	1,532,282
Total current assets	825,600	642,385	555,333	702,292	672,333
Total assets	3,085,946	2,649,194	2,576,334	2,433,649	2,204,615
Equity attributable to owners of the Company	1,537,998	1,519,121	1,467,293	1,477,582	1,364,508
Non-controlling interests	188,940	150,195	131,310	93,312	94,240
Total equity	1,726,938	1,669,316	1,598,603	1,570,894	1,458,748
Total non-current liabilities	684,790	705,649	647,080	568,881	201,725
Total current liabilities	674,218	274,229	330,651	293,874	544,142
Total liabilities	1,359,008	979,878	977,731	862,755	745,867
Total equity and liabilities	3,085,946	2,649,194	2,576,334	2,433,649	2,204,615

Year in Review

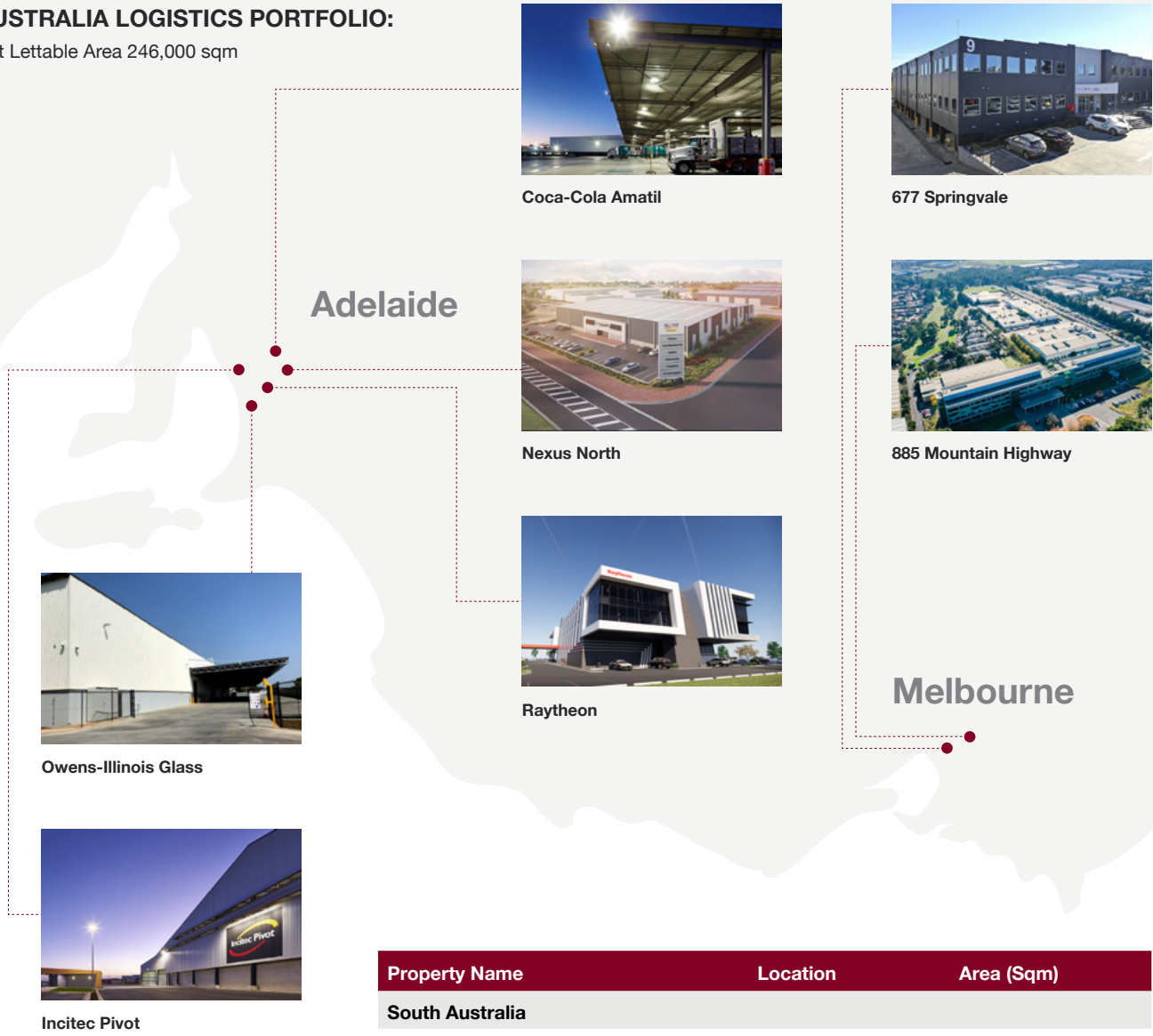
Real Estate

Straits Real Estate Pte. Ltd. (“Straits Real Estate” or “SRE”)

www.straitsrealestate.com

AUSTRALIA LOGISTICS PORTFOLIO:

Net Lettable Area 246,000 sqm



Overview

The global real estate markets saw unprecedented disruptions in 2020 as the COVID-19 pandemic brought about massive and swift changes in space usage habits that the industry could never have anticipated. Lockdowns, work-from-home regimes, exponential growth in online retailing, and safe-distancing requirements all contributed to the disruption. No geographical markets were spared as landlords scrambled to find solutions with defaulting tenants while trying to adapt to changing space demand.

Despite the extreme recessionary environment, SRE ended FY2020 with a profit after tax of \$75.1 million, up 9% over FY2019, while assets under management swelled to \$1.9 billion with net invested capital of \$878.4 million. These achievements demonstrated SRE’s ability, backed by its proactive approach to portfolio management, to sustain and deliver healthy profits even under the most challenging conditions. SRE also continued to put capital to work in the year, focusing on opportunities that are pandemic-resilient and with strong growth potential when general business sentiment eventually recovers.

Now in its seventh year of business operation, SRE has built a proven track record in delivering results for its shareholders year after year. SRE’s success is supported by

its emphasis on capital efficiency, which it achieves through a disciplined approach to capital allocation, risk pricing, asset management, and divestment – all of which ensures that capital is recycled into higher returning investments in a systematic and timely manner. While its portfolio comprises predominantly income-producing assets with stable cash flow, many of these assets also offer opportunities for value-adding that the SRE team expertly executes and realises. This is a formula that is constantly applied by SRE to ensure that performance is kept at the highest standard.

Increased Warehouse Demand amidst Pandemic Lock Down

The logistics property sector was one of few exceptions to the distressed situation in global real estate in 2020, and had emerged as the prime beneficiary of the pandemic. Factors from strong growth in e-commerce transactions and elevated demand for medical supplies to strained supply chains all contributed to a surge in demand for warehouse space.

Against this backdrop, SRE continued to expand its logistics portfolio in Australia in 2020. It completed the construction of the Raytheon facility at Mawson Lakes, South Australia, and entered into an agreement with the Wengfu Group for a built-to-suit facility to be located at Port Adelaide, South Australia. At the same

time, it secured other major tenancies that included JS Hayes at the Nexus North logistic park at Salisbury, South Australia, and CPB Contractors at Mulgrave. The current Australian portfolio, on a fully developed basis, is expected to offer lettable area of 246,000 sqm.

In South Korea, one of the largest and fastest growing third-party logistics markets in the region, prospects for logistics properties will continue to remain strong. Construction of the Sky Logis logistic facility is scheduled to be completed in the first quarter of 2021. The state-of-the-art modern warehouse, with total lettable area of about 191,000 sqm, is well positioned to benefit from prevailing strong demand for good quality warehouse space. Separately, SRE has also committed to investing in its second logistics facility in the metropolitan Seoul area when it inked an agreement to acquire a development land parcel at Anseong City. The land parcel has the potential to be developed into a logistics facility with total lettable area of about 109,000 sqm, comprising both cold storage and dry warehouse space.

1 Sky Logis logistics facility, Seoul



1

Year in Review

Real Estate

Straits Real Estate Pte. Ltd. (“Straits Real Estate” or “SRE”)

www.straitsrealestate.com



2

Harvesting Gains from Japan’s Residential Market

SRE started its investment programme in Japan’s apartment-for-rent sector in 2016, identifying a less-followed sector that enjoyed strong domestic demand and which generated high cash yield. Since then, a large amount of foreign institutional capital has entered the market to acquire these properties, pushing prices up and cap rates down. SRE decided in 2019 to progressively divest from the sector to realise the capital gains earned on its portfolio, starting with its residential assets in Osaka.

Despite the subdued market sentiment in 2020 amidst the pandemic, SRE successfully divested the remainder of its apartments which were located in the greater Tokyo area. Over this investment time frame of approximately four years, the blended IRR and equity

multiple for SRE’s entire strategy was 14.1% per annum and 1.4x respectively.

Maiden Investment in the UK

SRE made its first acquisition in the UK when it purchased the freehold Bourne Business Park located in Surrey County, England. The business park sits on 15 acres of land and comprises six office buildings with total lettable area of 16,942 sqm. This property is 96% occupied with many of the tenants using their premises as either their UK, European, or global headquarters.

The asset, which was acquired for GBP76.7 million, will provide SRE with stable income, while offering various opportunities for value enhancement over the planned investment period.

Notwithstanding the twin challenges of the COVID-19 pandemic and Brexit-

associated uncertainties, SRE believes that the UK real estate market offers attractive investment propositions. SRE will continue to seek other investment opportunities in the UK that provide short-to-middle term insulation against current challenges, with asset quality to benefit economically from the eventual market recovery.

China’s Brick-and-Mortar Retail at a Crossroad

Retail malls across China went through a difficult period in the first quarter of 2020 as the country went into an enforced nation-wide lockdown to combat the pandemic. With the exception of supermarkets and pharmacies, most other tenants in shopping malls were not allowed to operate for months. Depending on the province and city, restrictions were gradually relaxed starting from the end of March.



3

- 2 Bourne Business Park, Surrey County, England
- 3 悦地 My Place Mall, Chongqing
- 4 320 Pitt Street, Sydney (exterior)

Coming out of the early 2020 lockdown, SRE’s retail malls in Shanghai and Chongqing have generally recovered well. Tenants’ sales at the 悦地 My Place Mall in Chongqing, for example, increased 7% in 2020 over the previous 12 months, and 18% for the last six months of the year. While several weaker tenants did not survive the lockdown, they were quickly replaced with new tenants, and usually at higher rents, hence maintaining occupancy levels at the malls.

Despite the good performance of SRE’s malls in China, the pandemic has accelerated the shift to e-commerce and further eroded the popularity of traditional retail. It is expected that consumers who

- 5 320 Pitt Street, Sydney
- 6 Café, 45 St Georges Terrace, Perth

have adapted to shopping online during the movement restriction period are likely to keep to the new habits. Retail mall owners across China will have to adjust to the new norm and find ways to keep their properties relevant to consumers.

Staying the Course in Australia’s Weak Office Market

The weakening of rental demand for Australia’s office property sector began in 2019 with the onset of the global economic slowdown. 2020, with the COVID-19 outbreak, offered no reprieve.

Amidst the lacklustre market conditions, SRE has focused on strengthening the quality of its office buildings in Australia,



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with a view to positioning the assets to benefit from the eventual market recovery. At 45 St Georges Terrace, Perth, its committed occupancy is at 95%, with an attractive WALE (weighted average lease expiry) of 5.2 years. SRE has fully implemented its asset enhancement plan at 320 Pitt Street, Sydney. Given its excellent location, the upgraded building is well placed to benefit from the return of a stronger market.

Year in Review

Real Estate

ARA Asset Management Holdings Pte Ltd (“ARA”)

www.ara-group.com

ARA, a 22.1%-owned associate of Straits Trading, is a leading Asia Pacific (“APAC”) real assets fund manager with a global reach. Gross assets under management increased \$28.5 billion to \$118.6 billion as at 31 December 2020. ARA manages listed and unlisted real estate investment trusts (“REITs”), private real estate equity and credit funds, and infrastructure funds, in 28 countries globally.

As one of the largest REIT managers in Asia Pacific, ARA and its associates manage 18 REITs globally, including Suntec REIT, ARA LOGOS Logistics Trust and ARA US Hospitality Trust (“ARA H-Trust”) listed in Singapore, and Fortune REIT, Prosperity REIT and Hui Xian REIT listed in Hong Kong. The group also manages over 100 private real estate funds, providing investors with a wide spectrum of real estate investment products across different sectors and geographies. Having established its infrastructure division in 2018, ARA is working towards its first close of an infrastructure fund. ARA also operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States (“US”), with the objective of driving its business initiatives in these regions. ARA counts some of the world’s largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA and the REITs under its management attained numerous awards and accolades in 2020, including Real Estate Investor of the Year – Asia – The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2020, Best Sustainable REIT Fund Manager (Asia Pacific 2020) – Capital Finance International, and

Excellence in Workplace Wellbeing Winner at the HR Excellence Awards 2020.

In 2020, ARA continued to grow its recurring fee business via inorganic and organic growth strategies which we believe would contribute meaningfully to its profitability going forward. Our share of profit for the year was affected by higher transaction costs as a result of the execution of ARA’s inorganic growth strategies, certain restructuring costs, and mark-to-market losses on fair valuation of financial assets, which are attributable to the COVID-19 pandemic.

Completed Acquisition of LOGOS and Expanded Logistics Platform

Following the completion of ARA’s acquisition of a majority stake in LOGOS in March, ARA created a best-in-class logistics real estate development and investment platform. As part of the acquisition, ARA transferred its holdings in the manager of Cache Logistics Trust, which was subsequently rebranded as ARA LOGOS Logistics Trust (“ALOG”), to LOGOS. With the support of LOGOS, ALOG deepened its presence in Australia by acquiring five logistics properties located in Brisbane and investing in two funds that own a combined portfolio of five logistics assets in New South Wales and Victoria. With this transaction, ALOG’s deposited property value increased by 28.2% to \$1.7 billion on a pro forma basis as at 30 June 2020, from about \$1.3 billion.

Completed Acquisition of a Real Estate Credit Platform

In March, ARA also completed the acquisition of a majority stake in Venn Partners, a specialist investment manager in European real estate private debt, and rebranded the entity, ARA Venn. ARA Venn extends ARA’s suite of products to real

estate credit, which is viewed as a positive space to be in given the volatile market environment caused by the pandemic. ARA Venn secured €200 million from institutional investors for the first close of its latest debt fund in July 2020, following the success of its predecessor fund. ARA Venn was also appointed the exclusive manager of a new £3 billion Affordable Housing Guarantee Scheme by the UK Ministry of Housing, Communities and Local Government, which follows the successful £3.5 billion Private Rented Sector Housing Guarantee Scheme.

Proportional Takeover Offer for Cromwell Property Group (“CPG”)

In July, ARA made a proportional takeover offer for CPG and it is seeking to drive a Board renewal to improve governance and operational performance. ARA is the largest shareholder of CPG with a 30.7% stake in the company as at December 2020.

Tender Offer for Kenedix by SMFL and ARA

In November, Kenedix announced that Sumitomo Mitsui Finance and Leasing Company (“SMFL”), together with ARA, have made a tender offer for the company with the objective of taking the company private. The tender price is JPY750/share. Post-privatisation, ARA will own a 30% stake in Kenedix, and will work with SMFL to strengthen and enhance Kenedix’s enterprise value.

Investment in a Crowdfunding Platform

In May, ARA invested in Minterest, a Singapore-based crowdfunding platform. This deal reflects ARA’s forward-looking take on Fintech and the role of real estate digitalisation in the future economy.



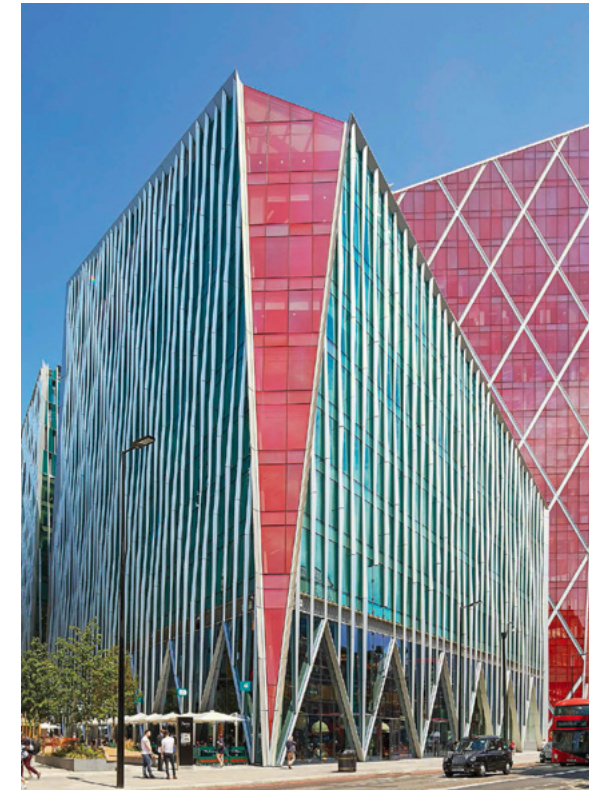
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ARA Dunedin Advises on Two New Acquisitions worth over £500 million

ARA Dunedin advised on two acquisitions in the UK, which included the acquisition of a 50% stake in the landmark Nova Estate in Victoria, London by Suntec REIT. Working together with SRE, ARA Dunedin also completed the acquisition of the Bourne Business Park in Surrey.

ARA Dunedin has been appointed to provide ongoing local asset management and owners’ representation services for both properties.

Changes in Shareholdings

In May, ARA and its shareholders announced a change in shareholding structure of ARA for the first time since its privatisation and delisting from the Singapore Exchange in April 2017. Straits Trading increased its stake in ARA by 1.1% for \$30.2 million. The carrying value of Straits Trading’s 22.1% stake in ARA is \$410.9 million as at 31 December 2020. Together with Mr John Lim

and CK Asset Holdings, the pre-privatisation shareholders hold an aggregate shareholding of 51.3% stake in ARA as at 31 December 2020. This signifies strong shareholder confidence and belief in ARA’s future growth and expertise.

While contributing to Straits Trading financially, ARA is also an integral part of the Group’s real estate ecosystem. Its expertise in real estate funds management and property management, together with its wide business network, have benefited and will continue to present synergistic opportunities for Straits Trading.

- ① LOGOS, 2 Tuas South Link 1, Singapore
- ② 200 Victoria Parade, Melbourne, Australia (Artist impression)
- ③ Parc1 Tower II, 108 Yeouui-daero, Yeongdeungpo-gu, Seoul
- ④ Nova Estate, Victoria, London, UK

Year in Review

Real Estate

Straits Investment Management Pte. Ltd. ("SIM")

www.stc.com.sg



A wholly-owned subsidiary of Straits Trading, SIM is a specialist global real estate securities manager that manages capital for institutions, family offices and ultra-high-net-worth individuals. With its focus on investments in listed real estate securities, SIM complements SRE's investments in private real estate and completes Straits Trading's real estate ecosystem.

SIM is a Registered Fund Management Company and is regulated by the Monetary Authority of Singapore.

SIM has a strategic partnership with Nikko Asset Management and serves as the sub-advisor to NikkoAM Shenton Global Property Fund.

Performance

Straits Global Property ("SGP"), managed by SIM, closed the year up 7.8% (net of fees). In 2020 alone, SGP outperformed the market by 17.6% (net of fees). In comparison, global real estate equities ended the year down 9.8%.

Overview

2020 was a challenging year for the global

equity market. From peak to trough, global equity markets lost a combined US\$26 trillion. It took just 16 days for the United States ("US") to enter a bear market, quicker than during the Great Depression of 1929. Global REITs were not spared from the selloff, declining 42%.

Commercial real estate investment volume remained soft as investors stayed on the side-lines, given the uncertain economic outlook and as lockdowns prevented conventional ways of doing business. SIM expects a recovery in transaction volumes in the course of 2021 amidst improving economic sentiment and a successful COVID-19 vaccine rollout.

Despite the headwinds and somewhat uneven recovery, the trajectory of major corporate earnings, and therefore the market, continues to trend upward. The unprecedented amount of funding and resources dedicated to vaccine development has resulted in the approval of multiple vaccines within a record time. Hopes for a return to normalcy sparked an impressive market rally in the fourth quarter of 2020 and real estate equities ended a

turbulent 2020 on a relative high note.

The last quarter also saw increased merger and acquisition ("M&A") activity, providing another indication of the large pool of private capital in search of high-quality, well-located real estate, especially given the continued wide disconnect between public and private real estate values.

Outlook

The outbreak of COVID-19 has accelerated existing underlying structural trends, such as working from home and e-commerce, with impact on the real estate sector. COVID-19 restrictions have increased market share for online retailers to 31% in South Korea, 30% in China, 19% in Singapore and 8% in Australia. SIM believes the prime beneficiaries of these trends are the sub-sectors, in particular logistics, industrial and data centres, which should continue to benefit in 2021.

At the same time, SIM expects low interest rates and bond yields to provide a supportive backdrop for income-producing assets such as real estate with predictable and growing cash flows, making it an attractive investment proposition.

Expectations for additional US stimulus are rising and the scale of a post-pandemic rebound should not be underestimated, most particularly for Asia which could also benefit from a weakening US Dollar.

Despite the recent rally, the listed real estate market continues to see many stocks trading at steep discounts to asset values. This, in our view, provides an opportunity for long-term investors to access good quality real estate for well below intrinsic value.

STC Property Management Sdn. Bhd. ("STCPM")

www.stc.com.sg

STCPM, a wholly-owned subsidiary of Straits Trading, was set up to spearhead the 40-acre master planned development project, Straits City, in Penang, Malaysia. STCPM focuses on creating desirable space and extracting maximum value for the stakeholders.

Co-owned by Straits Trading and Malaysia Smelting Corporation Berhad, Straits City is strategically located along the Butterworth waterfront and offers panoramic view of Penang Island. It is also well-connected to major towns via the two bridges, Butterworth Outer Ring Road ("BORR"), and major roads and highways. Besides, it is only a 25-minute drive from the Penang International Airport and a 10-minute drive from the newly gazetted free port, North Butterworth Container Terminal.

Straits City is an integrated Master Plan development, comprising of residential, retail, offices, hotels, and service apartments. With spaces that are carefully crafted and the deployment of intelligent technology, people will be brought together to "live, work, play" and become part of a community.

STCPM has embarked on the first phase of developing a 4-star hotel, which is scheduled for completion in 2022.

To maximise knowledge transfer and operational excellence, STCPM is currently recruiting and training a team of professionals based locally in Penang and supported by Straits Trading's corporate office in Singapore.

Outlook

In tandem with the Movement Control Order ("MCO") to curb the transmission of COVID-19, the Malaysia Government has rolled out a series of fiscal and non-fiscal economic stimulus measures, totalling RM305 billion to cushion the economic



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impact arising from the lockdown. In February 2021, Malaysia has commenced its vaccine rollout and target to complete the vaccine inoculation by early 2022. Without any impediment to the containment of COVID-19 and vaccine rollout, Malaysia's economy is expected to achieve positive growth of 5.6%¹.

On 1 February 2021, the North Butterworth Container Terminal was gazetted as a free trade zone², which is expected to boost the domestic manufacturing industry and further enhance Penang's attractiveness for foreign investors and strengthen its position as the second largest manufacturing state.

Riding on the various initiatives by the Federal and State government, STCPM

will focus on unlocking the value of the land through continuous engagement with the State Government and Municipal Council, and collaborations with like-minded companies.

① Aerial view of Straits City site

¹ 2021 Malaysia's Economic and Strategic Outlook Forum (MESOF) – 'The Post-COVID-19 New Normal – Where Do We Go From Here'

² 'Free port to reach new heights', The Star, February 2020

Year in Review

Hospitality

Far East Hospitality Holdings Pte Ltd (“FAR EAST HOSPITALITY”)

www.fareastorchard.com.sg/hospitality.html

Far East Hospitality, Straits Trading’s 30%-owned joint venture formed in 2013 with Far East Orchard Limited, is a premier hospitality assets owner and operator. In the same year, Far East Hospitality and Australia’s Toga Group formed a 50-50 joint venture, Toga Far East Hotels (“TFE Hotels”). Today, Far East Hospitality owns and operates a combined portfolio of over 100 properties with more than 16,500 rooms across eight countries and 25 cities.

Far East Hospitality operates nine unique and complementary brands including Rendezvous, Oasia, Quincy, Village, Far East Collection, Adina Apartment Hotels and Adina Serviced Apartments, Vibe Hotels, Travelodge Hotels and TFE Hotels Collection.

Key Developments

Despite the raft of challenges faced by the tourism and hotel industry in 2020, Far East Hospitality grew its hospitality management

portfolio in the Asia Pacific (“APAC”) with the opening of six hotels comprising approximately 1,300 rooms in Japan, Australia and New Zealand, where hotel demand is supported by domestic travel.

Notable openings include the Far East Village Hotel Ariake in Tokyo, the Vibe hotels in Melbourne, Perth, and Tasmania, the Travelodge Hotel Wynyard Quarter, and The Hotel Britomart in Auckland.

In November 2020, Far East Hospitality secured three new management agreements, adding 709 rooms to its pipeline. The three properties under management, Oasia Resort Sentosa in Singapore, Far East Village Hotel Yokohama in Japan and Quincy Hotel Melbourne in Australia, are scheduled to open in the first half of 2021. Additionally, The Clan Hotel, a 324-room modern luxury hotel in Singapore opened on 1 March 2021.



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- ① Far East Village Hotel Ariake
- ② The Clan Hotel (Artist impression)
- ③ Quincy Hotel Melbourne (Artist impression)
- ④ Oasia Resort Sentosa (Artist impression)

Outlook

Global travel restrictions resulting from the pandemic will continue to impact demand in the hospitality industry in 2021. The International Air Transport Association (“IATA”) has forecasted airline industry revenues this year to be 50% of pre-COVID-19 levels¹. Meanwhile, tourism recovery is expected to be slow and will be supported by domestic and non-air travel demand.²

In Singapore, the outlook for the tourism sector remains uncertain in the continued absence of large-scale international travel. Yet, the pandemic has also given the sector an opportunity to reposition for the future. In particular, testing protocols for visitors were developed and implemented to safeguard public health, while the introduction of the SingapoRediscovers vouchers have provided a reprieve to the local tourism sector. The Singapore Tourism Board has also launched initiatives, such as the creation of digital content and online and offline events to strengthen the

country’s brand image around the world. These initiatives have collectively helped the hotel sector to tide over the pandemic and prepare for the gradual return of international travellers.

According to market data agency Smith Travel Research (“STR”), hotels in Singapore, Sydney, New South Wales, and Queensland have shown signs of recovery and achieved standard occupancy rates of between 65% to 75%³ in December 2020. Moving forward, occupancy growth in Singapore’s hospitality industry is expected to be muted due to the reliance on government contracts and a limited domestic market. For Australian markets, occupancy rates in regional markets are expected to be stronger than in capital cities this year due to increased intrastate travel.

Meanwhile, CBRE expects hotel revenues

and profits to remain under pressure with the resurgence of the virus and new supply weighing on short-term performance recovery in some European markets⁴. Resilient leisure tourism demand and limited supply in the medium-term are expected to propel hotel revenues to pre-pandemic levels in 2024. The German hotel market is pipped to outperform other European markets with its strong domestic demand and staycation-oriented market⁵.

Over the long-term horizon, the United Nations World Travel Organization (“UNWTO”) expects international visitor arrivals to return to pre-pandemic levels in 2.5 to 4 years⁶. Recovery rates are likely to vary across different markets, depending largely on individual governmental approaches towards virus containment, the rollout of vaccines and the lifting of travel restrictions. Nonetheless, domestic travel booms have reflected strong pent-up demand and the hospitality industry is expected to rebound sharply when international travel returns, given the industry’s legacy of resilience and agility⁷.

Strategy

Far East Hospitality is well-cushioned to weather the impact of the pandemic given its robust balance sheet. As our hospitality platform, we aim to grow its business via value-accretive acquisitions or selective developments, management contracts and strategic partnerships. We will also be reviewing its existing portfolio for opportunities to unlock value. This is a scalable platform that Straits Trading will look to capitalise when suitable opportunities arise.

¹ Based on IATA, “Airline Industry Economic Performance November 2020 Report”
² Based on McKinsey and Co, “COVID-19 tourism spend recovery in numbers”
³ Based on Smith Travel Research, “Webinar Recording: COVID-19 impact on Asia Pacific hotel performance, 17 December”
⁴ Based on CBRE, “2021 EMEA Real Estate Market Outlook”
⁵ Based on Smith Travel Research, “Webinar Recording: COVID-19 impact on Europe hotel performance, 15 January”
⁶ Based on United Nations World Travel Organization, “World Tourism Barometer Volume 18 Issue, 7 December 2020”
⁷ Based on Colliers, “Colliers APAC Hotel Insights, Q4 2020”

Year in Review

Resources

Malaysia Smelting Corporation Berhad (“MSC”)

www.msmelt.com



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Straits Trading is involved in tin mining and smelting activities through its 54.8%-owned resources subsidiary, Malaysia Smelting Corporation Berhad (“**MSC**” together with its subsidiaries, “**MSC Group**”). MSC is one of the three leading refined tin producers in the world.

As one of the world’s leading integrated producers of tin metal and tin-based products, MSC Group’s principal activities include the upstream to downstream activities of the tin value chain through its tin mining and tin smelting businesses. It is also involved in external tolling and boutique tin sales to end users.

MSC’s smelting activities are currently conducted at its Butterworth smelter in Penang and is in the midst of relocating to a new facility at Pulau Indah, Port Klang. The new smelter, which is equipped with the cutting-edge Top Submerged Lance (“**TSL**”) furnace, has been commissioned and is currently under test, and running at 25% of its designed capacity. Meanwhile, MSC’s tin mining business undertaken by Rahman Hydraulic Tin Sdn. Bhd. (“**RHT**”) at Klian Intan, Perak is also undergoing technical upgrading to support its expansion plans.

