IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the U.S. nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of The Straits Trading Company Limited, DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of The Straits Trading Company Limited or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of The Straits Trading Company Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

A MEMBER OF THE TECITY GROUP

THE STRAITS TRADING COMPANY LIMITED

(Incorporated in the Republic of Singapore on 8 November 1887)
(UEN/Company Registration No. 188700008D)

S$500,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by The Straits Trading Company Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA (as defined below)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Notes on, the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes.

The Notes have not been and will not be registered under the Securities Act (as defined below) or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of bearer Notes, delivered within the United States or to a United States person. Registered Notes are subject to certain restrictions on transfer, see the section "Subscription, Purchase and Distribution".

An investment in Notes issued under the Programme involves certain risks. For a discussion of some of these risks see the section "Investment Considerations".

Arranger

DBS

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NOTICE

DBS Bank Ltd. (the “**Arranger**”) has been authorised by The Straits Trading Company Limited (the “**Issuer**”) to arrange the S$500,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the “**Notes**”) denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer and the Notes. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect. Where information not relating to the Group herein is extracted from published or otherwise publicly available sources, the sole responsibility of the Issuer has been to ensure that such information has been accurately and correctly extracted from these sources.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the relevant issue date with either CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) and/or any other clearing system specified in the applicable Pricing Supplement (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) (as defined herein) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any of the Dealers or the Trustee. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document nor information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger, the Dealers and the Trustee have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers, the Trustee or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger, the Dealers or the Trustee makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, any of the Dealers or the Trustee that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers, the Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arranger, any of the Dealers or the Trustee accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger, any of the Dealers or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger, each Dealer and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or unaudited financial statements (whether consolidated or unconsolidated) of the Issuer, its subsidiaries and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein) and all other documents deemed incorporated by reference in this Information Memorandum are available on the website of the SGX-ST at www.sgx.com.

Any subscription, purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the subscription, purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger, any of the Dealers or the Trustee) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on pages 111 to 114 of this Information Memorandum.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Potential investors should pay attention to the investment considerations set out in the section titled "Investment Considerations".

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations

2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (as defined herein) (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger, the Dealers and the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger, the Dealers and the Trustee disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 13 October 2011 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**ARA**"	:	ARA Asset Management Limited.
"**Arranger**"	:	DBS Bank Ltd.
"**Articles of Association**"	:	Articles of Association of the Issuer.
"**Board**"	:	Board of Directors of the Issuer.
"**business day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.

“**Coupons**”	:	The interest coupons appertaining to an interest-bearing Definitive Note.
“**Dealers**”	:	Persons appointed as dealers under the Programme.
“**Deed of Covenant**”	:	The deed of covenant dated 13 October 2011 executed by the Issuer by way of deed poll in relation to the Notes (which are represented by Global Notes and which are deposited with the Depository), as amended, varied or supplemented from time to time.
“**Definitive Note**”	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
“**Directors**”	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
“**Euro**”	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“**FEHT**”	:	Far East Hospitality Trust.
“**FEHH**”	:	Far East Hospitality Holdings Pte. Ltd.
“**FY**”	:	Financial year ended or ending 31 December.
“**Global Note**”	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
“**Group**”	:	The Issuer and its subsidiaries.
“**IRAS**”	:	Inland Revenue Authority of Singapore.
“**Issue Documents**”	:	The Trust Deed, the Agency Agreement, the Master Depository Services Agreement and the Deed of Covenant.
“**Issuer**”	:	The Straits Trading Company Limited.
“**Issuing and Paying Agent**”	:	DBS Bank Ltd.
“**ITA**”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“**Latest Practicable Date**”	:	30 September 2020.
“**MAS**”	:	The Monetary Authority of Singapore.
“**Master Depository Services Agreement**”	:	The master depository services agreement dated 13 October 2011 made between (1) the Issuer, as issuer, and (2) the Depository, as depository, as amended, varied or supplemented from time to time.
“**MSC**”	:	Malaysia Smelting Corporation Berhad.
“**MSC Group**”	:	MSC and its subsidiaries.
“**Noteholders**”	:	The holders of the Notes.
“**Notes**”	:	The notes to be issued by the Issuer under the Programme.

"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.
"**Principal Subsidiary**"	:	Any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(a) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(b) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the earlier of (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets of the relevant subsidiary as shown by the accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (2) a report by the auditors for the time being of the Issuer as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 20 per cent. of the total assets of the Group. A report by the auditors for the time being of the Issuer, who shall also be responsible for producing any pro forma statements required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

Provided always that the following shall not be included in the definition of "Principal Subsidiary":

(i) MSC; and

(ii) any subsidiary of the Issuer whose shares are listed on any stock exchange whether in or outside Singapore.

“**Programme**”	:	The S$500,000,000 Multicurrency Debt Issuance Programme established by the Issuer pursuant to the Programme Agreement.
“**Programme Agreement**”	:	The Programme Agreement dated 13 October 2011 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended and restated by an amendment and restatement agreement dated 3 July 2017 and as further amended, varied or supplemented from time to time.
“**Securities Act**”	:	Securities Act of 1933 of the United States, as amended.
“**Series**”	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“**SFA**”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“**SGX-ST**”	:	Singapore Exchange Securities Trading Limited.
“**Shares**”	:	Ordinary shares in the capital of the Issuer.
“**SIM**”	:	Straits Investment Management Pte. Ltd.
“**SRE**”	:	Straits Real Estate Pte. Ltd.
“**subsidiary**”	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
“**TARGET System**”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“**Temporary Global Note**”	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
“**TCPL**”	:	The Cairns Pte. Ltd., the controlling shareholder of the Issuer.
“**Tecity Group**”	:	Tecity Pte. Ltd and its related entities.
“**Tranche**”	:	Notes which are identical in all respects (including as to listing).
“**Trust Deed**”	:	The Trust Deed dated 13 October 2011 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement deed dated 3 July 2017 made between the same parties and as further amended, varied or supplemented from time to time.
“**Trustee**”	:	DBS Trustee Limited.
“**URA**”	:	Urban Redevelopment Authority of Singapore.
“**WALE**”	:	Weighted average lease expiry.

"**A$**"	:	Australian dollars, the lawful currency of Australia.
"**GBP**"	:	Pound sterling, the lawful currency of the United Kingdom.
"**JPY**"	:	Japanese Yen, the lawful currency of Japan.
"**KRW**"	:	South Korean Won, the lawful currency of South Korea.
"**RM**"	:	Malaysian ringgit, the lawful currency of Malaysia.
"**RMB**"	:	Renminbi, the lawful currency of the People's Republic of China.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**US$**" or "**US dollars**"	:	United States dollars, the lawful currency of the United States of America.
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Ms Chew Gek Khim (Executive Chairman) Ms Chew Gek Hiang (Non-Independent and Non-Executive Director) Mr Goh Kay Yong David (Non-Independent and Non-Executive Director) Mr Tan Tiong Cheng (Independent and Non-Executive Director) Mr Chia Chee Ming, Timothy (Lead Independent Director) Mr Tan Chian Khong (Independent and Non-Executive Director) Mr Chua Tian Chu (Independent and Non-Executive Director)
Company Secretary	:	Mr Aldric Tan Jee Wei
Registered Office	:	1 Wallich Street #15-01 Guoco Tower Singapore 078881
Auditors to the Issuer	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Eng and Co. LLC 7 Straits View #11-01 Marina One East Tower Singapore 018936
Legal Advisers to the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Noteholders	:	DBS Trustee Limited 12 Marina Boulevard, Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	The Straits Trading Company Limited
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	DBS Trustee Limited.
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$500,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Use of Proceeds	:	The net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including the refinancing of existing borrowings and the financing of working capital and capital expenditure requirements of the Group.
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.
Custody of the Notes	:	Notes may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg or such other clearing system as may be agreed between the Issuer and the relevant Dealer. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be

		cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary for Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption for Taxation Reasons	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
Redemption at the Option of the Noteholders upon Cessation or Suspension of Trading of the Issuer's Shares	:	If so provided on the face of the Note and the relevant Pricing Supplement, in the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. For the purposes of this paragraph, "**Effective Date**" means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such

		continuous period of 10 market days; and "**market day**" means a day on which the SGX-ST is open for securities trading.
Redemption at the Option of the Noteholders Pursuant to Change of Shareholding Event	:	If so provided on the face of the Note and the relevant Pricing Supplement, if, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 45 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 21 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. For the purposes of this paragraph, a "**Change of Shareholding Event**" occurs when Tan Chin Tuan Pte. Ltd. ceases to own beneficially (whether directly or indirectly) at least 51 per cent. of the issued share capital for the time being of the Issuer.
Negative Pledge	:	The Issuer has covenanted with the Trustee that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over their respective present or future assets, save for: (i) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means; (ii) any security existing as at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed), the principal, capital or nominal amount secured by any such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed the original principal amount of the indebtedness being refinanced); (iii) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, development or redevelopment of such assets and securing a principal amount not exceeding the cost of that acquisition, development or redevelopment;

(iv) (1) any security created in relation to financing or refinancing raised by Straits Real Estate Pte. Ltd. and its subsidiaries over assets acquired from time to time and any security to be created over such assets for the purpose of refinancing the indebtedness secured by such asset and (2) any factoring of account receivables by Straits Real Estate Pte. Ltd.; and

(v) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer has covenanted with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be less than S$1,000,000,000; and

(ii) the ratio of Consolidated Net Borrowings (as defined in the Trust Deed) to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Borrowings**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (but without double counting):

(A) bank overdrafts and all other indebtedness in respect of any borrowings;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which are classified as debt or liability in the consolidated accounts of the Issuer,

but after deducting therefrom any cash and cash equivalents; and

(2) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of the Group (other than any shares which are expressed to be redeemable); and

(B) the amount standing to the credit of the aggregate reserves of the Group and any retained earnings of the Group whether converted to reserves,

all as shown in the then latest published audited or, as the case may be, unaudited consolidated balance sheet of the Group, less (but without double counting) any amount included in the above which is attributable to:

(aa) goodwill, deferred charges or other intangible assets;

(bb) amounts set aside for any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

(cc) revaluation reserves;

(dd) foreign currency translation adjustments;

(ee) minority interests; and

(ff) any dividend or other distribution declared or made by any member of the Group.

Non-Disposal Covenant : The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.28 of the Trust Deed, is substantial in relation to the assets of the Group, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on the Issuer. The following disposals shall not be taken into account under Clause 15.28 of the Trust Deed:

(i) any disposal made in the ordinary course of business of the disposing entity (which, so long as the Group is in the business of being a capital allocator, shall include the acquisition or divestment of any real properties, securities or other assets held by such entity on normal commercial terms and on an arm's length basis);

(ii) any disposal of assets on normal commercial terms which are obsolete, excess or no longer required for the purposes of its business;

(iii) any disposal of assets in exchange for other assets comparable or superior as to type, value and quality;

(iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis; or

		(v) any disposal which the Trustee or the Noteholders by way of Extraordinary Resolution shall have agreed shall not be taken into account.
Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
Board lot size	:	The Notes will be traded in a minimum board lot size of not less than S$200,000 (or its equivalent in other currencies) (or such other minimum board lot size as may be prescribed by the Listing Rules of the SGX-ST) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed dated 13 October 2011 made between (1) The Straits Trading Company Limited (the "**Issuer**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement deed dated 3 July 2017, made between the same parties, and as further amended, restated or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended or supplemented from time to time, the "**Deed of Covenant**") dated 13 October 2011, relating to the Notes executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 13 October 2011 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**", which expression shall include such other issuing and paying agent as may be appointed by the Issuer from to time under the Agency Agreement) and agent bank (in such capacity, the "**Agent Bank**", which expression shall include such other agent bank as may be appointed by the Issuer from time to time under the Agency Agreement), and (3) the Trustee, as trustee for the Noteholders. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note (as defined below) and such Global Note is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium (if any), interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Negative Pledge, Financial Covenants and Non-Disposal Covenant

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over their respective present or future assets, save for:

(i) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;

(ii) any security existing as at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed), the principal, capital or nominal amount secured by any such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed the original principal amount of the indebtedness being refinanced);

(iii) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, development or redevelopment of such assets and securing a principal amount not exceeding the cost of that acquisition, development or redevelopment;

(iv) (1) any security created in relation to financing or refinancing raised by Straits Real Estate Pte. Ltd. and its subsidiaries over assets acquired from time to time and any security to be created over such assets for the purpose of refinancing the indebtedness secured by such asset and (2) any factoring of account receivables by Straits Real Estate Pte. Ltd.; and

(v) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth shall not at any time be less than S$1,000,000,000; and

(ii) the ratio of Consolidated Net Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1.

(c) Non-Disposal Covenant

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.28 of the Trust Deed, is substantial in relation to the assets of the Group, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on the Issuer. The following disposals shall not be taken into account under Clause 15.28 of the Trust Deed:

(i) any disposal made in the ordinary course of business of the disposing entity (which, so long as the Group is in the business of being a capital allocator, shall include the acquisition or divestment of any real properties, securities or other assets held by such entity on normal commercial terms and on an arm's length basis);

(ii) any disposal of assets on normal commercial terms which are obsolete, excess or no longer required for the purposes of its business;

(iii) any disposal of assets in exchange for other assets comparable or superior as to type, value and quality;

(iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis; or

(v) any disposal which the Trustee or the Noteholders by way of Extraordinary Resolution shall have agreed shall not be taken into account.

For the purposes of these Conditions:

(A) "**Consolidated Net Borrowings**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (but without double counting):

(aa) bank overdrafts and all other indebtedness in respect of any borrowings;

(bb) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(cc) the liabilities of the Issuer under the Trust Deed or the Notes;

(dd) all other indebtedness whatsoever of the Group for borrowed moneys; and

(ee) any redeemable preference shares issued by any member of the Group and which are classified as debt or liability in the consolidated accounts of the Issuer,

but after deducting therefrom any cash and cash equivalents;

(B) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(aa) the amount paid up or credited as paid up on the issued share capital of the Group (other than any shares which are expressed to be redeemable); and

(bb) the amount standing to the credit of the aggregate reserves of the Group and any retained earnings of the Group whether converted to reserves,

all as shown in the then latest published audited or, as the case may be, unaudited consolidated balance sheet of the Group, less (but without double counting) any amount included in the above which is attributable to:

(I) goodwill, deferred charges or other intangible assets;

(II) amounts set aside for any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

(III) revaluation reserves;

(IV) foreign currency translation adjustments;

(V) minority interests; and

(VI) any dividend or other distribution declared or made by any member of the Group;

(C) "**Group**" means the Issuer and its subsidiaries and "**member of the Group**" shall be construed accordingly; and

(D) "**Principal Subsidiary**" means any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(aa) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(bb) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (aa) above or which remains or becomes a Principal Subsidiary by virtue of (bb) above shall continue to be a Principal Subsidiary until the earlier of (I) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which shows the total assets of the relevant subsidiary as shown by the accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (II) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 20 per cent. of the total assets of the Group. A report by the Auditors, who shall also be responsible for producing any pro forma statements required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

Provided always that the following shall not be included in the definition of "Principal Subsidiary":

(A) Malaysia Smelting Corporation Berhad; and

(B) any subsidiary of the Issuer whose shares are listed on any stock exchange whether in or outside Singapore.

4. Interest and Other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 4(II)(d)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest

Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a

Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(i)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes (together with all unmatured Coupons) may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes (together with all unmatured Coupons) may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) If so provided hereon, if, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 45 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 21 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(e)(ii), a "**Change of Shareholding Event**" occurs when Tan Chin Tuan Pte. Ltd. ceases to own beneficially (whether directly or indirectly) at least 51 per cent. of the issued share capital for the time being of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(i) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

(i) a certificate signed jointly by any two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment, interpretation or pronouncement.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and Couponholders.

(g) Redemption at the Option of the Noteholders upon Cessation or Suspension of Trading of Shares

If so provided hereon, in the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(g):

(1) "**Effective Date**" means (where the shares of the Issuer cease to be traded on the SGX-ST) the date of cessation of trading or (where trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days) the business day immediately following the expiry of such continuous period of 10 market days; and

(2) "**market day**" means a day on which the SGX-ST is open for securities trading.

(h) Purchases

The Issuer and/or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer and/or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and the Agent Bank initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and the Agent Bank and to appoint additional or other Issuing and Paying Agents and Agent Banks, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (ii) an Agent Bank having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts, principal, premium, Redemption Amount, interest or Early Redemption Amount (as the case may be) which may be payable under these Conditions.

8. Prescription

Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes when due and such default continues for three business days;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not remedied within 30 days of its occurrence;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if in the opinion of the Trustee the event resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of its occurrence;

(d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised.

However, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$50,000,000 or its equivalent in other currencies;

(e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(g) any security on or over all or a material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) (i) any petition, application or the like (other than those of a frivolous or vexatious nature and which are discharged within 30 days of its commencement) is presented, meeting is convened, resolution is passed, court order is made or legal proceeding is taken by any person with a view to the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by the Noteholders by way of an Extraordinary Resolution before that event occurs) or (ii) any petition, application or the like (other than those of a frivolous or vexatious nature and which are discharged within 21 days of its commencement) is presented, meeting is convened, resolution is passed, court order is made or legal proceeding or other procedure is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over any part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, (ii) the Issuer or any of its Principal Subsidiaries disposes or threatens to dispose (otherwise than as permitted by, and in accordance with, Clause 15.28 of the Trust Deed) of its property or assets which (either alone or when aggregated) is substantial in relation to the assets of the Group or which could have a material adverse effect on the Issuer or (iii) the Issuer disposes of all or substantially all of its assets whether by way of scheme of arrangement or otherwise (in each case, otherwise than for the purposes of such a amalgamation, reorganisation, merger or consolidation as is referred to in paragraph (h) above);

(j) any step is taken by any agency of any state with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and which are discharged within 30 days of its commencement) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or is likely to have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions, "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Governing Law

(a) Governing Law

The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes or Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes or Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

Issuing and Paying Agent and Agent Bank

DBS Bank Ltd.
10 Toh Guan Road
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DBS Asia Gateway
Singapore 608838

THE ISSUER

INFORMATION ON THE GROUP

BACKGROUND AND CORPORATE MILESTONES

The Issuer was incorporated in Singapore on 8 November 1887 as a limited company under the Indian Companies Act, 1866 and is one of the oldest companies listed on the Mainboard of the SGX-ST. The Group started out as a tin smelter before diversifying its business between 1962 to 2007 to include property development and hospitality. The Issuer is currently an investment company with stakes in real estate, hospitality and resources that span the Asia-Pacific region. The Issuer considers the Group to be a "capital allocator", meaning each member of the Group seeks to assess and calibrate risks and rewards in respect of the business it conducts and the assets it holds against the prevailing economic environment. To this end, the Group will, as part of its ordinary course of business, source for and pursue investment opportunities that will provide potential for future income and capital growth, and at the same time, capitalise on divestment opportunities in respect of its assets as and when the Group considers feasible in order to free up or re-allocate capital for re-deployment towards higher yielding growth opportunities. As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately S$610.2 million.

In April 2008, the Issuer was acquired by TCPL, a member of the Tecity Group and its present controlling shareholder. The Tecity Group is a privately-held investment group of companies founded by the late banker and philanthropist, Tan Sri (Dr) Tan Chin Tuan. The Tecity Group comprises a public-listed arm (being the Issuer), an investment arm, Tecity Management, a philanthropic arm, Tan Chin Tuan Foundation, and also owns the Tan Chin Tuan Mansion. The Tecity Group manages an active global investment portfolio.

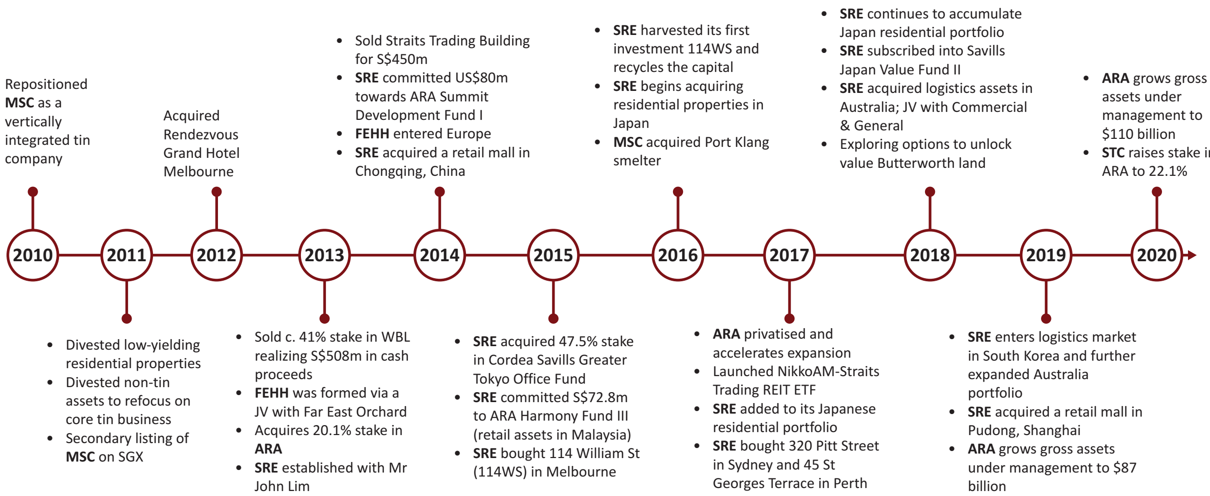
In order to establish the Group's property development and investment business as an engine for growth, the Group embarked on efforts to establish itself as a niche developer of high-end "lifestyle" properties in Singapore and Malaysia. In late 2009, the Group commenced the redevelopment of Good Class Bungalows in upscale residential districts of Singapore located in close proximity to Orchard Road.

The redevelopment of Straits Trading Building, Singapore, was completed in November 2009 and officially opened on 4 May 2010.

On 27 January 2011, MSC completed an initial public offering of 25,000,000 ordinary shares in Singapore and successfully achieved a secondary listing of its shares on the SGX-ST. Upon the secondary listing, the Issuer's effective interest in MSC was diluted to 54.8%.

COMPANY OVERVIEW

Redefining focus and making new investments



In 2012, the Group undertook a series of initiatives with respect to its hospitality division. The first initiative was the Group's S$100 million asset enhancement programme at five of its hotels, namely, Rendezvous Grand Hotel Singapore, Rendezvous Hotel Perth, Rendezvous Grand Hotel Melbourne, Rendezvous Studio Hotel Perth and Rendezvous Grand Hotel Auckland to improve the returns on its hotel properties. The second initiative was to build on the Rendezvous brand by redefining its portfolio of contemporary and heritage style hotels as midscale to upscale hotels operating under the Rendezvous Grand Hotel, Rendezvous Hotel and Rendezvous Studio Hotel brands. The third initiative was the acquisition of the freehold interest of Rendezvous Grand Hotel Melbourne in September 2012.

2013 marked an eventful year for the Group during which the Group executed a number of transactions that unlocked value from some of its existing businesses and created new platforms of growth for its property and hospitality businesses.

In 2010, the Group held a passive 17.0% stake in WBL Corporation. Subsequently, between 2011 and 2012, the Group emerged as the largest shareholder in WBL Corporation with a 40.6% stake after a share swap with two institutional investors. This triggered a mandatory general offer. In May 2013, the Group accepted the takeover offer for WBL Corporation by UE Centennial Venture Pte Ltd and sold its entire shareholding in WBL Corporation for gross proceeds of S$508.8 million and recorded a gain of S$91.8 million on the disposal.

The Group's hospitality business also underwent significant changes in 2013. Through a series of transactions, the Group unlocked value from its hospitality division by converting its portfolio of 13 wholly-owned and leased hotels with almost 3,000 rooms into a 30.0% strategic investment in a scalable and sustainable hospitality platform. In August 2013, the Group completed the injection of Rendezvous Grand Hotel Singapore and Rendezvous Gallery into FEHT for S$217 million in cash and S$68 million in stapled securities of FEHT. Through refurbishments, asset enhancements and rebranding, the value of these two properties increased by over S$100 million since 2009. The transaction allowed the Group to monetise these properties into cash and a stake in FEHT from which the Group is able to enjoy a steady income stream. At the same time, the Issuer entered into a joint venture implementation agreement with FEOrchard. A 30-70 joint venture was established to pursue and conduct hospitality management, hospitality-related businesses and investments in real estate used primarily for hospitality purposes. In November 2013, the Issuer's 30.0% joint venture with FEOrchard in the hospitality industry, FEHH, became fully operational.