MSC Group’s financial performance in the year ended 31 December 2020 (“**FY2020**”) reflects the uncertainties faced by the tin industry stemming from prolonged geopolitical tensions, which is further compounded by the disruption to the global tin supply chain caused by global COVID-19 containment measures. Despite these unprecedented challenges, MSC has remained agile and taken deliberate steps to strengthen its resilience and long-term sustainability.

Financial Performance

For FY2020, MSC Group generated total revenue of RM813.4 million, as compared to RM983.6 million in the previous year (“**FY2019**”). The softer performance was mainly on the back of weaker average tin prices and lower sales quantity of refined tin due to the COVID-19 pandemic and temporary disruptions to the global tin supply chain.

MSC’s pre-tax profit and net profit stood at RM25.8 million and RM15.7 million in FY2020, respectively.

According to the Kuala Lumpur Tin Market (“**KLTM**”), tin prices in FY2020 averaged 15% lower to USD15,871/tonne from USD18,616/tonne in FY2019.

For the year under review, MSC has proposed a first and final single-tier dividend of 1 sen per share, representing a dividend payout of 26% of FY2020 net profit.

International Tin Smelting Operations

MSC Group’s international tin smelting operations returned to the black in FY2020, registering a net profit of RM3.4 million from a net loss of RM30.8 million in FY2019. The earnings turnaround was mainly attributable to the reversal of inventories written down amounting to RM7.1 million during the year. In contrast, MSC recorded an inventory write down of RM31.1 million in FY2019, which impacted the Group’s bottom line that year.

Production of refined tin dropped 13% to 22,325 tonnes in FY2020 (FY2019: 25,752 tonnes), impacted by the partial temporary closure of smelting operations following the Movement Control Order (“**MCO**”) imposed by the Malaysian government.

Rahman Hydraulic Tin Sdn. Bhd. (“**RHT**”)

RHT operates Malaysia’s biggest hard-rock open-pit mine in the state of Perak and remains the country’s largest producer of tin-in concentrates in 2020. The tin mining operations posted a net profit of RM21.2 million in FY2020 (FY2019: RM66.7 million), primarily attributable to less favourable tin prices and the absence of a one-off provision writeback for tribute payments no longer required amounting to RM48.4 million that was recorded in FY2019.

In FY2020, RHT’s production volume of tin-in concentrates increased 3% to 2,350 tonnes from 2,288 tonnes in FY2019 despite a temporary operation shutdown during the MCO. The growth was achieved on the back of adoption of new technologies that expanded daily mining output.

Outlook

The global outbreak of COVID-19 and resultant lockdowns had impacted tin consumption and temporarily halted production in 2020 with closures of many tin smelters and mines across the world. Since then, production has returned to normal levels as countries gradually reopen their economies and borders with national vaccination programmes picking up pace. This is expected to support and accelerate the recovery of tin globally.

Looking ahead, global tin consumption is expected to rebound driven by various factors such as growing demand in consumer electronic goods due to work/ study-from-home arrangements, improving consumer sentiments and new tin application in emerging spaces such as Renewable Energy (“**RE**”) and Electric Vehicles (“**EV**”), among others. The surge in demand is anticipated to lead to a squeeze

in tin supply, thereby pushing tin prices upward. In line with this, the LME 3-month tin price soared to seven-year highs of USD27,310/tonne in February 2021.

With that in mind, MSC Group remains resolute in executing its rationalisation initiatives to enhance efficiencies in the tin mining and smelting segments. Plans to relocate full smelting operations from Butterworth to the more modern Pulau Indah plant is progressing well as testing and commissioning works are underway with completion expected in late-2021 or early-2022. With the imminent relocation to Pulau Indah, MSC will achieve a higher extractive yield by 50% using the more efficient TSL furnace with lower operational costs and carbon footprint. Equally importantly, the move will put MSC Group in a stronger position to capture opportunities that arise from the rally in tin demand and prices.

As for the tin mining operations, MSC Group is focused on enhancing overall mining productivity by exploring new tin deposits and introducing new technologies. In Sungai Lembing, RHT’s 80%-owned subsidiary, SL Tin Sdn. Bhd. has started mining activities with minimal tin ore production. MSC Group is also open to potential joint venture mining arrangements to further enhance mining activities.

- 1 RHT Tin Mine in Klian Intan, Perak
- 2 MSC’s new smelting facility in Pulau Indah

Sustainability Report

Introduction

This is the fifth Sustainability Report by The Straits Trading Company Limited. It covers the Company’s sustainability-related initiatives for the financial year ending 31 December 2020, in relation to governance, stakeholder engagement, community projects and the environment. Through this report, we seek to identify opportunities for improvement to our sustainability management, alongside issues that are integral to our business, so as to address them more effectively and appropriately.

Scope of this report

This report captures the activities and Environmental, Social and Governance (“ESG”) performance of Straits Trading, with a focus on Straits Real Estate, our largest investment platform, as well as Malaysia Smelting Corporation (“MSC”), another of our key subsidiaries. Our corporate governance and human capital-related policies and data refer to Straits Trading and Straits Real Estate.

Company Overview

About Straits Trading

The history of Straits Trading dates back to 1887. Founded 133 years ago as a tin smelting company, it is today a conglomerate-investment company with diversified operations and financial interests internationally in resources, property and hospitality.

The Straits Trading Mission

To shape and transform our investments into businesses of enhanced value.

What Sustainability Means To Us

At Straits Trading, we believe that a sustainable business is contingent upon economic vitality, social equity and

environmental well-being. We do not see these goals as mutually exclusive, but inextricably linked. As business leaders, we are committed to developing sustainable business practices that meet the needs of the present without compromising the welfare of future generations.

Sustainability to us is about looking ahead and managing our responsibilities towards our shareholders and other stakeholders. This means managing the various business risks and opportunities that come our way, including those relating to ESG trends.

Defining the Content of this Report

The business activities of Straits Trading and Straits Real Estate focus on investments in real estate and real estate funds. We place priority on the interests and fair treatment of our investors and shareholders and we have taken these activities and values into consideration when conducting our materiality assessment. We began the process by identifying the various direct and indirect ESG impacts of our activities. We also carefully considered where Straits Trading and Straits Real Estate have control and influence over the various ESG impact of these activities in order to identify

opportunities for us to most effectively manage them.

We believe we have the most control in three areas:

- ✓ Investing in a responsible manner
- ✓ Practising good compliance
- ✓ Engaging and developing our employees

In addition, we recognise that our position as a provider of capital gives us a certain influence with our business partners. As an investor in different funds, we do not have direct control over how fund managers invest our capital or how asset managers manage our properties. Nonetheless, we aim to select managers that operate in a responsible manner and engage with them regularly to create and increase awareness.

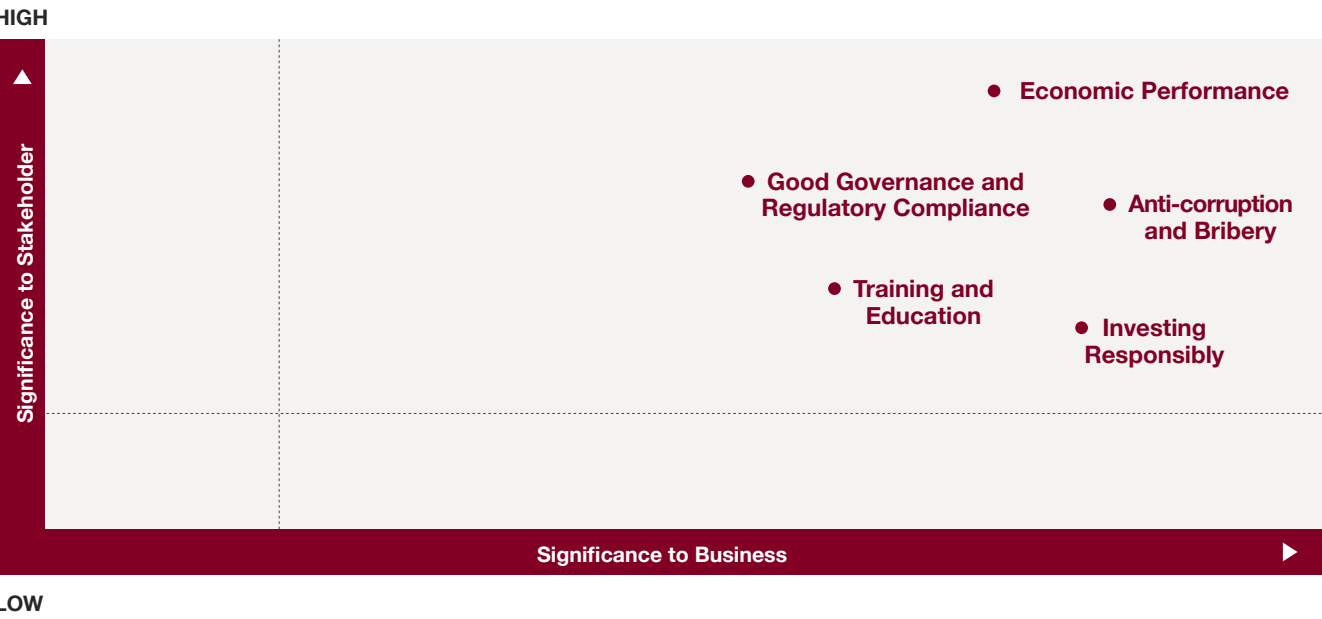
These conclusions formed a basis for our ESG materiality assessment.

Materiality Assessment

In order to determine what ESG factors are most relevant to us, we conducted a materiality assessment involving key internal stakeholders. Straits Trading and Straits Real Estate considered a

number of ESG factors, drawing guidance from GRI Standards disclosures as well as the GRI Financial Services sector supplement. After assessing ESG related business risks and opportunities and ESG related issues in the financial services

sector, we have identified five ESG factors that we believe to be most material to us this year. Our five most material factors are illustrated in the materiality matrix below.



Stakeholder Engagement

We believe that our stakeholders, both internal and external, influence numerous aspects of the business and it is vital for us to incorporate their views when

determining our material ESG factors. We engage with our external stakeholders on a regular basis, such as through conducting road shows to better enhance communication with shareholders and

investors. We have used the insights gained from these interactions to determine what ESG factors would be most material to them.

KEY STAKEHOLDERS	STAKEHOLDER ENGAGEMENT METHODS	MATERIAL FACTORS
Employees	• Employee Intranet • Employee Handbook • Regular email communication	• Economic performance • Good governance and regulatory compliance • Anti-corruption and bribery • Training and education • Investing responsibly
Government/Regulations	• Regulation update seminars and briefings	
Business Partners/Third Party Service Providers	• Regular management meetings	
Investors/Shareholders	• Annual General Meeting • Annual Report • Company website • Road shows/Analyst briefings	

Sustainability Report

Managing ESG Issues

The Board at Straits Trading has a vital role to play in guiding the direction of sustainability, just as it does in guiding any other strategic direction. Sustainability oversight is embedded into the role of the Board. While providing oversight, the Board has delegated their day-to-day sustainability responsibility to the Audit and Risk Committee. Our Audit and Risk Committee members have a diverse range of complementary experience and skills. This diversity is key to effectively guiding sustainability within Straits Trading. Please see our corporate governance disclosures for details on the Board and its Board Committees.

The role of this Committee is to:

- Oversee the sustainability strategy and policy, material ESG factors and performance targets
- Determine and review the sustainability reporting framework
- Report to the Board regularly on sustainability activities

Investing in a Responsible Manner

As one of the oldest public-listed companies in Singapore, Straits Trading is a reputable and trusted conglomerate-investment company with stakes in real estate, hospitality, resources and investments in the Asia Pacific and UK region. As an investor, we understand that the value of our investments can be affected by market conditions, corporate decisions, political changes, social change in a global pandemic or currency fluctuations, to name a few well-recognised investment risks. As a responsible investor, we are aware that ESG matters can enhance and compound those common risks.

We believe that to continually deliver sustainable returns to our shareholders in the long-term, we must holistically integrate ESG matters, as well as traditional concerns in our investment decisions. We have been including ESG considerations as part of our investment criteria for many years and will continue to do so in the future.

Investment Criteria

Sustainability risks of an investment should be assessed at the acquisition stage. For us, this means assessing the risks in both the funds or properties which we invest in and selecting the right business partners to manage our properties. Our due diligence process ensures that we, and our shareholders, capitalise on the opportunities presented and mitigate the risks by managing these acquisitions responsibly.

Our investment team appoints advisers to assist us in this due diligence process and they are selected on the basis of their market experience and track record. In addition, we have a number of policies in place that ensure the robustness and completeness of our due diligence process. These policies include the Financial Authority Limits (“**FAL**”), the SRE Operations Handbook, SRE Hedging Policy, the Straits Trading Compliance Manual and the Straits Trading Group Treasury Policy. Our risk assessments include several levels of screening of investments, as well as procedures for monitoring various investment risks and exit strategies.

As a responsible investor, we assess risks that include:

- Monitoring for fraudulent and illegal activities
- Emergency planning for business continuity
- Know-your-customer checks, which also include anti-money laundering assessments

Additionally, we carefully assess the concentration risk and exposure of our investments in China, Malaysia, Singapore, Japan, South Korea, Australia and UK.

Active Investments

Our responsibility does not end upon acquisition. We continue to be involved in ensuring the sustainable performance of our investments through the life of these investments.

Management of Our Assets

As part of our active asset management process, we seek to implement asset enhancement initiatives whenever opportunities present themselves. This allows us to improve the assets’ marketability, operational efficiency and ultimately unlock value for our investments.

Sustainable design features are fundamental to all design considerations and incorporated into our development properties. With existing properties, environmental sustainability performance indicators are monitored and targeted for improvements over the assets’ investment holding period.

During the year, sustainability initiatives were introduced at 320 Pitt Street, 45 St Georges Terrace, the Harmony III malls, the ILP Logistics portfolio, the Skylogis warehouse and the Bourne Business Park.

FAL – FINANCIAL AUTHORITY LIMITS, FORMALISED IN MAY 2015

The Financial Authority Limits (“**FAL**”) Policy is the mechanism through which the Board or its delegate approves transactions and financial commitments within the Group.

The FAL covers the authorisation limits of Investment Activities including Investment Portfolio Management, Financing and Debt Management, Foreign Exchange and Interest Rate Risk Management, Capital Expenditure and Operating Expenditure.

The objectives of FAL are to define the authorisation limits of the Group’s activities and ensure that all employees of the Group are clear on the limits of their authority, and are aware of the process for getting approval for financial commitments.

The FAL is applicable to Straits Trading and all non-listed subsidiaries of the Group. Straits Real Estate also has its own FAL to govern its authorisation matrix.



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320 Pitt Street (Sydney, Australia)

At 320 Pitt Street, the newly completed End-of-Trip (“**EOT**”) facility with 100 bike racks, grooming stations and shower facilities seeks to encourage occupants to ride to work. This is expected to reduce the property’s carbon footprint by up to 100 tonnes per annum.

Refurbishment works for the office floors were completed during the year. In addition to a potential reduction in annual base building energy consumption by up to 60% from the switch to LED light fittings and WELs (Water Efficiency Labelling and Standards) rated bathroom fittings, all the lift lobbies have been renovated with eco-friendly materials that are GreenTag Certified.

45 St Georges Terrace (Perth, Australia)

Base building energy consumption at 45 St Georges Terrace was further reduced in

2020, continuing the annual improvement since 2018. The NABERS rating has increased from 1 star at acquisition to 3 stars, having achieved a 23% reduction in annual base building electricity consumption and a 22% reduction in base carbon emissions. With the completed upgrades of common area lighting to LED lights and recalibration of temperature and airflow sensors on the variable air volume (“**VAV**”) system, we expect to see a further improvement in the NABERS rating in 2021.

Harmony III Retail Portfolio (Malaysia)

As part of the energy optimisation works for the portfolio, Citta Mall has installed solar panels on its roof to generate renewable energy for the property. Annual energy consumption is expected to reduce by about 235,000 kWh, or 14% of the total consumption.

ILP Logistics Portfolio (Australia)

In close collaboration with the tenant, the Raytheon facility has been designed and built to conform to high sustainability standards and is targeted to achieve a 4.5 stars NABERS energy rating. We expect to achieve 75% reduction in base building energy consumption with the use of high-performance glazing that optimises natural lighting, energy-efficient LED lightings, and sensor controls throughout the building. As part of sustainable environment management, a stormwater drainage treatment system has also been incorporated to reduce and filter surface runoff to the surroundings.

- 1 End-of-Trip bike racks
- 2 End-of-Trip grooming station
- 3 Ground floor lobby
- 4 High-rise floor lift lobby

Sustainability Report

Sky Logis (Incheon, South Korea)

Sky Logis, a warehouse development under construction in Incheon, has been designed and constructed to meet high sustainability standards.

The building is installed with roof-top photovoltaics panels that will supply renewable energy on-site. Additionally, high-performance insulation façade walls, a partial roof garden, LED lightings and energy-efficient sanitary wares have been incorporated into the building design to reduce energy consumption. The property is targeted to achieve a LEED Silver rating on completion.

Bourne Business Park (Surrey, England)

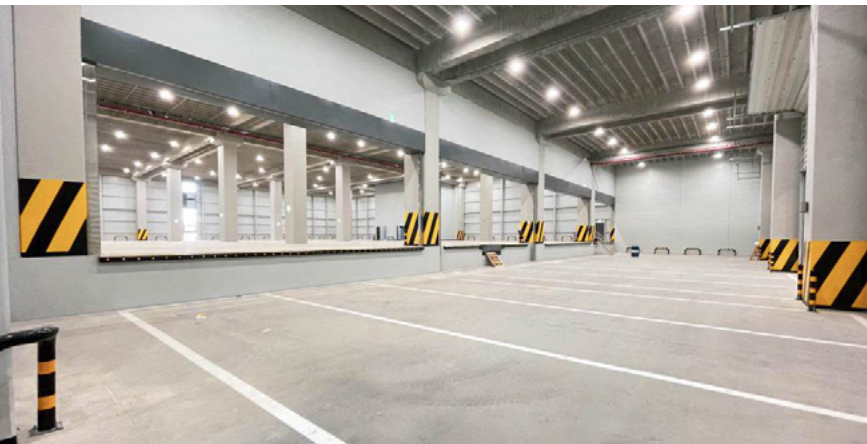
Newly acquired in 2020, Bourne Business Park is located in Addlestone, Surrey in England. The park comprises six office buildings, three of which have been refurbished or newly built in the last three years with a BREEAM ‘Excellent’ rating and EPC ‘A’ standard. These buildings host electric vehicle charging points and EOT facilities including cycle storage and shower facilities.

We are actively exploring opportunities to implement new sustainability initiatives in Bourne Business Park to further improve energy efficiency and reduce carbon emissions.

Associations and Collaborations

As we continue along our sustainability journey, we plan to continue to work with others in the investment and real estate spaces both in Singapore and globally to

advance the conversation on responsible investing. Straits Real Estate is a member of Real Estate Developers’ Association of Singapore (“**REDAS**”) and we intend to deepen and strengthen this relationship, as well as to explore other areas where we can be involved over the next year.



5

5 Sky Logis, Seoul (interior)

Sustainability Initiatives Undertaken by STC Property Management Sdn. Bhd. (“STCPM”) In 2020:

Here at STCPM, we strive to achieve sustainable development through continuous investment in human, social, economic and environmental aspects. We are committed to sustainable progress and growth, in particular the following four distinct areas: (1) Human; (2) Social; (3) Economic; (4) Environmental.

Human Sustainability

As an organisation, we are continuously investing in our employees to ensure they develop skills and capacity to support the functions of the company. Recognising that people are the heart of all organisations and society, we endeavour to provide an

environment that promotes the well-being of our colleagues and the communities.

Social Sustainability

In addition to human sustainability, we aim to integrate the local culture and community through the services, systems and programmes that we introduce. Over time, we would like to create an ecosystem that is cohesive, collaborative, and creative.

Economic Sustainability

We continuously strive for operational excellence and efficient utilisation of capital to ensure the company’s profitability,

growth and reinvestment into our people, the environment and community.

Environmental Sustainability

We sought to conserve energy through the use of energy-efficient equipment and further improve equipment efficiency and operation performance with the use of machine learning. In addition, to conserve the environment, an environmental management and monitoring system has been implemented to mitigate impact during construction, if any. Finally, we seek to reduce waste by introducing programmes to encourage “Reduce, Reuse, Recycle”.

Sustainability Initiatives Undertaken by MSC In 2020:

MSC Group aims to remain as a sustainable integrated tin smelting and mining entity. Cognisant of its impact on the environment, MSC strives to adopt best practices in its daily operations to preserve the environment. In 2020, MSC Group invested approximately RM6.7 million for its environmental and monitoring initiatives.

Compliance to Environmental Laws

• Being in the tin smelting and mining industry, the Group is subject to a wide range of environmental laws and guidelines. As a responsible organisation, MSC commits to operate in compliance and seek to enhance on controls towards this.

• To this end, MSC Group has adopted an Environmental Policy to enhance its sustainability performance with the efficient use of natural resources and effective waste management, among others.

• MSC’s tin mining and smelting facilities operate in accordance with Malaysia’s Environmental Quality Act (1974), while the mining operations adheres to the Mineral Development Act 1994 (“**MDA 1994**”) and Perak State Mineral Enactment 2003, as well. During the year, MSC did not experience any significant environmental incident.

Progressive Mine Rehabilitation

• MSC Group ensures that its mine closure plans are in place for all stages of the mine life, from pre-construction to post-closure. The Group’s tin mining arm, Rahman Hydraulic Tin Sdn. Bhd. (“**RHT**”) has established a Mine Rehabilitation Plan (“**MRP**”), following a framework leading towards successful mine closure.

• Thus far, 32 hectares of the inactive areas have been rehabilitated by planting high value timber trees and grasses which both have dual functions as for greening and slope stabilisation. In September 2020, a revised MRP Report with proposed

rehabilitation methods with updated Mining Lease (“**ML**”) numbers was submitted to the Director of Lands and Mines (“**PTG**”) Perak. Upon approval from PTG Perak, RHT’s rehabilitation works will resume.

• RHT is also in collaboration with the Forest Research Institute, Malaysia (“**FRIM**”) for the study on afforestation and reforestation of the mined-out areas. Upon completion, a comprehensive standard operating procedure (“**SOP**”) will be developed on planting methods, suitable tree species, post-planting maintenance and other related scope of works. For this purpose, the mine has its own plant nursery to ensure continuous seedling supply.

Waste Management

• MSC’s tin mining and smelting activities generate a substantial amount of waste materials in the form of both scheduled and non-scheduled wastes, which require different disposal methods. In this respect, we comply with the national standards in effluents and waste management.

• At the tin mine, MSC’s waste materials are made up of various types of by-products which include sandy and slimy tailings, as well as overburden, to name a few. Tailing materials are contained in enclosed ponds, while the overburdens are placed at an allocated waste dump area at the base of Gunung Paku. With the expansion of the Group’s mining activities, MSC is in the midst of raising the tailing bunds to maintain sufficient retaining capacity. A report to the Department of mineral and Geoscience (“**DMG**”) is expected to be submitted by mid-2021.

• Meanwhile, smelting activities generate non-hazardous waste such as scrap metals, and non-leachable slag which is recycled or transported away for landfill for disposal.



1



2

1 Plant nursery

2 Tailing ponds

• In 2020, MSC Group generated a total of 1.2 million m³ non-scheduled waste materials in the form of loose tailings and metal scraps.

• For hazardous waste materials, MSC is required to dispose according to the Environmental Quality (Scheduled Wastes) Regulations 2005. It has developed proper controls to ensure responsible handling and treatment of the Group’s scheduled wastes and well-managed by DOE’s Certified Environmental Professional in Scheduled Waste Management (“**CePSWaM**”). A DOE-authorized waste contractor is appointed to undertake the collection, treatment, recycling, recovery and disposal of these waste materials.

Water Management

• MSC practices water utilisation in an efficient manner across our value chain, despite operating in a non-water stressed area.

Sustainability Report



3



4



5

- 3 Water sampling
- 4 Lime dosing operations
- 5 RHT tin buying centre

• For its mining activities, MSC has established a closed water circuit to manage the circulation in the system, where 100% of water discharged from the ore processing plant is cascaded down the open water reservoirs and tailing ponds. Clear water that is retained at the last tailing pond will then be pumped back to the water storage pond for the processing plants' usage. As a result, MSC is able to recycle and minimise the extraction of water from natural sources.

• In 2020, 44.7 million m³ of water was pumped to the processing plants for mining operations, with 4.7 million m³ of water withdrawn from the nearby river sources. This represents an increase in water usage as compared to 39.4 million m³ in 2019, mainly due to higher water extraction following lower retaining capacity of tailing ponds and expansion of processing plants, which require more water.

Water Quality Management and Treatment

– As part of the Group's water quality monitoring system, MSC performs continuous monitoring and sampling programs at several points along the rivers running in the mining leases, namely Sungai Kijang and Sungai Kepayang, as well as other rivers surrounding the mine.

– MSC also carries out lime dosing operations to treat the mine water before exiting the Group's mining leases. This neutralises the acidity of the mine water and removes heavy metal contents so as to ensure it is in compliance with the quality standards specified in the Mineral Development (Effluent) Regulations 2016.

Energy Management

• MSC has instituted an Efficient Electrical Energy Management Policy, reflecting the Group's commitment towards efficient energy use in daily conducts to minimise energy wastage and to reap potential savings.

• In 2020, MSC's energy consumption marginally increased to 38.0 million kilowatt-hour ("kWh") from 36.1 million kWh, as we have commenced partial small-scale smelting activities at the Pulau Indah smelter this year.

• At the Butterworth smelter, MSC continued to upgrade to high energy efficient lights as part of its energy saving measures during the year.

• Meanwhile at the RHT tin mine in Klian Intan, an Energy Manager has been appointed to advise on efficient energy practices while maximising recovery of

minerals. In 2020, Digital Power Meters devices were installed at several major equipment to replace the old Energy Meter for improved energy audit and monitoring.

• The present 1.0 MW mini hydroelectric plant will be upgraded to increase availability of non-fossil fuel electricity and lower down overall greenhouse gas ("GHG") emission.

• We will continue to strive to procure energy from renewable sources, as and where possible. In 2020, 11% of our total energy consumption was derived from renewable sources.

• At Pulau Indah, we remained focused on installing solar photovoltaic panels on the rooftops of our premises. A total of 1.26 MWp will be installed in phases, which will contribute to smaller carbon discharge. Additionally, we are considering tapping into thermal energy using a waste heat recovery system to reduce dependency on fossil fuels.

• With these initiatives in place, we look forward to further optimisation of the Group's energy efficiency with improved cost savings.

Contribution to Local Community

• The Group strives to become a positive driving force in the surrounding community by creating job and economic opportunities for the locals.

• MSC encourages the hiring of locals to contribute to local economic development. In 2020, 76% of the Group's total workforce comprise of locals from nearby towns.

• During the year, MSC undertook several initiatives to support local artisanal miners with the set up of a fully-equipped tin ore processing facility, as well as a tin buying centre. With this, the registered artisanal miners can proceed to sell tin ore that they have collected and processed to MSC to generate fair income.

Practising Good Compliance

Compliance with the relevant laws and regulations is more than just a legal requirement at Straits Trading. The Company believes that it also has a duty to our investors and other stakeholders. We recognise that ensuring compliance requires management and regular monitoring. Therefore, we continuously review our Board Assurance Framework to ensure that it remains relevant amidst the changing legal and regulatory environment, to identify, mitigate and manage significant risks, including compliance-related risks.

We also have a robust internal audit process with several levels of controls, under the purview of the Audit and Risk Committee. We regularly review the Group's internal controls' adequacy and effectiveness in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems. Please see the Report on Corporate Governance for details.

Anti-corruption and Bribery

Anti-corruption is part of Straits Trading's culture, both as part of our practice of being a good corporate citizen and because we understand the otherwise grave consequence on the Group's reputation and business operations. We have developed and continue to regularly review our Employee Handbook which covers work ethics when dealing with matters that may give rise to conflicts of interest. The Employee Handbook is made available to all our employees. This document covers mitigating procedures and dealing with corruption and bribery incidents, including our Whistleblower Policy.

This policy establishes procedures and guidance for the receipt and treatment of verbal or written complaints received by the Group regarding accounting, internal controls, fraud and unethical business practices or conduct, whether submitted by employees or third parties. Additionally,

Straits Trading provides quarterly updates to the Audit and Risk Committee on its whistleblowing results.

Straits Trading is pleased that there has been no incident of breaches of anti-corruption laws over the 12 months of this reporting period. We once again target zero breaches in the coming period.

Compliance with Relevant Local Laws and Regulations

Our business activities are subject to numerous laws and regulations covering our business conduct, use of our products and services and environmental regulation in all locations where we operate in. Our Employee Handbook covers our internal rules and policies that aim to govern our employees' actions and behaviours. This includes work ethics and employee conduct, as well as manage compliance with regulations and conflicts of interest.

In addition, we comply with the Personal Data Protection Act ("PDPA"). We have a PDPA compliance manual and PDPA policy to ensure that employees understand what they need to do to comply with this legislation. We also request that all employees, consultants and suppliers complete the relevant PDPA consent form.

Engaging and Developing Our Employees

At Straits Trading, we believe in cultivating an inclusive workplace with a strong emphasis on employee engagement, talent development, career advancement, and skills training while caring for our employees' physical and emotional well-being. We aim to continuously fine-tune our people management practices to ensure our employees and businesses' long-term success and well-being.

We provide our employees with an Employee Handbook that provides them with information, including working hours, remuneration, leave and benefits. We review our handbook regularly to keep it up-to-date so that employees are always

clear on our policies. We also ensure that our employees understand and subscribe to our values by including our work ethics in the Employee Handbook.

We care for employees' health and wellness. To promote a healthy lifestyle and general wellness, employees above 40 years of age are encouraged to go for regular health screening subsidised by the Company.

To ensure that our employees' concerns and issues are always heard and addressed, we have implemented a grievance process in the Employee Handbook. This process is in place as the Company recognises the value and importance of employees having the opportunity to voice their questions, complaints or grievances, and holding discussions to resolve any misunderstanding to preserve harmonious relations between employees.

Sustainability Report

Headcount

Singapore	Malaysia	China	Total
59	7	57	123

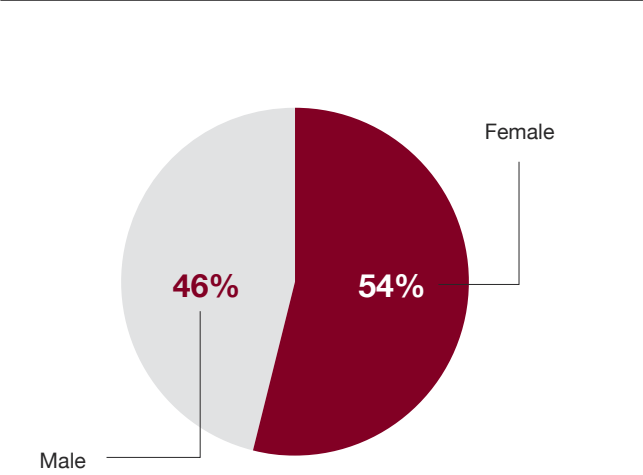
Nature of Employment

Permanent	Contract
64	59

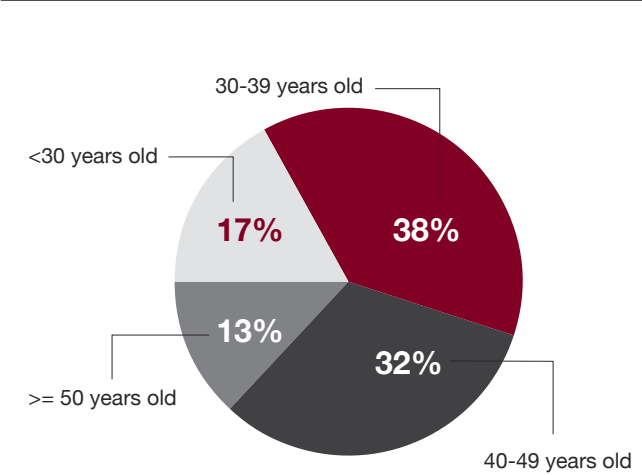
Gender

Male	Female
57	66

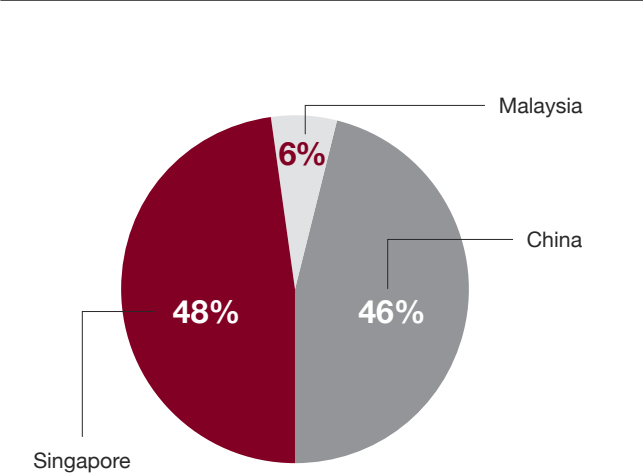
Gender Diversity



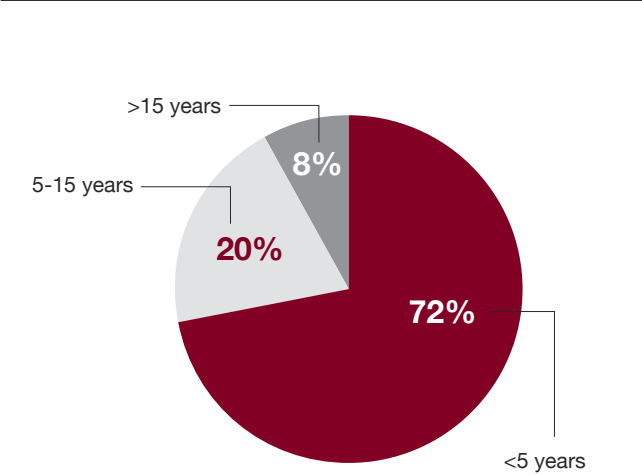
Age Diversity



By Country



By Length of Service



Our People

We understand that the success of our Company rests upon the quality and dedication of our employees. As of 31 December 2020, Straits Trading and Straits Real Estate, and related entities, employ a lean employee base of 123 employees, with 59 employees in Singapore, 7 employees in Malaysia and 57 employees in China. Of our Singapore-based employees, 95% are Singapore citizens or Permanent Residents.

We maintain a diverse workforce in terms of age and gender with different skills and experiences which will contribute positively to the Company.

We have a slightly higher proportion of female employees and is fairly distributed between permanent and contract employees. The majority of our employees are in the 30 – 39 years age group, which constitutes 38% of our workforce. A substantial portion of the organisation's work is performed by our permanent employees, although we do occasionally engage advisers, consultants and contractors for advisory or ad hoc projects. The majority of our contract employees is based in China.

Training and Education

Employees are encouraged to attend relevant training courses to improve themselves. Yearly budgets are provided for training and development programmes. All employees have to complete their individual development plan with their relevant superiors at the beginning of each year to review gaps in their skillsets, as well as their training and development needs. Relevant and suitable courses will be sourced for employees.

Discussions are held between managers and employees to define long-term objectives. Employees are given assignments and skill-building opportunities to expand their work scope and achieve their long-term goals. We groom our employees so that they can grow with the Company and be

promoted to take on more significant roles and assume greater responsibilities.

The types of training attended by employees include soft skills, technical skills and update of industry practices and regulations. We also support employees in taking up relevant professional courses and postgraduate courses, such as ACCA, CFA and Masters programme where course fees and examination fees are sponsored in full or in parts by the Company. Employees are also given study leave and examination leave. We target to continue providing diverse and relevant training for our employees.

Rewarding Performance

At Straits Trading, we prioritise performance improvement and employee development. To do so, we align these priorities with competitive fixed and variable remuneration. All employees are given annual performance appraisals, and their performances are reviewed on a one-on-one basis with their superiors. Performance bonuses are awarded for individual performance and contributions. We also conduct regular benchmarking exercises to provide competitive remuneration packages and benefits.

Engaging Employees

We keep employees informed of the latest news, policies, and happenings via internal emails and town hall meetings. Employees are able to access human resource policies, forms, templates and participate in polls and surveys, as well as provide feedback.

Human Resource Policies are reviewed from time to time by the Human Resource department to ensure that they are relevant and updated; any changes will be communicated to the employees.

We have also implemented Family Care Leave for employees to take care of their family needs pertaining to their parents, parents-in-law, grandparents, grandparents-in-law, spouse, children and siblings.

Code of Work Ethics

All employees are expected to uphold and ensure that they do not engage in any interest that conflicts with any of the Company's businesses. The code of work ethics is published on our Company's corporate intranet as well as Employee Handbook.

Non-Discrimination

We are proud to institute a strict equal opportunities and non-discrimination policy, as we believe every employee has a right to be judged on merit only and to be free from harassment or discrimination in their place of work. We have had no incident of discrimination over the last 12 months, and we intend to maintain this for the upcoming year.

Corporate Social Responsibility

Straits Trading is committed to being a socially responsible organisation and has been contributing towards educational and social causes as far back as the early 1900s. In tandem with its financial growth and prosperity, the Company has also fostered a culture of giving back to the community in various ways, such as gifting the clock and chimes for the Victoria Memorial Hall in 1905, donating towards the building of a new school for St. Joseph's Institution in 1907 and 1912, and setting up the Straits Trading-Howe Yoon Chong Bursary Fund at the National University of Singapore Department of Economics in 2008 to support financially needy university students. Today, we continue to support projects and causes that are sustainable, with definable social outcomes. We also participate in activities that facilitate active engagement and interaction and which deliver a rich and meaningful experience to our volunteers and beneficiaries alike.

Sustainability Report

Legacy of Giving

2015-2019

Management and staff of Straits Trading and the Tecity Group took part in the annual SGX Bull Charge Charity Run to raise funds for beneficiaries under the care of the Asian Women’s Welfare Association (“**AWWA**”), Autism Association of Singapore (“**AAS**”), Community Chest, Fei Yue Community Services (“**FYCS**”), HCSA Community Services and Shared Services for Charities (“**SSC**”).

2014-2015

Staff volunteers participated in sheltered workshops run by the SPD and worked alongside beneficiaries from SPD to pack thousands of goodie bags for their clients.

2013

Donated \$10,000 towards the establishment of the Far East Orchard-Straits Trading Scholarship to sponsor the course fees of two hospitality students each from Temasek Polytechnic and Republic Polytechnic.

Staff volunteers spent a day at the Singapore River Safari with beneficiaries and caregivers from SPD.

2010

Launched revised CSR programme to include both monetary contributions and active engagement and interaction by the staff. A sum of \$300,000 was raised and contributed to four charities – Children’s Cancer Foundation (“**CCF**”), Club Rainbow Singapore, Society for the Physically Disabled (“**SPD**”) and The Straits Times School Pocket Money Fund.

2011

Staff volunteers celebrated Mother’s Day and Father’s Day with caregivers of children of CCF with treats of dinner, gifts and massages by representative from the Singapore Association of the Visually Handicapped.

Movie outing with physically-challenged beneficiaries from the SPD.

2012

In celebration of its 125th Anniversary, Straits Trading together with 25 corporate donors pledged a gift of \$125,000 to the President’s Challenge at the re-opening of the Rendezvous Hotel Singapore.

Staff volunteers interacted and spent time with beneficiaries of SPD, CCF and the “Project We Care” programme during the year.

2008

Donated \$250,000 to NUS Faculty of Arts & Social Sciences in memory of its late chairman, Howe Yoon Chong and established the Straits Trading-Howe Yoon Chong Bursary Fund to support financially needy university students.

1961

Donated a further \$100,000 to the University of Malaya.

1951

Awarded a grant of \$250,000 to St Mark’s School at Butterworth.

Donated \$100,000 to the University of Malaya in Singapore towards the Faculty of Engineering studies.

1912

Made another substantial contribution to SJI for the building of King George’s Hall.

1907

One of the largest donors in the building of a new school for St Joseph’s Institute (“**SJI**”).

1906

Donated a church bell to the Church of St Mary in Kuala Lumpur, Malaysia.

1905

Gift of a clock and chimes for the tower of Victoria Memorial Hall.

GRI Index

GRI Standards		Details/ Notes/ Page No.
General Disclosure		
Organisational Profile		
102-1	Name of the organisation	AR, Outside back cover
102-2	Activities, brands, products, and services	AR, Page 2-5 and 14-25
102-3	Location of headquarter	AR, Inside back cover
102-4	Location of operations	AR, Page 14-25
102-5	Ownership and legal form	AR, Page 189-190
102-6	Markets served	AR, Page 2-5 and 14-25
102-7	Scale of the organisation	Our People, Page 35; AR, Page 6-11
102-8	Information on employees and other workers	See “Our People”, Page 35 We do not have any significant variations in employment numbers
102-9	Supply chain	Supply chain is minimal and not significant to report on
102-10	Significant changes to organisation and its supply chain	AR, Page 2-5 and 14-25
102-11	Precautionary principle or approach	Straits Trading does not specifically address the principles of the Precautionary Approach
102-12	External initiatives	None
102-13	Membership of associations	Associations and Collaborations, page 30
Strategy		
102-14	Statement from senior decision-maker	AR, Page 4-5
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Straits Trading Mission, page 26 What Sustainability means to us, page 26
102-18	Governance structure	Managing ESG issues, page 28
102-40	List of stakeholder groups	Stakeholder Information, page 189-190
102-41	Collective bargaining agreements	Report the percentage of total employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	N.A.
102-43	Approach to stakeholder engagement	Stakeholder engagement, page 27
102-44	Key topics and concerns raised	Stakeholder engagement, page 27
102-45	Entities included in the consolidated financial statements	Corporate Profile, Inside cover page Corporate Structure, AR, Page 2-3 Introduction, Page 26
102-46	Defining report content and topic Boundaries	Materiality Assessment, Page 27
102-47	List of material topics	Materiality assessment, Page 27
102-48	Restatements of information	None
102-49	Changes in reporting	Introduction, Page 26
102-50	Reporting period	1st January - 31st December 2020
102-51	Date of most recent report	N.A.
102-52	Reporting cycle	Annual

Sustainability Report

GRI Index

GRI Standards		Details/ Notes/ Page No.
Ethics and Integrity (cont'd)		
102-53	Contact point for questions regarding the report	Selina Ho Head, Investors' Relations & Corporate Secretariat Head, Corporate Communications Evelyn Quah Executive, Corporate Communications The Straits Trading Company Limited
102-54	Claims of reporting in accordance with GRI Standards	This report is prepared in reference to the GRI Standards
102-55	GRI content index	
102-56	External assurance	We have not sought external assurance on this report but we may do so in the future
Management Approach		
103-1	Explanation of the material topic and its Boundary	- Practicing good compliance, Anti-corruption, Page 33 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 33 - Engaging and developing our employees, Training and Education, Page 35 - Engaging and developing our employees, Non Discrimination, Page 35 - Investing in a responsible manner, Investment Criteria, Page 28 - Investing in a responsible manner, Active Investments, Page 28
103-2	The management approach and its components	- Practicing good compliance, Anti-corruption, Page 33 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 33 - Engaging and developing our employees, Training and Education, Page 35 - Engaging and developing our employees, Non Discrimination, Page 35 - Investing in a responsible manner, Investment Criteria, Page 28 - Investing in a responsible manner, Active Investments, Page 28
103-3	Evaluation of the management approach	- Practicing good compliance, Anti-corruption, Page 33 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 33 - Engaging and developing our employees, Training and Education, Page 35 - Engaging and developing our employees, Non Discrimination, Page 35 - Investing in a responsible manner, Investment Criteria, Page 28 - Investing in a responsible manner, Active Investments, Page 28

Material Factors And Performance Data

GRI Standards		Details/ Notes/ Page No.
Economic Performance		
201-1	Direct economic value generated and distributed	Please refer to disclosures in the annual report
Anti-Corruption		
205-3	Confirmed incidents of corruption and actions taken	Practicing good compliance, Anti-corruption, Page 33
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Practicing good compliance, Compliance with relevant local laws and regulations, Page 33
Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	Engaging and developing our employees, Training and Education, Page 35
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Practicing good compliance, Compliance with relevant local laws and regulations, Page 33
Active Ownership		
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Investing in a responsible manner, Active ownership, Page 28

Report on Corporate Governance

The Straits Trading Company Limited (the “**Company**”) is committed to high standards of corporate governance. This report describes the Company’s corporate governance policies and practices during the financial year ended 31 December 2020 (“**FY2020**”) with specific reference to the Code of Corporate Governance 2018 (the “**Code**”). The Company has complied in all material aspects with the principles and provisions set out in the Code, where applicable. Explanations have been provided where there are deviations from the Code.

The Board’s Conduct of Affairs *(Principle 1)*

The Board provides policy direction and entrepreneurial leadership, and approves the development and implementation of corporate strategies that focuses on value creation, innovation and sustainability. It also ensures that the necessary financial and human resources are in place for the Company to meet its strategic objectives. In addition, the Board has established a framework of prudent and effective controls to effectively monitor and manage risks to achieve an appropriate balance between risks and company performance.

The Board also sets the Company’s values and standards, and ensures that its obligations to all stakeholders are met and understood. Whilst the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the Management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and the Singapore Financial Reporting Standards (International).

In discharging their fiduciary duties, the Directors act objectively in the best interests of the Company and hold the Management accountable for performance. The Board has appointed the Executive Chairman to oversee the Management, and the Lead Independent Director to ensure continued good governance. Supported by the Board committees, namely the Audit and Risk Committee (“**ARC**”), Remuneration Committee (“**RC**”) and Nominating Committee (“**NC**”), the Board also approves the appointment of Board members, key business initiatives, major investments and funding decisions, and interested person transactions. Where there is a conflict of interest, the Director in question will recuse himself/herself from the discussions and abstain from participating in any Board decisions. For FY2020, the Board confirms that no individual Director has participated in any decision-making in relation to any interest that conflicts with any of the Company’s businesses.

The Company has in place the Financial Authority Limit Policy (“**FAL**”) which was approved by the Board as the mechanism through which the Board or its delegate approves transactions and financial commitments within the Company and its subsidiaries (the “**Group**”). It is the responsibility of the Management to ensure that transactions presented to the Board for approval have satisfied all other Group policies and procedures. The FAL covers the authorisation limits of the Group’s activities such as investment activities, financing and debt management, foreign exchange and interest rate risk management, and capital and operating expenditure.

For the Company’s various projects, the Board has from time to time delegated authority to certain ad-hoc committees of the Board comprising two or more Directors, to provide detailed supervision and strategic oversight of such projects. Such ad-hoc Board committees provide strategic direction to the Management in the conduct of the projects.

The Management provides the Board with complete, adequate and timely information for its meetings and on an on-going basis to enable them to make informed decisions. Such information includes board papers, updates and supporting documents. As regards the Group’s budgets, the Management provides explanations for any material variance between the projections and actual results.

Report on Corporate Governance

The Board met five times in FY2020. Meetings by means of a conference telephone or similar communication equipment are permitted in the Company’s Constitution. The Directors’ attendance at the Board and the various Board committees’ meetings during FY2020 are as follows:

Name of Director	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	Annual General Meeting	Extraordinary General Meeting
Attendance						
Ms Chew Gek Khim	5/5		1/1		1/1	1/1
Ms Chew Gek Hiang	5/5	4/4			1/1	1/1
Mr Goh Kay Yong David	5/5			1/1	1/1	1/1
Mr Tan Tiong Cheng	5/5			1/1	1/1	1/1
Dr Gary Hilton Weiss*	4/4			1/1	1/1	1/1
Mr Chia Chee Ming, Timothy	5/5	4/4	1/1		1/1	1/1
Mr Tan Chian Khong	5/5	4/4			1/1	1/1
Mr Chua Tian Chu	5/5		1/1		1/1	1/1

* Note: Dr Gary Hilton Weiss resigned as Director and Chairman of the Remuneration Committee on 30 September 2020.

The Directors also met without the presence of the Management from time to time and provided feedback to the Chairman on various matters.

Information is important to the Board’s understanding of the Group’s businesses and essential to preparing the Board members for effective meetings. Where required, the Management supplements the meeting papers with presentations on active operations and strategic issues to provide the Directors with a better understanding of the Group’s operations. The Management has provided the Board with balanced and understandable accounts of the Company’s performance, financial position and business prospects on a periodic basis. The Management is invited to attend the meetings to answer enquiries from the Directors. The Directors have access to Board and Board committees’ papers through a secure web-based portal.

The Directors have separate and independent access to the Management and the services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also assists the Chairman by ensuring good information flows within the Board and its committees, and between the Management and the non-executive Directors. The Company Secretary attends all Board and Board committees’ meetings and his appointment or removal is subject to the Board’s approval.

In the furtherance of their duties and if the Management’s explanations are not satisfactory, the Directors may seek independent professional advice at the Company’s expense.

The Company provides newly appointed Directors with information packs to familiarise them with the Company’s business and governance guidelines. In addition, new Directors were inducted to the Company’s businesses, operations and financial performance through an orientation programme.

Board Composition and Guidance *(Principle 2)*

The Board currently comprises seven Directors, six of whom are non-executive and four are considered independent. The Board, in concurrence with the NC, was of the view that, taking into account the Company’s scope of operations and its business requirements, the current size of the Board is appropriate. The Board considers an independent Director to be 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 that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement in the best interests of the Company.

Report on Corporate Governance

The Directors provided objective and independent judgement to the decision-making of the Board. The non-executive Directors of the Company participated constructively and reviewed the Group's operations, budgets and strategies. They also assessed the effectiveness of the Board's processes and activities in meeting set objectives and corporate governance standards. Directors may request for further explanations or informal discussions on any aspect of the Company's businesses or operations from the Management.

The Board as a group has the core competencies, such as accounting or finance, business or management experience, legal and industry knowledge, and strategic planning experience. Key information on the Directors is set out in pages 6 to 9. The Board recognises the merits of gender diversity in relation to the Board composition and, in identifying suitable candidates for new appointment to the Board, would ensure that female candidates are included for consideration. Gender is but one aspect of diversity and whilst due consideration would be given to the benefits of diversity, new Directors will continue to be selected based on merits.

Executive Chairman *(Principle 3)*

The Board is led by Ms Chew Gek Khim as the Executive Chairman. Ms Chew assumed the Chair on 24 April 2008 and was appointed Executive Chairman on 1 November 2009.

As Chairman of the Board, Ms Chew's duties include leading the Board, setting the Board agenda and ensuring that all Directors receive sufficient relevant information (both financial and non-financial) to enable them to participate and contribute effectively in Board discussions and decisions. She aims to promote openness and constructive relations between the Board members, and between the Board and the Management, and ensures effective communication with shareholders. Ms Chew also advocates high standards of corporate governance.

As the Executive Chairman, Ms Chew takes on executive oversight of the Management of the business segments. The Management is responsible for the daily management of the businesses and implementation of the Board's policies and decisions as well as ensuring compliance with the corporate governance policies of the Company as these relate to the respective business segments. The Management reports to the Board and is managed through the strategies adopted and monitored through the key performance indicators set for them.

In line with the recommendations set out in the Code, the Company has appointed a Lead Independent Director. Mr Chia Chee Ming, Timothy was appointed as an Independent Non-Executive Director and the Lead Independent Director on 27 February 2015.

The Lead Independent Director's role includes being available to shareholders to address any of their concerns and acting as the principal liaison between the independent Directors and the Executive Chairman on critical issues.

Board Membership *(Principle 4)*

The Company has an NC comprising three Directors, the majority of whom, including the NC Chairman, are independent. The NC is currently chaired by Mr Chia Chee Ming, Timothy and the other members of the NC are Ms Chew Gek Khim and Mr Chua Tian Chu.

The Company has adopted a formal and transparent process for the appointment of new Directors through the NC which reviews the background of and conducts interviews with all candidates and makes recommendations accordingly to the Board for approval. Before a new Director is appointed, suitable candidates are identified. The NC looks for candidates who possess qualities that would complement the Board's core competencies.

The key responsibilities of the NC include the evaluation of the Board's effectiveness, each Director's contributions and independence, reviewing the succession plans for the Board and key management personnel, as well as making recommendations on the appointment and re-nomination of Directors for the Board. The role and functions of the NC are set out in its Terms of Reference.

The NC reviews and assesses the independence of the Directors at least once a year. The Directors are required to submit declarations of independence annually and report to the Company immediately on any changes to their external appointments, interest in shares and other relevant information. For FY2020, the Board, having taken into account the views of the NC, considered Mr Tan Tiong Cheng, Mr Chia Chee Ming, Timothy, Mr Tan Chian Khong and Mr Chua Tian Chu to be independent.

Report on Corporate Governance

During FY2020, the Directors have participated in courses, seminars and discussion forums covering topics such as board performance and strategy, corporate governance, cyber security, disruptive technologies, and sustainability.

As the Directors have given sufficient time and effort to the Company's matters, notwithstanding their multiple directorships and appointments, the Board was of the view that there was no necessity to regulate the maximum number of listed company board representations that the Directors may hold.

Board Performance *(Principle 5)*

The NC administers annually, the formal process adopted by the Board for evaluation of the Board's performance as a whole, including Board committees and the contributions of individual directors to the effectiveness of the Board. The performance criteria include assessment of the Board's size and composition, access to information, processes and accountability and Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference, while individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board committees, as appropriate.

Procedures for Developing Remuneration Policies *(Principle 6)*

Level and Mix of Remuneration *(Principle 7)*

The Board has an RC comprising three non-executive Directors, the majority of whom, including the RC Chairman, are independent. The RC is chaired by Mr Tan Tiong Cheng and Mr Goh Kay Yong David and Mr Chua Tian Chu are the other members of the RC. Mr Tan Tiong Cheng was elected as the RC Chairman and Mr Chua Tian Chu was appointed as a RC member on 6 November 2020.

The functions of the RC include the recommendation of a framework of remuneration for the Board and key management personnel, and the recommendation of specific remuneration packages for the Executive Chairman and key management personnel for the Board's approval. The role and functions of the RC are set out in the Terms of Reference of the RC.

The Company has adopted a performance-based approach to compensation where the Executive Chairman's and key management personnel's remuneration is structured so as to link rewards to individual and corporate performances and is aligned with the interests of the stakeholders and promotes the long-term success of the Company. The RC sees the importance of a market competitive remuneration strategy to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long run. Remuneration is determined according to the following general components: salary, contractual bonus and performance bonus. The Company has obtained the shareholders' approval for the adoption of the Performance Share Plan in FY2019. The Performance Share Plan has not been implemented in FY2020.

Taking into account the performance of the Group and the responsibilities and performance of the Directors, Directors' fees (for the Board and the various Board committees) were set in accordance with a remuneration framework comprising responsibility fees and attendance fees. The Executive Chairman does not receive any Director's fees. Non-executive Directors are paid Director's fees, subject to approval at the annual general meeting. The non-executive Directors have no service contracts. No individual Director fixes his or her own remuneration.

Report on Corporate Governance

Disclosure on Remuneration *(Principle 8)*

The summary remuneration table for the Directors of the Company in all capacities for FY2020 is as follows:

Name of Director	Salary	Bonus	Benefits in kind	Directors' fees	Total
<u>S\$1,250,001 – S\$1,500,000</u>					
Ms Chew Gek Khim	67%	33%	-	-	100%
<u>S\$250,000 and below</u>					
Ms Chew Gek Hiang	-	-	-	100%	100%
Mr Goh Kay Yong David	-	-	-	100%	100%
Mr Tan Tiong Cheng	-	-	-	100%	100%
Dr Gary Hilton Weiss*	-	-	-	100%	100%
Mr Chia Chee Ming, Timothy	-	-	-	100%	100%
Mr Tan Chian Khong	-	-	-	100%	100%
Mr Chua Tian Chu	-	-	-	100%	100%

* Note: Dr Gary Hilton Weiss resigned as Director and Chairman of the Remuneration Committee on 30 September 2020.

Ms Chew Gek Khim is the daughter of Dr Tan Kheng Lian, a substantial shareholder of the Company, and the sister of Ms Chew Gek Hiang, a Director of the Company. Save for this disclosure, there are no employees of the Group who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000.

Based on the current organisation and reporting structure of the Group, the Group's key management personnel (who are not Directors or the CEO) are Mr Teng Heng Chew Eric, Mr Tang Kok Peng, Dato' Dr IR Patrick Yong Mian Thong, Ms Tan Wei Tze and Ms Goh Yah Huay. Their profiles are stated on page 10.

Given the sensitive nature of employee remuneration, as well as possible pressures from both within and outside the Group upon disclosing such information, the RC has recommended and the Board has decided that the detailed disclosure of each Director's and key management personnel's (who are not Directors or the CEO) remuneration is not in the interests of the Company. The total remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2020 amounted to S\$3,649,571.

Risk Management and Internal Controls *(Principle 9)*

The Board recognises that it is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its shareholders. The Board appreciates that risk management is an on-going process in which the Management continuously participate to evaluate, monitor and report to the Board and ARC on significant risks.

The ARC under its Terms of Reference as delegated by the Board, has the responsibility to oversee the Group's risk management framework and policies.

The Group has engaged KPMG Services Pte. Ltd. to develop and implement a Board Assurance Framework which includes an enterprise risk management framework to identify the significant risks facing each major business segment, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and Management in risk monitoring, escalation, mitigation and reporting.

Report on Corporate Governance

The Group has established key risks indicators with tolerance limits to monitor movements in its significant risks and to proactively manage them within acceptable levels. These key risk indicators have been reviewed and approved by the Board and they are also monitored on a quarterly basis.

The internal auditors regularly review all significant controls, policies and procedures and highlight all significant matters to the Management and the ARC.

During FY2020, the Board and ARC reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems. Based on the work performed by the external and internal auditors, the Management's representations and the Board's enquiries and discussions, the Board is assured that the Group's risk management and internal controls systems are adequate and effective. In addition, the Board has received assurance from the Executive Chairman and Group Financial Controller that the financial records have been properly maintained and the financial statements have been properly drawn up, in accordance with the Companies Act and Singapore Financial Reporting Standards (International), to give a true and fair view of the Group's operations and finances that are not misleading in any material aspect. The Board has also received assurance from the Executive Chairman and the Group Financial Controller that the Group's risk management and internal control systems were adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Executive Chairman and Group Financial Controller, the internal auditors, the ARC and the Board, the Board, with the concurrence of the ARC, is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2020.

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

Audit and Risk Committee *(Principle 10)*

The ARC comprises three non-executive Directors, the majority of whom are independent. The ARC is chaired by Mr Tan Chian Khong and the other members of the ARC are Ms Chew Gek Hiang and Mr Chia Chee Ming, Timothy.

All members of the ARC are financially literate and have accounting or related financial management expertise or experience.