In October 2013, the Issuer unveiled a strategic alliance with ARA and Mr John Lim (the Group Chief Executive Officer and substantial shareholder of ARA) to pursue growth opportunities and value-accretive investments in real estate. As part of this strategic alliance, the Issuer became the largest shareholder in ARA through its acquisition of a 20.1% stake for S$294.37 million from Cheung Kong Investment Company Limited and JL Investment Group Limited. The Issuer also formed a co-investment vehicle, SRE, with Mr John Lim to undertake real estate investment activities. As at the Latest Practicable Date, the Issuer holds a 89.5% interest in SRE.

The acquisition of the stake in ARA and the creation of SRE represented the start of a real estate ecosystem created by the Issuer to grow and expand in the real estate sector. This also marked the departure from the Group's earlier positioning of its property business which consisted of an investment property portfolio that was of a high quality but yielded relatively low returns.

In 2014, SRE made its maiden acquisition of a retail development in Chongqing, China, and also committed to invest in the ARA Summit Development Fund. In the same year, FEHH also acquired a portfolio of four hotels in Europe, while MSC acquired a 80% interest in SL Tin Sdn Bhd, a company with a 15-year mining lease in the state of Pahang, Malaysia. In December 2014, the Issuer completed the sale of Straits Trading Building at 9 Battery Road in Singapore to the Sun Venture Group for S$450 million.

In 2015, SRE invested in an array of real estate-related assets across the Asia Pacific region. In May 2015, the ARA Summit Development Fund made its maiden investment in a mezzanine loan for a mixed-use development project located at York Street in Sydney, Australia. In June 2015, SRE acquired a 47.5% stake in the Greater Tokyo Office Fund ("**GTOF**") and invested in the ARA Harmony Fund III, which acquired five income-producing retail properties in Malaysia. As at December 2015, GTOF invested in two office properties in Greater Tokyo. In that same year, SRE also completed the acquisition of an income-generating office building located at 114 William Street in Melbourne, Australia. As part of the Group's strategy of monetising lower-yielding assets and redeploying capital into higher return real estate opportunities, in April 2015, the Issuer completed the sale of its wholly-owned subsidiary, Atbara Holdings Private Limited (which owned 14 units in The Holland Collection), to Haiyi Holdings for S$53.8 million.

In 2016, SRE acquired residential assets in Osaka, Japan, as part of its strategy to capture the demand for good quality affordable rental housing located near a train or subway station, providing accessibility to target tenants. At the end of the year, SRE realised its first investment since inception with the sale of 114 William Street in Melbourne, Australia, and harvested a significant capital gain. The divestment yielded a before tax profit of A$21.7 million. In the same year, MSC acquired a production facility in Klang, Malaysia, which is to be equipped with advanced manufacturing technology to improve efficiency.

In November 2016, the Issuer announced the Group's participation in a consortium that was seeking to privatise ARA (the "**ARA Privatisation**"). The other consortium members included JL Investment Group, affiliates of Cheung Kong Property Holdings Limited, Warburg Pincus LLC and AVIC Trust Co. Ltd. On 12 April 2017, the Issuer further announced the completion of the ARA Privatisation pursuant to which the Issuer transferred its 200,482,000 shares in ARA to Athena Investment Company (Cayman) Limited (the "**Offeror**"). In exchange, the Group received S$48.2 million in cash proceeds and approximately 20.95% of Athena Investment Company (Singapore) Pte. Limited, the holding company which owns 100% of the Offeror. Following the ARA Privatisation, ARA pursued an accelerated expansion plan to grow its assets under management and expand its geographical footprint. In 2017, ARA acquired a strategic stake in Kenedix Inc, one of the leading real estate investment managers in Japan, and in 2018, ARA acquired a strategic stake in Cromwell Property Group in Australia. In May 2020, the Issuer increased its stake in ARA by approximately 1.11% to hold 22.1% of the issued share capital of ARA.

In March 2017, the NikkoAM-Straits Trading REIT ETF was listed on the Singapore Exchange. In July 2017, SRE, through its joint venture with a consortium comprising funds managed by ARA, acquired a freehold 32-storey office building located at 320 Pitt Street in Sydney, Australia. In February 2018, the Issuer expanded its Australia office building portfolio when SRE completed the acquisition of a freehold 9-storey office building located at 45 St Georges Terrace in Perth, Australia. In June 2018, SRE subscribed into the Savills Japan Value Fund II as a follow-up fund in view of the strong performance of the GTOF. In September 2018, SRE, through a joint venture with the Commercial & General group, established its first operating platform to own, develop and manage logistics properties across Australia. In Japan, SRE continued to build its portfolio of residential apartment buildings over the course of 2017 and 2018, culminating in a portfolio of 10 properties with a total of over a thousand apartment units by the end of 2018. The GTOF liquidated its entire portfolio of seven properties in 2017 and 2018 and achieved a portfolio return that exceeded its target returns.

On 27 September 2018, the Group signed a memorandum of understanding (the "**Butterworth MOU**") with MSC to unlock the value of a prime legacy land in Butterworth, Penang, Malaysia. STC Property Management Sdn. Bhd. ("**STCPM**"), a wholly-owned subsidiary of Straits Trading, was set up to spearhead the approximately 36-acre master planned development project named "Straits City" that is co-owned by the Issuer and MSC. For further details on STCPM, please refer to the section titled "Business – Real Estate Business – STC's Property Portfolio – STC Property Management Sdn. Bhd" of this Information Memorandum.

In February 2019, the Group continued to expand its real estate ecosystem with the incorporation of Straits Investment Management Pte. Ltd. ("**SIM**"). In August that same year, SIM received approval from the Monetary Authority of Singapore to commence business as a Registered Fund Management Company.

Today, the real estate and resources platforms which the Issuer has tirelessly built over the last decade are bearing fruits. As at 30 June 2020, SRE's assets under management stood at S$1.8 billion, while its net invested capital was S$796.9 million. During 2019 and 1H2020, the SRE portfolio expanded with additional investments in Australia and China, as well as its maiden investment in South Korea with its participation in a joint venture to develop a five-storey modern logistics facility in Incheon. SRE also took advantage of favourable market conditions to harvest its portfolio of four residential properties in Osaka, Japan, realising a healthy gain for the investment and allowing the returned capital to be recycled into other investment opportunities in Japan and/or other markets. In September 2020, SRE completed its acquisition of the Bourne Business Park in Surrey, England, United Kingdom. For further details on SRE portfolio, please refer to the section titled “Business – Real Estate Business – Straits Real Estate” of this Information Memorandum.

The Issuer’s other integral real estate engine, ARA, has significantly grown its foothold to become a leading Asia Pacific real assets fund manager with a global reach. With $110 billion in gross assets under management as at 30 June 2020, ARA is one of the largest REIT managers based in Asia Pacific and manages 20 listed and unlisted REITs and over 100 private real estate and infrastructure funds across 28 countries. As part of its “investor-operator” philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide. Additionally, ARA operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States, with the objective of driving its business initiatives in these regions. ARA remains an integral part of the Group’s real estate ecosystem, and its business networks and platforms, and expertise in real estate funds management and property management have resulted in benefits to, and continue to present synergistic opportunities for, the Issuer. For further details on ARA, please refer to the section titled “Business – Real Estate Business – ARA Asset Management Limited and Suntec REIT” of this Information Memorandum.

As at 30 June 2020, FEHH owns and operates a combined portfolio of over 95 properties with more than 15,500 rooms across eight countries and 26 cities. FEHH operates nine unique and complementary brands, and is a scalable hospitality platform that the Group will look to capitalise as and when opportunities arise. For further details on FEHH, please refer to the section titled “Business – Hospitality” of this Information Memorandum.

Finally, MSC continues to consolidate its position as the world’s largest independent custom tin smelter. MSC’s initiative to adopt newer and more efficient smelting technology is underway. This is expected to result in higher extractive yields while reducing operational and manpower costs as well as the Group’s carbon footprint. For further details on MSC, please refer to the section titled “Business – Resources” of this Information Memorandum.

KEY RECENT DEVELOPMENTS

(i) Development of Butterworth Land

Following the signing of the Butterworth MOU with MSC in 2018 to explore options to unlock the value of the Butterworth Land, the Issuer, through its wholly owned subsidiary, STCPM, commenced the first phase of the development project which involves the construction of a mixed-use retail cum hotel development, comprising a retail podium and a 4-star hotel, on a designated plot of the Butterworth Land. As at the Latest Practicable Date, the retail podium’s structure has been completed, while the hotel component above the podium is scheduled for completion in the first half of 2022.

(ii) Acquisition of logistics property in Mulgrave, Victoria, Australia

In December 2019, the joint venture platform between SRE and the Commercial & General group further expanded its portfolio of logistics properties by entering into a contract to acquire a mixed-use office and industrial property located in Mulgrave, Victoria, Australia, for A$24.0 million (approximately S$22.3 million[1]). The acquisition was completed in February 2020.

(iii) Acquisition of retail mall in Shanghai, China

On 17 December 2019, the Issuer announced that SRE Venture 16 Pte. Ltd. (“**SRE V16**”), a wholly owned subsidiary of SRE, entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARA and ICBC International Investment Management Limited to form a joint venture in which SRE V16 has a 37.7% stake, to acquire a retail mall named Sanlin Incity (三林印象城) located in the established residential area of Sanlin District of Pudong (浦東區三林鎮), Shanghai, China, for a total consideration of approximately RMB2.42 billion (approximately S$469.5 million[2]). The mall has an approximate gross floor area of 83,074 square metres and a total leasable area of 50,000 square metres. It was opened in the fourth quarter of 2018 and has a strong occupancy rate of 88.0% as at 30 June 2020. The acquisition was completed in May 2020.

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1 Based on a rate of S$1.00: A$0.9308 as at 4 December 2019. The conversion is provided for reference purposes only.

2 Based on a rate of S$1.00: RMB5.15477 as at 4 December 2019. The conversion is provided for reference purposes only.

(iv) Acquisition of Bourne Business Park in Surrey, England

On 26 August 2020, the Issuer announced that SRE Bourne Limited, an indirect subsidiary of the Issuer, had entered into an agreement to acquire 100% of a business park known as Bourne Business Park located in Addlestone, Surrey, England, United Kingdom, for a total consideration of approximately GBP76.7 million (approximately S$137.9 million[3]). The property is a prime business park comprising six standalone office buildings under a single freehold ownership, with a total net lettable area of 182,364 square feet and an occupancy rate of 96.0% as at 28 September 2020. The acquisition was completed in September 2020.

(v) Increase in shareholding in ARA

On 14 August 2020, the Issuer announced that its subsidiary, Straits Equities Holdings (One) Pte. Ltd., had on 22 May 2020 completed its acquisition of approximately 1.11% of the issued share capital of ARA for an aggregate consideration of approximately US$21.2 million. Following the above acquisition, the Issuer holds (through Straits Equities Holdings (One) Pte. Ltd.) 22.1% of the issued share capital of ARA.

(vi) Acceptance of binding commitment to divest Japan Residential Portfolio

On 15 October 2020, the Issuer announced that SRE, through a consolidated subsidiary, had entered into a binding commitment letter to dispose of its entire interest in a portfolio of nine freehold residential apartments located in Tokyo and the Greater Tokyo Area, Japan, for an aggregate consideration of approximately JPY18,949 million (approximately S$244.2 million)[4]. As at 30 September 2020, the aggregate book value of the abovementioned portfolio was S$238.6 million, with an aggregate net asset value of S$101.1 million[5].

3 Based on a rate of GBP1.00 : S$1.797 as at 26 August 2020. This conversion is provided for reference purposes only.
4 Based on a rate of S$1.00 : JPY77.61 as at 14 October 2020. This conversion is provided for reference only.
5 The net asset value of the portfolio is computed as the book value of the portfolio minus loans.

BUSINESS

OVERVIEW

Currently, the Group is engaged in real estate, hospitality, and the resources business, with investments that span the Asia Pacific region. The Issuer considers the Group to be a "capital allocator", meaning each member of the Group seeks to assess and calibrate risks and rewards in respect of the business it conducts and the assets it holds against the prevailing economic environment. To this end, the Group will, as part of its ordinary course of business, source for and pursue investment opportunities that will provide potential for future income and capital growth, and at the same time, capitalise on divestment opportunities in respect of its assets as and when the Group considers feasible in order to free up or re-allocate capital for re-deployment towards higher yielding growth opportunities. As at the Latest Practicable Date, the Group holds:

- a portfolio of properties in Singapore and Malaysia directly held by the Issuer ("**STC's Property Portfolio**"), including an approximately 23-acre plot of land located in Butterworth, Penang, Malaysia ("**STC's Butterworth Land**");

- a 89.5% stake in SRE, a co-investment vehicle that seeks out real estate related investments and opportunities globally;

- a 22.1% indirect stake in ARA,[6] a leading Asia-Pacific real assets fund manager with a global reach;

- a 2.8% direct interest[7] in Suntec REIT, one of the largest real estate investment trusts ("**REITs**") listed on the SGX-ST, with ownership interests in prime commercial and retail properties;

- a 100% stake in Straits Investment Management Pte. Ltd. ("**SIM**"), a Registered Fund Management Company (as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations of Singapore ("**SFR**"));

- a 30.0% interest in FEHH, a premier hospitality assets owner and operator with over 95 properties and more than 15,500 rooms under management;[8] and

- a 54.8% stake in MSC, the largest independent custom tin smelter that is dual listed on Bursa Malaysia Bhd and the SGX-ST.

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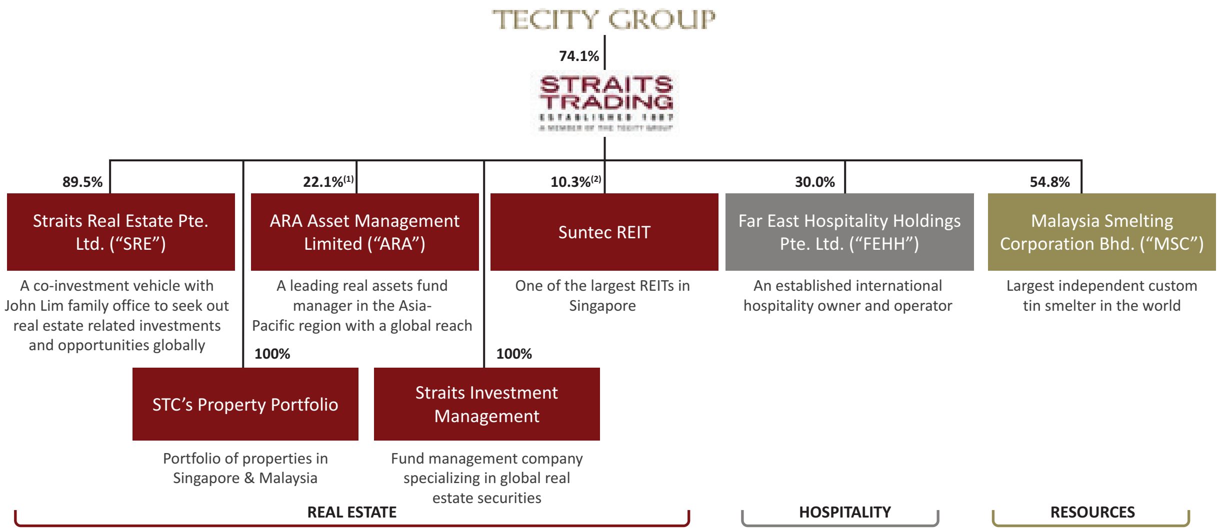
6 The Group's 22.1% stake includes an approximate 1.11% stake which was acquired in May 2020 for an aggregate consideration of US$21.2 million, of which the first tranche of US$10.7 million has been paid in May 2020, with the remaining balance to be paid at a later date to be determined and in any event no later than 31 May 2021.

7 Taking into account the Group's 7.5% deemed interest in Suntec REIT through its shareholding in ARA group companies, the Group has an aggregate 10.3% interest in Suntec REIT.

8 As at July 2020.

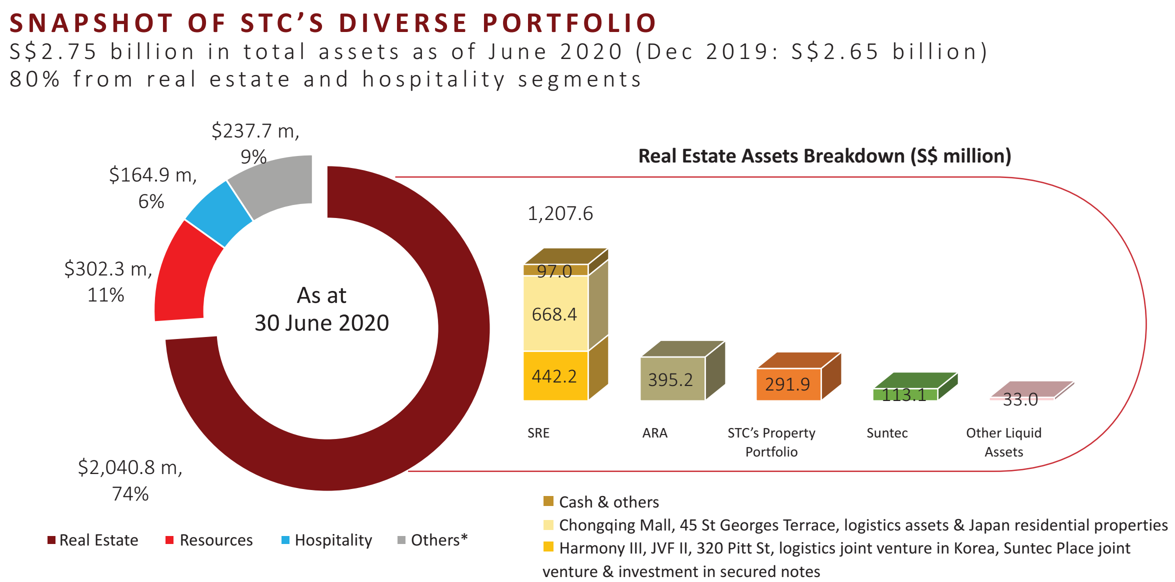
A diagrammatic representation of the three (3) business segments of the Issuer as at the Latest Practicable Date is set out below:



(1) The Group's 22.1% stake includes a 1.11% stake which was acquired in May 2020 for an aggregate consideration of US$21.2 million, of which the first tranche of US$10.7 million has been paid in May 2020, with the remaining balance to be paid at a later date to be determined and in any event no later than 31 May 2021.
(2) Aggregate interest in Suntec REIT, comprising 2.8% direct interest and 7.5% deemed interest through its shareholding in ARA group companies

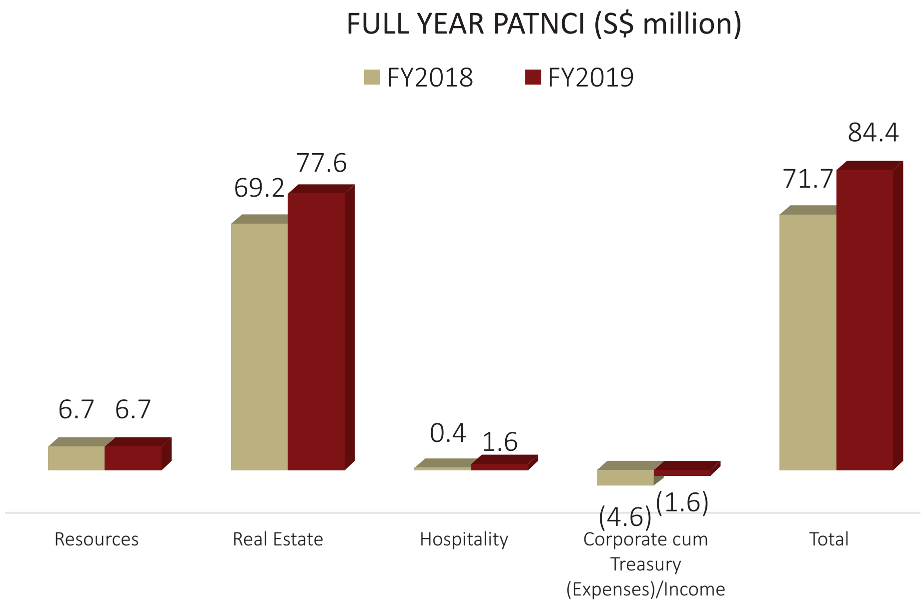
A breakdown of the Group's profit after tax and non-controlling interests ("**PATNCI**") and total assets by business segments is set out as follows:

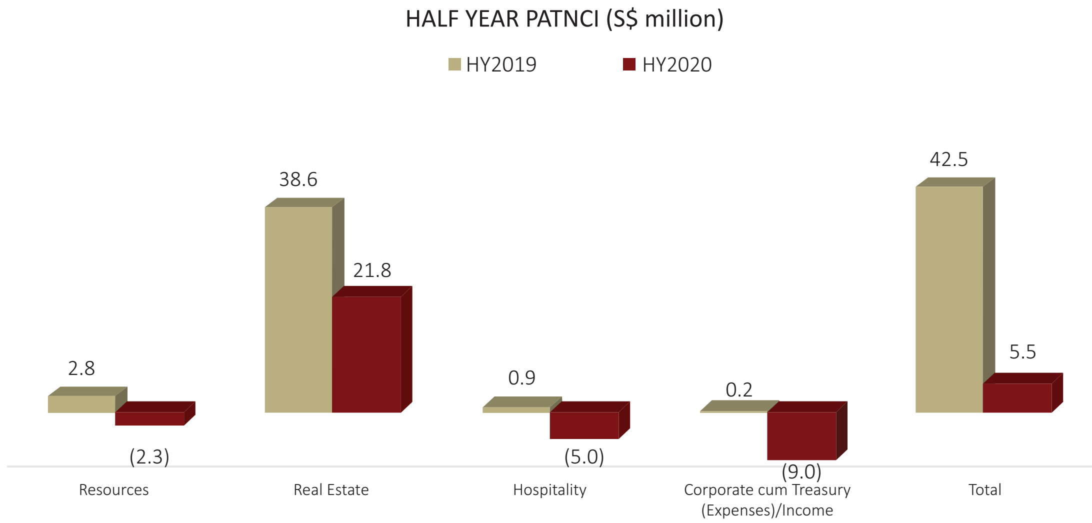
Total Assets by Business Segment



* Other comprise mainly Group level cash, separate account portfolio

PATNCI by Business Segment





(a) Real Estate

Central to the Group's business is its real estate ecosystem, anchored by its stake in SRE, ARA, Suntec REIT and its hospitality platform. This real estate ecosystem allows the Group to invest and allocate capital across a range of asset classes within the real estate space and allows the Group to leverage the wide business networks of the Issuer and its partners for deal flow and access to investment opportunities that create value. As the platforms interact, they generate additional streams of fee income and create avenues for capital to be allocated to investments with higher returns, whether it is direct investments in real estate, seeding and sponsoring real estate funds or investing in real estate securities. The real estate ecosystem put in place by the Group also involves the Group identifying divestment opportunities in respect of its assets and capitalising on such opportunities when they arise.

As at the Latest Practicable Date, the Group's real estate businesses comprise:

1. STC's Property Portfolio, which comprises properties in Singapore and Malaysia, including STC's Butterworth Land. STC Property Management Sdn. Bhd., a wholly-owned subsidiary of the Issuer, has been set up to spearhead "Straits City" – an approximately 36-acre waterfront master planned development project in Butterworth, Penang, Malaysia, of which approximately 23 acres comprise STC's Butterworth Land;

2. SRE, its 89.5% held investment vehicle, which pursues real estate opportunities globally;

3. ARA, its 22.1%-owned associate, which is a leading Asia-Pacific real assets fund manager;

4. Suntec REIT, which the Group has a direct interest of 2.8%; and

5. SIM, a Registered Fund Management Company that specialises in global real estate securities management.

The Group's real estate business accounted for 96.5% and 92.0% of the PATNCI of the Group for FY2018 and FY2019 respectively. For the half year financial period ended 30 June 2020 ("**1H2020**"), the real estate business continued to benefit from its strength and diversity and was the sole business segment profitable to the Group. The real estate segment accounted for 74.0%, 73.7%, and 74.3% of the total assets of the Group as at 31 December 2018, 31 December 2019 and 30 June 2020 respectively.

(b) Hospitality

The Group's hospitality platform, a 30-70 joint venture with Far East Orchard Limited ("**FEOrchard**") in 2013, has allowed the Group to gain scale with a larger base of assets and grow its rooms under management from 3,000 to more than 15,500 across 95 hotels and serviced residences situated in eight countries. Through FEHH, the Group's 30.0%[9] stake provides a large and scalable platform for the Group to tap opportunities in the hospitality industry.