The role of the ARC is documented in the Terms of Reference approved by the Board. The Terms of Reference defines the purpose, authority and responsibilities of the ARC. The duties of the ARC include:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to its financial performance;
- reviewing and evaluating annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls and processes for assessing significant risks or exposures and the procedures Management has taken to monitor, control and minimise such risks or exposures to the Company;
- reviewing the assurance from the Executive Chairman and the Group Financial Controller on the financial records and financial statements;
- making recommendations to the Board on the appointment and re-appointment of the external auditor, and reviewing the terms of engagement of the external auditor, including their compensation, performance evaluation and independence;
- reviewing annually the external audit scope, audit plans and relevant processes, and the results of the external audit work with regard to the adequacy, cost effectiveness, and appropriateness of the accounting and financial controls of the Company;

Report on Corporate Governance

- reviewing annually and as may be necessary from time to time, the internal audit scope, internal audit plans, relevant processes and the focus on risk;
- reviewing interested person transactions from time to time to determine if they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
- reviewing the whistleblowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up.

The ARC has the power to conduct or authorise investigations into any matters within its scope of responsibilities. The Board is updated by the ARC Chairman on the significant issues discussed at the ARC meetings.

In performing its functions, the ARC reviews the overall scope of both internal and external audits and the assistance given by the Company’s officers to the internal and external auditors. The ARC also meets with the internal and external auditors on a quarterly basis to review their audit findings.

To assist the discharging of its functions, the ARC is provided with adequate resources, has full access to and co-operation of the Management and the internal auditors, and has full discretion to invite any Director or executive officer to attend its meetings. All major findings and recommendations are brought to the attention of the Board.

The ARC reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The ARC also reviews the consolidated financial statements and the auditors’ report, as well as related announcements to shareholders and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) before submission to the Board.

The ARC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. Accordingly, it has recommended to the Board the nomination of the external auditors, Ernst & Young LLP, for re-appointment at the forthcoming Annual General Meeting (“**AGM**”) to be held on 30 April 2021. In FY2020, the ARC met the external auditors and the internal auditors once without the presence of the Management.

The details of the remuneration paid to the external auditors for FY2020 are as follows:

	SS\$’000
Audit fees paid/payable to:	
- Auditor of the Company	512
- Overseas affiliates of the auditor of the Company	458
Non-audit fees paid/payable to:	
- Auditor of the Company	86
- Overseas affiliates of the auditor of the Company	15

The ARC, having reviewed the nature and quantum of the non-audit fees, was satisfied that the independence of the external auditors had not been compromised by the provision of the non-audit services.

In appointing the audit firms for the Group, the ARC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

The Company’s internal audit function has been outsourced to KPMG Services Pte. Ltd. The internal auditor’s primary line of reporting is to the Chairman of the ARC. All internal audit reports are submitted to the ARC for consideration, with copies of those reports extended to senior management. In order to ensure timely and adequate closure of internal audit findings, the status of implementation of the actions as agreed by senior management is tracked and discussed with the ARC.

Report on Corporate Governance

In carrying out its duties, the internal auditors have adopted the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

For FY2020, the ARC reviewed and approved the annual internal audit plans. The internal auditors have unrestricted direct access to the ARC and unfettered access to documents, records, properties and personnel within the Group to carry out its duties effectively. The ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

The Company has a whistleblowing procedure in place for employees to raise, in confidence, possible improprieties in matters of financial reporting or other matters. The policy, available on the Company’s intranet and employee handbook, aims to foster a workplace conducive to open communication regarding the Company’s business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the ARC on a quarterly basis. Under certain circumstances, the ARC will be informed of any complaint, as soon as practicable. There was one whistleblowing report received in FY2020.

Key Audit Matters

The external auditors have set out the key audit matters in respect of FY2020 in the Independent Auditor’s Report on pages 53 to 58 of the Annual Report. The ARC concurred with the basis and conclusions included in the Independent Auditor’s Report with respect to the key audit matters.

Shareholder Rights and Conduct of General Meetings *(Principle 11)* Engagement with Shareholders *(Principle 12)*

The Company treats all shareholders fairly and equitably in order to enable them to exercise their rights and have the opportunity to communicate their views on matters affecting the Company. The Company takes a serious view of maintaining full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects through the publication of the quarterly financial statements, media releases, annual reports, circulars to shareholders and corporate information updates through SGXNET and the Company’s website.

In addition, shareholders and the public can access information pertaining to the Company’s businesses, media releases and other corporate information via its website. The Company also facilitated effective and unbiased communications with shareholders, analysts, fund managers and the media through Company presentations, and non-deal roadshows and investment conference organised by major banks and brokerage firms. The Company’s website provides the contact details for investors to submit their feedback and queries.

The Company endeavours to provide as much and as prompt information as is possible to its shareholders, taking into account the legal and regulatory framework governing the release of material and price-sensitive information. The Company releases all price-sensitive information through SGXNET.

Shareholders are encouraged to ask questions both about the resolutions being proposed at the AGM and about the Group’s operations in general. The Constitution of the Company permits a member of the Company to appoint not more than two proxies to attend the AGM and vote instead of the member.

For FY2019, due to the COVID-19 outbreak, the Company’s AGM was held on 30 April 2020 by way of electronic means, through “live webcast”, pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The notice of AGM was published in the newspaper, and disseminated to shareholders through publication on SGX website and the Company’s website. Shareholders participated in the AGM via electronic means, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company provided their responses to the substantial queries and relevant comments from shareholders at the AGM via electronic means.

Report on Corporate Governance

The Company ensures that separate resolutions are proposed at general meetings on each distinct issue. The external auditors, the chairpersons of the various Board committees and where necessary, the legal advisers are present to assist the Directors in addressing any relevant queries by shareholders.

To enhance participation by shareholders, the Company puts all resolutions at general meetings to vote by poll and announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The polling results are also announced on SGX website and the Company's website. The minutes of general meetings are available to shareholders and may be requested for inspection via ir@stc.com.sg.

For FY2019, all Directors attended the Company's AGM and an Extraordinary General Meeting via electronic means on 30 April 2020.

The Company did not have a dividend policy in FY2020. It aims to pay consistent and sustainable dividends to shareholders over the long term by balancing growth and prudent capital management. Declarations of dividends are announced on SGX website.

The Company has in place an Investor Relations Policy which sets out the principles and practices that the Company applies to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field.

Engagement with Stakeholders *(Principle 13)*

The Company has adopted an inclusive approach by considering and balancing the needs and interests of the key stakeholder groups as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has identified the key stakeholders and the engagement methods with the stakeholders in addressing the material factors that may have an impact on the long term sustainability of the Company. Further details on the materiality assessment and stakeholder engagement can be found in the sustainability report on page 26 to 39.

Dealings in Securities

The Group had issued internal guidelines on dealings in the securities of the Company to the Directors and employees of the Company and its subsidiaries, advising them, amongst others, not to deal in the securities of the Company on short-term considerations. The Directors and employees were advised of the prohibitions in dealings in the securities of the Company during the period commencing one month before the announcement of the Group's half year financial statements, and one month before the Group's full year financial statements, and ending on the respective announcement dates, and while they are in possession of material price-sensitive information which is generally not available.

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Directors’ Statement

The Directors are pleased to present their statement to the members together with the audited financial statements of The Straits Trading Company Limited (the “**Company**”) and consolidated financial statements of the Group for the year ended 31 December 2020.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORATE

The Directors in office at the date of this report are:

Ms Chew Gek Khim (Executive Chairman)
Ms Chew Gek Hiang
Mr Goh Kay Yong David
Mr Tan Tiong Cheng
Mr Chia Chee Ming, Timothy
Mr Tan Chian Khong
Mr Chua Tian Chu

Ms Chew Gek Khim, Mr Tan Tiong Cheng and Mr Chia Chee Ming, Timothy will retire pursuant to Regulation 99 of the Constitution. Ms Chew Gek Khim, Mr Tan Tiong Cheng and Mr Chia Chee Ming, Timothy, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects 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.

Directors’ Statement

DIRECTORS’ INTEREST IN SHARES AND DEBENTURES

According to the register kept under Section 164 of the Companies Act, Chapter 50, the Directors who held office at the end of the financial year had an interest in the shares of the Company and its related corporation as stated below:

Company

(ordinary shares)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2020	31.12.2020	1.1.2020	31.12.2020
Ms Chew Gek Khim	741,200	741,200	-	-
Ms Chew Gek Hiang	23,000	23,000	-	-
Mr Goh Kay Yong David	-	156,500*	156,500#	-
Mr Chia Chee Ming, Timothy	3,900	3,900	-	-

- # Acceptance of the award of shares in the Company granted under the Tan Chin Tuan Pte. Ltd. share award plan
- * Release of the award of shares in the Company granted under the Tan Chin Tuan Pte. Ltd. share award plan

Subsidiary

Malaysia Smelting Corporation Berhad

(ordinary shares)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2020	31.12.2020	1.1.2020	31.12.2020
Ms Chew Gek Khim	1,600,000	1,600,000	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2021.

Except as disclosed above, no Director who held office at the end of the financial year had an interest in any shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS’ CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director has received or become entitled to receive benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

No shares have been issued during the financial year by virtue of the exercise of an option to take up unissued shares of the Company or any corporation in the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Directors’ Statement

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performs the functions specified in Section 201B(5) of the Companies Act, Chapter 50. The Audit and Risk Committee reviews the overall scope of both internal and external audits and the assistance given by the Company’s officers to the auditors. It meets the Company’s internal and external auditors to discuss the results of their respective examinations and the internal auditor’s evaluation of the Company’s system of internal accounting and financial controls. The Audit and Risk Committee reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit and Risk Committee also reviews the consolidated financial statements and the auditor’s report, as well as announcements to shareholders and the Singapore Exchange Securities Trading Limited before submission to the Board. During the financial year, the Audit and Risk Committee met the external auditor and the internal auditor once without the presence of the Management. The Audit and Risk Committee annually reviews the independence of the external auditor and recommends to the Board, the external auditor to be appointed. Further details on the Audit and Risk Committee are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board

Chew Gek Khim
Director

Tan Chian Khong
Director

Singapore
31 March 2021

Independent Auditor’s Report to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Straits Trading Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet 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)”) 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Fair value of investment properties, land and buildings

At 31 December 2020, the Group’s investment properties, land and buildings are carried at \$932.2 million and \$19.8 million respectively, representing 42.1% of the Group’s total non-current assets and 55.1% of equity in aggregate.

The Group records its investment properties, land and buildings at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to changes in the key assumptions applied, particularly those relating to capitalisation, discount and terminal yield rates, and price per square foot. In addition, there was an increase in the level of estimation uncertainty and judgement required in determining the valuation of properties arising from changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

Independent Auditor’s Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

Key Audit Matters (cont’d)

1. Fair value of investment properties, land and buildings (cont’d)

In addressing this area of focus, we considered the objectivity, independence and expertise of the external appraisers engaged by management and inquired the external appraisers on their valuation techniques. We reviewed the valuation reports obtained from the external appraisers and considered the appropriateness of the valuation models, property related data, and estimates used by management and the external appraisers. We also involved our internal valuation appraisers in assessing the reasonableness of the valuation assumptions and inputs, including key valuation adjustments made in response to the changes in market and economic conditions brought on by the COVID-19 pandemic and overall results of the valuations. We considered the reasonableness of the assumptions and estimates based on current property market outlook and macroeconomic developments and further corroborated inputs used in the estimates such as rental value, vacancy rates and maintenance status against our understanding of the tenancy profile and performance of the respective properties.

We reviewed the sufficiency of the disclosures of the properties included in notes 14, 16, 41(a)(iii) and 42.

2. Impairment testing for goodwill

At 31 December 2020, the Group’s goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad (“MSC”) is carried at \$17.5 million, representing 0.8% of the Group’s total non-current assets and 1.0% of equity. We considered impairment assessment of goodwill to be a key audit matter as this involved significant management’s judgement about cash flows arising from future results of the Group’s business. Based on the latest annual impairment testing, the estimated recoverable amount is in excess of the carrying value. Accordingly, management is satisfied that no goodwill impairment is required as at 31 December 2020.

Management has determined the recoverable amount of MSC using value-in-use calculations of MSC. The value-in-use calculations are based on key assumptions relating to future market and economic conditions such as economic growth, inflation rate, discount rate, revenue and margin estimates.

In addressing this area of focus, our audit procedures included, amongst others, evaluating and assessing the assumptions and methodology used by the Group to determine the recoverable amount of MSC. We evaluated the robustness of management’s budgeting process by comparing the actual financial performance against previously forecasted results and considering the latest industry outlook, historical data, and implications of the COVID-19 pandemic on the business. We involved our internal specialist to assist us in evaluating the reasonableness of the discount rates and terminal growth rate applied in the value-in-use calculation. We also assessed management’s sensitivity analysis of the goodwill balance to changes in the key assumptions, including additional considerations for the market and economic conditions prevailing at the reporting date due to the COVID-19 pandemic.

Furthermore, we reviewed the adequacy of the note disclosures as included in notes 17(a) and 41(a)(i) to the financial statements.

3. Provision for mine restoration costs

As disclosed in note 30 to the financial statements, the Group recorded a provision for mine restoration costs of \$12.1 million in respect of restoration and rehabilitation obligations of its subsidiary as at 31 December 2020. The Group is required to obtain approval on its mine restoration plan for approval by the Perak State Mineral Resources Committee, under the Mineral (Perak) Enactment 2003. The Group recognises a provision for these costs at each reporting date based on the estimated costs required to fulfil this obligation according to the methodology and plan formulated by the external consultant.

Independent Auditor’s Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

Key Audit Matters (cont’d)

3. Provision for mine restoration costs (cont’d)

The timing of the cash outflow can only be confirmed by uncertain future events not wholly within the control of the Group and may develop in ways not initially expected. Therefore, the Group continually assesses the timing and development of the discussion with the relevant authorities. Such assessment involves significant judgment and estimates which are highly subjective. Accordingly, we consider this to be an area of audit focus.

In addressing this area of focus, we evaluated the objectivity, independence, expertise and experience of the external mine restoration consultant engaged by the Group. We obtained an understanding of the methodology adopted by the consultant in formulating the restoration plan. We also evaluated the significant cost components through enquiries with the external consultant and, where relevant, we compared the cost components to past actual experience or quotations obtained from third party contractors and suppliers. In addition, we assessed whether the discount rate used in determining the net present value of the restoration and rehabilitation obligations are reasonable against the current market assessments of the time value of money to the liability.

We also evaluated the adequacy of the Group disclosure about the significant judgement and estimation involved in determining the provision.

4. Inventories

As disclosed in Note 25 to the financial statements, the Group’s inventories are carried at \$197.8 million as at 31 December 2020, representing 24.0% of the Group’s total current assets and 11.5% of equity. During the year, the Group made a reversal on the write down \$2.4 million of tin-bearing inventories to their net realisable value.

The Group contracts with various suppliers on different terms and conditions for the purchases of tin-in-concentrates. Given the high number of different purchase contracts, we identified timing of recognition of tin-in-concentrates to be an area of focus as it is highly dependent on the terms of the contracts.

We also identified valuation of tin-in-concentrates, tin-in-process and refined tin metal as an area of focus due to the magnitude of the balances. At the same time, management is required to apply valuation techniques that involve judgements and estimates given the nature of tin-in-process and refined tin metal.

In addition, as the tin inventories are stated at the lower of cost and net realisable value, the determination of whether the tin inventories will be realised for a value less than cost (where the tin inventories are forecasted to be sold below cost) requires management to exercise and apply significant judgements and estimates.

In addressing the area of focus in respect of the timing of recognition of tin-in-concentrates, we, amongst other procedures, read the significant purchase contracts to obtain an understanding of the terms and conditions to establish the Group’s rights and obligations over tin-in-concentrates purchased. We tested the relevant internal controls over the accuracy and timing of recognition of tin-in-concentrates. We inspected, on a sample basis, documents which evidenced the receipt of tin-in-concentrates from suppliers. We also focused on testing purchase transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

In addressing the area of focus in respect of the physical quantities of tin-in-concentrates, tin in-process and refined tin metal, we performed, amongst others, attended and observed the physical stock counts and obtained an understanding of the sampling methodologies used by management. We obtained an understanding of the work performed by management’s expert involved in the physical stock count. We also evaluated the competence, capabilities and objectivity of management’s expert. In addition, we evaluated the appropriateness of the work performed by management’s expert as audit evidence.

Independent Auditor’s Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

Key Audit Matters (cont’d)

4. Inventories (cont’d)

In addressing the area of focus in respect of valuation of tin-in-concentrates, tin-in-process and refined tin metal, we obtained an understanding of the Group’s production process and the types of costs included in the valuation of tin-in-concentrates, tin-in-process and refined tin metal. We also obtained an understanding of the internal controls over the recording of tin-in-concentrates consumed and the valuation of different stages of tin-in-process. We tested the arithmetic calculation of the valuation of inventories.

In addressing the area of focus in respect of the net realisable value of the tin inventories, we discussed with management to obtain an understanding on the basis and assumptions used in estimating the net realisable value of the tin inventories and assessed the reasonableness of such basis and assumptions used. We evaluated the inputs used in the assumptions such as forecasted tin prices, forecasted exchange rates, further processing costs, and allowance for tin loss in deriving the net realisable value of tin inventories. We re-performed the calculation of the net realisable value and compared to the carrying value of the tin inventories.

Other information

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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), 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.

Independent Auditor’s Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

Auditor’s Responsibilities for the Audit of the Financial Statements (cont’d)

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor’s Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2021

Consolidated Income Statement

For the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Revenue			
Tin mining and smelting revenue		266,784	324,062
Property revenue		42,107	39,575
Total revenue		308,891	363,637
Other items of income			
Dividend income	4	8,633	11,178
Interest income	5	11,522	43,071
Fair value changes in investment properties	16	37,361	26,887
Other income	6	20,280	15,498
		386,687	460,271
Other items of expense			
Employee benefits expense	7	(31,760)	(37,610)
Depreciation expense	14	(7,693)	(7,410)
Amortisation expense	17	(429)	(666)
Impairment losses	8	(902)	(15)
Costs of tin mining and smelting	25	(222,944)	(271,738)
Finance costs	9	(29,769)	(27,685)
Other expenses	10	(5,967)	(31,325)
Total expenses		(299,464)	(376,449)
Share of results of associates and joint ventures		8,734	45,498
Profit before tax			
	11	95,957	129,320
Income tax expense	12	(24,780)	(28,966)
Profit after tax		71,177	100,354
Profit attributable to:			
Owners of the Company		51,483	84,371
Non-controlling interests		19,694	15,983
		71,177	100,354
Earnings per share (cents per share)			
	13		
Basic		12.7	20.7
Diluted		12.7	20.7

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

	2020 \$'000	2019 \$'000
Profit after tax	71,177	100,354
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	(26,110)	7,310
Share of net fair value changes in equity securities carried at FVOCI of associates	(18,864)	(2,263)
Net revaluation surplus on property, plant and equipment	1,345	888
Share of net revaluation surplus on property, plant and equipment of associates	1,859	1,785
	(41,770)	7,720
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	(1,029)	493
Currency translation reserve	22,507	(7,119)
Share of reserves of associates and joint ventures	21,560	(5,343)
Realisation of foreign currency translation reserve to profit or loss	(2,427)	1,386
	40,611	(10,583)
Other comprehensive income after tax for the year	(1,159)	(2,863)
Total comprehensive income for the year	70,018	97,491
Attributable to:		
Owners of the Company	46,047	82,600
Non-controlling interests	23,971	14,891
Total comprehensive income for the year	70,018	97,491

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Non-current assets					
Property, plant and equipment	14	53,936	43,612	595	599
Land under development	15	72,634	67,444	30,254	30,311
Investment properties	16	932,199	863,936	5,534	5,545
Goodwill	17(a)	17,516	17,540	–	–
Other intangible assets	17(b)	5,217	5,863	–	–
Subsidiaries	18	–	–	123,535	123,535
Associates and joint ventures	19	984,924	791,628	144	144
Deferred tax assets	20	6,871	3,119	–	–
Other non-current receivables	21	1	–	128,475	103,935
Derivative financial instruments	23	1,494	1,547	–	399
Investment securities	22(a)	180,603	210,919	–	–
Other non-current assets	24	4,951	1,201	–	–
Total non-current assets		2,260,346	2,006,809	288,537	264,468
Current assets					
Inventories	25	197,818	153,092	–	–
Income tax receivables		5,836	7,311	80	197
Prepayments and accrued income		4,506	1,930	24	18
Trade related prepayments		3,357	1,847	–	–
Trade receivables	21	11,364	5,529	7	7
Other receivables	21	79,939	74,123	1,202,500	1,091,862
Investment securities	22(b)	65,842	65,869	–	–
Derivative financial instruments	23	606	886	–	–
Cash and cash equivalents	26	456,332	310,487	249,431	113,946
		825,600	621,074	1,452,042	1,206,030
Assets classified as held for sale	27	–	21,311	–	–
Total current assets		825,600	642,385	1,452,042	1,206,030
Total assets		3,085,946	2,649,194	1,740,579	1,470,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Equity and liabilities					
Equity					
Share capital	28(a)	568,968	568,968	568,968	568,968
Treasury shares	28(b)	(2,682)	(2,055)	(2,682)	(2,055)
Retained earnings	29	961,506	932,861	39,885	45,088
Other reserves	29	10,206	19,347	27	1,421
Equity attributable to owners of the Company		1,537,998	1,519,121	606,198	613,422
Non-controlling interests		188,940	150,195	–	–
Total equity		1,726,938	1,669,316	606,198	613,422
Non-current liabilities					
Provisions	30	11,947	9,061	–	–
Deferred tax liabilities	20	35,142	23,696	702	704
Borrowings	31	613,277	660,035	261,059	199,481
Derivative financial instruments	23	2,884	311	–	–
Other non-current liabilities	32	16,704	10,846	–	–
Lease liabilities	34	4,836	1,700	–	–
Total non-current liabilities		684,790	705,649	261,761	200,185
Current liabilities					
Provisions	30	4,512	5,065	–	–
Income tax payable		13,487	6,098	156	314
Trade and other payables	33	70,153	49,715	621,780	656,577
Borrowings	31	575,264	210,030	249,905	–
Derivative financial instruments	23	7,850	1,048	779	–
Lease liabilities	34	2,952	2,273	–	–
Total current liabilities		674,218	274,229	872,620	656,891
Total liabilities		1,359,008	979,878	1,134,381	857,076
Total equity and liabilities		3,085,946	2,649,194	1,740,579	1,470,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserves	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2020	1,669,316	1,519,121	568,968	(2,055)	932,861	12,270	(1,466)	29,797	(25,102)	3,848	150,195
Total comprehensive income for the year	70,014	46,043	–	–	51,483	(44,486)	(2,507)	2,593	38,960	–	23,971
<u>Contributions by and distributions to owners</u>											
Dividend on ordinary shares	(24,416)	(24,416)	–	–	(24,416)	–	–	–	–	–	–
Dividend to non-controlling interests	(3,991)	–	–	–	–	–	–	–	–	–	(3,991)
Contribution of capital by non-controlling interests	22,641	–	–	–	–	–	–	–	–	–	22,641
Shares buy back	(627)	(627)	–	(627)	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(3,626)	–	–	–	–	–	–	–	–	–	(3,626)
Total contributions by and distributions to owners	(10,019)	(25,043)	–	(627)	(24,416)	–	–	–	–	–	15,024
<u>Others</u>											
Share of associate's realisation of FVOCI reserve	–	–	–	–	1,818	(1,818)	–	–	–	–	–
Share of transfer of statutory reserve of an associate	–	–	–	–	(684)	–	–	–	–	684	–
Realisation of FVOCI reserve	–	–	–	–	2,567	(2,567)	–	–	–	–	–
Share of other changes in equity of an associate	–	–	–	–	–	–	–	–	(9)	9	–
Others	(2,373)	(2,123)	–	–	(2,123)	–	–	–	–	–	(250)
Total others	(2,373)	(2,123)	–	–	1,578	(4,385)	–	–	(9)	693	(250)
Closing balance at 31 December 2020	1,726,938	1,537,998	568,968	(2,682)	961,506	(36,601)	(3,973)	32,390	13,849	4,541	188,940

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserves	Reserve of assets classified as held for sale	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2019 (As previously stated)	1,598,603	1,467,293	568,968	(598)	876,119	8,358	(947)	27,525	(16,331)	3,839	360	131,310
Effects of adoption of SFRS(I) 16	(4,944)	(4,944)	–	–	(4,944)	–	–	–	–	–	–	–
Opening balance at 1 January 2019 (As restated)	1,593,659	1,462,349	568,968	(598)	871,175	8,358	(947)	27,525	(16,331)	3,839	360	131,310
Total comprehensive income for the year	97,491	82,600	–	–	84,371	5,247	(519)	2,272	(8,771)	–	–	14,891
<u>Contributions by and distributions to owners</u>												
Dividend on ordinary shares	(24,463)	(24,463)	–	–	(24,463)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(4,799)	–	–	–	–	–	–	–	–	–	–	(4,799)
Contribution of capital by non-controlling interests	10,087	–	–	–	–	–	–	–	–	–	–	10,087
Shares buy back	(1,457)	(1,457)	–	(1,457)	–	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(1,305)	–	–	–	–	–	–	–	–	–	–	(1,305)
Total contributions by and distributions to owners	(21,937)	(25,920)	–	(1,457)	(24,463)	–	–	–	–	–	–	3,983
<u>Others</u>												
Share of associate's realisation of FVOCI reserve	–	–	–	–	(92)	92	–	–	–	–	–	–
Transfer of reserves of assets classified as held for sale	–	–	–	–	360	–	–	–	–	–	(360)	–
Share of transfer of statutory reserve of an associate	–	–	–	–	(9)	–	–	–	–	9	–	–
Realisation of FVOCI reserve	–	–	–	–	1,427	(1,427)	–	–	–	–	–	–
Share of other changes in equity of an associate	103	92	–	–	92	–	–	–	–	–	–	11
Total others	103	92	–	–	1,778	(1,335)	–	–	–	9	(360)	11
Closing balance at 31 December 2019	1,669,316	1,519,121	568,968	(2,055)	932,861	12,270	(1,466)	29,797	(25,102)	3,848	–	150,195

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Profit before tax	95,957	129,320
Adjustments		
Depreciation of property, plant and equipment	7,693	7,410
Amortisation of other intangible assets	429	666
Dividend income	(8,633)	(11,178)
Interest income	(11,522)	(43,071)
Finance costs	29,769	27,685
Currency realignment	(16,604)	5,525
Fair value changes in investment properties and financial assets	(35,224)	(32,059)
Net gain on disposal of property, plant and equipment, investment properties and other investments	(16,082)	(1,921)
Other intangible assets written off	4	–
(Reversal of write down)/Write down of inventories	(2,355)	10,191
Provision for impairment losses of investment, property, plant and equipment and other intangible assets	902	15
Property, plant and equipment written off	45	106
Net gain on disposal of disposal group classified as held for sale	–	(21)
Share of results of associates and joint ventures	(8,734)	(45,498)
Operating cash flows before changes in working capital	35,645	47,170
Increase in inventories	(42,371)	(1,277)
(Increase)/Decrease in short-term investment securities	(22,438)	1,669
(Increase)/Decrease in trade and other receivables	(7,954)	6,841
Increase/(Decrease) in trade and other payables	7,532	(15,119)
Cash flows (used in)/from operations	(29,586)	39,284
Income taxes paid	(5,535)	(9,226)
Finance costs paid	(8,207)	(12,456)
Interest received	4,674	8,418
Dividend income from short-term investment securities	1,330	1,832
Net cash flows (used in)/from operating activities	(37,324)	27,852

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

	2020	2019
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	283,861	108,150
Proceeds from redemption of debt instrument	22,200	1,380
Proceeds from disposal of investment securities	26,421	11,116
Cost incurred on property, plant and equipment	(5,783)	(5,182)
Cost incurred on investment properties	(233,780)	(55,966)
Cost incurred on land under development	(5,341)	(4,782)
Purchase of investment securities	(1,000)	–
Initial payment on properties	(3,470)	–
Investment in associates and joint ventures	(153,508)	(30,017)
Subscription of debt instruments	(19,631)	(29,910)
Return of capital from associates	10,792	40,928
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(435)	(283)
Dividend income from investment securities and associates	6,892	35,131
Interest received	469	1,938
Income taxes paid	(1,180)	(3,340)
Net cash flows (used in)/from investing activities	(73,493)	69,163
Cash flows from financing activities		
Dividend paid to shareholders (note 35)	(24,416)	(24,463)
Carried interest paid to General Partner of a subsidiary	(2,123)	–
Dividend paid to non-controlling shareholders of subsidiaries	(4,241)	(4,799)
Purchase of treasury shares (note 28)	(627)	(1,457)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	22,641	10,087
Repayment of loan to non-controlling shareholders of subsidiaries	(1,755)	(3,224)
Return of capital to non-controlling shareholders	(3,626)	(1,305)
Drawdown/(Repayment) of short-term borrowings	58,161	(13,765)
Drawdown of long-term borrowings	207,654	233,939
Repayment of long-term borrowings	(171,859)	(208,512)
Proceeds from issuance of fixed rate notes	198,000	–
Finance costs paid	(16,789)	(14,149)
Payment of lease liabilities	(4,609)	(3,419)
Net cash flows from/(used in) financing activities	256,411	(31,067)
Net increase in cash and cash equivalents	145,594	65,948
Effect of exchange rate changes on cash and cash equivalents	251	(323)
Cash and cash equivalents, beginning balance	310,487	244,862
Cash and cash equivalents, ending balance (note 26)	456,332	310,487

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the “Company”) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 31 March 2021.

The Straits Trading Company Limited is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at 1 Wallich Street #15-01, Guoco Tower, Singapore 078881. The Company is listed on the Singapore Exchange Securities Trading Limited.