(c) Resources

The Group engages in the resources business primarily through the Issuer's 54.8%[10] owned (held directly and indirectly) subsidiary, MSC, which is listed on both Bursa Malaysia Bhd and the SGX-ST. MSC is one of the world's leading integrated producers of tin metal and tin-based products and a global leader in independent custom tin smelting.

The Group's resources business accounted for 9.4% and 8.0% of the PATNCI of the Group for FY2018 and FY2019 respectively. For 1H2020, the resources business reported a loss due to reduced activities and lower tin prices, as the Movement Control Order imposed by the Government of Malaysia resulted in a disruption in the operations of the mine and the smelter. The resources segment accounted for 11.9%, 10.9%, and 11.0% of the total assets of the Group as at 31 December 2018, 31 December 2019, and 30 June 2020 respectively.

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9 As at the Latest Practicable Date.

10 As at the Latest Practicable Date.

REAL ESTATE BUSINESS

The Group's real estate business is anchored by its investments in the various real estate related businesses. As at the Latest Practicable Date, the Group's real estate business has a diversified real estate portfolio as follows:

Figures represent SRE's pro-rata share of property value as of 30 June 2020
* SRE's pro rata share of property value held in fund
** carrying value of the 23 acres of land belonging to STC

Investment Properties

As at 31 December 2019, the Group holds the following investment properties:

Description of Properties	Tenure	Unexpired lease term (year)	Site area (square metres)	Net Floor Area (square metres)	Existing use	Fair value (as at 31 Dec 2019) (S$'000)	Effective Equity Interest (%)
STC'S PROPERTY PORTFOLIO							
Singapore							
2 townhouse units at Gallop Green Condominium*	Freehold	-	-	788 (strata)	Residential	14,620	100
6A/8/8A/10/12 at Cable Road	Freehold	-	7,432	4,327 (gross)	Residential	144,600	100
10/10A/10B at Nathan Road	Freehold	-	4,548	2,083 (gross)	Residential	90,600	100
					Total	**249,820**	

* *Sale of 1 townhouse unit was completed in June 2020*

Description of Properties	Tenure	Unexpired lease term (year)	Site area (square metres)	Net Floor Area (square metres)	Existing use	Fair value (as at 31 Dec 2019) (S$'000)	Effective Equity Interest (%)
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	875	11,255	-	Residential	18	100
A parcel of residential land, Lot No. 34612 Town of Ipoh(S), District of Kinta, Perak	999 years Leasehold	874	12,892	-	Residential	2,949	100
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold	-	3,826	-	Retail	2,577	100
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, 12000 Butterworth, Penang	Freehold	-	1,322	2,587	Commercial	1,822	100
					Total	**7,366**	
SRE'S INVESTMENT PROPERTIES							
China							
Chongqing Retail Mall at No. 186 Tongjiang Avenue, Nan'an District Chongqing	Leasehold	31	15,774	37,229 (gross)	Retail	163,166	89.5
					Total	**163,166**	
Japan							
Japan Residential Portfolio*							
Residential building at 3-3, Toyotamakita 3 chome, Nerima-ku, Tokyo	Freehold	-	1,022	1,997	Residential	18,461	88
Residential building at 13-1, 13-2, 13-3 Minami-honcho 1 chome, Minami-ku, Saitama city, Saitama	Freehold	-	1,364	4,939	Residential	31,471	88
Residential building at 33-1, 101-5, Narimasu 2 chome, Itabashi-ku, Tokyo	Freehold	-	541	1,278	Residential	14,868	89
Residential building at 48-3, 48-14 Asakusabashi 5 chome, Taito-ku, Tokyo	Freehold	-	211	1,210	Residential	19,700	89
Residential building at 11-1 to 11-3, 11-11 to 11-15 and 11-17 to 11-20 Higashi-kawaguchi 1 chome, Kawaguchi city, Saitama	Freehold	-	3,688	6,957	Residential	44,108	78
Residential building at 8-5 Kaigan 2 chome, Minato-ku, Tokyo	Freehold	-	751	2,876	Residential	55,384	89
Residential building at 730-14, 730-15, 730-31 Nakameguro 4 chome, Meguro-ku, Tokyo	Freehold	-	746	967	Residential	13,877	89
Residential building at 641-3, 642-1 Nakameguro 4 chome, Meguro-ku, Tokyo	Freehold	-	468	597	Residential	9,701	89
Residential building at 12-7, Shiokusa 3-chome, Naniwa-ku, Osaka-city, Osaka**	Freehold	-	520	2,994	Residential	21,311	89
					Total	**228,881**	

** *Sale of the property was completed in February 2020.*
*** *Entered into a legally binding commitment to divest the Japan Residential Portfolio in October 2020.*

Description of Properties	Tenure	Unexpired lease term (year)	Site area (square metres)	Net Floor Area (square metres)	Existing use	Fair value (as at 31 Dec 2019) (S$'000)	Effective Equity Interest (%)
Australia							
Office building at 45 St Georges Terrace, Perth, WA	Freehold	-	1,826	9,995	Office/ Carpark	57,667	85
Logistics Portfolio, South Australia & Victoria							
Industrial facility at 867-885 Mountain Highway, Bayswater (Melbourne), Victoria	Freehold	-	104,200	30,555	Warehouse/ Office	53,307	72
Industrial facility at 33-55 Frost Road, Salisbury South, SA	Freehold	-	103,700	46,469	Warehouse/ Office	32,819	72
Industrial facility at 14 Ocean Steamers Road, Port Adelaide, SA	Freehold	-	35,990	17,251	Warehouse/ Office	26,255	72
Industrial land at 157-165 Cross Keys Road, Salisbury South, SA	Freehold	-	151,900	-	Industrial land	12,799	72
Industrial facility at 34 Share Street, Kilkenny, SA	Freehold	-	50,329	37,809	Warehouse/ Office	42,196	72
Industrial land at Allotment 32 Third Avenue, Mawson Lakes, SA	Freehold	-	37,980	-	Industrial land	10,971	72
					Total	**236,014**	

In September 2019, the Group entered into a forward purchase agreement to acquire a freehold residential property known as Hatchobori Residence in Chuo-ku, Tokyo, Japan. It has a net lettable area of approximately 1,143 square metres comprising of 37 units and valued at S$21.8 million. The construction of the property proceeded according to schedule and was completed in May 2020. The acquisition of property was completed in August 2020.

In December 2019, the Group entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARA and ICBC International Investment Management Limited to form a joint venture (in which SRE has an effective stake of 37.7%) to purchase a retail mall named Sanlin Incity (三林印象城) for a total consideration of approximately RMB2.42 billion (approximately S$469.5 million[11]), of which SRE's capital commitment (through its wholly-owned subsidiary) is RMB441.9 million (approximately S$85.7 million[12]). The property is located in the established residential area of Sanlin District of Pudong (浦東區三林鎮), Shanghai, China, and is income-generating with approximately 83,074 square metres of gross floor area and approximately 50,000 square metres of leasable area, primarily serving the residents in the vicinity. The acquisition of the mall was completed in May 2020. As at 30 June 2020, the mall has an occupancy rate of 88.0%.

In August 2020, the Group entered into an agreement to acquire 100% of the Bourne Business Park located in Addlestone, Surrey, England, United Kingdom for a total consideration of approximately GBP76.7 million (approximately S$137.9 million[13]). The property is a prime business park comprising six standalone office buildings under a single freehold ownership, with a total net lettable area of 182,364 square feet. The property is strategically located in the affluent Surrey County southwest of London, which is easily accessible to key travel nodes such as Heathrow Airport (12-minute drive) and London city centre (29-minute train ride). The property has an occupancy rate of 96% as at September 2020. The acquisition of the property was completed on 28 September 2020.

11 Based on a rate of S$1.00 : RMB5.15477 as at 4 December 2019. The conversion is provided for reference purposes only.
12 Based on a rate of S$1.00 : RMB5.15477 as at 4 December 2019. The conversion is provided for reference purposes only.
13 Based on a rate of GBP1.00 : S$1.797 as at 26 August 2020. This conversion is provided for reference purposes only.

Other Properties

As of 31 December 2019, the Group has land under development and property, plant and equipment with a net carrying value of S$67.4 million and S$43.6 million respectively. The details of the properties included are as follows:

Description of Properties	Tenure	Unexpired lease term (year)	Existing use
Malaysia			
Land under development; Straits City (Butterworth)			
Lot 20514 – 20517 Section 4 Town of Butterworth North Seberang Perai District, Penang	Freehold	-	Office/Factory/ Carpark shed
Lot 20500 – Lot 20512 Section 4 Town of Butterworth North Seberang Perai District, Penang #	Freehold	-	Commercial/Carpark/ Car showroom
# Included Lot No. 20502 with site area of 4,656 sq. m. under development for hotel with podium accommodating shoplots and carpark.			
Property, plant and equipment			
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	98	Holiday Bungalow
Lot 448, Mukim of Sabai, District of Bentong, Pahang	Freehold	-	Agriculture
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam, Penang	Freehold	-	Residential
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:			
(i) Land and buildings at Lot 344 and 348	Freehold	-	Dam and residential
(ii) Land at Lot 1886	Freehold	-	Agriculture
(iii) Land and buildings at PT 725, 726 and 727	Leasehold	3	Dam and power station
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	89	Residential
(v) 2 units of single-storey semi-detached house at PT 55671 and 55675	Freehold	-	Residential
Lot 6, 8 & 9 Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park, West Port, 42920 Port Klang Selangor	Leasehold	77	Office and factory

(a) STC'S Property Portfolio

The Group owns a portfolio of legacy properties in Singapore & Malaysia, which it intends to develop to unlock asset value or monetize for capital to be redeployed into higher yielding investments. As at 30 June 2020, the carrying value of the properties is S$291.9 million including STC's Butterworth Land and after accounting for the divestment of a Gallop Green townhouse unit in Singapore within the first half of 2020. A significant proportion of the Group's property portfolio value is attributable to the eight freehold Good Class Bungalows that the Group owns, which represent the pinnacle of Singapore's residential property market with only 2,800 units available across 39 gazetted areas in Singapore.

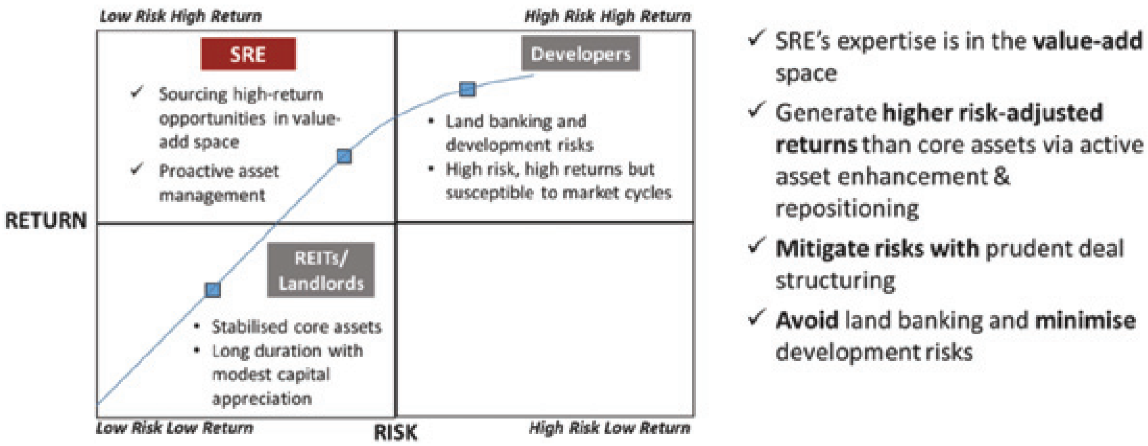
STC Property Management Sdn. Bhd

The Group and MSC collectively own approximately 36 acres of freehold land in Butterworth, mainland Penang, Malaysia (the "**Butterworth Land**"), of which approximately 23 acres comprises STC's Butterworth Land. In 2018, the Group signed a memorandum of understanding with MSC to explore options to unlock the value of the Butterworth Land. Additionally, the Group has obtained approval for its master plan to transform the Butterworth Land into a mixed-use development. The entire development project is named "Straits City", and is strategically located along the Butterworth waterfront, which offers a panoramic view of Penang Island. It is only a 25-minute drive from the Penang International Airport and a five-minute drive from the new transport hub, Penang Sentral. The first phase of the development project involves the construction of a mixed-use retail cum hotel development, comprising a retail podium and a 4-star hotel, on a designated plot of the Butterworth Land. The structure of the retail podium has been completed and the hotel component is scheduled for completion in the first half of 2022.

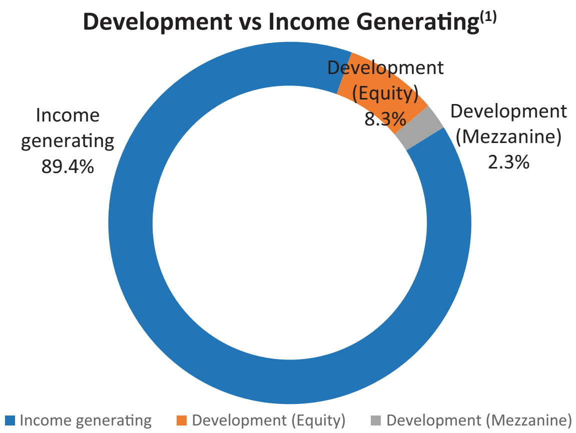
Butterworth has been earmarked as an extension of George Town in Penang's Draft Master Plan 2030 and will function as an innovation hub that features best-in-class industries, developments and infrastructure, with all the major infrastructure of a major city in place, including direct access to highway and rail networks, and bus and ferry terminals.

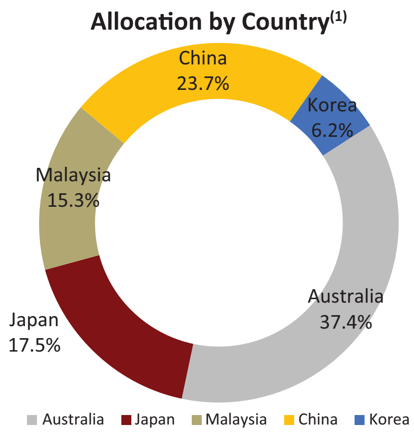
(b) Straits Real Estate

SRE, the Group's 89.5%[14] real estate investment arm, is organised as a real estate investment company, primarily making financial investments in direct real estate, real estate funds, and real estate operating platforms. Its core competence lies in its ability of risk pricing and correspondingly finding the most efficient use for its capital on a risk-adjusted basis. The following diagram illustrates SRE's strategy of targeting investments which generate higher risk-adjusted returns:



SRE is not restricted to any one geographical market or property sector. As of 30 June 2020, it has a diversified portfolio that comprises mainly income-generating properties or investments (as illustrated in the diagram below). SRE seeks to create shareholder value by allocating its capital into an array of real estate opportunities, each with different risk profiles, and offering different levels of expected returns. This is usually done by partnering with local real estate companies or professionals who are experts in their markets and fields.





(1) Asset value weighted as of 30 June 2020

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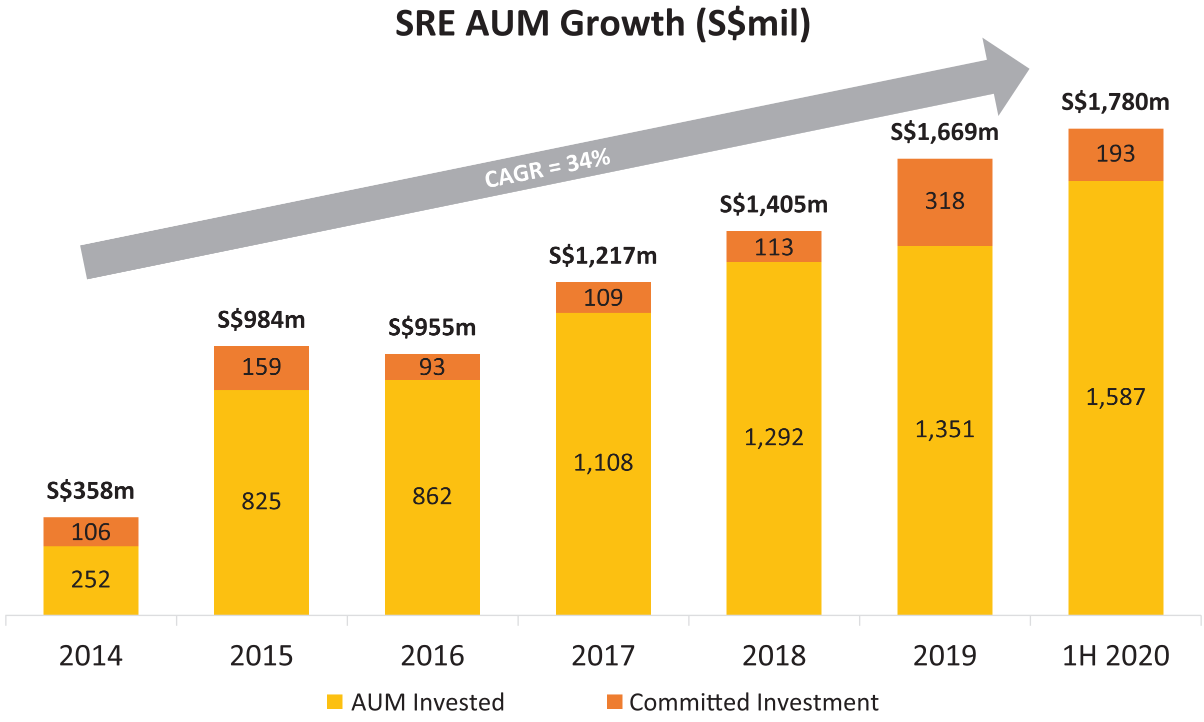
14 As at the Latest Practicable Date.

From its inception in late 2013, SRE's assets under management has grown from S$358 million at the end of 2014 to S$1.8 billion at the end of 1H2020, while net invested capital was S$796.9 million. S$552.1 million was successfully divested from 2017 to 1H2020, and capital returned was recycled.



SRE delivered before-tax profit of S$89.6 million in 2019 and achieved a return on equity of 11.0%. This was accomplished through a combination of income from its various investments and fair value gains for investment properties in Australia, Malaysia, Japan and China, as well as the successful divestment of four residential properties located in Central Osaka, Japan which generated attractive returns. FY2019 marked another year of continued growth of SRE's assets under management. One notable initiative in FY2019 was SRE's expansion of its existing industrial and logistics portfolio in Australia to South Korea through its maiden investment in a regulated collective investment vehicle known as "IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company". With a combined initial capital commitment of S$220 million in respect of both its industrial and logistics portfolio in Australia and South Korea, SRE aims to develop a scalable logistics portfolio.

In 1H2020, SRE delivered a before-tax profit of S$14.7 million. Despite the ongoing coronavirus ("**COVID-19**") pandemic, the impact of the pandemic on SRE was cushioned by SRE's diversified portfolio across a range of asset classes and geographies, with rental income experiencing minimal impact.

While SRE takes a long-term view of its investments, it will also, as part of its ordinary course of business, opportunistically consider exit options when they present themselves.

Direct Real Estate Investments

(i) Chongqing Retail Mall ("悦地 My Place Mall")

悦地 My Place Mall is a regional, large-scale integrated shopping mall located at No. 186 Tongjiang Avenue in the Nan'An District of Chongqing, China. Comprising 35,400 square metres of leasable retail space, 悦地 My Place Mall provides a one-stop destination for leisure and entertainment, F&B and retail activities, and comprises two basement levels of car park space and six levels above ground. Conveniently situated with direct access to the ChaYuan subway station at the basement of the mall which connects to the city centre, 悦地 My Place Mall caters primarily to the middle-income families of the Nan'An District, as well as shoppers from neighbouring districts in Chongqing.

悦地 My Place Mall continued to deliver improved performances in 2019, benefiting from the positive impact on footfall and sales as a result of the mall management's pro-active efforts to upgrade the tenancy-mix by replacing under-performing tenants.

However, the mall has been impacted by the COVID-19 pandemic since late January 2020, following the escalation of the COVID-19 outbreak. With effect from 1 February 2020, the mall was required by the Nan'an government to cease operations, with the exception of the supermarket and pharmacy which were permitted to continue operations towards the provision of essential supplies to the surrounding residential communities. In view of the mandatory mall closure, rent and common area maintenance charges for February 2020 were waived for all tenants.

Approval was obtained from the Nan'an government for retail and food & beverages tenants to re-open their stores from early March 2020 while other tenants such as the cinema, KTV, gym, and children education service providers were progressively allowed by Nan'an government to resume their operations since April 2020. As at end September 2020, all tenants had resumed business.

In an effort to maintain shopper engagement while the mandatory stay-home requirements remain in effect, the mall has increased its online presence and interactions. These include interactive promotions on the mall's WeChat and TikTok (抖音) platforms. Daily footfall and sales have increased since the re-opening of the mall in early March 2020. Active preparation of additional campaigns and events is also underway to attract shoppers to return to the mall when the situation in Chongqing returns to normalcy. As of August 2020, both footfall and sales have generally returned to levels similar to that prior to the COVID-19 pandemic. The occupancy was around 97.1% as of 30 June 2020.

(ii) Japan Residential Portfolio

On 15 October 2020, the Issuer announced that SRE, through a consolidated subsidiary, has entered into a binding commitment letter to dispose of its entire interest in its Japan residential portfolio for an aggregate consideration of approximately JPY18,949 million (approximately S$244.2 million[15]) (the "**Proposed Disposal**"). The Proposed Disposal is in line with the Issuer's strategy of redeploying capital from its existing property portfolio of high quality but low yielding investment properties into potentially higher return real estate opportunities through its subsidiaries. The properties in SRE's Japan residential portfolio will not affect the nature of the Issuer's principal business or result in a disposal of a substantial part of the Issuer's business. As at 30 September 2020, the aggregate book value of the abovementioned portfolio was S$238.6 million, with an aggregate net asset value of S$101.1 million[16].

(iii) Office properties, Australia

SRE's portfolio of office properties in Australia comprises two office buildings. The first office property is a freehold 32-storey office building located at 320 Pitt Street, Sydney, which is situated between various transport nodes in the Sydney central business district and in close proximity to lifestyle, food and beverages amenities. Since acquiring the building in July 2017, SRE completed the first phase of its asset enhancement plan in 2019, which included the provision of end-of-trip facilities, upgrading of the building lobby, and creation of new leasable space on level 1. The second phase of its asset enhancement plan, which includes refurbishment and reinstatement works for office floors, was completed in August 2020. Currently, SRE is actively fitting out space to enhance the leasing traction for remaining space.

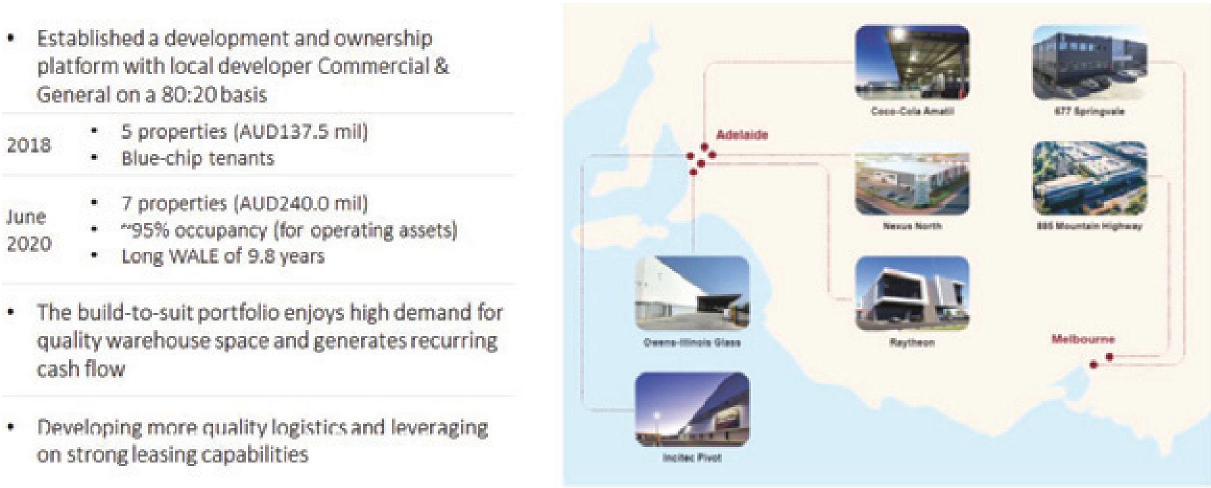
The second office property is a freehold 9-storey office building located at 45 St Georges Terrace, Perth, which is situated at the heart of the Perth central business district and in close proximity to transport nodes and retail and dining amenities. As a result of SRE's active asset management programme, the building's performance has improved since its acquisition by SRE in February 2018, with its energy efficiency improving to reach a higher NABERS (National Australia Built Environment Rating System) rating. As of 30 June 2020, the building's occupancy rate was 85.6%, providing a steady source of recurring income to SRE.