The immediate holding company is The Cairns Pte. Ltd. and the ultimate holding company is Tan Chin Tuan Pte. Ltd.. Both companies are incorporated in Singapore.

The principal activity of the Company is that of an investment company. The principal activities of the subsidiaries are disclosed in note 44 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the “Group”) and the Group’s interests in associates and joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements of the Company includes the operations of its Malaysia branch.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020.

The following FRSs are effective for the annual period beginning on or after 1 January 2020:

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*
Amendments to SFRS(I) 3: *Definition of a Business*
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*
Amendments to References to the Conceptual Framework in SFRS(I) Standards

The Group has also early adopted Amendments to SFRS(I) 16: *Covid-19-Related Rent Concessions*.

The adoption of these standards did not have any significant financial impact on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The financial statements of the Company includes the operations of its Malaysia branch. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the net fair value of the acquiree’s identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group’s cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Net assets of the associates and joint ventures are included in the consolidated financial statements under the equity method based on their latest audited financial statements.

Where their financial periods do not end on 31 December, management accounts to 31 December are used. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings, other than those recognised under right-of-use assets as set out in note 2.23, are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Depreciation and residual values*

In the tin mining subsidiaries, plant and equipment, including mine restoration assets, used in mining are depreciated using the unit-of-production method based on economically recoverable ore except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in the estimated economically recoverable ore resources and useful lives of plant and equipment are accounted for on a prospective basis.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation for the remaining assets of the Group is provided on the straight-line method to write off the cost or valuation of relevant assets to their residual values, if any, over their estimated useful lives or life of the mine where appropriate, whichever is shorter. The estimated useful lives for these remaining assets are as follows:

Leasehold land	– remaining lease term of up to 97 years
Buildings	– 8 to 99 years
Plant, equipment and vehicles	– up to 40 years
Furniture	– 3 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.11 *Land under development*

Land under development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less accumulated impairment losses, if any.

Land under development is reclassified to property development costs at a point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2.12 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investment properties (cont'd)

Investment properties are initially measured 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 values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.13 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) Mining rights

Mining rights acquired are stated at their fair values as at the date of acquisition. Following initial recognition, mining rights are carried at cost less accumulated amortisation and impairment losses, if any. Mining rights are amortised based on the unit-of-production method so as to write off the mining rights in proportion to the depletion of the estimated economically recoverable ore resources. Changes in the estimated economically recoverable ore resources are accounted for on a prospective basis. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(b) Deferred mine exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised based on the unit-of-production method.

Mine exploration and evaluation expenditures incurred for a new area of interest are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable ore resources. These costs also include directly attributable employee remuneration, materials used and overhead costs.

Once an economically mineable resource for an area of interest is established and development is sanctioned, such exploration and evaluation expenditure is transferred to mine properties. No amortisation is charged during the exploration and evaluation phase.

A review is carried out annually on the carrying amount of deferred mine exploration and evaluation expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

(c) Mine properties

Mine properties are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

All expenditures incurred in connection with development activities in respect of each mine property, which includes all activities conducted in the preparation of economically recoverable ore resources until commercial production are accumulated in respect of each mine property. Exploration and evaluation expenditure is also transferred to mine properties once the work completed to date for the area supports the future development of the property and such development received appropriate approvals. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(c) Mine properties (cont'd)

Waste removal (stripping) costs incurred during the production phase of a surface mine (production stripping costs) are only capitalised to mine property expenditure when all the following criteria are met:

- (i) It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
- (ii) The entity can identify the component of an ore body for which access has been improved; and
- (iii) The costs relating to the improved access to that component can be measured reliably.

Expenditure for a mine property which is considered to provide minimal benefit to future periods is recognised as an expense in profit or loss.

When production for a mine property commences, the accumulated cost for the mine property is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore resources. Changes in the estimated economically recoverable ore resources are accounted for on a prospective basis.

A review is carried out annually on the carrying amount of a mine property to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

(d) Mine restoration expenditure

Restoration expenditure incurred during the production phase of operations is recognised in profit or loss as part of the cost of production of the mine property concerned.

Significant mine restoration expenditure to be incurred subsequent to the cessation of production of each mine property is provided based on the present value of the estimated expenditure to be incurred.

(e) Club memberships

Club memberships acquired separately are amortised on a straight-line basis over their finite useful lives.

2.14 Financial instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments measured at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in FVOCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

For investments in equity instruments which the Group has not elected to present subsequent changes in FVOCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in FVOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings. 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.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Financial guarantee

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 payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with policy set out in the impairment model under SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of guarantee.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal group are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits that are readily convertible to cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of trading inventory of refined tin metal is determined on a first-in first-out basis. Cost of inventories of tin-in-concentrates and tin-in-process which have matching sales contract for refined tin metal from tin smelting operations, are stated at the value of such contract less cost for conversion. This value is consistent with cost, as it is the practice of tin smelting operations of the subsidiary to buy tin-in-concentrates and sell refined tin metal on a back to back price basis. Cost of tin inventories which has no matching sales contract is calculated using the weighted average cost method less allowance for conversion.

Absorption costing is used in the mining operations to assign costs to tin inventories using the weighted average cost method which includes both variable and fixed overhead cost components.

Cost of other inventories comprising stores, spares, fuels, coal and saleable by-products is determined on the weighted average cost method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (cont'd)

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when commitment is demonstrated to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

Short-term leases and leases of low-value assets

The Group apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Revenue and other income recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(i) Sale of tin

Revenue is recognised when “control” of the goods is transferred to the customer. For sale of tin through Kuala Lumpur Tin Market (“KLTM”)/London Metal Exchange (“LME”), revenue is recognised upon tin warrant issue. For sale of tin to the end-customer, revenue is recognised upon delivery of tin to the customer, or according to the agreed Incoterms with customers.

Tin warrant is a document of possession, used as a means of delivering tin metal under KLTM/LME contracts.

(ii) Smelting revenue

Smelting revenue is recognised at a point in time upon performance of services.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue and other income recognition (cont'd)

(iii) Sale of by-products

Revenue is recognised upon delivery/shipment to the customer, or according to the agreed Incoterms with customers.

(iv) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Profit from sale of completed properties

Profit from sale of completed properties are recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and practices in the legal jurisdictions.

(vi) Other income

- Dividend income is recognised when the Group’s and the Company’s right to receive payment is established.
- Interest income is recognised on an accrual basis using effective interest method.
- Profits from sale of investment securities are recognised upon conclusion of the contract for sale.
- Other service charges are recognised upon performance of services.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 *Derivative financial instruments and hedging*

Initial recognition and subsequent measurement

The Group has chosen to continue to apply the existing hedge accounting requirements in SFRS(I) 1-39 as its policy choice on initial adoption of SFRS(I) 9.

The Group uses derivative financial instruments such as forward currency contracts, cross currency swaps, interest rate swaps and forward commodity contracts, to manage their foreign currency risks, interest rate risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designate and document the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 *Derivative financial instruments and hedging (cont'd)*

Initial recognition and subsequent measurement (cont'd)

Hedge accounting will be discontinued in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing within a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree or replace their original counterparty with a new one). Any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness with retrospective application.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

(a) *Fair value hedges*

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 *Derivative financial instruments and hedging (cont'd)*

Hedges directly affected by interest rate benchmark reform (cont'd)

(b) *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts and the ineffective portion relating to commodity contracts is recognised in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occurs if the hedge future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

(c) *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

2.27 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made by management in the application of accounting policies that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 41.

Notes to the Financial Statements

For the financial year ended 31 December 2020

4. DIVIDEND INCOME

	Group	
	2020	2019
	\$'000	\$'000
Dividend income from:		
- Investment securities at fair value through profit or loss ("FVTPL")	1,330	1,831
- Investment securities at FVOCI	7,303	9,347
	8,633	11,178

5. INTEREST INCOME

	Group	
	2020	2019
	\$'000	\$'000
Interest income from:		
- Financial assets	1,047	1,455
- Deposits	6,453	3,339
- Receivables from associates and joint ventures	3,910	38,200
- Receivables	112	77
	11,522	43,071

6. OTHER INCOME

	Group	
	2020	2019
	\$'000	\$'000
Net gain on disposal of investment properties	13,719	7,440
Net gain on disposal of property, plant and equipment	42	–
Net gain/(loss) on disposal of subsidiaries, associates and joint ventures		
- Foreign exchange impact on capital reduction	2,683	(814)
- Others	–	(4,705)
Net (loss)/gain on disposal of equity securities at FVTPL	(1,875)	1,300
Fair value changes in financial assets:		
- Held-for-trading equity securities at FVTPL	1,040	5,330
- Derivatives at FVTPL	(92)	(319)
- Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	(3,085)	161
Fund related fees	2,400	3,201
Other operating income	5,448	3,904
	20,280	15,498

Notes to the Financial Statements

For the financial year ended 31 December 2020

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020	2019
	\$'000	\$'000
Wages, salaries and other allowances	29,215	29,962
Defined contribution plans	2,455	2,749
Provision for voluntary separation compensation*	90	4,899
	31,760	37,610

* The provision was made in respect of the internal restructuring exercise for the affected employees at the Butterworth smelter.

8. IMPAIRMENT LOSSES

	Group	
	2020	2019
	\$'000	\$'000
Impairment of a joint venture (note 19.2(e))	265	15
Impairment of mining rights (note 17(b)(i))	145	–
Impairment of corporate club membership (note 17(b)(i))	16	–
Impairment of mine properties (note 17(b)(iii))	476	–
	902	15

9. FINANCE COSTS

	Group	
	2020	2019
	\$'000	\$'000
Interest on bank loans	18,728	19,777
Interest on notes	6,931	5,597
Fees incurred for credit facilities	2,909	1,349
Interest on loan from a non-controlling shareholder of a subsidiary	595	606
Discount adjustment on provision (note 30)	534	394
Interest on lease liabilities (note 34)	316	263
	30,013	27,986
Less: interest expense capitalised in investment properties (note 16(d))	(244)	(301)
	29,769	27,685

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. OTHER EXPENSES

	Group	
	2020	2019
	\$'000	\$'000
Administrative expenses	6,239	8,312
Marketing and distribution expenses	2,370	4,478
Property related management fees	3,563	3,418
Upkeep and maintenance expenses of properties	7,414	5,415
Property related taxes	2,590	2,409
Operating lease expenses	17	33
Brokerage fees	124	158
Impairment of trade receivables (note 21)	42	–
Exchange (gains)/losses	(19,007)	2,093
Other expenses	2,615	5,009
	5,967	31,325

11. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting) the following:

	Group	
	2020	2019
	\$'000	\$'000
Audit fees paid/payable:		
(a) Auditor of the Company	512	482
(b) Overseas affiliates of the auditor of the Company	458	544
(c) Other auditors	99	30
Non-audit fees paid/payable:		
(a) Auditor of the Company	86	77
(b) Overseas affiliates of the auditor of the Company	15	21
(c) Other auditors	658	612
	1,828	1,766
Net gain on disposal of property, plant and equipment	(42)	–
Property, plant and equipment written off	45	106

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	2019
	\$'000	\$'000
(i) Consolidated income statement:		
<i>Income tax</i>		
- Current income tax	12,044	11,021
- Adjustments to provisions in respect of prior years	9	1
- Benefits from previously unrecognised tax losses and unutilised capital allowances	–	(166)
	<u>12,053</u>	<u>10,856</u>
<i>Deferred tax</i>		
- Originating and reversal of temporary differences	13,036	18,258
- Adjustments to provisions in respect of prior years	(309)	(148)
(note 20)	<u>12,727</u>	<u>18,110</u>
Income tax expense recognised in profit or loss	<u>24,780</u>	<u>28,966</u>
(ii) Statement of comprehensive income:		
<i>Deferred tax related to other comprehensive income</i>		
- Net change on revaluation of property, plant and equipment	735	281
- Net change in investment securities at FVOCI	1,183	680
	<u>1,918</u>	<u>961</u>

12. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable statutory tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Profit before tax	95,957	129,320
Less: Share of results of associates and joint ventures *	(8,734)	(45,498)
	<u>87,223</u>	<u>83,822</u>
Tax at statutory rate of 17% (2019: 17%)	14,828	14,250
Effect of different tax rates in other countries	5,408	1,294
Adjustments to provision in respect of prior years	9	1
Adjustments to deferred tax in respect of prior years	(309)	(148)
Expenses/losses not claimable	5,376	8,315
Income not subject to tax	(4,644)	(92)
Effect of partial tax exemption	(269)	(379)
Deferred tax assets not recognised	3	5,311
Utilisation of previously unrecognised tax losses	(1)	(166)
Withholding tax expenses	4,469	450
Others	(90)	130
	<u>24,780</u>	<u>28,966</u>

* These are presented net of tax in profit or loss.

13. EARNINGS PER SHARE (CENTS PER SHARE)

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of \$51,483,000 (2019: \$84,371,000) and on 406,910,353 (2019: 407,455,417) weighted average number of ordinary shares in issue.

There are no dilutive potential shares of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets								
	Freehold land	Leasehold land	Buildings	Plant, equipment, vehicles and furniture	Capital work-in- progress	Mine restoration	Land and buildings	Motor vehicles	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	At valuation			At cost					
Group									
At cost or valuation									
At 1 January 2020	141	9,798	7,085	47,308	3,315	7,472	6,696	195	82,010
Additions	-	-	-	822	4,793	2,407	8,758	-	16,780
Disposals	-	-	-	(2,388)	-	-	(2,004)	-	(4,392)
Transfer	-	-	1,494	3,223	(4,717)	-	-	-	-
Derecognition	-	-	-	-	-	-	(486)	-	(486)
Reclassification	-	-	-	413	(413)	-	-	-	-
Revaluation surplus, net	-	982	784	-	-	-	-	-	1,766
Elimination of accumulated depreciation on revaluation	-	(127)	(344)	-	-	-	-	-	(471)
Exchange adjustment	-	(23)	(21)	(51)	2	(24)	(3)	-	(120)
At 31 December 2020	141	10,630	8,998	49,327	2,980	9,855	12,961	195	95,087
Accumulated depreciation									
At 1 January 2020	-	-	-	31,403	-	4,117	2,878	-	38,398
Depreciation charge for the year	-	127	343	2,346	-	627	4,224	26	7,693
Disposals	-	-	-	(2,322)	-	-	(2,004)	-	(4,326)
Derecognition	-	-	-	-	-	-	(91)	-	(91)
Elimination of accumulated depreciation on revaluation	-	(127)	(344)	-	-	-	-	-	(471)
Exchange adjustment	-	-	1	(31)	-	(11)	(11)	-	(52)
At 31 December 2020	-	-	-	31,396	-	4,733	4,996	26	41,151
Net carrying amount									
At 31 December 2020	141	10,630	8,998	17,931	2,980	5,122	7,965	169	53,936

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Right-of-use assets								
	Freehold land	Leasehold land	Buildings	Plant, equipment, vehicles and furniture	Capital work-in-progress	Mine restoration	Land and buildings	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	At valuation			At cost					
Group									
At cost or valuation									
At 1 January 2019 (As previously stated)	142	9,145	7,120	44,813	1,739	7,372	–	–	70,331
Effect of adoption of SFRS(I) 16	–	–	–	–	–	–	2,232	–	2,232
At 1 January 2019 (As restated)	142	9,145	7,120	44,813	1,739	7,372	2,232	–	72,563
Additions	–	–	–	686	4,243	129	4,295	195	9,548
Disposals	–	–	–	(584)	–	–	–	–	(584)
Transfer	–	–	80	2,572	(2,652)	–	–	–	–
Reclassification	–	(160)	–	–	–	–	160	–	–
Revaluation surplus, net	–	964	206	–	–	–	–	–	1,170
Elimination of accumulated depreciation on revaluation	–	(115)	(288)	–	–	–	–	–	(403)
Exchange adjustment	(1)	(36)	(33)	(179)	(15)	(29)	9	–	(284)
At 31 December 2019	141	9,798	7,085	47,308	3,315	7,472	6,696	195	82,010
Accumulated depreciation									
At 1 January 2019	–	–	–	28,051	–	3,963	–	–	32,014
Depreciation charge for the year	–	115	289	3,950	–	172	2,884	–	7,410
Disposals	–	–	–	(466)	–	–	–	–	(466)
Elimination of accumulated depreciation on revaluation	–	(115)	(288)	–	–	–	–	–	(403)
Exchange adjustment	–	–	(1)	(132)	–	(18)	(6)	–	(157)
At 31 December 2019	–	–	–	31,403	–	4,117	2,878	–	38,398
Net carrying amount									
At 31 December 2019	141	9,798	7,085	15,905	3,315	3,355	3,818	195	43,612

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land \$'000	Buildings \$'000	Plant, equipment, vehicles and furniture \$'000	Total \$'000
	At valuation			
Company				
At cost or valuation				
At 1 January 2020	41	558	107	706
Revaluation surplus	3	–	–	3
At 31 December 2020	44	558	107	709
Accumulated depreciation				
At 1 January 2020	–	–	107	107
Depreciation charge for the year	–	7	–	7
At 31 December 2020	–	7	107	114
Net carrying amount				
At 31 December 2020	44	551	–	595

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For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land \$'000	Buildings \$'000	Plant, equipment, vehicles and furniture \$'000	Total \$'000
	At valuation			
Company				
At cost or valuation				
At 1 January 2019	41	560	113	714
Disposal	–	–	(6)	(6)
Revaluation surplus	–	6	–	6
Elimination of accumulated depreciation on revaluation	–	(6)	–	(6)
Exchange adjustment	–	(2)	–	(2)
At 31 December 2019	41	558	107	706
Accumulated depreciation				
At 1 January 2019	–	–	112	112
Depreciation charge for the year	–	6	1	7
Disposal	–	–	(6)	(6)
Elimination of accumulated depreciation on revaluation	–	(6)	–	(6)
At 31 December 2019	–	–	107	107
Net carrying amount				
At 31 December 2019	41	558	–	599

- (a) Land and buildings are stated at fair value, which have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.
- (b) If the land and buildings stated at valuation are included in the financial statements using the cost model, the net carrying amounts would be:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Freehold land	35	35	1	1
Leasehold land	7,649	7,764	–	–
Buildings	6,270	5,102	48	48

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Details of properties included in property, plant and equipment as at 31 December 2020 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia					
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	97	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang	Freehold		Agricultural	Jones Lang Wootton	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam, Penang	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:					
(i) Land and buildings at Lot 344 and 348	Freehold		Dam and residential	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Land at Lot 1886	Freehold		Agricultural	Knight Frank Malaysia Sdn Bhd	Comparison method
(iii) Land and buildings at PT 725, 726 and 727	Leasehold	2	Dam and power station	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	88	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Details of properties included in property, plant and equipment as at 31 December 2020 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia (cont'd)					
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak (cont'd):					
(v) 2 units of single-storey semi-detached house at PT 55671 and 55675	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
Lot 6, 8 & 9 Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park, West Port, 42920 Port Klang Selangor	Leasehold	76	Office and factory	Khong & Jaafar Sdn Bhd	Comparison method and depreciated replacement cost method

(d) Details of properties included in right-of-use assets as at 31 December 2020 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Group's effective interest in property	Existing use
Malaysia				
Land at Lot 2071, 55502, 55503 & 55504, PT 3934, PT 4338, 4522 & 4523	Leasehold	Up to 92	55%	Mining complex and residential
No. 27 Jalan Pantai, 12000 Butterworth, Penang				
– Seabed leases with main wharf at PT 686	Leasehold	49	55%	Main wharf
Lot 55868, Mukim Pengkalan Hulu, Daerah Hulu Perak	Leasehold	1	55%	Mining
9 Plots of state land at Wilayah Kg Pong, Tanah Hitam and Klian Intan in Mukim Pengkalan Hulu and Belukar Semang Daerah Hulu Perak.	Leasehold	2	55%	Mining
Singapore				
1 Wallich Street #15-01, Guoco Tower, Singapore 078881	Leasehold	3	100%	Office

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. LAND UNDER DEVELOPMENT

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At cost				
At 1 January	67,444	62,958	30,311	30,445
Additions	5,341	4,782	–	–
Exchange adjustment	(151)	(296)	(57)	(134)
At 31 December	72,634	67,444	30,254	30,311

Details of properties included in land under development as at 31 December 2020 are as follows:

Description of properties	Tenure	Group's effective interest in property	Site area sq.m.	Existing use
Malaysia				
Lot 20514 – 20517 Section 4 Town of Butterworth North Seberang Perai District, Penang	Freehold	55%	51,749	Office/Factory/Carpark shed
Lot 20500 – Lot 20512 Section 4 Town of Butterworth North Seberang Perai District, Penang	Freehold	100%	91,944 ⁽¹⁾	Commercial/ Carpark/Car showroom

⁽¹⁾ Included in Lot No. 20502 is land with site area of 4,656 sq.m. under development for hotel with podium accommodating shoplots and car park.

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance sheets:				
At fair value:				
Balance as at 1 January	863,936	910,356	5,545	5,569
Fair value changes recognised in profit or loss	37,361	26,887	–	–
Addition to properties	235,709	56,827	–	–
Reclassified to asset held for sale (note 27)	–	(21,311)	–	–
Disposal during the year	(249,337)	(98,824)	–	–
Exchange adjustment	44,530	(9,999)	(11)	(24)
Balance as at 31 December	932,199	863,936	5,534	5,545

	Group	
	2020	2019
	\$'000	\$'000

Income statement:

Rental income from investment properties		
– Minimum lease payments	42,107	39,575

Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	(17,550)	(19,980)
– Non-rental generating properties	(1,277)	(10)
	(18,827)	(19,990)

- (a) Except as disclosed in note 16(c), the Group has no restrictions on the realisability of its investment properties.
- (b) Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.
- (c) Certain investment properties are mortgaged to secure bank facilities (note 31).
- (d) During the financial year, interest capitalised as cost of investment properties amounted to \$244,000 (2019: \$301,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2020 are as follows:

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Singapore						
1 residential unit at Gallop Green condominium	Freehold	–	394 (strata)	Residential	Savills Valuation And Professional Services (S) Pte Ltd	Comparison method
6A/8/8A/10/12 at Cable Road	Freehold	7,432	4,327 (gross)	Residential	Savills Valuation And Professional Services (S) Pte Ltd	Comparison method
10/10A/10B at Nathan Road	Freehold	4,548	2,083 (gross)	Residential	Savills Valuation And Professional Services (S) Pte Ltd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2020 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	30	15,774	37,240	Retail	Beijing Colliers International Real Estate Valuation Co., Ltd	Discounted cash flow/ comparison method
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	874	11,255	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
A parcel of residential land, Lot No. 34612 Town of Ipoh(S), District of Kinta, Perak	999 years Leasehold	873	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold		3,826	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, 12000 Butterworth, Penang	Freehold		1,322	2,587	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2020 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Australia						
45 St Georges Terrace, Perth, WA	Freehold	1,826	10,117	Office/ Carpark	Savills Valuations Pty Ltd	Direct capitalisation method, discounted cash flow method and direct comparison method
34 Share Street, Kilkenny Road, Kilkenny	Freehold	50,329	37,809	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
14 Ocean Steamers Road, Port Adelaide	Freehold	35,990	17,251	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
Land at 157-165 Cross Keys Road, Salisbury South, SA	Freehold	151,900	–	Industrial Land	Jones Lang LaSalle Advisory Services Pty Ltd	Residual value method
33-55 Frost Road, Salisbury South, SA	Freehold	103,700	46,469	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
867-885 Mountain Highway Bayswater (Melbourne) VIC	Freehold	104,200	30,555	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method, discounted cash flow method and direct comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2020 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Australia						
Allotment 32 Third Avenue, Mawson Lakes, SA	Freehold	37,980	14,719	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
677 Springvale Road, Mulgrave, VIC	Freehold	22,510	12,085	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
United Kingdom						
Dashwood Lang Road, Addlestone, Surrey, KT15 2NX	Freehold	62,400	17,539	Business Park	Colliers International Valuation UK LLP	Investment valuation method

Notes to the Financial Statements

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17. GOODWILL/OTHER INTANGIBLE ASSETS

- (a) Goodwill arising on consolidation

	Group	
	2020	2019
	\$'000	\$'000
At cost		
At 1 January	17,540	17,611
Exchange adjustment	(24)	(71)
At 31 December	17,516	17,540

The carrying amount of goodwill is allocated to resources segment.

- (i) The recoverable amount of the resource subsidiary in Malaysia is determined based on value in use.

The recoverable amount of the resource subsidiary in Malaysia is determined based on value in use calculations using 5-year cash flow projections based on finance forecasts. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The resource subsidiary in Malaysia expects the new smelting facility in Pulau Indah, Port Klang to be fully operational in the near term. The new smelting plant and the existing plant at Butterworth, Penang will be operating in parallel until smooth operations are achieved. The key assumptions made reflect past experience. The pre-tax discount rates applied to the cash flow projections at 11.0% (2019: 11.0%) and 9.0% (2019: 9.0%) for Mining and Smelting segments respectively, were based on the estimated weighted average cost of capital. There is no impairment in the carrying amount of goodwill arising from this review.

- (ii) Sensitivity to changes in assumptions

With regard to the assessment of value in use for the recoverable amount of the resource subsidiary in Malaysia, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of goodwill to materially exceed its recoverable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

- (b) Other intangible assets

	Group	
	2020	2019
	\$'000	\$'000
(i) Mining rights	937	1,164
Corporate club memberships	147	167
	1,084	1,331
(ii) Deferred mine exploration and evaluation expenditure	159	3,642
Mine properties	3,974	890
	4,133	4,532
	5,217	5,863

- (i) Mining rights and corporate club memberships

	Mining rights	Corporate club memberships	Total
	\$'000	\$'000	\$'000
Group			
At cost			
At 1 January 2020	3,897	187	4,084
Exchange adjustment	(7)	–	(7)
At 31 December 2020	3,890	187	4,077
Accumulated amortisation and impairment			
At 1 January 2020	2,733	20	2,753
Amortisation charge for the year	82	4	86
Allowance for impairment loss (note 8)	145	16	161
Exchange adjustment	(7)	–	(7)
At 31 December 2020	2,953	40	2,993
Net carrying amount			
At 31 December 2020	937	147	1,084

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (cont'd)

(i) Mining rights and corporate club memberships (cont'd)

	Mining rights \$'000	Corporate club memberships \$'000	Total \$'000
Group			
At cost			
At 1 January 2019	3,915	187	4,102
Exchange adjustment	(18)	–	(18)
At 31 December 2019	3,897	187	4,084
Accumulated amortisation			
At 1 January 2019	2,434	17	2,451
Amortisation charge for the year	311	3	314
Exchange adjustment	(12)	–	(12)
At 31 December 2019	2,733	20	2,753
Net carrying amount At 31 December 2019	1,164	167	1,331

(ii) Deferred mine exploration and evaluation expenditure and mine properties

	Deferred mine exploration and evaluation expenditure \$'000	Mine properties \$'000	Total \$'000
Group			
At 1 January 2020	3,642	890	4,532
Additions	362	73	435
Transfer	(3,850)	3,850	–
Written-off	(4)	–	(4)
Amortisation charge for the year	–	(343)	(343)
Allowance for impairment loss (note 8)	–	(476)	(476)
Exchange adjustment	9	(20)	(11)
At 31 December 2020	159	3,974	4,133
At 1 January 2019	3,375	1,246	4,621
Additions	283	–	283
Amortisation charge for the year	–	(352)	(352)
Exchange adjustment	(16)	(4)	(20)
At 31 December 2019	3,642	890	4,532

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (cont'd)

(ii) Deferred mine exploration and evaluation expenditure and mine properties (cont'd)

The deferred mine exploration and evaluation expenditures and mine properties are incurred on several areas of interest. The costs are only carried forward to the extent that they are expected to be recovered through the successful development of the areas or where activities in the areas have yet to reach a stage that permits a reasonable assessment of the existence of the economically recoverable ore resources.

The remaining amortisation periods are as follows:

	Group Number of years	
	2020	2019
Mining rights	4 to 10	3
Corporate club memberships	66 to 70	63 to 67
Mine properties	4 to 10	3

18. SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'000
Quoted shares, at cost	25,402	25,402
Unquoted shares, at cost	55,356	55,356
Redeemable preference shares, at cost	48,900	48,900
	129,658	129,658
Impairment losses	(6,123)	(6,123)
	123,535	123,535

Details of subsidiaries are included in note 44.

Shares of certain subsidiaries of the Group are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

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18. SUBSIDIARIES (CONT'D)

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest		Profit allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2020	2019	2020	2019	2020	2019
				\$'000	\$'000	\$'000	\$'000
Malaysia Smelting Corporation Berhad	Malaysia	45%	45%	1,821	4,903	62,718	59,571
Straits Real Estate Pte. Ltd.	Singapore	11%	11%	11,135	11,080	126,222	90,624

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Assets	228,270	180,237	189,607	167,557
Liabilities	(140,821)	(113,631)	(303,220)	(157,249)
Net current assets/(liabilities)	87,449	66,606	(113,613)	10,308
Non-current				
Assets	99,208	107,210	1,292,939	1,070,018
Liabilities	(57,139)	(34,804)	(339,739)	(421,643)
Net non-current assets	42,069	72,406	953,200	648,375
Net assets	129,518	139,012	839,587	658,683

Notes to the Financial Statements

For the financial year ended 31 December 2020

18. SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Revenue	266,784	324,062	39,398	36,857
Profit before tax	7,455	18,023	95,633	89,552
Income tax expense	(3,298)	(6,034)	(20,506)	(20,622)
Profit after tax	4,157	11,989	75,127	68,930
Other comprehensive income	5,595	(1,300)	(4,364)	(159)
Total comprehensive income	9,752	10,689	70,763	68,771

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Net cash flows (used in)/from operating activities	(34,926)	27,761	11,832	3,781
Net cash flows (used in)/from investing activities	(5,192)	(5,340)	(80,975)	42,525
Net cash flows from/(used in) financing activities	40,492	(12,888)	108,779	(31,588)

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Associates	621,702	593,988	144	144
Joint ventures	363,222	197,640	–	–
	984,924	791,628	144	144

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Unquoted shares, at cost	441,624	417,964	609	609
Shareholder loans (d)	71,910	71,910	–	–
Share of post-acquisition reserves	112,523	107,960	–	–
Exchange adjustment	(2,800)	(3,846)	–	–
	623,257	593,988	609	609
Impairment losses	(1,555)	–	(465)	(465)
	621,702	593,988	144	144

(a) Details of associates are included in note 44.

(b) During the financial year, the Group carried out a review of the recoverable amount of its investment in Far East Hospitality Holdings Pte. Ltd. ("FEHH"). An impairment of \$1,555,000 was recognised in profit or loss. The recoverable amount was based on value in use calculations using 5-year cash flow projections based on finance forecasts.

(c) In 2019, Savills Investment Management Japan Value Fund II, LP ("JVF2") increased its fund's size which the Group did not participate in and the Group's resultant stake in JVF2 was diluted to 18.5% at 31 December 2019.

(d) This relates to the Group's shareholder loans to FEHH, a 30/70 joint venture with Far East Orchard Limited. The shareholder loans to FEHH are unsecured and non-interest bearing.

(e) Movement in the allowance account:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	–	–	(465)	(465)
Impairment for the year	(1,555)	–	–	–
At 31 December	(1,555)	–	(465)	(465)

(f) Aggregate information about the Group's associates that are not individually material are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Profit/(Loss) after tax	145	(339)
Other comprehensive income	6	(6)
Total comprehensive income	151	(345)

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(g) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, ARA Harmony Fund III, L.P. ("H3"), JVF2 and Greater Tokyo Office Fund (Jersey) L.P. ("GTOF") based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheets

	ARAH	FEHH	H3	JVF2	GTOF
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020					
Current assets	731,390	113,524	23,170	34,379	–
Non-current assets	4,064,856	590,372	568,642	357,822	–
Total assets	4,796,246	703,896	591,812	392,201	–
Current liabilities	(212,735)	(371,898)	(11,563)	(11,168)	–
Non-current liabilities	(1,471,666)	(270,035)	(404,698)	(195,352)	–
Total liabilities	(1,684,401)	(641,933)	(416,261)	(206,520)	–
Net assets	3,111,845	61,963	175,551	185,681	–
Perpetual securities holders	(960,071)	–	–	–	–
Non-controlling interests	(352,669)	–	–	(18,493)	–
	1,799,105	61,963	175,551	167,188	–

As at 31 December 2019

Current assets	396,799	80,867	13,545	48,763	3,795
Non-current assets	3,443,586	596,559	593,474	358,123	–
Total assets	3,840,385	677,426	607,019	406,886	3,795
Current liabilities	(98,808)	(332,942)	(18,957)	(28,703)	(1,444)
Non-current liabilities	(1,026,050)	(270,632)	(391,750)	(199,261)	–
Total liabilities	(1,124,858)	(603,574)	(410,707)	(227,964)	(1,444)
Net assets	2,715,527	73,852	196,312	178,922	2,351
Perpetual securities holders	(959,978)	–	–	–	–
Non-controlling interests	(10,702)	–	–	(15,241)	–
	1,744,847	73,852	196,312	163,681	2,351

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

- (g) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, ARA Harmony Fund III, L.P. ("H3"), JVF2 and Greater Tokyo Office Fund (Jersey) L.P. ("GTOF") based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Summarised statements of comprehensive income

	ARAH \$'000	FEHH \$'000	H3 \$'000	JVF2 \$'000	GTOF \$'000
2020					
Revenue	387,779	45,014	38,486	16,350	–
Profit/(Loss) after tax	149,433	(34,823)	(20,499)	7,659	–
Other comprehensive income	(14,963)	22,934	(432)	–	–
Total comprehensive income	134,470	(11,889)	(20,931)	7,659	–
2019					
Revenue	268,264	82,060	47,596	15,916	–
Profit/(Loss) after tax	167,103	401	20,206	30,718	(7,510)
Other comprehensive income	(21,650)	(3,719)	(433)	–	–
Total comprehensive income	145,453	(3,318)	19,773	30,718	(7,510)
Dividends received from the associates during the year	6,076	–	3,509	–	17,084

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

- (g) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, ARA Harmony Fund III, L.P. ("H3"), JVF2 and Greater Tokyo Office Fund (Jersey) L.P. ("GTOF") based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates:

	ARAH \$'000	FEHH \$'000	H3 \$'000	JVF2 \$'000	GTOF \$'000
Net assets at 31 December 2020	1,799,105	61,963	175,551	167,188	–
Interest in associates	22.06%	30.0%	40.0%	18.5%	–
Group's share of net assets	396,883	18,589	70,220	30,930	–
Goodwill on acquisition	133,181	–	–	–	–
Intangible assets	106,846	11,948	–	–	–
Step acquisition adjustment	(180,222)	–	–	–	–
Capital return arising from privatisation	(48,211)	–	–	–	–
Other adjustments	2,445	(1,555)	–	–	–
Carrying value of the Group's interest in associates	410,922	28,982	70,220	30,930	–
Net assets at 31 December 2019	1,744,847	73,852	196,312	163,681	2,351
Interest in associates	20.95%	30.0%	40.0%	18.5%	37.57%
Group's share of net assets	365,545	22,156	78,525	30,281	883
Goodwill on acquisition	121,889	–	–	–	–
Intangible assets	107,723	12,848	–	–	–
Step acquisition adjustment	(180,222)	–	–	–	–
Capital return arising from privatisation	(48,211)	–	–	–	–
Other adjustments	2,188	–	–	–	–
Carrying value of the Group's interest in associates	368,912	35,004	78,525	30,281	883

Step acquisition adjustment and capital return arising from privatisation resulted from the privatisation of ARA Asset Management Limited in April 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures

	Group	
	2020	2019
	\$'000	\$'000
Unquoted shares, at cost	131,795	22,678
Shareholder notes (d)	202,803	169,684
Share of post-acquisition reserves	30,178	15,437
Exchange adjustment	1,107	(7,763)
	365,883	200,036
Impairment losses	(2,661)	(2,396)
	363,222	197,640

- (a) Details of joint ventures are included in note 44.
- (b) During the year, Straits Real Estate Pte. Ltd. ("SREPL"), has through its wholly-owned subsidiary, SRE Venture 16 Pte. Ltd. ("SREV16"), entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARAH and ICBC International Investment Management Limited to form a joint venture, Ivory SL Joint Venture Limited ("ISL"), to acquire a retail mall in Shanghai, People's Republic of China. Total investment cost injected into ISL is USD63.5 million (\$87.4 million).
- (c) In 2019, SREPL, through its subsidiary, IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company ("KLIP"), acquired 50% interest in Sky Logis Private Real Estate Investment Company ("SLRE"). Total investment cost injected into SLRE is KRW16,550 million (\$19.3 million).
- (d) In 2017, SREPL, through its wholly owned subsidiary, SRE Australia 2 Pte. Ltd. ("SRE Australia 2"), invested A\$119.2 million (\$125.0 million) in notes issued by 320P Trust. The notes are unsecured, repayable by 2027 and entitles SRE Australia 2 to the higher of a fixed interest per annum or a percentage of profits in 320P Trust. As unanimous approval is required for key operating, investing and financing matters, the Group has accounted for 320P Trust as a joint venture.
- (e) Impairment assessment
- An impairment loss of \$265,000 (2019: \$15,000) was recognised in profit or loss of the Group in respect of the Group's investment in KMR Resources, Inc.. The recoverable amount was derived based on management's estimate of fair value less costs to sell.
- (f) Movement in the allowance account:

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	(2,396)	(2,381)
Provision for impairment for the year (note 8)	(265)	(15)
At 31 December	(2,661)	(2,396)

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

- (g) The summarised financial information in respect of ISL, 320P and SLRE based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheets

	ISL	320P	SLRE
	\$'000	\$'000	\$'000
As at 31 December 2020			
Cash and cash equivalents	11,142	11,699	7,810
Other current assets	10,052	5,255	3,489
Current assets	21,194	16,954	11,299
Non-current assets	546,775	405,578	270,651
Total assets	567,969	422,532	281,950
Trade, other payables and provisions	31,344	10,253	272
Current liabilities (excluding trade, other payables and provisions)	-	158,776	-
Total current liabilities	31,344	169,029	272
Non-current liabilities (excluding trade, other payables and provisions)	350,892	253,503	170,798
Total liabilities	382,236	422,532	171,070
Net assets	185,733	-	110,880

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

- (g) The summarised financial information in respect of ISL, 320P and SLRE based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Summarised balance sheets (cont'd)

	320P \$'000	SLRE \$'000
As at 31 December 2019		
Cash and cash equivalents	3,214	398
Other current assets	4,293	2,365
Current assets	7,507	2,763
Non-current assets	348,817	126,573
Total assets	356,324	129,336
Trade, other payables and provisions	3,292	103
Current liabilities (excluding trade, other payables and provisions)	88	–
Total current liabilities	3,380	103
Non-current liabilities (excluding trade, other payables and provisions)	352,944	78,089
Total liabilities	356,324	78,192
Net assets	–	51,144

Notes to the Financial Statements

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19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

- (g) The summarised financial information in respect of ISL, 320P and SLRE based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Summarised statements of comprehensive income

	ISL \$'000	320P \$'000	SLRE \$'000
2020			
Revenue	16,657	10,182	–
Interest income	23	9	4
Interest expense	(13,183)	(8,433)	(23)
Amortisation	–	(793)	–
Profit before tax	19,715	–	12,761
Income tax expense	(1,227)	–	(617)
Profit after tax	18,488	–	12,144
Other comprehensive income	18,611	–	–
Total comprehensive income	37,099	–	12,144
2019			
Revenue	–	16,217	–
Interest income	–	8	11
Interest expense	–	(47,436)	(12)
Amortisation	–	(6)	–
Profit after tax representing total comprehensive income	–	–	12,560

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

- (g) The summarised financial information in respect of ISL, 320P and SLRE based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture:

	ISL \$'000	320P \$'000	SLRE \$'000
Net assets at 31 December 2020	185,733	–	110,880
Interest in joint venture	56.52%	26%	50%
Carrying value of the Group's interest in joint venture	104,976	–	55,440
Net assets at 31 December 2019	–	–	51,144
Interest in joint venture	–	26%	50%
Carrying value of the Group's interest in joint venture	–	–	25,572

- (h) Aggregate information about the Group's joint ventures that are not individually material are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Loss after tax	(5,230)	(773)
Other comprehensive income	(308)	165
Total comprehensive income	(5,538)	(608)

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2020

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	6,871	3,119	–	–
Deferred tax liabilities	(35,142)	(23,696)	(702)	(704)
	(28,271)	(20,577)	(702)	(704)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Provisions	3,120	1,290	(1,793)	2,452	–	–
Unutilised tax losses	21	932	988	4,754	–	–
Fair value changes on forward currency contracts and interest rate swap contracts	35	(22)	(63)	(22)	–	–
Revaluation of property, plant and equipment	(1,321)	(903)	–	(148)	(155)	(155)
Difference in depreciation	(925)	(366)	562	697	1	1
Fair value changes on investment properties	(15,829)	(10,535)	10,108	5,403	(548)	(550)
Fair value changes on investment securities at FVOCI	–	(1,183)	–	–	–	–
Unremitted foreign income and profits	(13,990)	(11,131)	2,329	5,225	–	–
Others	618	1,341	596	(251)	–	–
	(28,271)	(20,577)			(702)	(704)
Deferred tax expense (note 12)			12,727	18,110		

As at 31 December 2020, certain subsidiaries have unutilised tax losses amounting to \$2,775,000 (2019: \$2,775,000) available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current:				
Trade receivables	14,575	8,708	5	6
Amount due from a subsidiary	–	–	2	1
Impairment of doubtful receivables	(3,211)	(3,179)	–	–
	11,364	5,529	7	7
<u>Other receivables</u>				
Deposits	1,139	2,226	10	10
Non-trade receivables	7,243	3,247	197	152
Amounts due from subsidiaries	–	–	1,202,289	1,091,696
Amounts due from associates	68,056	68,020	4	4
Amount due from a joint venture	3,486	630	–	–
Amount due from a related party	11	–	–	–
Amounts due from non-controlling shareholders of subsidiaries	4	–	–	–
	79,939	74,123	1,202,500	1,091,862
Trade and other receivables (current)	91,303	79,652	1,202,507	1,091,869
Non-current:				
Amounts due from third parties	1	–	–	–
Amounts due from subsidiaries	–	–	128,475	103,935
	1	–	128,475	103,935
Total trade and other receivables (current and non-current)	91,304	79,652	1,330,982	1,195,804
Add: Cash and cash equivalents (note 26)	456,332	310,487	249,431	113,946
Unquoted financial assets at amortised cost (note 22)	52,431	46,321	–	–
Quoted financial assets at amortised cost (note 22)	6,261	12,326	–	–
Shareholder notes (note 19.2)	202,803	169,684	–	–
Total financial assets at amortised cost	809,131	618,470	1,580,413	1,309,750

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on cash payment to 90-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

The current amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand except for amounts of \$58,961,000 (2019: \$58,961,000) due from a subsidiary which bears interest at the range from 3.10% to 3.73% (2019: 3.10% to 3.73%) per annum.

The non-current amounts due from subsidiaries are non-trade related, unsecured and repayable in 2022 to 2024. Interest is charged at the range from 2.00% to 4.20% (2019: 3.35% to 4.20%) per annum.

Amounts due from associates

The current amounts due from associates under other receivables are non-trade related, unsecured and repayable on demand.

No interest is charged except for amounts receivable of \$66,348,000 from Far East Hospitality Holdings Pte. Ltd. which bear interest at 2.0% per annum.

Amount due from a joint venture

The current amount due from a joint venture under other receivables is non-trade related, unsecured, interest-free and repayable on demand.

Certain other receivables are pledged to secure bank facilities (note 31).

Trade and other receivables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2020	2019
	\$'000	\$'000
Australian Dollar	9,160	858
United States Dollar	8,339	4,480
Japanese Yen	4	637

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The aged analysis of trade and other receivables is as follows:

	Group					
	2020			2019		
	Gross	2020 \$'000 Impairment losses	Net	Gross	2019 \$'000 Impairment losses	Net
• Not past due	89,048	–	89,048	79,450	–	79,450
• Past due:						
Less than 30 days	1,805	–	1,805	93	–	93
30 to 60 days	87	–	87	32	–	32
61 to 90 days	67	(1)	66	5	–	5
91 to 120 days	293	(2)	291	–	–	–
More than 120 days	3,214	(3,208)	6	3,251	(3,179)	72
	5,466	(3,211)	2,255	3,381	(3,179)	202
Total	94,514	(3,211)	91,303	82,831	(3,179)	79,652

	Company					
	2020			2019		
	Gross	2020 \$'000 Impairment losses	Net	Gross	2019 \$'000 Impairment losses	Net
• Not past due	1,202,500	–	1,202,500	1,091,862	–	1,091,862
• Past due:						
Less than 30 days	6	–	6	7	–	7
30 to 60 days	1	–	1	–	–	–
61 to 90 days	–	–	–	–	–	–
91 to 120 days	–	–	–	–	–	–
More than 120 days	–	–	–	–	–	–
	7	–	7	7	–	7
Total	1,202,507	–	1,202,507	1,091,869	–	1,091,869

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Trade and other receivables -nominal amounts	3,211	3,179
Less: Allowance for impairment	(3,211)	(3,179)
	–	–

Expected credit losses

The movement in the allowance for expected credit losses (“ECLs”) of trade receivables computed based on lifetime ECLs are as follows:

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	(3,179)	(3,193)
Impairment (note 10)	(42)	–
Exchange adjustment	10	14
At 31 December	(3,211)	(3,179)

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22. INVESTMENT SECURITIES

(a) Investment securities (non-current)

	Group	
	2020	2019
	\$'000	\$'000
At fair value through other comprehensive income		
– quoted, equity securities	128,172	180,911
Total financial assets at fair value through other comprehensive income	128,172	180,911
At amortised cost		
– unquoted	52,431	30,008
	180,603	210,919

(b) Investment securities (current)

	Group	
	2020	2019
	\$'000	\$'000
At fair value through profit or loss		
– quoted, at fair value	59,581	37,230
At amortised cost		
– quoted bonds	6,261	12,326
– unquoted	–	16,313
	65,842	65,869

Information on the Group's investment securities by country can be found in note 39(e).

The shares are mainly quoted in Singapore, United States, Japan, Australia and Hong Kong. Please refer to note 39(e) for information on equity price risk.

The unquoted investment securities at amortised cost are:

	2020			2019		
	Million	Coupon rate	Maturity	Million	Coupon rate	Maturity
Credit linked notes	\$16.2	3.48%	2 years	\$16.2	4.18%	1 year
Secured note	A\$36.0	14.5%	2 to 6 years	A\$32.3	14.5%	3 to 7 years

Certain investment securities are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2020

23. Derivative financial instruments

Derivative financial instruments included in the balance sheet at the reporting date are as follows:

	Group				Company			
	2020		2019		2020		2019	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	2,100	9,603	1,763	663	–	–	–	–
Cross currency swap contracts	–	779	670	159	–	779	399	–
Interest rate swap contracts	–	–	–	276	–	–	–	–
Forward commodity contracts	–	352	–	261	–	–	–	–
	2,100	10,734	2,433	1,359	–	779	399	–
Current	606	7,850	886	1,048	–	779	–	–
Non-current	1,494	2,884	1,547	311	–	–	399	–

These represent the fair values of the following financial instruments:

- (a) forward currency and cross currency swap contracts are entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective or in profit or loss. These contracts mature between April 2021 to December 2023.
- (b) the interest rate swap contracts are entered into for the purpose of managing interest rate risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.
- (c) forward commodity contracts are entered into for tin trading, arbitraging for profit and to manage tin price risk. The fair value changes of these contracts are recognised in profit or loss. During the financial year, there were no contracts designated as cash flow or fair value hedge.

Further details of the derivative financial instruments are disclosed in note 40 to the financial statements.

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For the financial year ended 31 December 2020

24. OTHER NON-CURRENT ASSETS

	Group	
	2020	2019
	\$'000	\$'000

Initial payments for a warehouse, land parcel and mixed-use office and industrial building	4,951	1,201
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As at 31 December 2020, the initial payments were related to the acquisition of a warehouse in Adelaide, Australia and a land parcel in Anseong, South Korea. The acquisitions were completed in February 2021 and May 2021 respectively.

As at 31 December 2019, the initial payment was related to mixed-use office and industrial property in Melbourne, Australia for A\$24.0 million (approximately \$22.5 million). The acquisition was completed in February 2020.

25. INVENTORIES

	Group	
	2020	2019
	\$'000	\$'000

Balance sheet:

At lower of cost or net realisable value:

Inventories of:

– Tin-in-concentrates	6,818	16,867
– Tin-in-process	179,279	114,512
– Refined tin metal	8,204	18,233
Other inventories (stores, spares, fuels, coal and saleable by-products)	3,517	3,480
	197,818	153,092

Income statement:

Inventories recognised as an expense in cost of sales	222,944	271,738
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Inclusive of the following charge:

(Reversal of write down)/Write down of inventories	(2,355)	10,191
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Notes to the Financial Statements

For the financial year ended 31 December 2020

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000

Cash at banks and in hand	366,918	139,878	188,174	11,939
Short-term deposits	89,414	170,609	61,257	102,007
	456,332	310,487	249,431	113,946

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at the reporting date for the Group and the Company were 0.9% (2019: 1.6%) per annum and 0.8% (2019: 1.8%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (note 31).

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
United States Dollar	3,055	40,297	–	–
Japanese Yen	95,697	16,851	–	–
Australian Dollar	2,151	6,420	–	–
Singapore Dollar	4,736	4,789	–	–

27. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2020	2019
	\$'000	\$'000

Asset:

Investment property (note 16)	–	21,311
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For the financial year ended 31 December 2019, an investment property in Osaka, Japan was reclassified as held for sale. The property was mortgaged to secure a bank facility (note 31). The sale was completed in February 2020.

Notes to the Financial Statements

For the financial year ended 31 December 2020

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2020		2019	
	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares issued and fully paid (excluding treasury shares)				
At 1 January	407,165,772	568,968	407,804,572	568,968
Purchase of treasury shares	(346,200)	–	(638,800)	–
At 31 December	406,819,572	568,968	407,165,772	568,968

(b) Treasury shares

	Group and Company			
	2020		2019	
	Number of shares	\$'000	Number of shares	\$'000
At 1 January	(930,000)	(2,055)	(291,200)	(598)
Repurchased during the year	(346,200)	(627)	(638,800)	(1,457)
At 31 December	(1,276,200)	(2,682)	(930,000)	(2,055)

As at 31 December 2020, the Company held 1,276,200 treasury shares (2019: 930,000) which represents 0.3% of the total number of issued shares (excluding treasury shares).

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 346,200 (2019: 638,800) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$627,000 (2019: \$1,457,000) and this was presented as a component within the shareholders' equity.

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Retained earnings ^(a)	961,506	932,861	39,885	45,088
FVOCI reserve ^(b)	(36,601)	12,270	–	–
Hedging reserve ^(c)	(3,973)	(1,466)	(779)	399
Revaluation reserve ^(d)	32,390	29,797	561	559
Translation reserve ^(e)	13,849	(25,102)	245	463
Other reserve ^(f)	4,541	3,848	–	–
Other reserves	10,206	19,347	27	1,421

(a) Retained earnings

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	932,861	871,175	45,088	45,240
Net changes in the reserve	28,645	61,686	(5,203)	(152)
At 31 December	961,506	932,861	39,885	45,088
Net changes in the reserve:				
– Profit for the year	51,483	84,371	19,213	24,311
– Dividend on ordinary shares (note 35)	(24,416)	(24,463)	(24,416)	(24,463)
– Share of associate's realisation of FVOCI reserve	1,818	(92)	–	–
– Realisation of FVOCI reserve	2,567	1,427	–	–
– Transfer of reserves of assets classified as held for sale	–	360	–	–
– Share of transfer of statutory reserve of an associate	(684)	(9)	–	–
– Share of other changes in equity of an associate	–	92	–	–
– Others	(2,123)	–	–	–
	28,645	61,686	(5,203)	(152)

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(b) FVOCI reserve

FVOCI reserve records the cumulative fair value changes of FVOCI financial assets until they are derecognised. The movements in the FVOCI reserve are as follows:

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	12,270	8,358
Net changes in the reserve	(48,871)	3,912
At 31 December	(36,601)	12,270
Net changes in the reserve:		
– Net fair value changes during the year	(25,622)	7,510
– Share of associate's realisation of FVOCI reserve	(1,818)	92
– Share of reserve of associates	(18,864)	(2,263)
– Realisation of FVOCI reserve	(2,567)	(1,427)
	(48,871)	3,912

(c) Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge. The movements in the hedging reserve are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	(1,466)	(947)	399	–
Net changes in the reserve	(2,507)	(519)	(1,178)	399
At 31 December	(3,973)	(1,466)	(779)	399
Net changes in the reserve:				
– Net fair value changes during the year	(1,056)	506	(1,178)	399
– Share of reserve of associates	(1,451)	(1,025)	–	–
	(2,507)	(519)	(1,178)	399

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(d) Revaluation reserve

Revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the revaluation reserve are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	29,797	27,525	559	555
Net changes in the reserve	2,593	2,272	2	4
At 31 December	32,390	29,797	561	559
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	734	487	2	4
– Share of reserve of associates	1,859	1,785	–	–
	2,593	2,272	2	4

(e) Translation reserve

Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and Company's presentation currency. It is also used to record the effect of exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the translation reserve are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	(25,102)	(16,331)	463	890
Net effect of exchange adjustments	38,951	(8,771)	(218)	(427)
At 31 December	13,849	(25,102)	245	463

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(e) Translation reserve (cont'd)

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Net effect of exchange adjustments:				
– Translation of foreign operations	16,524	(5,848)	(218)	(427)
– Net investments in foreign operations	(4,595)	9	–	–
– Realisation of foreign currency translation reserve to profit or loss	(2,427)	1,386	–	–
– Share of reserve of associates and joint ventures	29,449	(4,318)	–	–
	38,951	(8,771)	(218)	(427)

(f) Other reserve

Other reserve is used to record reserve in relation to issuance of ordinary share pursuant to bonus issue and share of other reserve recorded by associates. The movements in the other reserve are as follows:

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	3,848	3,839
Net changes in the reserve	693	9
At 31 December	4,541	3,848
Net changes in the reserve:		
– Share of other changes in equity of associates	9	–
– Share of transfer of statutory reserve of an associate	684	9
	693	9

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. PROVISIONS

	Provision for mine restoration	Provision for environmental waste removal	Provision for voluntary separation compensation (note 7)	Total
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 January 2020	9,211	–	4,915	14,126
Provision made during the year	2,408	–	90	2,498
Utilised during the year	–	–	(662)	(662)
Discount adjustment on provision (note 9)	534	–	–	534
Exchange adjustment	(30)	–	(7)	(37)
At 31 December 2020	12,123	–	4,336	16,459
Non-current	11,947	–	–	11,947
Current	176	–	4,336	4,512
	12,123	–	4,336	16,459

	Provision for mine restoration	Provision for environmental waste removal	Provision for voluntary separation compensation (note 7)	Total
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 January 2019	8,725	790	–	9,515
Provision/(Reversal) made during the year	134	(275)	4,899	4,758
Utilised during the year	–	(513)	–	(513)
Discount adjustment on provision (note 9)	394	–	–	394
Exchange adjustment	(42)	(2)	16	(28)
At 31 December 2019	9,211	–	4,915	14,126
Non-current	9,061	–	–	9,061
Current	150	–	4,915	5,065
	9,211	–	4,915	14,126

The Group's tin mining activity is conducted principally through its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"). RHT is obliged to restore and rehabilitate the mine subsequent to the cessation of production. Mine restoration costs will be substantially incurred subsequent to the cessation of production of the mine property. The provision for mine restoration costs is based on the present value of the estimated cash outflows to be incurred to restore and rehabilitate the mine. During the year, additional provision for mine restoration cost was made to the adjoining western side of the current mine pit of RHT.

The Group has engaged an external consultant specialising in mine rehabilitation to carry out an assessment on the mine restoration plan ("MRP 2017") which was resubmitted to the relevant authorities in year 2017. Subsequently, the Group received a letter dated 7 June 2018 from the authority which indicated that the mine restoration plan was rejected, however no specific reason was indicated in the rejection letter.

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. PROVISIONS (CONT'D)

In January 2019, the Group applied for the extension of mining leases by surrendering the existing mining leases and applying for new mining leases. In November 2019, approval was obtained from the authority to extend the mining leases to year 2034.

The Group is required to prepare and submit a new mine restoration plan under the newly issued and approved mining leases obtained in November 2019. In September 2020, the Group has re-submitted its initial mine restoration plan to the relevant authorities. On the date the financial statements were authorised for issue, there were no further developments or feedback from the relevant authorities in relation to the submitted mine restoration plan.

The provision for voluntary separation compensation mainly comprises employee termination costs and other related costs. It is provided based on the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah.

31. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Non-current				
Secured bank loans	369,256	460,554	33,180	–
Unsecured bank loans	45,951	49,615	29,808	49,615
Unsecured notes	198,070	149,866	198,071	149,866
	613,277	660,035	261,059	199,481
Current				
Secured bank loans	234,176	122,808	25,000	–
Unsecured bank loans*	191,135	87,222	74,952	–
Unsecured notes	149,953	–	149,953	–
	575,264	210,030	249,905	–
Total borrowings	1,188,541	870,065	510,964	199,481

* Included in the unsecured bank loans are short-term trade financing, bankers' acceptances and trust receipts.

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Interest rates and maturity of loans

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Floating rate loans	0.8 to 5.2	0.5 to 5.3	1.6	–
Fixed rate loans	0.9 to 5.3	0.9 to 4.2	1.4 to 3.4	3.4
Fixed rate notes	3.7 to 3.8	3.7	3.7 to 3.8	3.7

The interest rates of the bank loans are repriced at intervals of 3 months to 12 months (2019: 1 month to 12 months).

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	575,264	210,030	249,905	–
Later than 1 year but not later than 5 years	613,277	660,035	261,059	199,481
	1,188,541	870,065	510,964	199,481

Borrowings denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2020	2019
	\$'000	\$'000
Japanese Yen	36,905	41,251
Australian Dollar	27,731	25,786
Singapore Dollar	16,142	16,142
United States Dollar	116,183	580

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Secured

The secured bank loans are collateralised by the following assets:

	Group	
	2020	2019
	\$'000	\$'000
Investment properties (note 16(c) and 27)	924,846	866,910
Joint venture (note 19.2)	202,803	169,684
Investment securities (non-current) (note 22(a))	62,580	107,376
Investment securities (current) (note 22(b))	39,996	47,561
Cash and cash equivalents (note 26)	39,692	68,193
Other current assets	433	295
	1,270,350	1,260,019

Certain secured bank loans are collateralised by shares of certain subsidiaries of the Group (note 18).