(iv) Logistics portfolio, South Australia & Victoria

Through Integrated Logistics Partners ("**ILP**"), a real estate operating platform established pursuant to a joint venture between SRE and the Commercial & General group based in Australia, SRE owns an 80% interest[17] in a portfolio of seven logistics properties located across South Australia and Victoria.

15 Based on a rate of S$1.00 : JPY77.61 as at 14 October 2020. This conversion is provided for reference only.
16 The net asset value of the portfolio is computed as the book value of the portfolio minus loans.
17 As at 19 September 2018.

The portfolio of seven properties, on a fully developed basis, has a combined value of AUD240.0 million[18] and a total potential leasable area of 172,600 square metres. Existing tenants comprise established multi-national companies such as Siemens, Incitec Pivot, Coca-Cola Amatil and Owens-Illinois Glass. Over the past year, SRE completed the development of built-to-suit distribution centre located at Kilkenny, South Australia for Owens-Illinois Glass, and completed the acquisition of the sixth property located in Mawson Lake, South Australia. In February 2020, SRE completed the acquisition of the seventh property located in Mulgrave, Victoria. As at June 2020, the seven properties have an average 94.9% occupancy rate (for operating assets).



* Denotes newly acquired facilities

* Denotes newly acquired facilities

Joint Venture

Logistics portfolio, South Korea

In 2019, SRE, together with IGIS Asset Management, one of the largest asset managers in South Korea, and three other minority shareholders, established a joint venture named "IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company", a regulated collective investment vehicle, to develop a portfolio of logistics warehouse properties in South Korea. SRE, through its wholly-owned subsidiary, has a 94.7%[19] shareholding interest in the joint venture, with a capital commitment of up to KRW104.2 billion. The joint venture's maiden acquisition is a 50.0%[20] ownership

18 As at 30 June 2020.
19 As at 20 June 2019.
20 As at 20 June 2019.

interest in a land parcel of approximately 62,000 square metres located in Incheon, South Korea that is slated to be developed into a 190,000 square metres six-storey modern logistics facility. Situated approximately 8 kilometres from the Incheon International Airport's air cargo terminal and easily accessible via the Incheon Airport Expressway, the facility will offer attractive state-of-the-art facilities for prospective tenants. The construction of the facility on the land parcel commenced in July 2019, and is targeted to complete in FY2021.

Mezzanine Loan Investment

Aspire Melbourne, Victoria

As at 30 June 2020, SRE has granted a mezzanine loan of AUD 33.0 million to the project developer of a high-rise residential development comprising 594 units in the Melbourne central business district. The development is situated in a prime location which is accessible by public transportation and located within close proximity to various amenities. The investment is backed by a second ranking property mortgage over the asset. The development is expected to be completed by the end of 2022.

Fund Investments

SRE has invested in the following real estate funds as at 30 June 2020:

	Fund/ Country	**Overview**	**Percentage Interest as at 30 June 2020**	**SRE Commitment as at 30 June 2020**	**SRE Contributed Capital as at 30 June 2020**
	**JAPAN** Japan Value Fund II	• Focus on acquiring office assets in the Greater Tokyo area and other cities in Japan • Currently holds 4 Portfolio investments in various cities across Japan • Follow-on fund to the Greater Tokyo Office Fund which was fully divested in FY2018 with attractive returns.	18.5%	JPY 8.0 billion	JPY 2.1 billion
 **Malaysia Retail Portfolio**	**MALAYSIA RETAIL PORTFOLIO** ARA Harmony Fund III	• Portfolio of high quality, well-located 5 retail malls across Malaysia with total NLA of 2.8 million square feet; supported by strong catchment areas • High committed occupancy of above 90.0% with steady income stream	40.0%	S$72.8 million	S$70.2 million

(i) Japan Value Fund II

The Japan Value Fund II, which is managed by Savills Investment Management, focuses mainly on acquiring mid to large-sized office buildings in the Greater Tokyo area and other cities in Japan while retaining the flexibility to invest a minority of its capital in other sectors including residential. The fund employs a strategy to source for quality assets off-market at competitive pricing, giving it an entry cost advantage for each asset that it acquires. In light of the ongoing COVID-19 pandemic, the fund is also sourcing for pipeline assets as the pandemic creates credit stress opportunities.

In June 2020, the fund successfully completed the sale of an office building in Fukuoka. As at 30 June 2020, the fund held stakes in four investments, including offices in Tokyo and Nagoya, as well as residential apartments in Tokyo and Greater Tokyo.

(ii) Malaysia Retail Portfolio ("ARA Harmony Fund III")

The ARA Harmony Fund III owns a portfolio of five commercial properties in Malaysia with a total net lettable area of 2.8 million square feet. The income generating properties include the Ipoh Parade Mall in Perak, the Klang Parade Mall and Citta Mall in Selangor, 1 Mont Kiara Mall and AEON Bandaraya in Malacca.

(c) ARA Asset Management Limited and Suntec REIT

The Issuer has limited access to information relating to ARA, Suntec REIT and their respective businesses, and certain information on ARA and Suntec REIT and their respective businesses in this Information Memorandum has been extracted from publicly available documents and information, including annual reports, information available on its corporate website, documents filed with its regulators and stock exchanges on which its securities are listed and has not been independently verified by the Issuer, the Arranger and/or the Dealers.

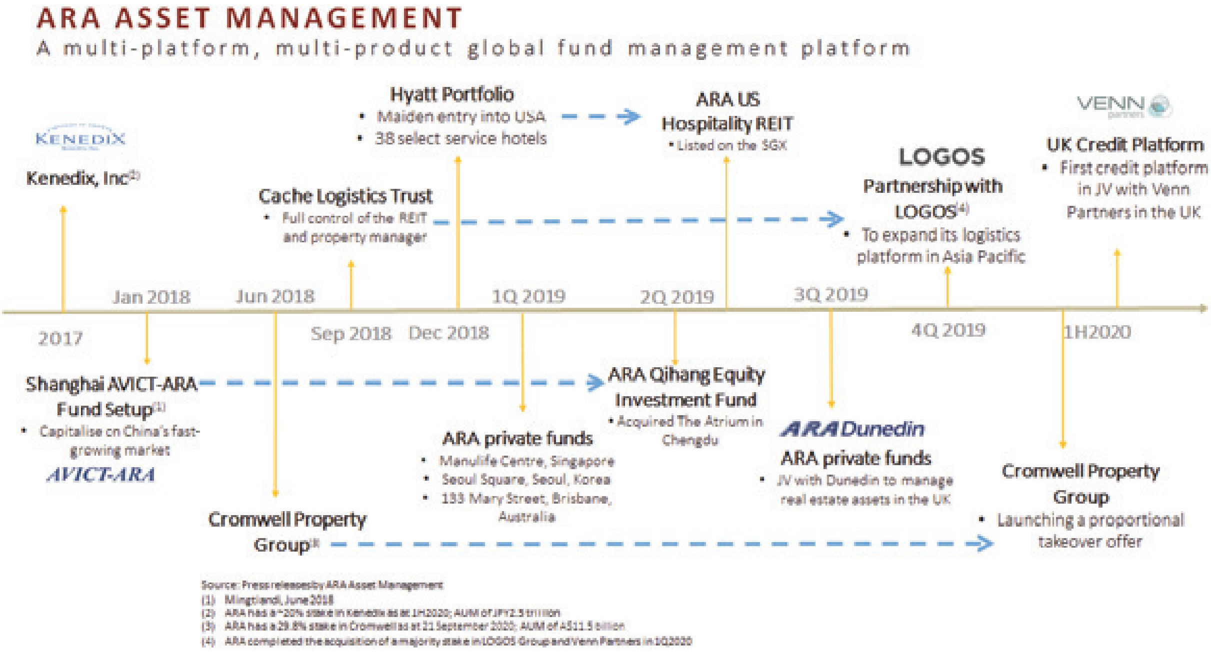
ARA, an indirectly-owned 22.1%[21] associate of the Issuer, is a leading real assets fund manager in the Asia-Pacific region with a global reach. As at 30 June 2020, ARA (together with its associates) manages 20 listed and unlisted REITs globally, including Suntec REIT, ARA LOGOS Logistics Trust and ARA US Hospitality Trust which are listed on the SGX-ST, as well as Fortune REIT, Prosperity REIT and Hui Xian REIT which are listed on the Hong Kong stock exchange. ARA also invests in and manages over 100 private real estate funds located across the globe. Its real estate portfolio spans the office, retail, logistics/industrial, hospitality and residential sectors. Additionally, ARA operates real estate management services to manage its assets worldwide, which complements its fund management business.

In 2019, ARA's gross assets under management grew from S$80.1 billion (as at December 2018) to S$88 billion (as at 31 December 2019). Concurrently, the Group's share of profit from ARA increased 8.7% from S$24.2 million in FY2018 to S$26.3 million in FY2019. In 1H2020, ARA's gross assets under management grew further to S$110 billion (as at 30 June 2020), and the Group's share of profit from ARA was S$13.6 million in 1H2020.

The significant growth in ARA's gross assets under management in 2019 and 1H2020 was underpinned by new investments and capital under various private funds and REITs. Following its privatisation in 2017, ARA has achieved accelerated expansion, and increased its investment outreach beyond the Asia-Pacific region to 28 countries around the globe by 2019. In the first quarter of 2019, ARA and British property group Chelsfield jointly acquired the Manulife Centre located at 51 Bras Basah Road, Singapore. In the second quarter of 2019, ARA entered into a joint venture with CICC Capital to acquire the Atrium mall located in Chengdu, Sichuan, China. On 9 May 2019, ARA US Hospitality Trust was listed on the SGX Mainboard, raising gross proceeds of S$679 million from the issuance of about 565.9 million stapled securities. Following its successful listing, ARA US Hospitality Trust expanded its initial portfolio of 38 select service Hyatt hotels (at the time of its listing) by acquiring three premium Marriott-branded upscale select-service hotels in January 2020. In the third quarter of 2019, ARA, through its subsidiary ARA UK Asset Management Ltd, and Dunedin Property Asset Management Ltd, a London-based property asset manager, established a joint venture, ARA Dunedin Ltd, which is ARA's first investment vehicle to invest in and manage real estate assets in the UK. In the fourth quarter of 2019, ARA agreed to enter into a joint venture with London-based Venn Partners to establish a European debt investment platform, subject to obtaining the relevant regulatory approvals. In the first quarter of 2020, ARA completed the acquisition of a majority stake in LOGOS Group, establishing a logistics real estate platform in the Asia-Pacific region. During the same period, ARA also completed its acquisition of a majority stake in Venn Partners LLP, a specialist investment manager in European real estate private debt. In May 2020, ARA, together with JL Family Office, acquired a majority stake in Minterest Holdings Pte Ltd, a Singapore-based crowdfunding platform.

[21] As at the Latest Practicable Date.

The following diagram highlights some of ARA's milestones since 2017:



Suntec REIT, in which the Group has a 2.8%[22] direct interest and is one of the REITs under ARA's management, has increased its portfolio assets under management from S$9.9 billion in FY2018 to S$10.5 billion as at 30 June 2020. In 2019, Suntec REIT had completed the development of 9 Penang Road of which the office component had been fully pre-leased to UBS investment bank. From 2019 to 1H2020, it also acquired two freehold office buildings located in Sydney and Adelaide, Australia. Recently in August 2020, Suntec REIT announced that a premium office development known as Olderfleet located in Melbourne, Australia, which Suntec REIT co-owns with Mirvac, a leading Australian property group, had received practical completion.

(d) Fund Management Business

The Issuer carries out its fund management business through Straits Investment Management Pte. Ltd. ("**SIM**"), a wholly-owned subsidiary of the Issuer incorporated in February 2019. SIM is registered with the MAS as a Registered Fund Management Company, and is exempted from holding a capital markets services licence for fund management pursuant to paragraph 5(1)(i) of the Second Schedule to the SFR.

SIM specialises in global real estate securities management, with a globally diverse portfolio of investments in high-quality real estate companies.

HOSPITALITY

The Issuer has limited access to information relating to FEHH and its business, and certain information on FEHH and its business in this Information Memorandum has been extracted from publicly available documents and information, including annual reports, information available on its corporate website, documents filed with its regulators and stock exchanges on which its securities are listed and has not been independently verified by the Issuer, the Arranger and/or the Dealers.

The Issuer carries out its hospitality business through FEHH, its 30.0%[23] owned joint venture with FEOrchard. FEOrchard is listed on the Main Board of the SGX-ST and is a member of Far East Organisation.

FEHH is an international hospitality owner and operator managing a combined portfolio of over 95 properties with more than 15,500 rooms across 26 cities in eight countries – Australia, New Zealand, Denmark, Germany, Hungary, Japan, Malaysia and Singapore.

22 As at the Latest Practicable Date.
23 As at the Latest Practicable Date.

FEHH operates a portfolio of nine unique and complementary hospitality brands, comprising Rendezvous, Oasia, Quincy, Village, Far East Collection, Adina Hotels, Vibe Hotels, Travelodge Hotels and TFE Hotels Collection.

In 2019, FEHH, through its subsidiaries, opened three hotels (with a total of 839 rooms) in Singapore, namely the Village Hotel Sentosa, The Outpost Hotel Sentosa, and The Barracks Hotel Sentosa. Outside of Singapore, FEHH secured three new management contracts, adding 300 rooms to its pipeline. In Australia, Toga Far East Hotels opened the 145-room Vibe Hotel Sydney Darling Harbour in October. In July 2020, FEHH announced the official opening of Far East Village Hotel Ariake, located in Ariake, Tokyo, Japan, which it had jointly acquired and developed with Far East Organization since 2018. The hotel has a total of 306 rooms and is located near the Tokyo Big Sight exhibition centre and the Ariake Arena, a sports event and concert venue.

RESOURCES

The Issuer has limited access to information relating to the MSC Group and its business, and certain information on the MSC Group and its business in this Information Memorandum has been extracted from publicly available documents and information, including annual reports, information available on its corporate website, documents filed with its regulators and stock exchanges on which its securities are listed and has not been independently verified by the Issuer, the Arranger and/or the Dealers.

The Group engages in the resources business through the Issuer's 54.8%[24] owned subsidiary, MSC, which is listed on both Bursa Malaysia Bhd and the SGX-ST. MSC is the world's largest independent custom tin smelter and is the third largest tin producer globally.

The core operations of the MSC Group comprises the tin smelting operation at Butterworth, Penang, Malaysia and the tin mining operation at a hard-rock open-pit tin mine in Hulu, Perak Malaysia. The operations and strategic direction of MSC are led and overseen by Dato' Dr. IR. Patrick Yong Mian Thong, its Chief Executive Officer.

(a) Tin Smelting Operation

The MSC Group's existing smelting facility in Butterworth is the world's largest independent custom tin smelter, converting primary, secondary and often complex tin ores into high purity tin metal for industrial application. The plant has a production capacity of approximately 40,000 tonnes of refined tin a year, with production remaining stable with an output of 25,752 tonnes in FY2019, as compared to 27,085 tonnes in the previous year.

During the first quarter of 2020, the MSC Group's performance was impacted by lower tin prices and tin supply chain disruption, as well as temporary plant closures due to Malaysia's movement control order enacted in response to the COVID-19 pandemic, which contributed to the MSC Group recording a loss of RM13.2 million in the first quarter of 2020. Performance subsequently recovered during the second quarter of 2020 with a net profit of RM0.9 million. In February 2020, the MSC Group announced that it plans to complete the relocation of its tin smelting operations from its Butterworth facility to the production facility in Pulau Indah, Klang, Malaysia (the "**Klang Facility**") by the end of the year. The Klang Facility, which will adopt a more advanced manufacturing technology, is intended to be more comprehensive as well as more cost and energy efficient in the smelting process compared to the existing facility. Furthermore, the property is situated in an attractive location, which is at a mature industrial area with excellent connectivity to Westport and London Metal Exchange warehouses.

In FY2019, MSC Group's international tin smelting operations reported a net loss of RM31.0 million as it incurred an inventory writedown of RM31.1 million during the year due to lower tin prices as well as slower global tin demand. The performance was further impacted by a provision for a "Voluntary Separation Compensation" of RM15.0 million in relation to the internal restructuring exercise at the Butterworth smelter, with the eventual relocation of smelting operations to the Klang Facility.

In the mid-1990s, the MSC Group started a tin marketing and trading arm under the smelting division. This downstream unit provides the MSC Group with hedging, pricing and marketing linkages to the Kuala Lumpur Tin Market and London Metal Exchange as well as the end-user markets worldwide.

[24] As at the Latest Practicable Date.

The "MSC Straits" refined tin brand which is registered on the Kuala Lumpur Tin Market and the London Metal Exchange is accepted worldwide and has purity ranging from the standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn).

(b) Tin Mining Operation

The MSC Group's tin mining activity is conducted principally through its wholly-owned subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("**RHT**"). RHT operates Malaysia's largest and oldest hard-rock open-pit mine in the state of Perak, and continues to be the country's largest producer of tin-in-concentrates in 2019. In FY2019, RHT's production volume of tin-in-concentrates was approximately 2,288 tonnes. The tin mining operations reported a two-fold increase in net profit to RM67.5 million in FY2019 from RM25.3 million in FY2018. The higher earnings were primarily attributable to a one-off provision writeback of RM48.4 million for tribute payments that were no longer required.

In November 2019, RHT received approval from the State Government of Perak for the issuance of new and longer mining leases which will only expire in November 2034. The MSC Group will continue to explore new deposits in Malaysia.

(c) Environmental, Health and Safety Matters

MSC prioritises the health and safety of its people. Additionally, MSC also places great emphasis upon preserving the environment in which it operates.

In particular, MSC ensures that the excess water exiting the mining leases meet the regulatory standards. This is done by recycling processed water in the tailing ponds and restricting the discharge of mine effluent into the surrounding rivers. Further, as part of its rehabilitation efforts to maintain a greener working environment, MSC established its first nursery in 2011. This nursery is used to propagate plants which would later be used in many landscaping works in the mine property.

COMPETITIVE STRENGTHS

(a) Well-diversified portfolio

The Group's investment portfolio in its real estate business is well-diversified across different property segments such as retail, office, industrial, logistics and residential and across different geographic regions such as Singapore, Malaysia, China, Japan, South Korea, Australia and the United Kingdom. Further, the Group also undertakes different modes of investment, such as direct investments, through real estate related funds, or real estate securities.

Similarly, its hospitality portfolio through FEHH is also diversified in that FEHH owns and manages more than 15,500 rooms across 95 hotels and serviced residences in eight countries. This is a large and scalable platform which the Issuer may leverage on to tap hospitality-related opportunities in the Europe and Asia-Pacific region.

(b) Real estate ecosystem

Since 2012, the Issuer transformed its real estate business from being a passive owner of high-quality but lower-yielding physical real estate into a real estate ecosystem comprising of a real estate investment company, stakes in a property fund manager, a REIT, an investment property portfolio and a hospitality platform. Central to this is the Group's 89.5%[25] owned SRE that would make direct investments in real estate as well as through real estate funds and securities, which was established in 2013. This ecosystem leverages on the wide business networks of the Issuer and its strategic partners for deal flow and to access investment as well as divestment opportunities that create value. As the platforms interact, they generate additional streams of fee income and create avenues for capital to be allocated to investments with higher returns, whether it is direct investments in real estate, seeding and sponsoring real estate funds or investing in real estate securities. The investments by SRE in ARA Harmony Fund III, the office property located at 320 Pitt Street, Sydney, and the Bourne Business Park in Surrey, United Kingdom, all managed by ARA, also illustrate how the Issuer has been able to leverage on the collective competencies of its various partners to tap a wide spectrum of real estate related opportunities that create value.

25 As at the Latest Practicable Date.

(c) Track record in real estate capital management and enhancing property asset values

Over the years, the Group has demonstrated its ability to monetise its assets effectively as well as implement value-added strategies to enhance the asset value of its property portfolio. The Group also has an established track record of realising an opportune exit for its investments which allows it to deploy divestment proceeds to pursue other growth opportunities. The Group considers divestment of its assets to free up capital as part of its asset management strategy.

In 2016, SRE divested 114 William Street, an investment property in Melbourne, for A$161.5 million, yielding a before-tax profit of A$21.7 million. This was the result of a highly focused approach to asset management, which included implementing an asset enhancement plan to update the building quickly, filling up the property with an aggressive leasing programme that mark-to-market the asset's passing rent, as well as improving the property's WALE significantly. These actions repositioned the asset into an investment grade building that ticks the boxes for core real estate investors.

In 2018, SRE successfully divested The Greater Tokyo Office Fund ("**GTOF**") portfolio of office properties and crystalised valuation gains of $35.0m delivering a portfolio return that far exceeded its target returns. GTOF focuses on acquiring office buildings in Tokyo and other locations in the metropolitan Tokyo area. Such buildings are usually purchased from distressed owners, giving the fund an entry cost advantage for each asset that it acquires. In view of the strong performance of GTOF, SRE has redeployed capital with an updated mandate into a larger portfolio to acquire properties in the Greater Tokyo and other key cities in Japan in the same year.

Between December 2019 and February 2020, SRE sold four residential properties located in central Osaka, Japan for JPY 8.25 billion (approximately S$103.2 million), achieving an internal rate of return of 10.0% and an equity multiple of 1.39 times. The divestment yielded cash yield of 6.0% per annum over an investment period of 3.5 years. This demonstrates SRE's strengths in identifying market and urbanisation trends in Japan. The properties were able to maintain strong performance with portfolio occupancy at well above 95.0% given SRE's strategy of investing in no-frills, conveniently located properties in major cities of Japan.

In October 2020, SRE entered into a binding commitment letter to dispose of its entire interest in a portfolio of nine freehold residential projects with a total of 636 apartment units located across Tokyo and the Greater Tokyo Area, for an aggregate cash consideration of approximately JPY18,949 million (approximately S$244.2 million[26]). The Proposed Disposal reflects the Issuer's continuous execution of its business strategy of investing, enhancing value, and crystallising investment gains.

(d) Highly experienced board and professional management team

The Issuer has a high calibre board that comprises four independent directors with financial expertise and a broad range of experience in various industries. The Issuer is confident that its independent directors are qualified and competent to guide its senior management team in achieving specified short and long- term performance targets.

The members of the Issuer's senior management team each have more than 20 years of experience in their respective fields. The Issuer believes that its senior management team has the relevant qualifications, as well as the experience, to execute its investment strategy and to grow the businesses of the Group. Please see the section titled "Management" in this Information Memorandum for more details.

In line with its transformation into an investment company, the Issuer has also adapted a more streamlined corporate structure with executive staff manning only key corporate functions. The operational management of its individual portfolio companies rests with the chief executives of the respective businesses, supported by their individual management teams. By concentrating management of the businesses within the operating entities, this will facilitate not only faster decision-making and better responsiveness to market developments but also leverage on the repertoire of the operational expertise of the executive teams at the different portfolio businesses.

(e) Continuous optimisation of capital structure to pursue growth

The Issuer believes that its strong financial position and capital structure will provide it with the financial flexibility to fund its growth and expansion and allow the Group to respond quickly and competitively to

[26] Based on a rate of S$1.00 : JPY77.61 as at 14 October 2020. This conversion is provided for reference only.

further capitalise on investment opportunities in its various businesses. Please see the section titled "Business – Future Plans and Strategy" of this Information Memorandum for more details.

FUTURE PLANS AND STRATEGY

The Issuer intends to leverage on its existing strengths and resources to progressively transform each of its business segments into sustainable businesses of value, each with its own objective and performance targets.

The key elements of the strategy for each of the business segments of the Group are as follows:

(a) Real Estate

The Group intends to continue to seek out new and attractive investment opportunities in the Asia-Pacific region and Europe. Further, the Group will leverage on the expertise and business network of its investees and business partners to source for and identify investment opportunities, execute value-added strategies as well as opportunistically consider exit options when they present themselves, which include divesting or securitising such investments. The Group also intends to unlock the value of the various assets held on its balance sheet by developing its land bank and recycling capital into higher yielding investment opportunities.

(b) Hospitality

FEHH aims to grow its business via value-accretive acquisitions or selective developments, management contracts and strategic partnerships. In addition, it will review opportunities in its existing portfolio to unlock value. This is a scalable platform that the Issuer will look to capitalise on when there are growth opportunities in the hospitality sector.