A reconciliation of liabilities arising from financing activities is as follows:

	Non-cash changes					2020
	2019	Cash flows	Reclassifica- tion	Foreign exchange movement	Others	
Bank loans and notes						
- current	210,030	58,161	298,397	7,453	1,223	575,264
- non-current	660,035	233,795	(298,397)	16,752	1,092	613,277
Total	870,065	291,956	–	24,205	2,315	1,188,541

			Non-cash changes			
2018	Cash flows		Reclassifica- tion	Foreign exchange movement	Others	2019
\$'000	\$'000		\$'000	\$'000	\$'000	\$'000

Bank loans and notes						
- current	247,152	(173,062)	135,948	(218)	210	210,030
- non-current	617,311	184,724	(135,948)	(6,254)	202	660,035
Total	864,463	11,662	-	(6,472)	412	870,065

On 29 October 2020, the Company issued \$200 million of unsecured fixed rate notes under its \$500 million multicurrency debt issuance programme which was established on 13 October 2011 and updated on 3 July 2017. The notes will mature in October 2025 and bear an interest of 3.75% per annum payable semi-annually in arrears.

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Secured (cont'd)

On 19 July 2017, the Company issued \$150 million of unsecured fixed rate notes under its \$500 million multicurrency debt issuance programme which was established on 13 October 2011 and updated on 3 July 2017. The notes will mature in July 2021 and bear an interest of 3.73% per annum payable semi-annually in arrears.

32. OTHER NON-CURRENT LIABILITIES

	Group	
	2020	2019
	\$'000	\$'000
Amounts due to non-controlling shareholders of subsidiaries	12,991	10,050
Other liabilities	3,713	796
	16,704	10,846

The amounts due to non-controlling shareholders of subsidiaries are unsecured, bears interests ranging from 2.00% to 12.00% (2019: 3.35% to 12.00%) per annum and are repayable from 2021 to 2030.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current:				
Trade payables	9,717	7,933	10	10
Advance receipts and billings	2,825	1,114	9	19
	12,542	9,047	19	29
Other payables				
Amounts due to subsidiaries	-	-	614,367	650,867
Amounts due to non-controlling shareholders of subsidiaries	6,406	6,223	-	-
Accrual for other charges	47,921	31,819	7,327	5,613
Other deposits	3,124	2,626	67	68
Amount due to a related party	160	-	-	-
	57,611	40,668	621,761	656,548
Trade and other payables	70,153	49,715	621,780	656,577
Trade and other payables	70,153	49,715	621,780	656,577
Less: Advance receipts and billings	(2,825)	(1,114)	(9)	(19)
	67,328	48,601	621,771	656,558
Add: Other non-current liabilities (note 32)	16,704	10,846	-	-
Loans and borrowings (note 31)	1,188,541	870,065	510,964	199,481
Total financial liabilities carried at amortised cost	1,272,573	929,512	1,132,735	856,039

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables

The Group's normal trade credit ranges from cash payment to 90-day terms.

Amounts due to subsidiaries

The amounts payable to subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries are share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at range from 2.80% to 3.75% (2019: 2.80% to 3.75%) per annum and repayable on demand.

Amount due to a related party

The amount payable to a related party included in other payables is non-trade related, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2020	2019
	\$'000	\$'000
United States Dollar	22,012	3,131
Australian Dollar	463	327
Japanese Yen	320	241

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. LEASE LIABILITIES

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	3,973	2,286
Additions	8,500	4,833
Accretion of interests (note 9)	316	263
Payments	(4,609)	(3,419)
Reclassification	(401)	–
Exchange adjustment	9	10
At 31 December	7,788	3,973
Current	2,952	2,273
Non-current	4,836	1,700
	7,788	3,973

35. DIVIDENDS

	Group and Company	
	2020	2019
	\$'000	\$'000

Declared and paid during the year:

Dividends on ordinary shares:

• 2019 Interim dividend paid in 2020: 6 cents per share tax exempt (one-tier tax) (2018 Interim dividend paid in 2019: 6 cents per share tax exempt (one-tier tax))	24,416	24,463
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Declared but not recognised as a liability as at 31 December:

Dividends on ordinary shares:

• Interim dividend for 2020: 6 cents per share tax exempt (one-tier tax) (Interim dividend for 2019: 6 cents per share tax exempt (one-tier tax))	24,409	24,426
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There is no taxation consequence arising from the dividends declared by the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2020	2019
	\$'000	\$'000
Property, plant and equipment	5,068	5,361
Investment properties*	20	27,441
Land under development	38,196	13,746
Investee companies	10,708	66,994
Associate	62,058	66,007
Share of joint venture's capital commitment in respect of investment properties	3,776	22,648
	119,826	202,197

* For 2019, the amount was related mainly to the mixed-use office and industrial property in Melbourne, Australia (note 24).

37. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments for lessor

The Group and Company have entered into property lease agreements on their investment properties. These non-cancellable leases have remaining non-cancellable lease terms of up to 16 years. Contingent lease receipts are subject to the revenue exceeding certain levels stated in the respective agreements. Certain property lease agreements have renewal options; and restrict any assignment and subletting of the lease properties.

There were no contingent lease receipts recognised in profit or loss in 2020 and 2019.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	36,138	28,059	86	81
Later than 1 year but not later than 5 years	130,737	66,287	52	3
Later than 5 years	123,026	75,517	–	–
	289,901	169,863	138	84

(b) Operating lease commitments for lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 5 years. Certain property lease agreements have renewal options. The lessee shall not assign, mortgage or charge the lease property without prior consent of the landlord. There is no restriction imposed by lease arrangements, such as those concerning dividends and additional debt.

Notes to the Financial Statements

For the financial year ended 31 December 2020

37. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating lease commitments for lessee (cont'd)

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Minimum lease payments	1,074	602

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Not later than 1 year	2	2
Later than 1 year but not later than 5 years	7	9
	9	11

(c) Other commitments

The Company has committed to provide continuing financial support to certain subsidiaries to enable their continuing operations.

(d) Legal claim in Malaysia Smelting Corporation Berhad ("MSC")

A subsidiary of MSC defended a legal action brought about by two companies ("Plaintiffs") for the payment of tributes. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in the subsidiary's favour. The Plaintiffs have filed their Memorandum of Appeal to the Court of Appeal on 25 October 2019 and the hearing is fixed for 24 August 2020. However, the Court of Appeal subsequently vacated the hearing and has rescheduled the hearing to 25 August 2021. As at 31 December 2020, the estimated liability, should the Plaintiffs' action be successful, is approximately RM54,600,000 (\$17,892,000).

Based on legal advice, no provision for liability is required to be made in the financial statements as the Plaintiff's appeal is unlikely (i.e. possible, but not probable) to succeed.

In connection with the abovementioned case, the subsidiary has separately instituted legal action against two former executive officers, the Plaintiffs and certain persons connected with the Plaintiffs ("Defendants"), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance. The Defendants have applied to the Court to strike out the subsidiary's claim. The hearing for the striking out applications was held on 7 October 2020 whereby the learned judge decided that the applications will be decided based on written submission. The decision on the applications is scheduled to be handed down on 5 November 2020. However, the decision on the striking out applications was deferred to 17 December 2020. In this regard, the High Court has dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants have filed an appeal against the High Court's decision to dismiss their striking out application. The same Defendants have also applied for a stay of proceedings at the High Court pending the resolution of their appeal. In respect of the Defendant that did not appeal against the decision of the High Court, the deadline to file an appeal against this decision has passed.

Disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2020

38. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2020	2019
	\$'000	\$'000
<i>Associates/joint ventures</i>		
Sales of goods	9,161	13,134
Interest income	3,910	36,130
<i>Director</i>		
Sale of property	–	7,638
<i>Other related parties</i>		
Office leases	687	604
Accounting and other service fees	353	138

Please refer to notes 21 and 33 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Directors' fees	653	677
Short-term employee benefits	4,773	4,580
Defined contribution plans	153	167
	5,579	5,424

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities.

There has been no change to the Group's exposure to these risks or the manner in which it manages the risks.

The policies for managing these risks are summarised below.

(a) Foreign exchange risk

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of sales or purchase transactions that are denominated in a currency other than the functional currencies of the respective Group entities. These foreign exchange risk exposures are mainly in United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the exchange rates of the United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen against the functional currencies of the respective Group entities, with all other variables held constant.

		Group			
		2020		2019	
		Profit after tax	Equity	Profit after tax	Equity
		\$'000	\$'000	\$'000	\$'000
Australian Dollar	strengthened 5% (2019: 5%)	7,924	–	6,427	–
	weakened 5% (2019: 5%)	(7,924)	–	(6,427)	–
United States Dollar	strengthened 5% (2019: 5%)	4,547	–	1,297	–
	weakened 5% (2019: 5%)	(4,547)	–	(1,297)	–
Japanese Yen	strengthened 5% (2019: 5%)	3,205	(799)	671	(1,778)
	weakened 5% (2019: 5%)	(3,205)	799	(671)	1,778
Singapore Dollar	strengthened 5% (2019: 5%)	259	(837)	261	(837)
	weakened 5% (2019: 5%)	(259)	837	(261)	837

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

At the end of the reporting period, approximately:

- (i) 18% (2019: 8%) of the Group's trade and other receivables as well as 34% (2019: 7%) of the Group's trade and other payables are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Australian Dollar (2019: United States Dollar, Australian Dollar and Japanese Yen).
- (ii) 23% (2019: 23%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Japanese Yen (2019: United States Dollar, Japanese Yen, Australian Dollar and Singapore Dollar).
- (iii) 10% (2019: 10%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar, Japanese Yen, Singapore Dollar and Australian Dollar (2019: Japanese Yen, Australian Dollar and Singapore Dollar).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swaps and cross currency swaps to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

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For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ decrease in basis point	Effect on profit after tax \$'000
31 December 2020		
– Singapore Dollar	+25	(384)
	–25	384
– Malaysian Ringgit	+25	(189)
	–25	189
– Great Britain Pound	+25	(181)
	–25	181
– Chinese Renminbi	+25	(147)
	–25	147
– Australian Dollar	+25	(340)
	–25	340
– United States Dollar	+25	(12)
	–25	12

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Group	
	Increase/ decrease in basis point	Effect on profit after tax
		\$'000
31 December 2019		
– Singapore Dollar	+25	(19)
	–25	19
– Malaysian Ringgit	+25	(117)
	–25	117
– Japanese Yen	+25	(190)
	–25	190
– Chinese Renminbi	+25	(140)
	–25	140
– Australian Dollar	+25	(206)
	–25	206

At the end of the reporting period, for the increase/decrease in the various basis points on interest rates for the various currencies, the effects associated with such changes on the Group's profit after tax are as illustrated above.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks, or the risks of counterparties defaulting are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

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39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The Group's debt securities at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which include the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days due in making contractual payment.

The Group and the Company determine that its financial assets are credit-impaired when:

- There is significant financial difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to meet a repayment plan with the Group and the Company. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade and other receivables:

- The Group and the Company provide for 12-month expected credit losses for all trade and other receivables (excluding deposits and GST recoverable). The 12-month expected credit losses have taken into consideration historical loss rate statistics for debts with similar credit profile and the country risk of the debtors.
- For receivables which are lower risk, the probability of default ("PD") is minimal.
- For receivables which are higher risk, the PD rates ranging from 2.5% to 50% are applied if a receivable is more than 90 days to 360 days.
- The Group and the Company do not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

The Group's debt securities at amortised cost have low risk of default and a strong capacity to meet contractual cash flows. Hence the loss allowance is determined at an amount equal to 12-month ECL.

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For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The loss allowance provision as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Group Trade receivables
	\$'000
As at 1 January 2019	3,193
Exchange adjustments	(14)
As at 31 December 2019 and 1 January 2020	3,179
Impairment	42
Exchange adjustments	(10)
As at 31 December 2020	3,211

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group				Company			
	2020		2019		2020		2019	
	\$'000	% of total	\$'000	% of total	\$'000	% of total	\$'000	% of total
By country:								
Singapore	75,356	83	68,055	85	1,163,239	97	1,057,035	97
Japan	4,147	4	2,856	4	39,268	3	34,834	3
China, including Hong Kong and Taiwan	4,201	5	2,411	3	-	-	-	-
Australia	4,249	5	1,982	3	-	-	-	-
Malaysia	464	-	1,974	2	-	-	-	-
Europe	2,394	3	1,487	2	-	-	-	-
Korea	491	-	883	1	-	-	-	-
Other countries	1	-	4	-	-	-	-	-
	91,303	100	79,652	100	1,202,507	100	1,091,869	100

Approximately 73% (2019: 83%) of the Group's trade and other receivables were due from an associate located in Singapore.

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For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2020 \$'000				2019 \$'000			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Investment securities	63,858	65,433	–	129,291	67,003	45,445	–	112,448
Trade and other receivables	85,053	5,676	–	90,729	78,556	–	–	78,556
Derivatives	1,494	606	–	2,100	886	1,547	–	2,433
Cash and cash equivalents	456,332	–	–	456,332	310,487	–	–	310,487
Total undiscounted financial assets	606,737	71,715	–	678,452	456,932	46,992	–	503,924
Financial liabilities:								
Trade and other payables	65,628	17,056	–	82,684	48,792	–	–	48,792
Other non-current liabilities	–	482	–	482	570	10,615	–	11,185
Lease liabilities	3,128	3,961	1,970	9,059	2,908	988	55	3,951
Loans and borrowings	593,176	580,310	–	1,173,486	227,656	758,414	–	986,070
Derivatives	7,850	2,884	–	10,734	1,048	311	–	1,359
Total undiscounted financial liabilities	669,782	604,693	1,970	1,276,445	280,974	770,328	55	1,051,357
Total net undiscounted financial assets/ (liabilities)	(63,045)	(532,978)	(1,970)	(597,993)	175,958	(723,336)	(55)	(547,433)

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For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2020 \$'000				2019 \$'000			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Trade and other receivables	1,202,507	128,475	–	1,330,982	1,097,885	107,435	–	1,205,320
Derivatives	–	–	–	–	–	399	–	399
Cash and cash equivalents	249,431	–	–	249,431	113,946	–	–	113,946
Total undiscounted financial assets	1,451,938	128,475	–	1,580,413	1,211,831	107,834	–	1,319,665
Financial liabilities:								
Trade and other payables	621,780	–	–	621,780	656,578	–	–	656,578
Derivatives	779	–	–	779	–	–	–	–
Loans and borrowings	237,350	318,468	–	555,818	7,390	204,196	–	211,586
Total undiscounted financial liabilities	859,909	318,468	–	1,178,377	663,968	204,196	–	868,164
Total net undiscounted financial assets/(liabilities)	592,029	(189,993)	–	402,036	547,863	(96,362)	–	451,501

Investment securities at FVOCI, shareholder loans to an associate and shareholder notes to a joint venture under non-current assets are excluded from the tables above.

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39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2020 \$'000				2019 \$'000			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	1,610	2	–	1,612	1,423	–	–	1,423
Company								
Financial guarantees	–	150,000	–	150,000	32,215	150,000	–	182,215

(e) Equity price risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by prudent review of the investments before investing and continuous monitoring of their performance and risk profiles.

The investment securities that are subject to equity price risk are classified as either FVTPL or FVOCI financial assets.

At the end of the reporting period, the Group's equity portfolio classified as FVTPL consists of shares of companies in Singapore of 40% (2019: 41%), United States 42% (2019: 24%), Japan 5% (2019: 12%), Australia 8% (2019: 12%), Hong Kong 3% (2019: 6%) and 2% (2019: 5%) in other countries. If the equity prices had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been \$2,473,000 (2019: \$1,545,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 94% (2019: 98%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 6% (2019: 2%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's other comprehensive income or FVOCI reserve in equity would have been \$5,699,000 (2019: \$8,034,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts.

A net loss of \$352,000 (2019: \$262,000) with a deferred tax benefit of \$84,000 (2019: \$63,000) in respect of the forward tin contracts were recognised in profit or loss.

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital management

Capital includes debt and equity items as disclosed in the following table.

The Group’s objective is to provide a reasonable return to shareholders by investing into businesses that are commensurate with the level of risks. This also takes into account synergies with other operations and activities, the availability of management and other resources, and the fit of the activities with the Group’s longer strategic objectives.

The Group’s policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the various core businesses. The Group allocates the amount of capital in proportion to risk, manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group monitors the return of capital, which is defined as total shareholders’ equity (excluding non-controlling interests), gearing ratio, which is defined as borrowings net of cash over total equity and the level of dividends to shareholders. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group’s subsidiaries in The People’s Republic of China (PRC) are subject to foreign exchange rules and regulations promulgated by the PRC government which may impact how the Group manages capital. These subsidiaries have complied with the applicable capital requirements throughout the year.

	Group	
	2020	2019
	\$'000	\$'000
Equity attributable to owners of the Company	1,537,998	1,519,121
Non-controlling interests	188,940	150,195
Total equity	1,726,938	1,669,316
Net borrowings	732,209	559,578
Gearing ratio	42.4%	33.5%

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40. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) Derivative financial instruments

The Group has the following derivative financial instruments at the reporting date:

At 31 December 2020:

	Notional Amount		Fair Value	
	Asset	Liability	Asset	Liability
	\$'000	\$'000	\$'000	\$'000
Forward currency contracts	63,043	212,599	2,100	9,603
Cross currency swap contracts	–	50,000	–	779
Forward commodity contracts	–	10,936	–	352
	63,043	273,535	2,100	10,734

At 31 December 2019:

	Notional Amount		Fair Value	
	Asset	Liability	Asset	Liability
	\$'000	\$'000	\$'000	\$'000
Forward currency contracts	78,447	54,207	1,763	663
Cross currency swap contracts	50,000	30,000	670	159
Interest rate swap contracts	–	45,786	–	276
Forward commodity contracts	–	9,844	–	261
	128,447	139,837	2,433	1,359

Please refer to note 23 for detailed information relating to the risk being hedged.

(b) Hedge of net investments in foreign operations

To hedge the Group’s exposure to foreign currency risk on the foreign investments:

- (i) Loans amounting to Japanese Yen 1.2 billion (2019: Japanese Yen 2.9 billion) have been designated as a hedge against the net investment denominated in Japanese Yen. Gains or losses on the retranslation of the borrowings are taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment. The loans are included in borrowings (note 31).
- (ii) Three (2019: Two) Japanese Yen, four (2019: one) Australian Dollar, three (2019: one) Korean Won and one (2019: nil) United States Dollars foreign currency forward contracts were designated as hedges against the net investment denominated in their respective currencies. Fair value gain or loss on the foreign currency forward contracts were taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

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41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of the cash-generating unit is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the terminal growth rate. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in note 17(a).

(ii) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in note 14.

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 8 to 40 years. These are common life expectancies applied in such industry. Changes in the expected level of usage and timing of relocation to Pulau Indah could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

In the tin mining subsidiaries, plant and equipment, including mine restoration assets, used in mining are depreciated using the unit-of-production method based on economically recoverable ore except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in estimated economically recoverable ore resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amounts to \$46,040,000 (2019: \$41,381,000).

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41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation uncertainty (cont'd)

(iii) *Revaluation of properties*

The Group carries its investment properties, land and buildings at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of land and buildings are recognised in other comprehensive income respectively.

The fair values of properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise comparison method, direct capitalisation method, discounted cash flow method, investment valuation method and depreciated replacement cost method.

The determination of the fair values of the properties requires the use of estimates such as:

- sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value;
- an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation;
- capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates;
- an estimate of total gross development costs and developer's profits.

(iv) *Inventories*

Significant management judgement and estimation are required in applying: (i) valuation techniques to determine the valuation of tin-in-concentrates, tin-in-process and refined tin metal; and (ii) the timing of recognition of tin-in-concentrates based on the terms of the contracts.

Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable, and the write-down is reversed when there is indication of recovery. Where actual amount differs from the original estimates, the differences will impact the carrying amount of inventories.

Estimates of net realisable value by the Group and the Company are based on tin price forecasts, ranging from USD18,270 per tonne to USD19,388 per tonne (2019: ranging from USD18,053 per tonne to USD18,280 per tonne), from several independent research houses after taking into consideration fluctuations of price or cost and conditions existing as of the reporting date. Due to favourable tin prices, the Group wrote back \$2,355,000 of its tin-bearing inventories to their net realisable value during the year. The carrying amount of inventories at the reporting date is disclosed in note 25.

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For the financial year ended 31 December 2020

41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation uncertainty (cont'd)

(v) Provision for mine restoration costs

Provision for mine restoration costs is provided based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the future expenditure, the cessation date of production and the discount rate.

The subsidiary has engaged an external consultant specialising in mine restoration to carry out assessment on the mine restoration plan. The mine restoration plan was resubmitted by the subsidiary to the relevant authorities during the year ended 31 December 2017. The carrying amount of provision for mine restoration costs is disclosed in note 30. The provision for mine restoration costs, based on the methodology proposed by the external consultant and adopted by the subsidiary in its mine restoration plan, represents the current best estimate. Where expectations from the relevant authorities differ from the plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs.

(vi) Provision for voluntary separation compensation

Provision for voluntary separation compensation is provided based on the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah. Significant management judgement is required in assessing the past events which have occurred in triggering a present obligation for the provision.

Significant management estimate is required in determining the number of potential employees to be compensated. Where the actual compensation amount differs from the original estimates, the difference may significantly impact the carrying amount of the provision.

The provision for voluntary separation compensation at the reporting date is disclosed in note 30.

(vii) Ore reserve and mineral resource estimates

Ore reserve and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserve and mineral resource based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. The standards and guidelines used in the resource estimation are complied with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code").

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41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation uncertainty (cont'd)

(vii) Ore reserve and mineral resource estimates (cont'd)

The change in estimates of ore reserve and mineral resource may impact the Group's reported financial position and results, in the following ways:

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using unit-of-production ("UOP") method, or where the useful life of the related assets change.
- The carrying value of mine properties and property, plant and equipment where their depreciation and amortisation charges are determined using UOP method, may be affected.
- Provision for mine restoration may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

(b) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the capital allowance, reinvestment allowance, mining allowance and group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Income tax receivables	5,836	7,311
Income tax payable	13,487	6,098
Deferred tax assets	6,871	3,119
Deferred tax liabilities	35,142	23,696

Notes to the Financial Statements

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41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Judgements (cont'd)

(ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For details of the key assumptions and inputs used, see note 39(c).

42. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2020 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	-	-	19,769	19,769
Investment properties (note 16)	-	-	932,199	932,199
Non-financial assets as at 31 December 2020	-	-	951,968	951,968
Financial assets:				
<u>Financial assets at FVTPL (note 22(b))</u>				
Equity securities				
Quoted equity securities	59,581	-	-	59,581
<u>Financial assets at FVOCI (note 22(a))</u>				
Equity securities				
Quoted equity securities	128,172	-	-	128,172
<u>Derivatives (note 23)</u>				
Forward currency contracts	-	2,100	-	2,100
Financial assets as at 31 December 2020	187,753	2,100	-	189,853

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2020 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities:				
<u>Derivatives (note 23)</u>				
Forward currency contracts	-	9,603	-	9,603
Cross currency swap contracts	-	779	-	779
Forward commodity contracts	-	352	-	352
Total derivatives	-	10,734	-	10,734
Financial liabilities as at 31 December 2020	-	10,734	-	10,734

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2019 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	-	-	17,024	17,024
Investment properties (note 16)	-	-	863,936	863,936
Non-current asset held for sale (note 27)	-	-	21,311	21,311
Non-financial assets as at 31 December 2019	-	-	902,271	902,271
Financial assets:				
<u>Financial assets at FVTPL (note 22(b))</u>				
Equity securities				
Quoted equity securities	37,230	-	-	37,230
<u>Financial assets at FVOCI (note 22(a))</u>				
Equity securities				
Quoted equity securities	180,911	-	-	180,911
<u>Derivatives (note 23)</u>				
Forward currency contracts	-	1,763	-	1,763
Cross currency swap contracts	-	670	-	670
Total derivatives	-	2,433	-	2,433
Financial assets as at 31 December 2019	218,141	2,433	-	220,574

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2019 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities:				
<u>Derivatives (note 23)</u>				
Forward currency contracts	–	663	–	663
Cross currency swap contracts	–	159	–	159
Interest rate swap contracts	–	276	–	276
Forward commodity contracts	–	261	–	261
Total derivatives	–	1,359	–	1,359
Financial liabilities as at 31 December 2019	–	1,359	–	1,359

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Company 2020 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	–	–	595	595
Investment properties (note 16)	–	–	5,534	5,534
Non-financial assets as at 31 December 2020	–	–	6,129	6,129

	Company 2019 \$'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	–	–	599	599
Investment properties (note 16)	–	–	5,545	5,545
Non-financial assets as at 31 December 2019	–	–	6,144	6,144

Notes to the Financial Statements

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives (note 23): Forward currency contracts, cross currency swap contracts, interest rate swap contracts and forward commodity contracts are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (level 3).

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	- Comparable prices: \$212 to \$399 per square meter (2019: \$188 to \$392 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, China, Japan, Australia and United Kingdom	Direct capitalisation method	- Capitalisation rates: 5.50% to 7.00% (2019: 3.45% to 8.25%)	The estimated fair value varies inversely against the capitalisation rate
		- Rental rates: \$5.21 to \$43.95 per square meter (2019: \$27.42 to \$66.85 per square meter)	The estimated fair value increases with higher rental rate

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Investment properties in Singapore, Malaysia, China, Japan, Australia and United Kingdom	Discounted cashflow method	- Discount rates: 6.50% to 8.75% (2019: 3.2% to 9.0%)	The estimated fair value varies inversely against the discount rate
		- Terminal yield rates: 5.50% to 7.25% (2019: 3.55% to 8.00%)	The estimated fair value varies inversely against the terminal yield rate
		- Net rental growth rates: 1.2% to 10.0% (2019: 1.6% to 15.0%)	The estimated fair value increases with higher net rental growth rate
	Comparison method	- Comparable prices: \$62 to \$19,922 per square meter (2019: \$65 to \$19,922 per square meter)	The estimated fair value increases with higher comparable price
	Residual value method	- Gross development value: \$14.9 million (2019: \$44.9 million)	The estimated fair value increases with higher gross development value and lower costs to complete
		- Costs to complete: \$Nil million (2019: \$32.7 million)	
	Investment valuation method	- Equivalent yield rate: 6.62% (2019: Nil)	The estimated fair value varies inversely against the equivalent yield rate

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2020 \$'000	
	Fair value measurement using significant unobservable inputs (Level 3)	
	Land and buildings	Investment properties
At 1 January	17,024	863,936
Total gains for the year	1,766	37,361
Depreciation	(470)	–
Additions	1,494	235,709
Disposals	–	(249,337)
Exchange adjustment	(45)	44,530
At 31 December	19,769	932,199
Total gains or losses for the year included in other comprehensive income		
– Net surplus on revaluation of land and buildings	1,766	–

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2019 \$'000		
	Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	Investment properties	Non-current assets held for sale
At 1 January	16,407	910,356	1,535
Total gains for the year	1,170	26,887	–
Depreciation	(404)	–	–
Additions	80	56,827	–
Disposals	–	(98,824)	(1,535)
Reclassification	–	(21,311)	21,311
Exchange adjustment	(229)	(9,999)	–
At 31 December	17,024	863,936	21,311
Total gains or losses for the year included in other comprehensive income			
– Net surplus on revaluation of land and buildings	1,170	–	–

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

- (a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.
- (b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

- (iii) Valuation policies and procedures (cont'd)
- (c)

The direct capitalisation method that is based on the capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates to arrive at the capital value. The net rental income is derived after deducting expenses and property related taxes from the gross rent.
- (d)

The discounted cashflow method that involves the estimation of net income stream over a period and discounting the net income stream; taking into consideration a range of assumptions such as terminal yield rate, discount rate and rental growth.
- (e)

The residual method that is based on gross development value of the project less estimated cost of development, deferred over the period of time required to complete the project to arrive at the market value.

E. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following tables show an analysis of the assets and liabilities not measured at fair value as at 31 December but for which fair value is disclosed:

	Group 2020 \$'000				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total	Carrying Amount
	(Level 1)	(Level 2)	(Level 3)		
Liabilities					
Fixed rate bank loans	–	–	104,564	104,564	100,710
Fixed rate notes	361,480	–	–	361,480	348,023
	361,480	–	104,564	466,044	448,733

Notes to the Financial Statements

For the financial year ended 31 December 2020

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

E. Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

	Group 2019 \$'000				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total	Carrying Amount
	(Level 1)	(Level 2)	(Level 3)		
Liabilities					
Fixed rate bank loans	–	–	153,059	153,059	150,092
Fixed rate notes	152,528	–	–	152,528	149,866
	152,528	–	153,059	305,587	299,958

Determination of fair value

Fixed rate notes

The fair value as disclosed in the table above is the price on the last trading day in the Singapore Exchange Securities Trading Limited ("SGX-ST").

Fixed rate bank loans

The fair value as disclosed in the table above is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowings at the end of the reporting period.

43. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment chief executives responsible for the performance of the respective segments under their charge. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The four reportable operating segments are as follows:

- (a) The Resources segment's principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.
- (b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 22.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd..

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

- (c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate and investment in Far East Hospitality Trust ("FEHT"). The entire investment in FEHT was disposed of in 2019.
- (d) The segment for Others comprises Group-level corporate and treasury services.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit, as explained in the table below.

Transactions between operating segments are based on terms agreed between the parties.