(c) Resources

Through the Issuer's board representation and majority shareholding in MSC, the Issuer intends to continue working with MSC to support them in continuing to optimise operational efficiencies despite volatile commodity prices, and to capitalise on opportunities for further growth such as the potential for increased tin demand driven by the adoption of new technologies including, for example, electric vehicles and renewable energy.[27]

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[27] MSC 2018 annual report, citing a 2018 study by the Massachusetts Institute of Technology which highlighted tin as the most impacted metal by new technology.

MANAGEMENT

DIRECTORS AND MANAGEMENT

The Board is responsible for the overall management of the Group. The day-to-day operations are entrusted to the Executive Chairman and a team of executive staff manning the key corporate functions. The operational management of its individual portfolio companies rests with the chief executives of the respective businesses, supported by their individual management teams.

BOARD OF DIRECTORS

As at the Latest Practicable Date, the Board consists of seven Directors, of whom four are independent Directors. Under the Issuer's Constitution, one-third of the Directors who are subject to retirement by rotation shall retire at each annual general meeting of shareholders but are eligible for re-appointment. The members of the Board as at the Latest Practicable Date are set forth below:

Name	Date first appointed	Designation
Chew Gek Khim	20 March 2008	Executive Chairman
Chew Gek Hiang	30 April 2008	Non-Independent and Non-Executive Director
Goh Kay Yong David	30 April 2008	Non-Independent and Non-Executive Director
Tan Tiong Cheng	1 July 2013	Independent and Non-Executive Director
Chia Chee Ming, Timothy	27 February 2015	Lead Independent Director
Tan Chian Khong	1 January 2018	Independent and Non-Executive Director
Chua Tian Chu	1 January 2018	Independent and Non-Executive Director

Information on the areas of responsibility, the business and working experience of each of the Directors is set out below:

Chew Gek Khim is a lawyer by training. She has been Chairman of the Issuer since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

Ms Chew is also Executive Chairman of the Tecity Group, which she joined in 1987. She is Chairman of MSC and ARA Trust Management (Suntec) Limited and sits on the Boards of Singapore Exchange Limited and ARA Asset Management Holdings Pte. Ltd. Ms Chew is also Deputy Chairman of Tan Chin Tuan Foundation in Singapore and Chairman of Tan Sri Tan Foundation in Malaysia. She is a Member of the Board of Governors of S. Rajaratnam School of International Studies. Ms Chew was previously a Member of the SSO Council and Securities Industry Council of Singapore.

Ms Chew graduated from National University of Singapore ("**NUS**") 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 Award in 2016.

Chew Gek Hiang, an accountant by training, has been with the Tecity Group, the parent company of the Issuer, 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 also 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 NUS 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 is the Chief Investment Officer and Chief Strategist of the Tecity Group, the parent company of the Issuer.

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 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.

He 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 was appointed as an Independent and Non-Executive Director of the Issuer on 1 July 2013.

Mr Tan was the Senior Advisor to Knight Frank Pte Ltd until 31 March 2020, the President of Knight Frank Asia Pacific Pte Ltd until 31 March 2019, and 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 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 and Nominating Committee of Heeton Holdings Limited. He is also a Non-Executive Independent Director of Amara Holdings Limited and the Chairman of its Remuneration Committee.

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.

Chia Chee Ming, Timothy was appointed as the Lead Independent Director of the Issuer on 27 February 2015.

Mr Chia 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, MSC and Thai Beverage Public Company Limited. He is also an Advisory Council Member of the ASEAN Business Club, a Member of the Advisory Board of the Asian Civilisations Museum and a Term Trustee of the Singapore Indian Development Association. He 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 Farleigh Dickinson University in the United States of America.

Tan Chian Khong was appointed as an Independent and Non-Executive Director of the Issuer on 1 January 2018.

Mr Tan 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, which is listed on Bursa Malaysia, Xinghua Port Holdings Ltd, which is listed on the Hong Kong Stock Exchange, Hong Leong Asia Ltd and CSE Global Limited. He is a board member of the 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 NUS. He is a member of the American Institute of Certified Public Accountants, and a Fellow of CPA Australia and the Institute of Singapore Chartered Accountants.

Chua Tian Chu was appointed as an Independent and Non-Executive Director of the Issuer on 1 January 2018.

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. He was also formerly the Managing Director and Head of Investment Finance of Citigroup Private Bank (Asia Pacific Region), the Head of Citigroup Corporate Banking in Singapore, and 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 NUS, 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 NUS. He has also attended the Advanced Management Program of Harvard Business School.

KEY MANAGEMENT PERSONNEL

Chew Gek Khim Please see above.

Teng Heng Chew Eric was appointed as Chief Executive Officer of Straits Developments Private Limited on 1 October 2019 and spearheads the Group's property business, except for those under the purview of SRE. He also assists in leading the Group's corporate functions and new opportunities.

Prior to this, Mr Teng was the Chief Executive Officer and Executive Director of SGX-listed Heeton Holdings Limited. He concurrently served as Chief Executive Officer of Straits Trading's Property and Hospitality divisions between 2010 and 2013. He was the Chief Executive Officer of the Tan Chin Tuan Foundation from 2006 to 2010.

Currently, Mr Teng is an advisor to the Tecity Group and the Tan Chin Tuan Foundation.

Mr Teng has over 30 years of experience in marketing, communications, property and hospitality, and holds a MBA from the NUS Business School.

Desmond Tang has been the Chief Executive Officer of SRE since February 2014. He drives the business growth and investment strategies of the company. Mr Tang has over 28 years of experience in real estate investment and management.

Prior to joining SRE, Mr Tang was the Managing Director at GrowthPath Capital Private Limited, a real estate investment management and advisory firm that he co-founded. He was also formerly Co-Head and Managing Director of Alpha Investment Partners ("**AIP**"), the real estate fund management unit of Keppel Land. Prior to AIP, Mr Tang was a Director of Fund Management with Prudential Insurance Company of America's Asia real estate arm named GRA (Singapore) Private Limited.

Mr Tang has a Bachelor of Science (Honours) degree in Real Estate from NUS, and a Master of Applied Finance degree from Macquarie University.

Dato' Dr. Ir. Patrick Yong Mian Thong joined MSC in 2016 and is currently the Group Chief Executive Officer and an Executive Director of MSC. He leads its strategic development and policies, and business operations. Prior to joining MSC, he was the Chief Operating Officer of Tai Kwang Yokohama Industries Berhad from 2007 to 2010 and former Chief Executive Officer of Yokohama Industries Berhad from 2010 to 2015.

Throughout his line of work, Dato' Dr. Ir. Patrick Yong established his proficiency in electrical distribution systems and pursued research in the field of efficiency in energy conversion leading to a PhD in Electrical Engineering. Dato' Dr. Ir. Patrick Yong started his career as an engineer with the National Electricity Board of Malaysia, and left in 1989 to pursue a career in the field of consultancy in electrical engineering. Dato' Dr. Ir. Patrick Yong founded Sulfarid Technologies in 2004 and was its Managing Director. The Company was subsequently acquired by the Hup Soon Global Corporation Group in November 2007 and renamed Borid Technologies.

Dato' Dr. Ir. Patrick Yong holds a Bachelor of Science (Honours) and a Degree in Electrical and Electronics Engineering awarded by the U.K.'s CNAA, and was later awarded a PhD in Electrical Engineering in the United States of America for his research in the field of efficiency in energy conversion. He is a Registered Professional Engineer in Malaysia, and a Member of the Institution of Engineers Malaysia.

Jennifer Chee Foong Fong was appointed as the Group Financial Controller of the Issuer in January 2018 and is responsible for accounting, financial, tax and risk management matters of the Group. She first joined the Group in 1993 and has over 20 years of experience in the areas of finance, accounting, tax and audit.

Ms Chee is a graduate of the Association of Chartered Certified Accounts ("**ACCA**"). She is a Chartered Accountant of Singapore and is a Fellowship member of ACCA.

Goh Yah Huay was appointed as the Group Treasurer of the Issuer in January 2018, and is also the Director of Finance at SRE overseeing accounting, treasury, and finance related matters. An accountant by training, Ms Goh has over 20 years of experience in accounting, controllership, treasury, financial planning and analysis. She is also 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 NTU and has been a Chartered Accountant of Singapore since 1998.

FINANCIAL SUMMARY AND OVERVIEW

The following tables present the Group's selected consolidated financial data as at or for FY2017, FY2018 and FY2019, and as at or for 1H2019 and 1H2020, extracted where applicable, from the consolidated financial statements and interim consolidated financial statements. The Group's consolidated financial statements and interim consolidated financial statements are prepared in accordance with the financial reporting standards in Singapore. The consolidated financial statements for FY2017, FY2018 and FY2019 are audited by Ernst & Young LLP.

Consolidated Income Statement

	Audited			Unaudited	
	FY2017 (S$'000) (restated)	**FY2018 (S$'000)**	**FY2019 (S$'000)**	**1H2019 (S$'000)**	**1H2020 (S$'000)**
Revenue					
Tin mining and smelting revenue	460,149	428,673	324,062	196,977	115,173
Property revenue	13,476	27,314	39,575	19,373	19,843
Total revenue	473,625	455,987	363,637	216,350	135,016
Other items of income/(loss)					
Dividend income	14,139	12,835	11,178	6,510	4,502
Interest income	17,864	45,965	43,071	19,372	6,881
Fair value changes in investment properties	8,525	31,477	26,887	5,651	(805)
Other income	9,810	8,811	15,498	7,422	451
	523,963	555,075	460,271	255,305	146,045
Other items of expense					
Employee benefits expense	(30,694)	(29,746)	(37,610)	(14,743)	(15,321)
Depreciation expense	(5,017)	(5,959)	(7,410)	(3,287)	(4,220)
Amortisation expense	(613)	(660)	(666)	(313)	(177)
Reversal of/(Provision for) impairment losses	136	(739)	(15)	–	–
Costs of tin mining and smelting	(423,314)	(379,804)	(271,738)	(173,547)	(103,492)
Finance costs	(22,754)	(27,178)	(27,685)	(14,102)	(13,786)
Other expenses	(21,983)	(37,051)	(31,325)	(16,031)	(4,667)
Total expenses	(504,239)	(481,137)	(376,449)	(222,023)	(141,663)
Share of results of associates and joint ventures	37,739	25,708	45,498	23,605	5,129
Profit before tax	57,463	99,646	129,320	56,887	9,511
Income tax expense	(5,878)	(16,976)	(28,966)	(9,328)	(3,623)
Profit after tax	51,585	82,670	100,354	47,559	5,888
Attributable to:					
Owners of the Company	46,432	71,722	84,371	42,526	5,485
Non-controlling interests	5,153	10,948	15,983	5,033	403
	51,585	82,670	100,354	47,559	5,888
Earnings per Share (cents per Share)					
Basic	11.4	17.6	20.7	10.4	1.3
Dividend per Share (cents)	6.0	6.0	6.0	–	–
EBITDA (S$'000)	85,847	133,443	165,081	74,589	27,694

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Consolidated Balance Sheet

	Audited			Unaudited
	As at 31 December			As at 30 June
	2017 (S$'000) (restated)	2018 (S$'000)	2019 (S$'000)	2020 (S$'000)
Assets				
Non-current assets				
Property, plant and equipment	55,777	38,317	43,612	49,795
Land under development	–	62,958	67,444	67,689
Investment properties	586,694	910,356	863,936	918,228
Goodwill	17,629	17,611	17,540	17,430
Other intangible assets	6,718	6,272	5,863	5,808
Associates and joint ventures	789,409	773,742	791,628	911,524
Deferred tax assets	7,750	10,665	3,119	4,511
Derivative financial instruments	–	779	1,547	720
Investment securities	264,395	200,301	210,919	176,553
Other non-current assets	2,985	–	1,201	406
Total non-current assets	1,731,357	2,021,001	2,006,809	2,152,664
Current assets				
Inventories	154,880	162,723	153,092	142,602
Income tax receivables	6,734	6,000	7,311	9,227
Prepayments and accrued income	1,132	2,051	1,930	1,697
Trade related prepayments	16,377	6,243	1,847	24,365
Trade receivables	5,282	8,795	5,529	5,498
Other receivables	73,315	74,158	74,123	76,823
Investment securities	76,879	48,781	65,869	72,789
Derivative financial instruments	255	185	886	9
Cash and cash equivalents	362,438	244,862	310,487	260,063
	697,292	553,798	621,074	593,073
Assets classified as held for sale	5,000	1,535	21,311	–
Total current assets	702,292	555,333	642,385	593,073
Total assets	2,433,649	2,576,334	2,649,194	2,745,737
Equity and Liabilities				
Equity				
Share capital	568,968	568,968	568,968	568,968
Treasury shares	–	(598)	(2,055)	(2,596)
Retained earnings	822,467	876,119	932,861	915,698
Other reserves	86,147	22,444	19,347	(35,028)
Reserve of assets classified as held for sale	–	360	–	–
Equity attributable to owners of the Company	1,477,582	1,467,293	1,519,121	1,447,042
Non-controlling interests	93,312	131,310	150,195	160,029
Total equity	1,570,894	1,598,603	1,669,316	1,607,071

Consolidated Balance Sheet (Cont'd)

	Audited			Unaudited
	As at 31 December			As at 30 June
	2017 (S$'000) (restated)	**2018 (S$'000)**	**2019 (S$'000)**	**2020 (S$'000)**
Non-current liabilities				
Provisions	9,196	7,789	9,061	9,157
Deferred tax liabilities	5,421	13,094	23,696	24,339
Borrowings	552,904	617,311	660,035	722,088
Derivative financial instruments	899	549	311	1,946
Other non-current liabilities	461	8,337	10,846	9,054
Lease liabilities	–	–	1,700	6,147
Total non-current liabilities	568,881	647,080	705,649	772,731
Current liabilities				
Provisions	4,058	1,726	5,065	5,031
Income tax payable	3,166	6,486	6,098	6,602
Trade and other payables	70,083	75,266	49,715	60,798
Borrowings	215,757	247,152	210,030	287,193
Derivative financial instruments	810	–	1,048	1,939
Lease liabilities	–	–	2,273	4,372
	293,874	330,630	274,229	365,935
Liabilities directly associated with assets classified as held for sale	–	21	–	–
Total current liabilities	293,874	330,651	274,229	365,935
Total liabilities	862,755	977,731	979,878	1,138,666
Total equity and liabilities	2,433,649	2,576,334	2,649,194	2,745,737
Number of Shares (excluding treasury shares)	408,095,772	407,804,572	407,165,772	406,872,572
Net assets attributable to owners of the Company (S$'000)	1,477,582	1,467,293	1,519,121	1,447,042
Net asset per Share (S$)	3.62	3.60	3.73	3.56

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Cash Flows and Other Selected Data

	Audited			Unaudited	
	FY2017 (S$'000) (restated)	**FY2018 (S$'000)**	**FY2019 (S$'000)**	**1H2019 (S$'000)**	**1H2020 (S$'000)**
Cash flows from operating activities					
Profit before tax	57,463	99,646	129,320	56,887	9,511
Adjustments					
Depreciation of property, plant and equipment	5,017	5,959	7,410	3,287	4,220
Amortisation of other intangible assets	613	660	666	313	177
Dividend income	(14,139)	(12,835)	(11,178)	(6,510)	(4,502)
Interest income	(17,864)	(45,965)	(43,071)	(19,372)	(6,881)
Finance costs	22,754	27,178	27,685	14,102	13,786
Currency realignment	(2,744)	2,138	5,525	3,858	(3,371)
Fair value changes in investment properties and financial assets	(16,993)	(28,875)	(32,059)	(10,621)	5,041
Net loss/(gain) on disposal of property, plant and equipment, investment properties and other investments properties, subsidiaries, associates and joint ventures	2,884	(757)	(1,942)	(622)	(1,961)
Negative goodwill from acquisition of subsidiaries	(198)	–	–	–	–
Write down of inventories	–	–	10,191	–	4,610
(Reversal of)/Provision for impairment losses of investments and property, plant and equipment	(136)	739	15	–	–
Property, plant and equipment written off	–	145	106	29	6
Share of results of associates and joint ventures	(37,739)	(25,708)	(45,498)	(23,605)	(5,129)
Operating cash flows before changes in working capital	(1,082)	22,325	47,170	17,746	15,507
Decrease in development properties for sale	66	–	–	–	–
(Increase)/Decrease in inventories	(33,053)	(8,036)	(1,277)	11,316	4,815
Decrease/(Increase) in short-term investment securities	72,979	(15,820)	1,669	(11,771)	(11,698)
(Increase)/Decrease in trade and other receivables	(53,751)	10,484	6,841	791	(21,671)
(Decrease)/Increase in trade and other payables	(2,209)	3,506	(15,119)	(8,535)	(8,138)
Cash flows (used in)/from operations	(17,050)	12,459	39,284	9,547	(21,185)
Income taxes paid	(11,985)	(7,965)	(9,226)	(4,357)	(5,574)
Finance costs paid	(11,595)	(13,888)	(12,456)	(7,432)	(5,552)
Interest received	3,616	14,618	8,418	5,417	3,180
Dividend income from short-term investment securities	3,235	2,177	1,832	996	523
Net cash flows (used in)/from operating activities	(33,779)	7,401	27,852	4,171	(28,608)

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Cash Flows and Other Selected Data (Cont'd)

	Audited			Unaudited	
	FY2017 (S$'000) (restated)	**FY2018 (S$'000)**	**FY2019 (S$'000)**	**1H2019 (S$'000)**	**1H2020 (S$'000)**
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment, other intangible assets and investment properties	25,115	16,479	108,150	17,232	31,505
Proceeds from disposal of investment securities	–	40,331	11,116	5,323	–
Proceeds from disposal of a joint venture	–	675	–	–	–
Proceeds from redemption of debt instruments	36,412	18,927	1,380	1,280	–
Cost incurred on property, plant and equipment	(3,944)	(6,505)	(5,182)	(1,790)	(1,925)
Cost incurred on investment properties	(24,628)	(332,415)	(55,966)	(5,565)	(39,974)
Cost incurred on land under development	–	–	(4,782)	(2,080)	(720)
Subscription of debt instruments	–	–	(29,910)	–	(3,431)
Investment in associates and joint ventures	(151,415)	(40,522)	(30,017)	(13,631)	(117,347)
Purchase of investment securities	(38,775)	–	–	–	–
Return of capital from associates	64,816	54,088	40,928	19,192	2,419
Payment for deferred mine exploration and evaluation expenditure, mine properties and other intangibles assets and other intangible assets	(157)	(212)	(283)	(167)	(163)
Net cash outflow on acquisition of subsidiaries	(2,212)	–	–	–	–
Net cash inflow from sale of a subsidiary	75,689	–	–	–	–
Dividend income from investment securities and associates	19,761	36,311	35,131	29,538	4,863
Interest received	14,015	5,994	1,938	–	–
Income taxes paid	(9,672)	(1,192)	(3,340)	(604)	(137)
Net cash flows from/(used in) investing activities	5,005	(208,041)	69,163	48,728	(124,910)
Cash flows from financing activities					
Dividends paid to shareholders	(24,486)	(24,486)	(24,463)	(24,463)	(24,416)
Dividend paid to non-controlling shareholders of subsidiaries	(4,380)	(2,954)	(4,799)	(3,091)	(2,262)
Purchase of treasury shares	–	(598)	(1,457)	(480)	(541)
(Repayment of loan to)/Loan from non-controlling shareholders of subsidiaries	(4,077)	3,971	(3,224)	(4,060)	(1,741)
(Repayment)/Drawdown of short-term borrowings	(32,604)	(65,409)	(13,765)	(4,154)	82,287
Drawdown of long-term borrowings	274,113	199,959	233,939	54,000	91,598
Repayment of long-term borrowings	(248,849)	(34,001)	(208,512)	(20,433)	(47,478)
Proceeds from issuance of fixed rate notes	150,000	–	–	–	–
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	1,805	19,458	10,087	2,537	14,024
Return of capital to non-controlling shareholders	(1,219)	(136)	(1,305)	(374)	(82)
Finance costs paid	(9,062)	(13,261)	(14,149)	(6,605)	(7,489)
Payment of lease liabilities	–	–	(3,419)	(1,448)	(2,068)
Net cash flows from/(used in) financing activities	101,241	82,543	(31,067)	(8,571)	101,832
Net increase/(decrease) in cash and cash equivalents	72,467	(118,097)	65,948	44,328	(51,686)
Effect of exchange rate changes on cash and cash equivalents	(1,120)	521	(323)	365	1,262
Cash and cash equivalents, beginning balance	291,091	362,438	244,862	244,862	310,487
Cash and cash equivalents, ending balance	**362,438**	**244,862**	**310,487**	**289,555**	**260,063**

(a) 1H2020 Compared with 1H2019

Group

The Group reported a PATNCI of S$5.5 million and S$42.5 million for 1H2020 and 1H2019 respectively. The lower profit was a consequence of (i) adverse change in the valuation of certain investment properties, (ii) share of losses of a hospitality associate which was impacted by the COVID-19 pandemic, (iii) the decline in market value of short-term investment securities, and (iv) absence of certain one-off income and gains.

Resources

The resources segment reported a loss after tax and non-controlling interests for 1H2020 compared with a profit for the previous corresponding period.

The loss was due to reduced activities and lower tin prices, as the Movement Control Order imposed by the Government of Malaysia resulted in a disruption in the operations of MSC's mine and smelter.

Real Estate

The Group's real estate segment reported a lower profit after tax and non-controlling interests for 1H2020 compared with the previous corresponding period.

The lower profit for 1H2020 were mainly due to lower interest income from the notes issued by a joint venture and fair value losses from the retail mall properties in China and Malaysia. The decrease was mitigated by fair value gains from the logistic properties portfolio in Australia and South Korea.

Hospitality

The hospitality segment reported a loss for 1H2020. The hospitality associate was adversely impacted by the COVID-19 pandemic, including revaluation losses on certain hotel properties and impairment charges.

Others

The net expenses for 1H2020 were mainly related to mark-to-market losses of short-term investment securities and interest expenses.

(b) FY2019 compared with FY2018

Group

The Group reported a PATNCI of S$84.4 million for FY2019 largely contributed by its real estate segment.

Resources

The resources segment recorded lower revenue due to lower average tin prices and lower sales quantity of refined tin.

PATNCI for the resources segment was S$6.7 million for FY2019, comparable with that of last year. The reversal of tribute provisions was offset by the write-down of tin inventories and provision made for a voluntary separation compensation.

Real Estate

The Group's real estate revenue for FY2019 was higher due to the increase in rental from the additions to the overseas portfolio.

The real estate segment reported a PATNCI of S$77.6 million for FY2019. The better results for FY2019 were due to higher contributions from associates and joint ventures.

(c) FY2018 compared with FY2017

Group

The Group reported a PATNCI of S$71.7 million for FY2018 largely contributed by its real estate segment.

Resources

The resources segment reported a PATNCI of S$6.7 million for FY2018. The better results was due to higher profits from sale of by-products, better yields from tin smelting and non-recurring exceptional income.

Real Estate

The Group's real estate revenue for FY2018 was higher due to increase in rental from the additions to the overseas portfolio.

The segment reported a PATNCI of S$69.2 million for FY2018. The better results were due to higher interest income and fair value gains of properties in Australia, China, Japan and Singapore.

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EXCHANGE RATES

The following table shows the average and period-end exchange rates between RM and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	RM1.00 = SGD 0.3212	RM1.00 = SGD 0.3298
FY2018	RM1.00 = SGD 0.3344	RM1.00 = SGD 0.3297
FY2019	RM1.00 = SGD 0.3293	RM1.00 = SGD 0.3289
Latest Practicable Date	–	RM1.00 = SGD 0.3286

Source: Bloomberg

The following table below shows the average and period-end exchange rates between A$ and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	AUD1.00 = SGD 1.0584	AUD1.00 = SGD 1.0441
FY2018	AUD1.00 = SGD 1.0081	AUD1.00 = SGD 0.9606
FY2019	AUD1.00 = SGD 0.9484	AUD1.00 = SGD 0.9443
Latest Practicable Date	–	AUD1.00 = SGD 0.9779

Source: Bloomberg

The following table below shows the average and period-end exchange rates between US$ and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	US$1.00 = SGD 1.3806	US$1.00 = SGD 1.3360
FY2018	US$1.00 = SGD 1.3493	US$1.00 = SGD 1.3629
FY2019	US$1.00 = SGD 1.3642	US$1.00 = SGD 1.3459
Latest Practicable Date	–	US$1.00 = SGD 1.3654

Source: Bloomberg

The following table below shows the average and period-end exchange rates between JPY and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	JPY1.00 = SGD 0.01231	JPY1.00 = SGD 0.01186
FY2018	JPY1.00 = SGD 0.01222	JPY1.00 = SGD 0.01243
FY2019	JPY1.00 = SGD 0.01252	JPY1.00 = SGD 0.01238
Latest Practicable Date	–	JPY1.00 = SGD 0.01295

Source: Bloomberg

The following table below shows the average and period-end exchange rates between KRW and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	KRW1.00 = SGD 0.001221	KRW1.00 = SGD 0.001253
FY2018	KRW1.00 = SGD 0.001226	KRW1.00 = SGD 0.001225
FY2019	KRW1.00 = SGD 0.001171	KRW1.00 = SGD 0.001165
Latest Practicable Date	–	KRW1.00 = SGD 0.001170

Source: Bloomberg

The following table below shows the average and period-end exchange rates between RMB and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	RMB1.00 = SGD 0.2043	RMB1.00 = SGD 0.2054
FY2018	RMB1.00 = SGD 0.2041	RMB1.00 = SGD 0.1982
FY2019	RMB1.00 = SGD 0.1975	RMB1.00 = SGD 0.1931
Latest Practicable Date	–	RMB1.00 = SGD 0.2010

Source: Bloomberg

The following table below shows the average and period-end exchange rates between GBP and S$ for the periods indicated:

Period	Average	As at the end of
FY2017	GBP1.00 = SGD 1.7786	GBP1.00 = SGD 1.8073
FY2018	GBP1.00 = SGD 1.8001	GBP1.00 = SGD 1.7383
FY2019	GBP1.00 = SGD 1.7414	GBP1.00 = SGD 1.7841
Latest Practicable Date	–	GBP1.00 = SGD 1.7642

Source: Bloomberg

The Issuer does not make any representations that the S$, RM, A$, US$, GBP, KRW, JPY and RMB amounts set out in the tables above and referred to elsewhere in this Information Memorandum could have been or could be converted into any of the respective other currencies at the rate indicated or at any other rate or at all.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing Noteholders should carefully consider all the information set forth in this Information Memorandum including the investment considerations and risk factors set out below.

The investment considerations and risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group, or any decision to purchase, own or dispose of the Notes. Additional investment considerations and risk factors which the Issuer is currently unaware of or currently deems immaterial may also impair the business, assets, financial condition, performance or prospects. If any of the following investment considerations or risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected. Further, the market price of the Notes could decline, and investors may lose all or part of their investments in the Notes. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing Noteholder may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, any of the Dealers or the Trustee that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies (if any), the Arranger, any of the Dealers, the Trustee or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO THE NOTES

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes develops, there can be no assurance as to its liquidity or sustainability. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments with a developed secondary market. This may particularly be the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally may have a more limited secondary market and higher price volatility than conventional debt securities. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not receive a favourable price for their Notes, and in some circumstances, investors may not be able to sell their Notes at their fair market value or at all.

Liquidity may have a severely adverse effect on the market value of the Notes. Although issuing additional Notes may increase their liquidity, there can be no assurance that the price of such Notes will not be adversely affected by the issuance.

Although an application may be made for the Notes issued under the Programme to be admitted for listing and quotation on the SGX-ST (notwithstanding that unlisted Notes and Notes to be listed, traded or quoted on or by any other stock exchange may be issued pursuant to the Programme), there is no assurance that such application will be approved, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

Fluctuation of the market value of Notes

The trading prices of the Notes may be influenced by numerous factors, including the market for similar securities, the operating results and/or financial condition of the Issuer, its subsidiaries and/or its associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

Interest rate risk

An investment in fixed-rate Notes involves the risk that subsequent changes in interest rates may adversely affect the value of the Notes and Noteholders may suffer unforeseen losses due to such fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. The Noteholders may enjoy capital gains but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns, as the principal repayment and interest payments or distributions on the Notes may not keep pace with inflation.

Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2023, are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation" herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact such investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to, *inter alia*, determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Noteholders are exposed to financial risk and the Issuer may not be able to repay or redeem the Notes when required

Interest payment (where applicable) and principal repayment for debts occur at specified periods regardless of the performance of the Issuer and/or the Group. The Issuer may be unable to make interest payments or, where applicable, principal repayments under a series of Notes should it suffer a serious decline in net operating cash flows.

Further, the Issuer may, and at maturity will, be required to redeem the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem such Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under such Notes, which may also constitute a default under the terms of the Issuer's other indebtedness (if any).

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System (as defined below)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with or registered in the name of, or in the name of a nominee of, the common depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg, CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary, CDP or such other clearing system for distribution to their accountholders or, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders may act only if they are enabled by the relevant Clearing System(s) to appoint proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer if a default occurs under the relevant Notes but must rely upon their rights under the Trust Deed.

Performance of contractual obligations by the Issuer may be dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Notes of their obligations thereunder including the performance by the Trustee and the Agents (as defined in the Trust Deed) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and/or the Couponholders.

The Trustee may request Noteholders to provide an indemnity and/or security to its satisfaction

In certain circumstances (including under Condition 10 of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes with the feature. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Noteholders receiving less principal and/or interest than expected

The Issuer will pay principal and/or interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less principal and/or interest than expected, or no principal and/or interest at all.

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, such modification shall be notified to the Noteholders as soon as practicable.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

If the Issuer has the right to partially redeem any Notes on a pro-rata basis, this may make such Notes illiquid and difficult to trade

Notes may be issued with at a denomination prescribed in the Pricing Supplement of a Tranche of Notes. Further, the rules of the relevant clearing system(s) may provide that the Notes will be tradable in principal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) equal to the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

In the event that the Notes are partially redeemed, it is possible that the principal amount represented by a Note will be less than the minimum tradable amount allowed under the relevant clearing system. This may result in such Notes being illiquid and difficult to trade.

Currency risk associated with Notes denominated in foreign currencies

As the Notes can be denominated in currencies other than Singapore dollars, the Issuer may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Notes and there is no assurance that the Issuer may be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

The Notes are not secured

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any preference or priority among themselves. Accordingly, on a winding-up or dissolution of the Issuer, the Noteholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including the London Interbank Offered Rate ("**LIBOR**"), Euro Interbank Offered Rate ("**EURIBOR**"), Singapore Interbank Offered Rate ("**SIBOR**") or Swap Offer Rate ("**SOR"**), in particular with respect to certain Floating Rate Notes where the reference rate may be LIBOR, EURIBOR, SIBOR, SOR or another such benchmark. The Pricing Supplement for the Notes will specify whether LIBOR, EURIBOR, SIBOR, SOR or another such benchmark is applicable.

Reference rates and indices which are deemed to be or used as "benchmarks" (including LIBOR, EURIBOR, SIBOR and SOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has through a series of announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. As the SOR methodology relies on US$ LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that, it has established an industry-led steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average. The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark".

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Notes or Notes whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, or referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the benchmarks regulation or any of the national or international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Definitive Notes with a denomination that is not an integral multiple of the specified minimum denomination may be illiquid and difficult to trade

Notes issued with denominations of a specified minimum amount and a higher integral multiple of another smaller amount might be traded in amounts in excess of the minimum denomination that are not integral multiples thereof. In such a case, a Noteholder who, because of trading such amounts, holds a principal amount less than the minimum denomination will not receive a Definitive Note in respect of its holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that it holds an amount equal to or more than the minimum denomination. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Noteholders) in respect of such Notes.

A change in Singapore law which governs the Notes may adversely affect Noteholders

The Notes are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes and any such change could materially impact the value of any Notes affected by it.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Noteholders

There can be no assurance that the Issuer will not become bankrupt, unable to pay its debts or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on Noteholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed by the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Notes. However, it may apply to related contracts that are not found to be directly connected with the Notes.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/ OR RESULTS OF OPERATIONS

Political, economic and social developments in the Asia-Pacific region may adversely affect the Group

As at the date of this Information Memorandum, a substantial portion of the Group's revenues are derived from its activities and investments in the Asia-Pacific region, in particular, Singapore, Malaysia, Australia, China and Japan. As such, the business, prospects, financial condition and results of operations of the Group may be adversely affected by political, economic and social developments in the Asia-Pacific countries in which the Group operates or has property interests or investments in or to which its investments are exposed to. The global economy has suffered a decline since 2008 and it is difficult to predict the ongoing effects of the global economic downturn. A recurrence of similar adverse economic developments globally, and particularly in the Asia-Pacific region, including the recent COVID-19 pandemic across the globe, could have a material adverse effect on the economic conditions of the countries in which the Group operates or has property interests or investments in or to which its investments are exposed and consequently on the financial condition and results of operations of the Group. In addition, any other adverse change in trends or a general economic slowdown as a result of changes in inflation, interest rates, taxation or other political or economic developments in the key markets in the Asia-Pacific countries in which the Group operates or has property interests or investments in or to which its investments are exposed could materially affect the financial condition or results of operations of the Group.

Any change in government policy or any political instability arising from these changes, may have a material adverse effect on the business, operations, financial condition and prospects of the Group. Furthermore, any changes in the composition of governments could result in a change in policies, including those in relation to the respective industries in the Asia-Pacific markets in which the Group operates or has property interests or investments in or to which its investments are exposed, which may result in increasing competition and/or increasing regulation of the Group's activities. Other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, pandemics of infectious diseases, expropriation, nationalism, renegotiations or nullifications of existing contracts, changes in interest rates and methods of taxation.

The outbreak of an infectious disease or any other serious public health concerns in the Asia-Pacific region and elsewhere could adversely impact the Group's business, financial condition and results of operations

The outbreak of an infectious disease with human-to-human airborne or contact propagation effects (e.g. mutation of Avian Flu H5N1, Ebola, Middle East respiratory syndrome coronavirus, COVID-19 etc.) in Asia and elsewhere, together with any resulting restrictions on travel and/or the imposition of quarantines, could have a negative impact on economic and business activities in Asia and elsewhere, and could thereby materially and adversely impact the revenues and performance of the Group. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of communicable diseases had an adverse effect on the economies of those countries in which they were prevalent. There can be no assurance that any precautionary measures taken against infectious diseases will be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could have an adverse effect on the Group's business, financial condition and results of operations.

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China, and on 11 March 2020, the World Health Organisation declared the outbreak a pandemic. The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets. The Group's key business units have encountered movement restriction orders and were impacted by stricter social distancing measures and lower tourist arrivals. Given the uncertainties as to the development of the COVID-19 pandemic, it is difficult to predict how long such conditions will exist and the extent to which the Group may be affected by such conditions.

As the Group has operations in countries such as Singapore, Malaysia, China, Japan, South Korea and Australia, any pandemic outbreak and the resulting adverse impact on economic activity, or the measures taken by the governments of these countries against such an outbreak, could disrupt the Group's business and operations and undermine investor confidence, thereby adversely affecting its financial condition or results of operations. In Singapore, the COVID-19 pandemic has resulted in significant disruptions to the Singapore economy and has caused the Singapore Government to revise its economic forecasts for the near future downward accordingly.

The COVID-19 pandemic, or any other infectious disease, widespread communicable diseases or serious public health concerns, which may result in the implementation of social distancing measures, may have a material adverse impact on the Group's financial performance, income available for distribution and cash flow. For example:

- In respect of the Group's real estate business through SRE, although the Group believes that SRE's diversified portfolio will help to mitigate the overall impact, it may still be adversely affected by the COVID-19 pandemic. For example, SRE's office buildings in Australia may be affected by the reduced demand for office space as office tenants may elect to digitally transform their workplace and operations in light of the COVID-19 pandemic and not renew their lease. The strict social distancing measures have also resulted in a reduction in brick-and-mortar shopping as consumers are turning to e-commerce to carry out their purchases. This is reflected in the lower football and sales experienced in the Group's retail malls in Chongqing and Sanlin, Shanghai, China and Malaysia during the first and second quarters of 2020. In addition, relief measures introduced by governments in the various jurisdictions which the Group operates in may also adversely affect the Group's real estate business through SRE. For example, in Australia, the National Cabinet of Australia has also enacted legislation in response to the COVID-19 pandemic such as the Mandatory Code of Conduct which provides that partial rent rebate and deferments will be granted to eligible small and medium-sized enterprises tenants who suffered a revenue loss of 30 per cent. or more. There is no assurance that, in each of the jurisdictions in which the Group operates, the governments in the respective countries will not pass further legislation which impact landlords and owners of properties adversely, for instance, in the form of rental deferrals, rental relief, rent reduction and/or passing on of rebates. Moreover, given the movement restriction orders implemented by various governments in response to the COVID-19 pandemic, the Group's real estate development projects may also experience delays or budget overruns arising from supply chain disruptions. In South Korea, the travel restrictions imposed by government have drastically reduced inbound travelling, which may slow down the pre-leasing activities for warehouse space catering to duty free or airport operators. The valuation of the Group's real estate properties may also be subject to significant estimation uncertainty given the constantly evolving impact from the COVID-19 pandemic (which may result in a higher likelihood that the assumptions upon which valuers have based their valuations prove to be inaccurate). Please also see the section titled "Risks Relating to the Group's Real Estate Business".

- The Group's hospitality business, through its stake in FEHH, has been impacted by the significant reduction in international and interstate travel due to travel restrictions and lockdowns implemented by many countries, resulting in some of the hotels in FEHH's portfolio experiencing low occupancies or being closed on a temporary basis. Please also see the section titled "Risks Relating to the Group's Hospitality Business - The hospitality industry faces challenges from a high supply of new rooms coupled with a slowdown in demand for rooms".

- The Group's resources business through MSC may experience a reduction in short-term profitability due to a fall in tin prices and temporary operational constraints due to measures introduced by the Malaysian government. Please also see the section titled "Risks Relating to the

Group's Resources Business - The outbreak of an infectious disease or any other serious public health concerns in the Asia- Pacific region and elsewhere could adversely impact the MSC Group's business, financial condition and results of operations".

The COVID-19 pandemic is ongoing and the full extent of the pandemic, including its impact on the local, regional and global economy, remains uncertain. There is no assurance that the Group will not in the future experience more severe disruptions or further adverse impacts due to the COVID-19 pandemic, especially if the outbreak becomes more severe or protracted. The actual extent of impact of COVID-19 on the Group's business, financial conditions, results of operations and prospects will depend on, among other things, the duration of the COVID-19 outbreak, the severity and length of global, regional and local, economic downturn, and the speed of subsequent recovery.

The Group may not be able to successfully implement its business strategies or manage its growth successfully

In this Information Memorandum, the strategies for the Group's businesses are set out in the section titled "Business – Future Plans and Strategy". In determining the strategies of the Group, the Issuer has made certain assumptions about the future economic performance of the countries and industries in which the Group operates. The ability of the Group to implement its strategies successfully is dependent on various factors, including but not limited to, its ability to manage its existing businesses, identify suitable opportunities to grow its businesses, obtain additional financing to fund its operations and support its growth, retain its key employees and attract and retain tenants as well as the competition the Group faces in its businesses.

The Group is subject to risks inherent in investing in entities which the Group does not control and the manner in which the Group holds its investments and property interests

The Group holds, and expects to hold in the future, a portion of its property interests through interests and investments in entities that are not its subsidiaries and over which the Group does not have majority control, such as joint venture entities. The performance of these entities and the Group's share of their results is subject to the same or similar risks that affect the Group as described in this section.

There can be no assurance that the Group will be able to influence the management, operation and performance of these entities, whether through its voting rights, contractually, or as manager of some of these entities, in a manner which would be favourable to the Group, or at all. Additionally, while the Group will endeavour to have the key personnel of its joint venture partners remain in their respective offices during the tenure of the joint venture (for instance, through contractual means), there is no assurance that such key personnel will not cease to be working with or employed by such joint venture partners. There is also no assurance that the departure of any of such key personnel will not have an adverse impact on the Group's working relationship with its joint venture partner(s) and/or the relevant joint venture as a whole. Further, disputes may occur between the Group and its joint venture partners and/or other investors regarding the business and operations of such joint ventures, and may not be resolved amicably. In addition, the Group's joint venture partners and/or other investors may (i) have economic or business interests or goals that are not aligned with those of the Group's, (ii) take actions contrary to the Group's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations (for example, they may default in making payments during capital calls or capital raising exercises), (iv) have financial difficulties, (v) experience a decline in creditworthiness, or (vi) have disputes with the Group as to the scope of their responsibilities and obligations.

The occurrence of any of these events may materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

The business, financial condition and results of operations of the Group may be adversely affected by fluctuations in exchange rates

A substantial portion of the Group's investments are made in or denominated in S$, US$, RM, RMB, JPY, KRW, GBP and A$. The shares of the Issuer are quoted on the SGX-ST in S$. Dividends, if any, will be declared in S$. To the extent that the receipts and payments of the Group are in different currencies, the Group may be susceptible to foreign exchange losses. In addition, as the Issuer's financial and accounting records are maintained in S$, any fluctuations in currency exchange rates relative to S$ could result in exchange gains or losses arising from transactions carried out in other currencies. Although the Group uses term loans in foreign currencies to partially hedge its exposure to foreign exchange risk on investments in foreign operations, there is no assurance that any fluctuations in the exchange rates of currencies in which the Group deals in would not result in it incurring foreign exchange losses.

In addition, the business of the Group's investments may also be susceptible to foreign exchange losses. For example, a large proportion of FEHH's revenue and assets are based in A$. As FEHH's books of accounts are recorded in S$, such revenue and assets will have to be converted to S$ for reporting or repatriation purposes. Accordingly, FEHH may be exposed to risks associated with fluctuations in foreign exchange rates, which may adversely affect the reported financial results of FEHH and hence, the Group's share of profit in the joint venture. Likewise, MSC has foreign exchange risk exposure mainly in US$ and S$ in its investment in foreign entities and its business transactions. In particular, a majority of MSC's export revenue is denominated in US$, whereas MSC's financial and accounting records are maintained in RM. Similarly, SRE, with its ongoing construction project of a logistics facility in South Korea, may be subject to foreign exchange risk exposure in KRW as the development and construction expenses are denominated in KRW, while equity funding is denominated in S$.

The Group is subject to interest rate fluctuations

The Group faces risks in relation to interest rate movements. As at 30 June 2020, the Group has an aggregate of S$1,009.3 million in short-term and long-term bank loans with interest rates ranging from 0.47% to 5.23% per annum depending on the currency in which the loans are denominated. Although the Group uses derivative financial instruments such as interest rate swaps to partially hedge its exposure to interest rate risks, there is no assurance that increases in interest rates will not affect its ability to service the interests under the short and long term bank loans.

An increase in interest rates may adversely affect the ability of the Group to service its loans and other borrowings, and could also impair its ability to compete effectively in its businesses relative to competitors with lower levels of indebtedness. Difficult conditions in the global credit markets could adversely impact the cost or other terms of its existing financing, as well as its ability to obtain new credit facilities or access the capital markets on favourable terms. Increases in interest rates would also affect the ability of potential buyers to finance purchases of the properties of the Group which would, in turn, affect the demand and price of its properties.

The Group may be subject to restrictions in the repatriations of funds

The Group may be subject to foreign exchange controls that may adversely affect its ability to repatriate income or capital which is located outside of Singapore. Repatriation of income and capital may require regulatory approval or consent of the relevant governments. Delays in or refusals to grant any such approval, revocations or variations of consents previously granted, or the imposition of new restrictions may materially and adversely affect the Group's business, results of operations and financial condition.

For example, in Malaysia, there are foreign exchange policies that support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. Such foreign exchange policies impact both residents and non-residents of Malaysia, and may affect the Group's ability to repatriate dividends or distributions from the Issuer and its subsidiaries in Malaysia.

Another example is China, where conversion of RMB to other currencies is subject to government regulation, although the introduction of certain foreign exchange regulations have led to a significant reduction in control by the Chinese government over routine transactions, such as trade and service-related foreign exchange transactions and payment of dividends. In the event that restrictions are imposed which lead to approvals being required for the repatriation of income and capital, the Group may experience delays or difficulties in obtaining such approvals which in turn may adversely affect the Group's business and results of operations in China.

The Group is subject to litigation risks

The Group may, from time to time, be subject to legal proceedings against the Group in the course of its business (including investments made or other transactions undertaken by members of the Group). There can be no assurance that the Group will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect their financial condition, results of operation or cash flow.

If any member of the Group is found to be liable on any claim, it may incur a charge against earnings to the extent a reserve had not been established for the matter in its accounts, or to the extent the claims were not sufficiently covered by its insurance coverage. Claims may also be brought by the Group against external third parties. Both claims brought against the Group and by the Group, if not resolved through negotiation, may be subject to lengthy and expensive litigation and/or arbitration proceedings. Amounts ultimately realised from claims by the Group could differ materially from the balances included in the Group's financial statements resulting in a charge against earnings to the extent profit has already been accrued on a project or other contract. Charges associated with claims brought against the Group and any write-down associated with claims brought by the Group could have a material adverse impact on the Group's financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against any member of the Group may harm its reputation and damage its prospects as well as that of the Group.

The Group is dependent upon the services of key management staff and its ability to operate efficiently and effectively could be impaired if it loses key personnel or if it is unable to attract and retain skilled personnel

One of the key reasons for the growth of the Group has been its ability to attract and retain a team of experienced professional managers.

The continued success of the Group will depend on its ability to retain key management staff and to attract and train new managers. If members of the senior management team are unable or unwilling to continue in their present positions, the Group may not be able to hire suitable replacements and its business may be adversely affected. Furthermore, the Group may not be able to attract additional qualified persons to complement its expansion plans. As a result, the business and results of operations of the Group may be adversely affected.

There is no assurance that the Tecity Group will not reduce its stake in the Issuer in the future and there may be potential conflicts of interests between the Group and the Tecity Group

TCPL, which is part of the Tecity Group, owns 74.1% of the issued share capital of the Issuer as at the Latest Practicable Date. The Issuer believes that the Group will be able to leverage on the Tecity Group's business networks and investment expertise to strengthen its pipeline of projects and to source for strategic and financial partners that could add value to the Group's current businesses. The Tecity Group is however, not obliged to support the Issuer and there is no assurance that the Tecity Group will not reduce its stake in the Issuer in the future or that the Tecity Group will not have interests that are different from the Issuer or other shareholders. The Tecity Group currently invests in, and may in the future invest in, other assets and/or businesses which directly compete with one or more of the Group's existing businesses. Accordingly, there can be no assurance that future conflicts of interests will not arise between the Group and the Tecity Group, including in relation to the acquisition of properties and competition for tenants in the relevant markets.

In the event that the Tecity Group withdraws its support for the Group, the results of operations, financial condition and prospects of the Group could be materially and adversely affected.

The Group may suffer uninsured loss

Properties owned by the Group are subject to risks of physical damage caused by fire, natural disaster or other causes such as terrorists' attacks as well as public liability claims. While the Group maintains insurance cover at a level it considers to be appropriate in connection with the Group's business and operations, certain types of risks (such as the risk of war, cybersecurity breaches, electronic or cyber fraud, terrorist acts and losses caused by an outbreak of contagious diseases, including the ongoing global COVID-19 pandemic, and contamination or other environmental breaches) may not be covered due to reasons such as the risk being uninsurable, or the cost of insurance may be prohibitive when compared to the risk. As the Group's insurance policies do not provide coverage for all risks related to its businesses, the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the business, financial condition, results of operation and prospects of the Group. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for the Group will be available in the future on commercially reasonable terms, at commercially reasonable rates.

The Group faces risks associated with debt financing

The property investment sector is capital intensive and the Group's ability to raise funds on acceptable terms will depend on a number of factors including capital market conditions, general and economic political conditions, the Issuer's performance and credit rating and credit availability. Both the cost and availability of funding may be negatively affected by disruptions in the global capital markets. Changes in the cost of current and future borrowings, including a rise in interest rates, may impact the earnings of the Issuer and result in the risk that its cash flow will be insufficient to meet required payments under such financing, which may adversely affect the Issuer's ability to make payments to Noteholders. The Group is also subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. If the Group is unable to meet interest or principal payments, the Group's mortgaged properties could be foreclosed by the lender or the lender could require a forced sale of the mortgaged properties with a consequent loss of income and asset value to the Group.

In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make payments to Noteholders. Such covenants may also restrict its ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make available commercial real estate debt financing) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow, which adversely affect the business, financial conditions and results of operations of the Group.