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For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

2020 Operating segments

	Resources \$'000	Real Estate \$'000	Hospitality \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
Revenue						
Sale of tin, at a point in time	249,674	-	-	-	-	249,674
Smelting revenue, at a point in time	12,019	-	-	-	-	12,019
Sale of by-product, at a point in time	4,198	-	-	-	-	4,198
Other resources revenue, at a point in time	893	-	-	-	-	893
Rental and related income, over time	-	42,107	-	-	-	42,107
Inter-segment revenue	-	12	-	-	(12)	-
Total revenue	266,784	42,119	-	-	(12)	308,891
Segment results						
Operating profit	15,433	62,977	1,331	792	-	80,533
Fair value changes in investment properties	-	37,361	-	-	-	37,361
Impairment losses	(902)	-	-	-	-	(902)
Finance costs	(4,279)	(15,182)	-	(10,308)	-	(29,769)
Share of results of associates and joint ventures	(1,806)	23,420	(12,902)	22	-	8,734
Profit/(Loss) before tax	8,446	108,576	(11,571)	(9,494)	-	95,957
Income tax expense	(3,367)	(20,854)	(227)	(332)	-	(24,780)
Profit/(Loss) after tax	5,079	87,722	(11,798)	(9,826)	-	71,177
Profit/(Loss) attributable to:						
Owners of the Company	3,258	69,849	(11,798)	(9,826)	-	51,483
Non-controlling interests	1,821	17,873	-	-	-	19,694
	5,079	87,722	(11,798)	(9,826)	-	71,177
Segment Assets	331,996	2,240,107	167,444	346,399	-	3,085,946
Segment Liabilities	174,265	647,377	-	537,366	-	1,359,008
Other information:						
Dividend income	-	6,026	-	2,607	-	8,633
Interest income	275	8,924	1,331	992	-	11,522
Depreciation	5,333	2,355	-	5	-	7,693
Amortisation	429	-	-	-	-	429
Other material non-cash items:						
Impairment of a joint venture	265	-	-	-	-	265
Impairment of mining rights	145	-	-	-	-	145
Impairment of corporate club membership	16	-	-	-	-	16
Impairment of mine properties	476	-	-	-	-	476
Associates and joint ventures	8,227	875,783	100,892	22	-	984,924
Additions to non-current assets ⁽¹⁾	9,188	252,820	-	6	-	262,014
Provision for voluntary separation compensation	90	-	-	-	-	90
Inventories written back	(2,355)	-	-	-	-	(2,355)

⁽¹⁾ Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

2019 Operating segments

	Resources \$'000	Real Estate \$'000	Hospitality \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
Revenue						
Sale of tin, at a point in time	304,936	–	–	–	–	304,936
Smelting revenue, at a point in time	9,604	–	–	–	–	9,604
Sale of by-product, at a point in time	8,348	–	–	–	–	8,348
Other resources revenue, at a point in time	1,174	–	–	–	–	1,174
Rental and related income, over time	–	39,575	–	–	–	39,575
Inter-segment revenue	–	12	–	–	(12)	–
Total revenue	324,062	39,587	–	–	(12)	363,637
Segment results						
Operating profit	22,619	52,728	2,463	6,825	–	84,635
Fair value changes in investment properties	–	26,887	–	–	–	26,887
Impairment losses	(15)	–	–	–	–	(15)
Finance costs	(4,471)	(16,223)	–	(6,991)	–	(27,685)
Share of results of associates and joint ventures	(362)	46,452	(592)	–	–	45,498
Profit/(Loss) before tax	17,771	109,844	1,871	(166)	–	129,320
Income tax expense	(6,122)	(21,122)	(226)	(1,496)	–	(28,966)
Profit/(Loss) after tax	11,649	88,722	1,645	(1,662)	–	100,354
Profit/(Loss) attributable to:						
Owners of the Company	6,746	77,642	1,645	(1,662)	–	84,371
Non-controlling interests	4,903	11,080	–	–	–	15,983
	11,649	88,722	1,645	(1,662)	–	100,354
Segment Assets	287,447	1,951,756	173,421	236,570	–	2,649,194
Segment Liabilities	124,443	643,223	–	212,212	–	979,878

Other information:

Dividend income	–	8,048	326	2,804	–	11,178
Interest income	380	38,597	1,328	2,766	–	43,071
Depreciation	5,242	2,164	–	4	–	7,410
Amortisation	666	–	–	–	–	666
Other material non-cash items:						
Impairment of a joint venture	15	–	–	–	–	15
Associates and joint ventures	10,334	674,380	106,914	–	–	791,628
Additions to non-current assets ⁽¹⁾	9,421	63,220	–	–	–	72,641
Provision for voluntary separation compensation	4,899	–	–	–	–	4,899
Inventories written down	10,191	–	–	–	–	10,191
Reversal of provision for tribute no longer required	(16,010)	–	–	–	–	(16,010)

⁽¹⁾ Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

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43. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenues attributable to geographic areas are based on the location for which the revenue is earned or where the business is transacted. Geographical assets are based on the location or operation of the Group's assets. Investments in the associates ARAH and FEHH are presented in the Singapore segment.

2020 Geographical information

	Singapore \$'000	Malaysia \$'000	Australia \$'000	Japan \$'000	China \$'000	Korea \$'000	United Kingdom \$'000	Consolidated \$'000
Segment revenue								
Revenue from external parties	2,542	266,951	21,274	9,632	6,050	–	2,442	308,891
Non-current assets	761,226	228,334	577,619	30,933	274,562	58,969	139,734	2,071,377

2019 Geographical information

	Singapore \$'000	Malaysia \$'000	Japan \$'000	Australia \$'000	China \$'000	Korea \$'000	Consolidated \$'000
Segment revenue							
Revenue from external parties	2,537	324,243	14,326	16,710	5,821	–	363,637
Non-current assets	726,693	229,664	238,736	406,899	163,659	25,573	1,791,224

Non-current assets information presented above consists of property, plant and equipment, investment properties, land under development, goodwill, other intangible assets, associates and joint ventures and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from one major customer amount to \$41,992,000 (2019: two major customers amount to \$84,975,000), arising from sales by the Resources segment.

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding	
			2020 %	2019 %
Subsidiaries				
Held by the Company:				
Baxterley Holdings Private Limited	Singapore	Investment	100	100
Bushey Park Private Limited	Singapore	Investment	100	100
Malaysia Smelting Corporation Berhad ⁽¹⁾	Malaysia	Tin mining & smelting	28	28 (a)
STC Capital Pte. Ltd.	Singapore	Investment	100	100
STC Realty (Butterworth) Sendirian Berhad ⁽¹⁾	Malaysia	Property	100	100
Straits Developments Private Limited	Singapore	Property	100	100
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Investment	100	100
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Investment	100	100
Straits Investment Holdings Pte. Ltd.	Singapore	Investment	100	100
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	100	100
Sword Investments Private Limited	Singapore	Investment	100	100
Sword Private Limited	Singapore	Investment	100	100
STC Management Holdings Limited *	British Virgin Islands ("BVI")	Investment	100	100
Held through subsidiaries:				
STC International Holdings Pte. Ltd.	Singapore	Investment	100	100
Straits Trading Amalgamated Resources Sendirian Berhad ⁽¹⁾	Malaysia	Investment	100	100
Straits Real Estate Pte. Ltd.	Singapore	Property	89	89
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	89	89
SRE Venture 1 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 2 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 3 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 4 Pte. Ltd. ^o	Singapore	Investment	89	89
SRE Venture 5 Pte. Ltd.	Singapore	Investment	89	89
SRE China 1 Pte. Ltd.	Singapore	Investment	89	89
SRE Capital Pte. Ltd. ^o	Singapore	Investment	89	89

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding	
			2020 %	2019 %
Subsidiaries				
Held through subsidiaries:				
ARA Summit Development Fund I, L.P. ^{o o}	Cayman Islands	Investment	—	89
SDF R.E. Holdings Limited ^{o o}	BVI	Investment	—	89 (b)
SDF R.E. Services Limited ^{o o}	BVI	Investment	—	89 (b)
SDF R.E. Holdings IV Limited ^{o o}	BVI	Investment	—	89 (b)
SDF Canberra Investments IV-I Limited ^{o o}	BVI	Investment	—	89 (b)
SDF Canberra Investments IV-II Limited ^{o o}	BVI	Investment	—	89 (b)
Chongqing Xinchuang Mall Management Co., Ltd. ⁽¹⁾	People’s Republic of China	Real estate investment & management	89	89
SRE Venture 7 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 8 Pte. Ltd.	Singapore	Investment	89	89
SRE Australia 1 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 9 Pte. Ltd.	Singapore	Investment	89	89
Straits Real Estate (Beijing) Business Consulting Co., Ltd ⁽⁸⁾	People’s Republic of China	Consulting	89	89
SRE Venture 10 Pte. Ltd.	Singapore	Investment	89	89
SRE Japan 1 Pte. Ltd.	Singapore	Investment	89	89
SRE Luxe 1 Pte. Ltd.	Singapore	Investment	89	89
SRE Luxe 2 Pte. Ltd.	Singapore	Investment	89	89
SRE JHT TMK ^{o o}	Japan	Property	—	89
SRE Japan 2 Pte. Ltd.	Singapore	Investment	89	89
SRE Luxe 3 Pte. Ltd.	Singapore	Investment	89	89
SRE Luxe 4 Pte. Ltd.	Singapore	Investment	89	89
Tokutei Mokuteki Kaisha JP 2 ^{o o}	Japan	Property	—	89
SRE Australia 2 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 11 Pte. Ltd.	Singapore	Investment	89	89
SRE Japan 11 Pte. Ltd.	Singapore	Investment	89	89

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding	
			2020 %	2019 %
Subsidiaries				
Held through subsidiaries:				
Savills IM Japan Residential Fund, LP	Singapore	Investment	89	89
JPN Residential Holdings Pte. Ltd.	Singapore	Investment	89	89 (c)
JPN Residential TK Holdings Pte. Ltd.	Singapore	Investment	89	89 (c)
SIM Residence One GK ⁽¹⁾	Japan	Property	88	88 (c)
SIM Residence 2 GK ⁽¹⁾	Japan	Property	78	78 (c)
Residence 4 GK ⁽¹⁾	Japan	Property	89	89 (c)
Residence 5 GK ⁽¹⁾	Japan	Property	89	89 (c)
SRE Venture 12 Pte. Ltd.	Singapore	Investment	89	89
SRE Australia 3 Pte. Ltd.	Singapore	Investment	89	89
45SGT Unit Trust ⁽¹⁾	Australia	Property	85	85
SRE Venture 13 Pte. Ltd.	Singapore	Investment	89	89
SRE Australia 11 Pte. Ltd.	Singapore	Investment	89	89
SRE Australia Industrial 1 Pte. Ltd.	Singapore	Investment	89	89
ILP No.1 Trust ⁽¹⁾	Australia	Investment	72	72
C&G Australia Industrial Trust ⁽¹⁾	Australia	Investment	72	72 (d)
Dockside Industrial Trust No.1 ⁽¹⁾	Australia	Property	72	72 (d)
C&G Salisbury South Trust No.1 ⁽¹⁾	Australia	Property	72	72 (d)
C&G Salisbury South Trust No.2 ⁽¹⁾	Australia	Property	72	72 (d)
C&G Baywater Trust ⁽¹⁾	Australia	Property	72	72 (d)
C&G Kilkenny Trust ⁽¹⁾	Australia	Property	72	72 (d)
C&G Mawson Lakes Trust ⁽¹⁾	Australia	Property	72	72 (d)
ILP Mulgrave Trust ⁽¹⁾	Australia	Property	72	– (d)
Dockside Industrial Trust #2 ⁽¹⁾	Australia	Property	72	– (d)
SRE Australia 12 Pte. Ltd.	Singapore	Investment	89	89

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding	
			2020 %	2019 %
Subsidiaries				
Held through subsidiaries:				
SL Tin Sdn. Bhd. ^{(1) B}	Malaysia	Tin mining	44	44
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. ^{(1) B}	Malaysia	Tin warehousing	55	55
MSC Properties Sdn. Bhd. ^{(1) B}	Malaysia	Property holding and rental	55	55
Rahman Hydraulic Tin Sdn. Bhd. ^{(1) B}	Malaysia	Tin mining	55	55
Straits Resource Management Private Limited ^B	Singapore	Investment holding	55	55
M Smelt (C) Sdn. Bhd. ^{(1) B}	Malaysia	Property holding and rental	55	55
PT SRM Indonesia ^{(7) B}	Indonesia	Dormant	54	54
STC Property Management Sdn. Bhd. (formerly known as STC Property Management Services Sdn. Bhd.) ⁽¹⁾	Malaysia	Property	100	100
Straits Investment Management Pte. Ltd.	Singapore	Investment	100	100 (e)
SRE Venture 14 Pte. Ltd.	Singapore	Investment	89	89
IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company ⁽⁵⁾	Korea	Investment	85	84 (f)
IGIS Arenas KLIP 1-1 Private Placement Real Estate Feeder Investment Company ⁽⁵⁾	Korea	Investment	85	84
IGIS Arenas KLIP 1-2 Private Placement Real Estate Master Investment Company ⁽⁵⁾	Korea	Investment	85	–
SRE Venture 15 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 16 Pte. Ltd.	Singapore	Investment	89	89
SRE Venture 17 Pte. Ltd.	Singapore	Investment	89	89
SRE Bourne Limited ⁽³⁾	England	Property	89	– (g)

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding		
			2020 %	2019 %	
Associates					
Held by the Company:					
Taiko-Straits Developments Sdn. Bhd. ⁽⁶⁾ (Accounting year ended 30 September)	Malaysia	Property development	30	30	
Associates					
Held through subsidiaries:					
Redring Solder (M) Sdn. Bhd. ^{(1) 8} (Accounting year ended 31 December)	Malaysia	Manufacture and sale of solder products and letting of properties	22	22	
ARA Asset Management Holdings Pte. Ltd. ⁽²⁾ (Accounting year ended 31 December)	Singapore	Investment	22	21	(h)
Far East Hospitality Holdings Pte. Ltd. ⁽⁴⁾ (Accounting year ended 31 December)	Singapore	Owner, operator and manager of hospitality properties	30	30	
ARA Harmony Fund III, L.P. ⁽²⁾ (Accounting year ended 31 December)	Cayman Islands	Investment	36	36	(i)
Greater Tokyo Office Fund (Jersey) L.P. ^{9 9} (Accounting year ended 31 December)	Jersey	Investment	–	34	
Savills Investment Management Japan Value Fund II, LP ⁽²⁾ (Accounting year ended 31 December)	Singapore	Investment	17	37	(j)
SME Help Fund Pte. Ltd. ⁽²⁾ (Accounting year ended 31 December)	Singapore	Investment	30	–	

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding		
			2020 %	2019 %	
Joint Ventures					
Held through subsidiaries:					
KM Resources, Inc. ^{(1) 8} (Accounting year ended 31 December)	Labuan, Malaysia	Investment holding	16	16	(k)
320P Trust ⁽⁵⁾ (Accounting year ended 31 December)	Cayman Islands	Property	23	23	(l)
ILP Managers Pty Ltd ⁽¹⁾ (Accounting year ended 31 December)	Australia	Management	45	45	
Sky Logis Private Real Estate Investment Company ⁽⁵⁾ (Accounting year ended 31 December)	Korea	Property	42	42	
Ivory SL Joint Venture Limited ⁽²⁾ (Accounting year ended 31 December)	Cayman Islands	Investment	34	–	

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

- ⁽¹⁾ Audited by overseas affiliates of Ernst & Young LLP.
- ⁽²⁾ Audited by KPMG LLP, Singapore.
- ⁽³⁾ Audited by Mazars UK.
- ⁽⁴⁾ Audited by PricewaterhouseCoopers LLP, Singapore.
- ⁽⁵⁾ Audited by overseas affiliates of PricewaterhouseCoopers LLP.
- ⁽⁹⁾ Audited by Messrs Folks DFK & Co.
- ⁽⁶⁾ Audited by Herman Dody Tanumihardja & Rekan.
- ⁽⁸⁾ Audited by SBA Stone Forest.
- ⁸ Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
- ⁹ Voluntary liquidation/de-registration in progress and no statutory audit is required for 2019.
- ^{9 9} Voluntarily liquidated/de-registered in 2020.
- ⁺ Statutory audit is not required and they are not significant subsidiaries.

Note:

- (a) Malaysia Smelting Corporation Berhad (“MSC”) is listed on the Main Market of the Bursa Malaysia Securities Berhad and is secondarily listed on the SGX-ST. The Company’s combined interest in MSC held jointly with other subsidiaries and an associate is 55% (2019: 55%).
- (b) These are subsidiaries of ARA Summit Development Fund I, L.P..
- (c) These are subsidiaries of Savills IM Japan Residential Fund, L.P..
- (d) These are subsidiaries of ILP No.1 Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

- (e) Straits Investment Management Pte. Ltd. ("SIM") is a Registered Fund Management Company and is regulated by the Monetary Authority of Singapore. SIM obtains mandates from both internal and external parties to manage funds that focus on global real estate, particularly REITs.
- (f) KLIP focuses on acquiring, developing and managing logistics properties in the Greater Seoul area. The platform holds SLRE as a joint venture.
- (g) SRE Bourne Limited holds a business park in Surrey, United Kingdom.
- (h) On completion of the privatisation and delisting of ARA Asset Management Limited ("ARA") in April 2017, the Group holds its investment in ARA through a 22.06% stake in ARA Asset Management Holdings Pte. Ltd..
- (i) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.
- (j) Savills Investment Management Japan Value Fund II, LP focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.
- (k) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.
- (l) 320P Trust holds a commercial property in Sydney, Australia.

Additional Information Required Under the Mainboard Rules of The Singapore Exchange Securities Trading Limited ("SGX-ST")

INTERESTED PERSON TRANSACTION

(Rules 907 and 1207(17))

The interested person transaction entered into during the financial year ended 31 December 2020 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Consultants Services (Private) Limited	Associate of controlling shareholder	S\$2,568,912	-
Cairnhill Rock Pte Ltd	Associate of controlling shareholder	S\$195,600.00	-

The Company does not have a general mandate from shareholders in relation to interested person transactions pursuant to Rule 920 of SGX-ST's Mainboard Rules.

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	Ms Chew Gek Khim	Mr Tan Tiong Cheng	Mr Chia Chee Ming, Timothy
Date of appointment	20 March 2008	1 July 2013	27 February 2015
Date of last re-election	27 April 2018	26 April 2019	27 April 2018
Age	59	70	71
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee, having considered Ms Chew's eligibility and contribution to the Board, had recommended that she be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered Mr Tan's eligibility and contribution to the Board, had recommended that he be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered Mr Chia's eligibility and contribution to the Board, had recommended that he be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Nominating Committee Member	Independent and Non-Executive Director and Remuneration Committee Chairman	Lead Independent Director, Audit and Risk Committee Member and Nominating Committee Chairman
Professional qualifications	Bachelor of Law, National University of Singapore	1. Diploma in Urban Valuation, University of Auckland, New Zealand 2. Fellow Member of the Singapore Institute of Valuers and Surveyors, and the Association of Property and Facilities Management 3. Associate Member of the New Zealand Institute of Valuers 4. Senior Member of The Property Institute of New Zealand	Bachelor of Science cum laude, majoring in Management at Fairleigh Dickinson University in the United States of America
Working experience and occupation(s) during the past 10 years	2008 to present: Executive Chairman of the Company 2003 to present: Executive Chairman of the Tecity Group	2009 to 2017: Executive Chairman, Knight Frank Pte Ltd's Group of Companies 2009 to present: Director of Heeton Holdings Ltd	2010 to present: Chairman of Hup Soon Global Corporation Private Limited
Shareholding interest in the listed issuer and its subsidiaries	741,200 shares of the Company	Nil	3,900 shares of the Company

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	Ms Chew Gek Khim	Mr Tan Tiong Cheng	Mr Chia Chee Ming, Timothy
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 Chew is the sister of Ms Chew Gek Hiang, Director of the Company, and the daughter of Dr Tan Kheng Lian, a substantial shareholder of the Company	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	1. Cairnhill Rock Pte Ltd 2. Selected Properties Pte Ltd 3. ARA Asset Management Limited 4. SSO Council 5. The Tan Sri Tan Foundation, Malaysia 6. Amalgamated Holdings Private Limited 7. Morriston Pte Ltd 8. Securities Industry Council of Singapore	1. Cheong Hock Chye Pte Ltd 2. KF Property Network Pte Ltd 3. Knight Frank Pte Ltd 4. Knight Frank Asset Management Pte. Ltd. 5. Knight Frank Estate Management Pte. Ltd.	1. Coutts & Co Ltd 2. United Motor Works (Mauritius) Limited 3. HS Global Holdings Pte Ltd 4. Parksville Pte Ltd 5. Singapore Management University 6. Rahman Hydraulic Tin Sdn Bhd 7. QuantuMDx Group Limited 8. Straits Investment Management Pte Ltd

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	Ms Chew Gek Khim	Mr Tan Tiong Cheng	Mr Chia Chee Ming, Timothy
Present	1. ARA Trust Management (Suntec) Limited 2. Malaysia Smelting Corporation Berhad 3. Singapore Exchange Limited 4. Aequitas Pte Ltd 5. ARA Asset Management Holdings Pte. Ltd. 6. Bushey Park Private Limited 7. Choice Equities Pte Ltd 8. Consultants Services (Private) Limited 9. The Cairns Pte Ltd 10. Ho Peng Holdings Private Limited 11. Integrated Holdings Private Limited 12. Kambau Pte Ltd 13. Mellford Pte Ltd 14. Nexford Holdings Pte Ltd 15. Raffles Investments (1993) Pte Ltd 16. Raffles Investments Private Limited 17. Rahman Hydraulic Tin Sdn Bhd 18. Selected Holdings Private Limited 19. Sigford Pte Ltd 20. Siong Lim Private Limited 21. SME Help Fund Pte. Ltd. 22. Straits Equities Holdings (One) Pte. Ltd. 23. Straits Real Estate Pte. Ltd. 24. The Tan Chin Tuan Foundation 25. Tan Chin Tuan Pte Ltd 26. Tecity Asset Management Pte. Ltd.	1. Heeton Holdings Limited 2. UOL Group Limited 3. Amara Holdings Ltd 5. Straits Real Estate Pte. Ltd.	1. Banyan Tree Holdings Ltd 2. Hup Soon Global Corporation Private Limited 3. Fraser and Neave, Limited 4. Singapore Power Limited 5. Vertex Venture Holdings Ltd 6. Asian Civilisation Museum (Member, Advisory Board) 7. Singapore Indian Development Association (Term Trustee) 8. Monetary Authority of Singapore (Member, Corporate Governance Advisory Committee) 9. Gabelhorn Investments Pte Ltd 10. Innoven Capital Pte Ltd 11. Innovent Capital China Pte Ltd 12. Innoven Capital Singapore Pte Ltd 13. Seviaora Holdings Pte Ltd 14. Gracefield Holdings Limited 15. ASEAN Business Club (Member, Advisory Council Co-Chair, Singapore) 16. Malaysia Smelting Corporation Berhad 17. Ceylon Guardian Investment Trust PLC 18. Ceylon Investment PLC 19. United Motor Works (Siam) Public Co., Ltd 20. Thai Beverage Public Company Limited

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	Ms Chew Gek Khim	Mr Tan Tiong Cheng	Mr Chia Chee Ming, Timothy
	27. Tecity Management Pte Ltd 28. Tecity Pte Ltd 29. Tiong Cheng Pte Ltd 30. Amberlight Limited 31. Grange Investments Holdings Private Limited 32. Honour (Singapore) Ltd 33. National University of Singapore Board of Trustees 34. RSIS Board of Governors		

The responses of Ms Chew Gek Khim, Mr Tan Tiong Cheng and Mr Chia Chee Ming, Timothy to the following questions are “No”.

- A. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- B. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- C. Whether there is any unsatisfied judgment against him?
- D. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- E. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- F. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- G. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
- H. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- I. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

J.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i)any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii)any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii)any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv)any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
K.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Shareholdings Information

As at 16 March 2021

Total number of issued ordinary shares	408,095,772
Total number of issued ordinary shares excluding treasury shares	406,819,572
Total number of treasury shares	1,276,200
Total number of subsidiary holdings	0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	0.31%

VOTING RIGHTS OF ORDINARY SHAREHOLDERS

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share which he holds.

ISSUED ORDINARY SHARES AND SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	236	4.50	8,748	0.00
100 - 1,000	1,249	23.81	710,459	0.18
1,001 - 10,000	2,929	55.83	12,073,122	2.97
10,001 - 1,000,000	822	15.67	37,282,452	9.16
1,000,001 and above	10	0.19	356,744,791	87.69
Total	5,246	100.00	406,819,572	100.00

TWENTY LARGEST SHAREHOLDERS

Registered Shareholders		No. of Shares	%
1.	THE CAIRNS PTE LTD	265,840,552	65.35
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	47,443,165	11.66
3.	MELLFORD PTE LTD	15,292,100	3.76
4.	DBS NOMINEES PTE LTD	13,391,519	3.29
5.	RAFFLES NOMINEES (PTE) LIMITED	5,536,166	1.36
6.	OCBC SECURITIES PRIVATE LTD	3,113,801	0.77
7.	PHILLIP SECURITIES PTE LTD	2,316,246	0.57
8.	MRS CHEW KHENG LIAN NEE TAN KHENG LIAN	1,402,760	0.34
9.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,311,746	0.32
10.	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,096,736	0.27
11.	OCBC NOMINEES SINGAPORE PTE LTD	885,000	0.22
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	852,284	0.21
13.	LOKE WAN YAT REALTY SDN BHD	721,400	0.18
14.	CHEW GEK KHIM	700,000	0.17
15.	UOB NOMINEES (2006) PRIVATE LIMITED	590,408	0.15
16.	MAYBANK NOMINEES (SINGAPORE) PTE LTD	588,076	0.14
17.	LOKE YUEN KIN RUBY MRS TAN KIA MENG	448,601	0.11
18.	CHOO MEILEEN	414,432	0.10
19.	AU YONG AH NGOH	396,984	0.10
20.	CHUA SOK KOON	392,000	0.10
		362,733,976	89.17

Shareholdings Information

As at 16 March 2021

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest	Deemed Interest		
	No. of Shares	%	No. of Shares	%
The Cairns Pte. Ltd.	285,670,552	70.22	-	-
Tan Chin Tuan Pte. Ltd. ⁽¹⁾	-	-	301,770,552	74.18
Raffles Investments Private Limited ⁽¹⁾	-	-	285,670,552	70.22
Tecity Pte. Ltd. ⁽¹⁾	-	-	301,770,552	74.18
Aequitas Pte. Ltd. ⁽¹⁾	-	-	285,670,552	70.22
Dr Tan Kheng Lian ⁽¹⁾	1,402,760	0.34	301,770,552	74.18

Notes:

⁽¹⁾ Each of Raffles Investments Private Limited (“**Raffles**”) and Tecity Pte. Ltd. (“**Tecity**”) holds not less than 20 per cent. of the voting rights of The Cairns Pte. Ltd. (“**Cairns**”). By virtue of this, each of Raffles and Tecity has a deemed interest in the Company’s shares held by Cairns. Aequitas Pte. Ltd. (“**Aequitas**”) holds more than 50 per cent. of the voting rights of Raffles. By virtue of this, Aequitas has a deemed interest in the Company’s shares held by Cairns. Tan Chin Tuan Pte. Ltd. (“**TCTPL**”) holds more than 50 per cent. of the voting rights in Aequitas. By virtue of this, TCTPL has a deemed interest in the Company’s shares held by Cairns. Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. By virtue of this, Dr Tan Kheng Lian has a deemed interest in the Company’s shares held by Cairns.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 16 March 2021, approximately 21.84% of the Company’s shares, excluding treasury shares, were held by the public and thus, Rule 723 of the Mainboard Rules of the Singapore Exchange Securities Trading Limited has been complied with.

Corporate Information

Board of Directors

Ms Chew Gek Khim **PJG**
Executive Chairman
Member, Nominating Committee

Ms Chew Gek Hiang
Non-Independent and Non-Executive Director
Member, Audit and Risk Committee

Mr Goh Kay Yong David
Non-Independent and Non-Executive Director
Member, Remuneration Committee

Mr Tan Tiong Cheng
Independent and Non-Executive Director
Chairman, Remuneration Committee

Mr Chia Chee Ming, Timothy
Lead Independent Director
Chairman, Nominating Committee
Member, Audit and Risk Committee

Mr Tan Chian Khong
Independent and Non-Executive Director
Chairman, Audit and Risk Committee

Mr Chua Tian Chu
Independent and Non-Executive Director
Member, Nominating Committee
Member, Remuneration Committee

Key Management Personnel

Ms Chew Gek Khim **PJG**
Executive Chairman

Mr Teng Heng Chew Eric
Chief Executive Officer
Straits Developments Private Limited

Mr Tang Kok Peng
Chief Executive Officer
Straits Real Estate Pte. Ltd.

Dato’ Dr IR Patrick Yong Mian Thong
Group CEO & Executive Director
Malaysia Smelting Corporation Berhad

Ms Joyce Tan Wei Tze
Group Financial Controller

Ms Goh Yah Huay
Group Treasurer

Company Secretary

Ms Ngiam May Ling
Boardroom Corporate & Advisory Services Pte. Ltd.

Registered Office

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Guoco Tower
Singapore 078881

Corporate Office

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Tel : (65) 6422 4288
Fax : (65) 6534 7202
E-mail : contactus@stc.com.sg
Website : www.stc.com.sg

Investors’ Relations

Ms Selina Ho
Head, Investors’ Relations & Corporate Secretariat
Head, Corporate Communications
Ms Evelyn Quah
Executive, Corporate Communications
E-mail : ir@stc.com.sg

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr Lim Tze Yuen
(Appointed with effect from financial year ended 31 December 2017)

Principal Bankers

Bank of China Limited
BankSA A Division of Westpac Banking Corporation
CIMB Bank Berhad
Commonwealth Bank of Australia
Credit Suisse AG
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
UBS AG
United Overseas Bank Limited

The Straits Trading Company Limited
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