Terrorist attacks or other acts of violence or war may affect the Group's business, financial condition and results of operations

There has been an increasing number of acts of violence, bombings and similar politically and/or ideologically motivated attacks on large commercial properties in recent years. Terrorist activities, acts of violence or war and adverse political developments could materially and adversely affect international financial markets and the Singapore economy and could adversely affect the Group's business, financial condition and results of operations. The consequences of any of these developments are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE GROUP'S REAL ESTATE BUSINESS

The Group is dependent on the performance of the property industry in the countries it operates in

The Group has direct and indirect exposure to real estate investments that spans countries such as Singapore, Malaysia, Australia, Japan, China, South Korea and the United Kingdom. The Group's real estate business is therefore subject to the performance of the property industry in the countries in which it has investments. The demand for properties could be adversely affected by any of the following:

- weakness in the local and regional economies;
- surge in supply and fall in demand of properties for sale or rent;
- adverse government regulation;
- absence of financing for purchase of properties; and/or
- higher interest rates.

In particular, the ongoing COVID-19 pandemic could have a range of potential adverse impacts on the real estate industry, each of which may adversely affect the performance of the Group's real estate business. Such potential effects could include, but are not limited to, delays in the completion of development of real estate projects due to supply chain disruptions or insolvency of contractors; decreases in valuations of the Group's properties resulting from deteriorating operating cash flow and widening capitalisation rates; and decreases in rental or occupancy rates for commercial properties and retail properties.

To the extent that any of these factors occur, they are likely to impact the value and profitability of the Group's real estate investments which will then affect the business, financial condition, results of operations and prospects of the Group.

The Group's revenue is dependent on the management of its real estate investments and is exposed to the general risks associated with such investments

The Group invests in real estate funds and other real estate investment vehicles such as REITs as seed or strategic investments. The Group is therefore directly exposed to the risks of the funds' investments and/or the units of the REIT, which could be speculative in nature. The Group is also dependent on the ability of the fund manager to manage its real estate funds.

In the case of the Group's investment in ARA for example, the Group's share of ARA's profits is dependent on the financial performance of ARA, which in turn is dependent on factors such as (a) the continual management by ARA of the REITs and private real estate funds under its management and (b) the financial performance and value of the listed REITs and private real estate funds which ARA manages. In addition, measures were introduced in April 2020 to provide SGX-listed REITs with greater flexibility to manage their cash flows and raise funds to mitigate the impact of the ongoing COVID-19 pandemic. Such measures include allowing extensions of the timeline for such REITs to distribute at least 90% of their taxable income derived during financial year 2020 from three months to twelve months after the end of the financial year 2020 to qualify for tax transparency. As a result, distributions by such REITs to unitholders (including REITs in which the Group has a direct or indirect interest) may be lowered.

If the Group's investments do not perform as expected, the profit that the Group is able to derive from such investments will also be adversely affected.

There is no assurance that the Group can realise its investments

Some of the Group's investments are in entities that are structured to achieve tax efficiency or transparency. In the event that the intended tax efficiency or transparency is not achieved by the vehicles through or in which the Group's investments are made, whether as a result of a loss or revocation of a tax ruling by a competent tax authority, or a change in or in the interpretation of applicable of tax laws or otherwise, this could reduce the return on its investments and increase its operating costs and expenses, and in turn could have a material adverse impact on its business, financial condition, results of operations and prospects.

The Group may, from time to time, make investments in real-estate entities which are listed or traded on a securities exchange. There can be no assurance that the market price of the securities of any entity the Group has invested in reflects accurately to any degree the underlying value of the business or the assets owned by it, or that it will be able to realise the Group's investment in such entity at the then prevailing market price, or at all.

The Group may be affected by the illiquidity of its real estate investments

Real estate investments are generally illiquid, limiting the ability of an owner to convert property assets into cash on short notice which may result in property assets being sold at a discount in order to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions and may affect its ability to vary the size and mix of its portfolio. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions that are secured by real estate due to their illiquidity or due to restrictions in the Group's various debt obligations. These factors could affect the Group's gains from realisation of its investments in real estate assets, including the value at which it may dispose of its holdings in entities that hold the real estate assets, and the income or other distributions received by it from its holdings in REITs or other vehicles which the Group has invested in, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is affected by risks incidental to the ownership and management of properties

The Group's direct real estate investments are subject to risks incidental to the ownership and management of properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire and inability to dispose of major investment properties for the values at which they are recorded in the Group's financial statements. The Group may also be subject to increased operating costs, the need to renovate and repair space periodically and may be liable to pay the associated costs of wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond its control. The Group's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights relating to the relevant properties may also be restricted by legislative action, such as revisions to the laws relating to building standards or town planning laws or the enactment of new laws relating to government appropriation and redevelopment.

Losing key tenants or a significant number of tenants at any of the Group's properties or a downturn in the businesses of key tenants or a significant number of tenants could have an adverse effect on the business, financial condition and results of the operations of the Group

The Group's financial condition, results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more key tenants or a significant number of tenants at any of the Group's properties, or the decision by one or more of these tenants not to renew its lease or to terminate its lease before it expires. As at the Latest Practicable Date, the Group has retained its key tenants for industrial logistics properties in Australia and commercial buildings in Australia and Japan. However, if key tenants or a significant number of tenants terminate their leases or decide not to renew their leases, there is no assurance that sufficient replacement tenants can be secured on short notice. Some of the Group's investment properties are leased to key tenants that have been selected because of their ability to enhance the value of the property and/or attract customers and/or other potential tenants. Such key tenants are typically pursued by other developers and building owners, and there can be no assurance that the Group can successfully compete to obtain or retain such key tenants in its investment properties. In addition, the Group may face difficulties in finding suitable and timely replacement tenants for space vacated by key tenants, especially for built-to-suit properties such as those under the Group's Australia industrial and logistics portfolio, and the lease terms with such replacement tenants may be less favourable or unsatisfactory. Moreover, the risk of losing tenants is exacerbated due to the ongoing COVID-19 pandemic, which has adversely impacted the global economy and the business and financial conditions of many businesses around the world. Various countries have introduced relief measures to assist qualifying businesses to cope with rent payments during the COVID-19 pandemic. However, there is no assurance that such relief measures will be of sufficient scope, effect or duration to avoid any consequential adverse impact to the Group.

Any of the above events could materially and adversely affect the Group's business, financial condition and results of operations.

Declines in property values may lead to downward revaluations of the properties in which the Group holds interests

The Group holds interests in retail, commercial, industrial, hospitality and residential properties in various countries and there can be no assurance that property prices in any of these countries will not decrease such that a downward revaluation of the properties is required.

Real estate assets are inherently difficult to value. As a result, valuations are subject to substantial uncertainty and subjective judgements and are made on the basis of assumptions which may not be correct. Additionally, the inspections of the Group's properties and other work undertaken in connection with a valuation exercise, may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. There can be no assurance that the Group's property interests will retain the price at which it may be valued or that the Group's investment in such properties will be realised at the valuations or property values that the Group has recorded or reflected in the Group's financial statements or in this Information Memorandum.

The Group's properties are and will be valued with an independent valuation carried out at least once every year. The Group assesses the valuation of each property interest to ensure that the carrying amount of each investment property reflects the market conditions as at the relevant financial reporting date. The value of the Group's interest in properties may fluctuate from time to time due to market and other conditions, including prevailing interest rate conditions. Such adjustments to the Group's share of the fair value of the properties in its portfolio could have an adverse effect on its net asset value and its profitability. They may also affect the Group's ability to incur more borrowings, or result in it having to reduce debt, if the financial covenants in its financing and other agreements require it to maintain a level of debt relative to its asset value, and such covenants are triggered as a result of adjustments made to the fair value of its properties in its portfolio.

The due diligence process that the Group undertakes in connection with its real estate investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Group will conduct due diligence to the extent it deems reasonable and appropriate based on facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, the Group relies on the resources available to it, including information provided by the target of the investment or seller of a property and in some circumstance, third party investigations. As part of the due diligence process, the Group may be required to evaluate important and complex business, financial, tax, accounting, environmental, regulatory and legal issues. Third party consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investments. The due diligence investigation that the Group will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such an investment opportunity. Moreover there is no assurance that the Group will be successful in any of its real estate investments. If the investments made by the Group do not perform as expected, the financial condition, results of operations and cash of the Group may in turn be adversely affected.

RISKS RELATING TO THE GROUP'S HOSPITALITY BUSINESS

The Group will be exposed to risks generally associated with joint ventures

The Issuer carries out its hospitality business through FEHH, a joint venture company in which the Issuer has a 30.0%[28] interest. The remaining 70.0%[29] interest in FEHH is held by FEOrchard.

The Group is not involved in the day-to-day management of FEHH's business. The Group is therefore reliant on FEHH's management team to identify profitable business opportunities and to execute FEHH's growth strategies effectively. There may be risks relating to disagreements with its joint venture partners concerning business plans, capital expenditures and overall business strategy. If disputes arise, the business objectives may not be achieved and the Group's financial performance may be adversely affected.

As a 30.0%-owned associate, the Group may not be able to influence the majority owner of this joint venture. The hotels under the joint venture will require periodic capital expenditure, renovation and improvement to remain competitive. Acquisitions or development of additional hotels will also require significant amount of capital. If FEHH calls for capital and the Group is not prepared to participate, the 30.0% stake owned by the Group will be diluted.

Given that FEHH is a 30.0%-owned associate, the Group only derives a share of profit from FEHH and cash flow from FEHH is subject to the amount of dividends declared by FEHH.

FEHH faces risks inherent in Australia as a significant portion of the hospitality management business and hospitality-related assets are located in Australia

FEHH has a portfolio of hospitality management business and hospitality-related assets located in Australia through its 50-50 joint venture with Australia's Toga Group. Accordingly, FEHH will have significant exposure to the economic conditions and the fluctuations of demand and supply in the Australian hospitality market. The hospitality industry and market in Australia may be adversely affected by political, economic, regulatory, social or diplomatic developments. Any deterioration in the Australian hospitality sector will result in lower average daily rates and occupancy rates of the hotels in Australia, which in turn will have an adverse effect on the profitability of FEHH's joint venture.

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[28] As at the Latest Practicable Date.
[29] As at the Latest Practicable Date.

The hospitality industry faces challenges from a high supply of new rooms coupled with a slowdown in demand for rooms

In certain countries, such as Singapore and Australia, where FEHH is operating, FEHH is faced with certain headwinds, such as an increase in the supply of new hotel rooms coming into the market. In Singapore for example, Singapore Tourism Board reported a 3.3% growth in international visitor arrivals in 2019, with visitor days increasing by 4.0%[30]. The gazetted hotels available room nights in Singapore has increased by 2.7% year-on-year. However, the hospitality sector has also been impacted by the COVID-19 outbreak and the measures introduced to control its spread. For example, the Chinese government has banned outbound group tours from China, the world's largest outbound travel market. Various nations across the world have also imposed travel restrictions and closed their borders to selected countries. City lockdowns, social distancing rules and suspension of major events have also led to a substantial decline in tourism. Globally, as governments progressively reopen their economies, the threat of a second wave of infections exists with potential future lockdowns. Given the fluidity of the COVID-19 pandemic, the authorities continue to be cautious in lifting safe management measures and travel restrictions. More generally, the economic downturn due to COVID-19 may result in a reduction in the ability and/or willingness of consumers to spend on leisure (including recreational travel). As such, travel demand has slowed significantly, and key hospitality markets of Singapore and Australia across all major segments, including tourists and aircrew, have been affected, and may continue to be affected given the ongoing and uncertain nature of the COVID-19 pandemic. Please also see the section titled "Risks Relating to the Issuer's and the Group's Business, Financial Condition and/or Results Of Operations—The outbreak of an infectious disease or any other serious public health concerns in the Asia- Pacific region and elsewhere could adversely impact the Group's business, financial condition and results of operations".

A lower demand for rooms in the hotels and/or serviced apartments which FEHH operates may result in a decline in FEHH's profitability, which may in turn adversely affect the financial performance of the Group.

The hospitality industry is competitive

The global hospitality industry is highly competitive. FEHH competes locally and internationally with existing and newly developed establishments. The hotels and/or serviced apartments owned and/or managed by FEHH experience competition primarily from other similar mid-tier hotels and/or serviced apartments in their immediate vicinity, and also with other hotels and/or serviced apartments in their geographical market. The level of competition in the global hospitality industry is affected by various factors, including changes in economic conditions, both locally, regionally and globally, changes in local, regional and global populations, the supply and demand for rooms and changes in travel patterns and preferences. Competing hotels and/or serviced apartments may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the hotels owned or managed by FEHH. Competing hotels may also significantly lower their rates or offer greater convenience, services or amenities, to attract more guests. If these efforts are successful, the results of operations at the hotels and/or serviced apartments owned or managed by FEHH may be adversely affected. Any decline in the profitability of FEHH may in turn adversely affect the financial performance of the Group.

FEHH's hotel operations require hotel licences and its profitability may be adversely affected by any failure to obtain, renew or obtain the transfer of such licences

The hotel operations of FEHH are subject to the laws, rules and regulations of the countries in which it operates. The withdrawal, suspension or non-renewal of any of the certificates of registration and/or licences, or the imposition of any penalties as a result of any infringement or non-compliance with any applicable laws, rules or regulations, will have an adverse impact on the hotel business of FEHH and consequently, its profitability. Furthermore, any changes in such laws, rules and regulations may also impact the business at FEHH's hotels and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the Group's hotel operations or otherwise adversely affect its hotel operations. Any decline in the profitability of FEHH may in turn adversely affect the financial performance of the Group.

[30] Source: Singapore Tourism Board

The hospitality and hospitality-related businesses are capital intensive and the growth of FEHH may be affected if it is unable to obtain financing on favourable terms or at all

The hospitality sector is capital intensive. Properties may require periodic capital expenditure for purposes of refurbishments, renovation and improvements, while the acquisition or development of additional hospitality and/or hospitality-related assets may also require significant funding. There is no assurance that FEHH (or its relevant subsidiaries and/or associates) will be able to fund the foregoing capital requirements solely from cash provided from its operating activities. Additional equity or debt financing is subject to, among other things, prevailing conditions in the equity and debt markets as well as economic political conditions, and may not be available on favourable terms or at all.

FEHH may not always be able to attract and retain qualified personnel for its hospitality operations

The hospitality industry is a service oriented one and is labour intensive. The continued success of FEHH's operations depends upon its ability to attract and retain qualified personnel to handle its day-to-day operations. However, the supply of qualified personnel in the hospitality industry in Singapore is limited. Competitors may compete for skilled hospitality employees, which may increase the operating costs of FEHH's business. If FEHH is unable to continue to attract and retain qualified personnel, its hospitality operations may not be able to match its staffing level to its business needs and FEHH's businesses, financial conditions and results of operations may be adversely affected. Any decline in the profitability of FEHH may adversely affect the financial performance of the Group.

FEHH's hospitality's business is subject to all of the risks common in the hospitality industry

A number of factors, many of which are common to the hospitality industry and beyond the control of FEHH, could materially and adversely affect FEHH's hospitality business, including but not limited to the following:

- major events affecting either economic or political stability on a global and regional level represent an exposure to FEHH. Economic events, such as a global financial crisis, could include recessionary pressures which would have an impact on FEHH's revenue, operating costs and profitability. Political risk could include changes in the regulatory environment in which FEHH's business activities operate, including restrictions on the repatriation of funds or control over the ownership of assets;

- the hospitality industry is an inherently cyclical market place. A weakening of demand, or an increase in market room supply, may lead to downward pressure on room rates which in turn would lead to a negative effect on operating performance;

- the levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel or industrial action. These events may be localised to a particular country, region or could have a wider international impact. Reduced demand will negatively affect the operating performances;

- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;

- the nature and length of a typical hotel guest's stay. Hotel guests typically stay on a short-term basis and there is therefore no assurance of long-term occupancy for hotel rooms;

- increases in operating costs due to inflation, labour costs (including the impact of unionisation and increased competition for qualified personnel), workers' compensation and health-care related costs, utility costs, insurance and unanticipated costs such as acts of nature and their consequences;

- changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry or perceived risk of travelling by a certain mode of transport; and

- competition from alternative lodging options facilitated by modern technology, such as Airbnb, FlipKey and HomeAway, which allow for the efficient rental of condominiums or apartments suites.

These factors could have adverse effects on FEHH's financial condition, business, results of operations and prospects. A decline in the profitability of FEHH could have an adverse effect on the financial performance of the Group.

RISKS RELATING TO THE GROUP'S RESOURCES BUSINESS

MSC's operations are dependent on its ability to obtain, maintain and renew licences and approvals and maintain its mining concession from the Malaysian government and other relevant government authorities

MSC Group's operations require various licences, permits and approvals from the central government and regional state governments of the countries in which they operate to operate their tin businesses. These include licences from the Department of Environment permitting them to smelt non-ferrous metals and from the Department of Forestry and Department of Minerals and Geoscience in Malaysia permitting them to mine in forest areas in addition to general corporate, mining, capital investment, manpower, environmental, land utilisation licences and other licences.

MSC Group must renew their licences, mining leases and approvals as they expire, as well as obtain new licences, mining leases and approvals when required. There is no assurance that the Malaysian government (whether at the central/federal government or regional/state government level) will issue or renew the licences, mining leases or approvals that MSC's subsidiaries require within the timeframe they anticipate or at all which could, in turn, materially and adversely affect MSC's business, financial condition, results of operations and prospects.

Substantially all of MSC's mining operations are undertaken at one mine

Substantially all of MSC's mining operations are undertaken at the mine in Hulu, Perak. Any significant difficulties in the mining, processing, smelting, transportation of tin, or damage to the facilities, machinery, equipment or other assets and property at the Hulu Perak mine, whether as a result of fire, flooding, labour disputes, mechanical breakdown, land rights disputes or other causes, would materially and adversely affect MSC's business, financial condition, results of operations and prospects.

In the event MSC is not able to successfully renew the mining leases as and when it is required, it will have to suspend or, as the case may be, cease its mining operations.

MSC's mining segment may be adversely affected if it is unable to continue to discover additional tin resources that can be converted into tin reserves

Due to the decline in the amount of tin in MSC's reserves as it mines its tin, its future success and growth will depend, in part, on its ability to discover or acquire additional tin resources and to convert those tin resources into reserves. There is no guarantee that significant new tin resources for conversion into reserves will be discovered. In addition, it may not in the future be successful in converting its existing or future tin resources into significant additional tin reserves. If MSC is unable to replenish its depleting tin reserves with new tin reserves, it could have a material adverse effect on MSC's future financial condition, results of operations and prospects.

MSC's smelting business may be adversely affected if it faces a disruption in supply of tin concentrates

MSC sources for tin concentrates from countries that could face pressure and/or sanctions from both local and internationally based non-governmental organisations and media as well as governmental bodies with respect to trade practices, environmental issues and conflict free zones. In the event the tin mining producers from which MSC sources for tin concentrates are required to cease their mining operations due to an alleged violation of human rights or conflicts in these countries, MSC will face a disruption in supply of tin concentrates for its smelting operations and its business, results of operations and prospects will be materially and adversely affected.

MSC Group has significant ongoing mine reclamation and rehabilitation obligations

The Malaysian government has established operational, reclamation and closure standards for all aspects of onshore mining. MSC and its subsidiaries have mine reclamation and rehabilitation strategies based on the geological characteristics of the Hulu Perak mine. MSC and its subsidiaries are responsible to the relevant Malaysian state government for the reclamation and rehabilitation of all areas being mined within its concession areas. MSC's liabilities can however change significantly if the actual costs incurred in connection with mine reclamation and rehabilitation vary from MSC's assumptions, or if governmental regulations change either during the term of the current licences, or upon the renewal of the licences. Any significant unanticipated increase in MSC's reclamation and rehabilitation costs could materially and adversely affect its business, financial condition, results of operations and prospects.

MSC's mining and smelting operations could be adversely affected by operational and environmental risks and natural disasters

MSC's mining, smelting and delivery of tin to its customers are subject to a variety of potentially severe operating risks, including but not limited to disruptions in furnace efficiency and utilisation, the supply of utilities such as water or electricity, accidents, labour disputes, piracy, industrial accidents such as mine and high-wall collapses, as well as environmental risks including unexpected adverse geological conditions, environmental hazards, natural disasters, adverse weather and other natural phenomena. Any of such calamities or other events beyond its control may lead to significant disruption or a cessation in processing at its processing facilities and those of its associates and may result in MSC having to incur large capital expenditures to restore its processing facilities. This may consequently have a material adverse effect on MSC's profitability and cash flows. Long-term disruptions could result in the loss of customers and goodwill, which will have a material adverse effect on MSC's business, financial condition, results of operations and prospects.

MSC's mining operations in RHT also involve the handling and storage of explosives. There may be more stringent changes in laws, regulations and policies implemented by the relevant authorities in Malaysia in respect of such operations. In addition, there can be no assurance that accidents arising from the mishandling of dangerous materials will not occur in the future. Should RHT fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous materials, its business and operating results may be materially and adversely affected, and it may be subject to penalties and/or other civil and/or criminal liabilities.

MSC Group may be adversely affected by the imposition and enforcement of various environmental laws and regulations

MSC Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. In Malaysia, for instance, tin operators are subject to the Environmental Quality Act 1974 and various related regulations which among other things, restricts the emission of environmentally hazardous substances and noise into the environment, and identifies areas within which such emissions are restricted or prohibited. Additionally, tin operators are also subject to regulations pertaining to the safe discard of toxic and waste materials generated from their mining and smelting operations.

The MSC Group is primarily concerned with the discharge of effluent and emissions resulting from its tin mining and smelting operations. Environmental regulations and social practices in Malaysia in which the MSC Group operates tend to be less stringent than those in developed countries. However, it is possible that these regulations and/or social practices may become more stringent in the future.

Any failure to comply with the relevant laws and regulations and/or observe the social practices of the local communities located in close proximity to its mining areas could subject the MSC Group to liabilities, payment of damages, imposition of fines and/or suspension and/or cessation of operations, which may affect its business, financial condition, results of operations and prospects.

MSC may be affected by government regulations and policies in Malaysia

MSC Group's properties or part thereof in Malaysia may be acquired compulsorily. Under the Land Acquisition Act, 1960 of Malaysia, the head of the state (the "**State Authority**") may compulsorily acquire private property (a) for any public purpose, (b) by any person which, in the opinion of the State Authority, is beneficial to the economic development of Malaysia or to the public generally, or (c) for the purpose of mining or for residential, agricultural, commercial, industrial, or recreational purposes. There is no assurance that the State Authority will not exercise its powers to compulsorily acquire properties owned by the MSC Group, which in turn may affect its business, financial condition, results of operations and prospects.

Disputes with MSC's joint venture or other business partners may adversely affect MSC's business

In the course of MSC's business, it has in the past formed, and will in the future continue to form, joint ventures, or other cooperative relationships with other parties to jointly engage in certain business activities, which include undertaking tin mining projects and operating mining and other resources development facilities. MSC may bear joint and several liabilities with the joint venture and business partners, and as a result, MSC may incur damages and other liabilities for any defective work or other breaches by other joint venture or business partners. MSC's joint venture or other business partners may (a) have economic or business interests or goals that are inconsistent with those of MSC, (b) take actions contrary to MSC's instructions or contrary to MSC's policies and objectives, (c) be unable or unwilling to fulfil their obligations under the relevant joint venture agreements or other cooperative agreements, including their obligation to make the required capital contribution, or (d) have financial difficulties.

In such events, there is no assurance that MSC will not have a serious dispute with its joint venture or other business partners, or that its joint venture or other business partners will not engage in illegal or fraudulent activities, which may cause the loss of business opportunities or disruption to or termination of the relevant project or business venture. Should they arise, such disputes may also give rise to arbitration, litigation or other legal proceedings whether commenced by MSC or against MSC, which will divert its management's attention and other resources. If a decision or award is rendered against MSC, it could be required to pay significant monetary damages, assume other liabilities and suspend or terminate the joint venture or operations. MSC's joint venture and other business partners may be involved in arbitration, litigation or other legal proceedings in their personal capacity which may affect the operations and business of its associated companies.

In the event that MSC encounters any of the foregoing problems, MSC's business, results of operations and financial condition may be materially and/or adversely affected. This may in turn adversely affect the financial condition of the Group.

A significant portion of MSC's refined tin metal is used by end-users in the electronics industry which exposes it to downturns in this industry

A significant portion of MSC's refined tin metal is used by end-users in the electronics industry. The electronics industry is cyclical in nature and economic downturns and resulting pricing pressures experienced by its customers in this industry have in the past resulted in them reducing their capital and operating expenditures. A slowdown in this industry or the occurrence of any event that may adversely affect the industry such as the demand and supply for tin solders used in electronic products will result in a decrease in demand for refined tin products, and accordingly, the business, profitability and financial performance of the MSC Group may be adversely affected.

The financial performance of the MSC Group is subject to fluctuations in tin prices

MSC's profitability would be significantly affected if there is a significant decrease in tin price as MSC's mining operations are exposed to fluctuations in the price of tin. Tin price is subject to various factors, including but not limited to the demand and supply of tin, general market conditions, and speculation. Other unpredictable factors which affect the price of refined tin metal include economic growth rates, foreign and domestic interest rates, foreign exchange rates and trade policies.

From time to time, the MSC Group utilises forward contracts to hedge against the risk of price fluctuations. There is no assurance that the MSC Group's hedging strategies may be able to hedge against future losses arising from such fluctuations successfully. Any fluctuations in exchange rates, interest rates and price of tin may adversely affect the business, financial condition and results of operations of the MSC Group in the event that it is unable to manage such fluctuations through its hedging strategies.

Any of the conditions mentioned above could materially and adversely affect the profitability and financial performance of the MSC Group, and in turn, the financial performance of the Group.

The outbreak of an infectious disease or any other serious public health concerns in the Asia-Pacific region and elsewhere could adversely impact the MSC Group's business, financial condition and results of operations

The outbreak of infectious diseases such as the recent COVID-19 pandemic may have an adverse impact on tin prices and demand for tin. Measures deployed by state governments around the world in response to such outbreaks, such as quarantines, movement control restrictions and mandatory workplace closures, will inadvertently affect the supply of tin ore/feed materials from suppliers affected by such outbreak, and likewise the demand for tin due to supply chain disruptions caused by such outbreaks. For instance, the Control Movement Order ("**CMO**") imposed by the Malaysian Government from 18 March 2018 onwards in response to the COVID-19 pandemic led to a temporary closure of MSC's tin mining operations as well as a temporary shut-down of its smelting plant in the second half of March 2020. Coupled with disruptions in the supply and demand chain for tin due to, among other things, interim closures of tin mines around the world due to the COVID-19 pandemic, as well as lower average tin prices, these factors have adversely affected the financial performance of MSC during the first quarter of 2020. While MSC's performance subsequently recovered during the second quarter of 2020, the COVID-19 pandemic is ongoing and the full extent of its impact remains uncertain.

RISKS RELATING TO THE GROUP'S PROPERTY DEVELOPMENT BUSINESS

The development and prospects of the Group's development of the Butterworth Land in Penang, Malaysia are subject to and may be adversely affected by economic and real estate market conditions (including uncertainties and instability in market conditions and increased competition in the real estate market), political or constitutional instability, conflicts and/or crises, as well as changes in regulatory, fiscal and other governmental policies

As the master developer of the Straits City project on the Butterworth Land, the Group is evaluating various options to realise the value of the Butterworth Land. This may include developing the Butterworth Land directly, entering into a joint venture to develop the Butterworth Land or selling certain parcels of the Butterworth Land. The Butterworth Land has been subdivided and as a first phase, a plot has been identified for a mixed-use retail cum hotel development. As at the Latest Practicable Date, the Group has completed the retail podium structure and is progressing with the construction of the hotel component. There is no assurance that the hotel component, once completed and operational, will not be subject similar risks as those faced by the Group's existing hospitality business, as described in "Risk Factors – Risks Relating to the Group's Real Estate Business".

Moreover, property markets are generally cyclical in nature, and there may be periods of stagnant or decreasing demand for retail space or hotel rooms due to factors such as the prevailing local and global economic conditions, poor market sentiment, competition from other property developers, changes in government regulations and policies, or an over-saturation of similar properties in the vicinity. The Malaysian Government may implement policies or measures which could impact the cost of operations or the realisable value of the property, such as imposing additional stamp duties on buyers and/or sellers, or imposing certain levies or taxes. To the extent that any of these factors occur, the operating profitability and value of the property may significantly decrease, which could adversely affect the Group's profitability. If there is an over-supply of properties, the Group may also take longer than expected to lease up the property, and the room rates and occupancy of the hotel may not perform as well as the Group had expected. In such an event, the Group's business, financial position, results of operations and prospects may be adversely affected.

Furthermore, the Butterworth Land development project will be subject to a number of risks during the course of its development, many of which may be outside the Group's control, including but not limited to:

- changes in market conditions affecting the cost and/or availability of supplies, equipment, or manpower required for the development;
- changes in the relevant regulations and approvals which may result in increased delays, costs, or even the cessation of the development project;
- detection of previously undetected defects or problems at a land site; and
- construction delays or cost overruns due to factors such as delayed regulatory approvals, adverse weather conditions, labour or material shortages, work stoppages and outbreaks of infectious disease (such as the COVID-19 pandemic).

The Butterworth Land development project may require significant capital expenditures periodically and the Group may not be able to secure funding

Due to the scale of the development of Butterworth Land, the development period may be longer than the Group's other developments and the Group may be required to make capital expenditures from time to time. The Group may not be able to fund such capital expenditures solely from cash from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If the Group is unable to obtain such funding, its development of the Butterworth Land may be adversely affected, which could in turn materially and adversely affect the profitability and financial performance of the Group.

The contractors engaged by the Group for the Butterworth Land development project may default on their obligations

For the purposes of the Butterworth Land development project, the Group engages contractors to carry out construction and development work. These contractors are selected based on, amongst others, their track record, pricing, availability and ability to meet the Group's requirements. However, there is no assurance that the products and services provided by such contractors (including their respective sub-contractors or suppliers) will be satisfactory. In the event of any non-performance by such contractors, the Group's development of the Butterworth Land may be adversely affected, which could in turn materially and adversely affect the profitability and financial performance of the Group.

RISKS RELATING TO THE GROUP'S FUND MANAGEMENT BUSINESS

If SIM's status as a registered fund management company under the SFA is suspended or revoked, the operations of SIM will be adversely affected

The Registered Fund Management Company status granted to SIM is subject to conditions and may be suspended or revoked if such conditions are not adhered to. If the Registered Fund Management Company status of the Manager is cancelled by the MAS, the operations of SIM will be adversely affected, which would in turn have an adverse effect on the profitability and financial performance of the Group.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including the refinancing of existing borrowings and the financing of working capital and capital expenditure requirements of the Group.

CLEARANCE AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with certain depositors ("**Depository Agents**"). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(i) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (a) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (b) deductible against any income accruing in or derived from Singapore; or

(ii) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(i) interest from debt securities derived on or after 1 January 2004;

(ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

    payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes".

3. Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

In connection with each tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (that is not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and

(ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

Each Dealer will be required to represent and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**"); or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Singapore

Each Dealer will be required to acknowledge that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any other document or any Pricing Supplement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Ms Chew Gek Khim	Executive Chairman
Ms Chew Gek Hiang	Non-Independent and Non-Executive Director
Mr Goh Kay Yong David	Non-Independent and Non-Executive Director
Mr Tan Tiong Cheng	Independent and Non-Executive Director
Mr Chia Chee Ming, Timothy	Lead Independent Director
Mr Tan Chian Khong	Independent and Non-Executive Director
Mr Chua Tian Chu	Independent and Non-Executive Director

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

   The Issuer's Non-Independent Non-Executive Director, Chew Gek Hiang, is the sister of its Executive Chairman, Chew Gek Khim. The Issuer's substantial shareholder, Dr Tan Kheng Lian, is the mother of Chew Gek Khim and Chew Gek Hiang.

4. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group during FY2019.

5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ms Chew Gek Khim	741,200	0.18	–	–
Ms Chew Gek Hiang	23,000	0.01	–	–
Mr Goh Kay Yong David	–	–	156,500#	0.04
Mr Chia Chee Ming, Timothy	3,900	–		

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

Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest 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	303,173,312	74.52

Notes:

1 Each of Raffles Investments Private Limited ("**Raffles**") and Tecity Pte. Ltd. ("**Tecity**") holds not less than 20% of the voting rights of The Cairns Pte. Ltd. ("**TCPL**"). By virtue of this, each of Raffles and Tecity has a deemed interest in the Company's shares held by TCPL. Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50% of the voting rights of Raffles. By virtue of this, Aequitas has a deemed interest in the Company's shares held by TCPL. Tan Chin Tuan Pte. Ltd. ("**TCTPL**") holds more than 50% of the voting rights in Aequitas. By virtue of this, TCTPL has a deemed interest in the Company's shares held by TCPL. Dr Tan Kheng Lian holds more than 50% of the voting rights of TCTPL. By virtue of this, Dr Tan Kheng Lian has a deemed interest in the Company's shares held by TCPL.

SHARE CAPITAL

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

7. As at the Latest Practicable Date, the Issuer had an issued and paid-up share capital of S$568,967,826 consisting of 406,819,572 ordinary shares (excluding treasury shares).

8. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

9. No shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Issuer.

BORROWINGS

10. Save as disclosed in Appendix IV, the Group had as at 30 June 2020 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges or hire purchase commitments.

WORKING CAPITAL

11. As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

12. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for FY2019.

LITIGATION

13. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

14. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2019.

CONSENTS

15. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

LEGAL ENTITY IDENTIFIER

16. The Legal Entity Identifier of the Issuer is 875500UD8EBMDH2VFY72.

DOCUMENTS AVAILABLE FOR INSPECTION

17. Copies of the following documents may be inspected at the registered office of the Issuer at 1 Wallich Street #15-01, Guoco Tower, Singapore 078881 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed; and

    (c) the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2018 and the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2019.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

18. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The information in this Appendix II has been reproduced from the annual report of The Straits Trading Company Limited and its subsidiaries for the financial year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

For the financial year ended 31 December 2018

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 2018, 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 2018 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.

Key Audit Matters (cont'd)

1. Fair value of investment properties, land and buildings

At 31 December 2018, the Group's investment properties, land and buildings are carried at $910.4 million and $16.4 million respectively, representing 45.9% of the Group's total non-current assets and 58.0% 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. Accordingly, we have identified this as an area of focus.

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 have reviewed the valuation reports obtained from the external appraisers and considered the appropriateness of the valuation model, property related data, including estimates used by management and the external appraisers. We considered the reasonableness of the assumptions and estimates based on the current property market outlook and macroeconomic developments and 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 15, 17, 41(a)(iii) and 42.

2. Impairment testing for goodwill

At 31 December 2018, the Group's goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad ("MSC") is carried at $17.6 million, representing 0.9% of the Group's total non-current assets and 1.1% 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 2018.

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 and historical data. 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.

Furthermore, we reviewed the adequacy of the note disclosures as included in notes 18 and 41(a)(i) to the financial statements.

Key Audit Matters (cont'd)

3. Provision for mine restoration costs

As disclosed in note 31 to the financial statements, the Group recorded a provision for mine restoration costs of $8.7 million in respect of restoration and rehabilitation obligations of its subsidiary as at 31 December 2018. The Group is required to submit its mine restoration plan for approval by the Perak State Mineral Resources Committee, under the Mineral (Perak) Enactment 2003. The Group engaged an external consultant specialising in mine restoration to performance assessment of the required restoration and to conclude on the best methodology to be adopted by the Group. 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.

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.

As at the reporting date, the provision for mine restoration costs based on the methodology and plan formulated by the external consultant still represents the current best estimate made by the Board of Directors.

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 and assessed whether such methodology is consistent with those used in the industry. 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 to determine the net present value of the restoration and rehabilitation obligations reflects current market assessments of the time value of money and the risks specific to the liability.

We also reviewed the adequacy of the note disclosure about the significant judgement and estimation involved in determining the provision. The note disclosures on the provision for mine restoration costs are included in notes 31 and 41(a)(v).

4. Inventories

At 31 December 2018, the Group's inventories are carried at $162.7 million, representing 29.3% of the Group's total current assets and 10.2% of equity.

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.

In addition, 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.

Key Audit Matters (cont'd)

4. Inventories (cont'd)

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 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 and tested the internal controls over the recording of tin-in-concentrates consumed and the valuation of different stages of tin-in-process. We attended the physical inventory counts and observed whether the counts were conducted according to inventory count procedures. We tested the arithmetic calculation of the valuation of inventories. We also reviewed the adequacy of the note disclosure about the significant judgement and estimation involved in determining the valuation of inventories as included in 41(a)(iv).

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.

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.

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

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.

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
29 March 2019

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000 (restated)
Revenue			
Tin mining and smelting revenue		**428,673**	460,149
Property revenue	4	**27,314**	13,476
Total revenue		**455,987**	473,625
Other items of income			
Dividend income	5	**12,835**	14,139
Interest income	6	**45,965**	17,864
Fair value changes in investment properties	17	**31,477**	8,525
Other income	7	**8,811**	9,810
		555,075	523,963
Other items of expense			
Employee benefits expense	8	**(29,746)**	(30,694)
Depreciation expense	15	**(5,959)**	(5,017)
Amortisation expense	18	**(660)**	(613)
(Provision for)/Reversal of impairment losses	9	**(739)**	136
Costs of tin mining and smelting		**(379,804)**	(423,314)
Finance costs	10	**(27,178)**	(22,754)
Other expenses	11	**(37,051)**	(21,983)
Total expenses		**(481,137)**	(504,239)
Share of results of associates and joint ventures		**25,708**	37,739
Profit before tax	12	**99,646**	57,463
Income tax expense	13	**(16,976)**	(5,878)
Profit after tax		**82,670**	51,585
Profit attributable to:			
Owners of the Company		**71,722**	46,432
Non-controlling interests		**10,948**	5,153
		82,670	51,585
Earnings per share (cents per share)	14		
Basic		**17.6**	11.4
Diluted		**17.6**	11.4

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 2018

	2018 $'000	2017 $'000 (restated)
Profit after tax	**82,670**	51,585
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")	**(40,230)**	55,456
Share of net fair value changes in equity securities carried at FVOCI of associates	**(19,295)**	41,564
Net revaluation surplus on property, plant and equipment	**10,573**	2,538
Share of net revaluation surplus on property, plant and equipment of associates	**3,964**	2,645
	(44,988)	102,203
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**656**	(383)
Currency translation reserve	**(3,373)**	(2,806)
Share of reserves of associates and joint ventures	**(9,058)**	(3,123)
Realisation of foreign currency translation reserve to profit or loss	**1,322**	(334)
	(10,453)	(6,646)
Other comprehensive income after tax for the year	**(55,441)**	95,557
Total comprehensive income for the year	**27,229**	147,142
Attributable to:		
Owners of the Company	**15,568**	137,525
Non-controlling interests	**11,661**	9,617
Total comprehensive income for the year	**27,229**	147,142

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

BALANCE SHEETS

As at 31 December 2018

		Group			Company		
	Note	**31 December 2018 $'000**	31 December 2017 $'000 (restated)	1 January 2017 $'000 (restated)	**31 December 2018 $'000**	31 December 2017 $'000 (restated)	1 January 2017 $'000 (restated)
Assets							
Non-current assets							
Property, plant and equipment	15	**38,317**	55,777	53,707	**602**	112	143
Land under development	16	**62,958**	–	–	**30,445**	–	–
Investment properties	17	**910,356**	586,694	554,337	**5,569**	33,110	32,314
Goodwill	18(a)	**17,611**	17,629	17,298	**–**	–	–
Other intangible assets	18(b)	**6,272**	6,718	7,100	**–**	–	–
Subsidiaries	19	**–**	–	–	**124,237**	124,237	125,237
Associates and joint ventures	20	**773,742**	789,409	639,379	**144**	1,997	2,708
Deferred tax assets	21	**10,665**	7,750	3,731	**–**	–	–
Other non-current receivables	22	**–**	–	–	**56,525**	–	–
Derivative financial instruments	24	**779**	–	551	**–**	–	–
Investment securities	23(a)	**200,301**	264,395	256,179	**–**	–	–
Other non-current assets	25	**–**	2,985	–	**–**	–	–
Total non-current assets		**2,021,001**	1,731,357	1,532,282	**217,522**	159,456	160,402
Current assets							
Assets classified as held for sale	26	**1,535**	5,000	17,464	**–**	–	17,464
Development properties for sale		**–**	–	66	**–**	–	–
Inventories	27	**162,723**	154,880	119,554	**–**	–	–
Income tax receivables		**6,000**	6,734	3,611	**171**	297	–
Prepayments and accrued income		**2,051**	1,132	2,409	**17**	14	15
Trade related prepayments		**6,243**	16,377	13,685	**–**	–	–
Trade receivables	22	**8,795**	5,282	37,565	**10**	23	50
Other receivables	22	**74,158**	73,315	74,027	**1,117,029**	979,031	837,184
Investment securities	23(b)	**48,781**	76,879	112,548	**–**	–	–
Derivative financial instruments	24	**185**	255	313	**–**	–	–
Cash and cash equivalents	28	**244,862**	362,438	291,091	**71,610**	258,760	99,374
Total current assets		**555,333**	702,292	672,333	**1,188,837**	1,238,125	954,087
Total assets		**2,576,334**	2,433,649	2,204,615	**1,406,359**	1,397,581	1,114,489

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

BALANCE SHEETS

As at 31 December 2018

		Group			Company		
	Note	**31 December 2018 $'000**	31 December 2017 $'000 (restated)	1 January 2017 $'000 (restated)	**31 December 2018 $'000**	31 December 2017 $'000 (restated)	1 January 2017 $'000 (restated)
Equity and liabilities							
Equity							
Share capital	29(a)	**568,968**	568,968	568,968	**568,968**	568,968	568,968
Treasury shares	29(b)	**(598)**	–	–	**(598)**	–	–
Retained earnings	30	**876,119**	822,467	782,346	**45,240**	44,958	53,765
Other reserves	30	**22,444**	86,147	13,194	**1,445**	1,639	203
Reserve of assets classified as held for sales	26	**360**	–	–	**–**	–	–
Equity attributable to owners of the Company		**1,467,293**	1,477,582	1,364,508	**615,055**	615,565	622,936
Non-controlling interests		**131,310**	93,312	94,240	**–**	–	–
Total equity		**1,598,603**	1,570,894	1,458,748	**615,055**	615,565	622,936
Non-current liabilities							
Provisions	31	**7,789**	9,196	8,644	**–**	–	–
Deferred tax liabilities	21	**13,094**	5,421	5,672	**705**	1,692	2,751
Borrowings	32	**617,311**	552,904	185,770	**149,598**	149,694	–
Derivative financial instruments	24	**549**	899	374	**–**	–	–
Other non-current liabilities	33	**8,337**	461	1,265	**–**	–	–
Total non-current liabilities		**647,080**	568,881	201,725	**150,303**	151,386	2,751
Current liabilities							
Liabilities directly associated with assets classified as held for sale	26	**21**	–	–	**–**	–	–
Provisions	31	**1,726**	4,058	3,116	**–**	–	–
Income tax payable		**6,486**	3,166	13,426	**1,562**	197	75
Trade and other payables	34	**75,266**	70,083	92,445	**639,439**	630,433	488,727
Borrowings	32	**247,152**	215,757	434,041	**–**	–	–
Derivative financial instruments	24	**–**	810	1,114	**–**	–	–
Total current liabilities		**330,651**	293,874	544,142	**641,001**	630,630	488,802
Total liabilities		**977,731**	862,755	745,867	**791,304**	782,016	491,553
Total equity and liabilities		**2,576,334**	2,433,649	2,204,615	**1,406,359**	1,397,581	1,114,489

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 2018

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	FVOCI reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Other reserve $'000	Reserve of assets classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2018 (As previously stated)	1,570,894	1,477,582	568,968	–	874,014	65,328	(1,042)	28,066	(57,752)	–	–	93,312
Effects of adoption of SFRS(I)	–	–	–	–	(51,547)	–	–	–	51,547	–	–	–
Opening balance at 1 January 2018 (As restated)	1,570,894	1,477,582	568,968	–	822,467	65,328	(1,042)	28,066	(6,205)	–	–	93,312
Total comprehensive income for the year	27,229	15,568	–	–	71,722	(55,984)	95	9,861	(10,126)	–	–	11,661
Contributions by and distributions to owners												
Dividend on ordinary shares	(24,486)	(24,486)	–	–	(24,486)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(2,954)	–	–	–	–	–	–	–	–	–	–	(2,954)
Contribution of capital by non-controlling interests	29,460	–	–	–	–	–	–	–	–	–	–	29,460
Shares buy back	(598)	(598)	–	(598)	–	–	–	–	–	–	–	–
Net return of capital from a subsidiary	(136)	–	–	–	–	–	–	–	–	–	–	(136)
Total contributions by and distributions to owners	1,286	(25,084)	–	(598)	(24,486)	–	–	–	–	–	–	26,370
Changes in ownership interests in subsidiaries												
Increase in ownership interests in a subsidiary	–	33	–	–	33	–	–	–	–	–	–	(33)
Total change in ownership interest in subsidiaries	–	33	–	–	33	–	–	–	–	–	–	(33)
Total transactions with owners in their capacity as owners	1,286	(25,051)	–	(598)	(24,453)	–	–	–	–	–	–	26,337
Others												
Realisation of FVOCI reserve	–	–	–	–	1,039	(1,039)	–	–	–	–	–	–
Realisation of revaluation reserve	–	–	–	–	10,042	–	–	(10,042)	–	–	–	–
Share of associate's realisation of FVOCI reserve	–	–	–	–	(53)	53	–	–	–	–	–	–
Issuance of ordinary shares pursuant to bonus issue by a subsidiary	–	–	–	–	(4,645)	–	–	–	–	4,645	–	–
Reserves of assets classified as held for sale	–	–	–	–	–	–	–	(360)	–	–	360	–
Share of other changes in equity of associates	(806)	(806)	–	–	–	–	–	–	–	(806)	–	–
Total others	(806)	(806)	–	–	6,383	(986)	–	(10,402)	–	3,839	360	–
Closing balance at 31 December 2018	1,598,603	1,467,293	568,968	(598)	876,119	8,358	(947)	27,525	(16,331)	3,839	360	131,310

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 2018

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	FVOCI reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Non-controlling interests $'000
Opening balance at 1 January 2017 (As previously stated)	1,458,748	1,364,508	568,968	832,222	(10,178)	(672)	24,044	(49,876)	94,240
Effects of adoption of SFRS(I)	–	–	–	(49,876)	–	–	–	49,876	–
Opening balance at 1 January 2017 (As restated)	1,458,748	1,364,508	568,968	782,346	(10,178)	(672)	24,044	–	94,240
Total comprehensive income for the year	147,142	137,525	–	46,432	93,646	(370)	4,022	(6,205)	9,617
Contributions by and distributions to owners									
Dividend on ordinary shares	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non-controlling interests	(4,119)	–	–	–	–	–	–	–	(4,119)
Contribution of capital by non-controlling interests	1,805	–	–	–	–	–	–	–	1,805
Return of capital to non-controlling interests	(1,219)	–	–	–	–	–	–	–	(1,219)
Total contributions by and distributions to owners	(28,019)	(24,486)	–	(24,486)	–	–	–	–	(3,533)
Changes in ownership interests in subsidiaries									
Disposal of a subsidiary	(6,977)	–	–	–	–	–	–	–	(6,977)
Increase in ownership in a subsidiary	–	35	–	35	–	–	–	–	(35)
Total changes in ownership interests in subsidiaries	(6,977)	35	–	35	–	–	–	–	(7,012)
Total transactions with owners in their capacity as owners	(34,996)	(24,451)	–	(24,451)	–	–	–	–	(10,545)
Others									
Share of associate's realisation of FVOCI reserve	–	–	–	18,140	(18,140)	–	–	–	–
Total others	–	–	–	18,140	(18,140)	–	–	–	–
Closing balance at 31 December 2017	**1,570,894**	**1,477,582**	**568,968**	**822,467**	**65,328**	**(1,042)**	**28,066**	**(6,205)**	**93,312**

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 2018

	2018 $'000	2017 $'000 (restated)
Cash flows from operating activities		
Profit before tax	**99,646**	57,463
Adjustments		
Depreciation of property, plant and equipment	**5,959**	5,017
Amortisation of other intangible assets	**660**	613
Dividend income	**(12,835)**	(14,139)
Interest income	**(45,965)**	(17,864)
Finance costs	**27,178**	22,754
Currency realignment	**2,138**	(2,744)
Fair value changes in investment properties and financial assets	**(28,875)**	(16,993)
Net (gain)/loss on disposal of property, plant and equipment, investment properties and other investments	**(612)**	2,884
Negative goodwill from acquisition of subsidiaries (note 19)	**–**	(198)
Provision for/(Reversal) of impairment losses of investments, property, plant and equipment	**739**	(136)
Share of results of associates and joint ventures	**(25,708)**	(37,739)
Operating cash flows before changes in working capital	**22,325**	(1,082)
Decrease in development properties for sale	**–**	66
Increase in inventories	**(8,036)**	(33,053)
(Increase)/Decrease in short-term investment securities	**(15,820)**	72,979
Decrease/(Increase) in trade and other receivables	**10,484**	(53,751)
Increase/(Decrease) in trade and other payables	**3,506**	(2,209)
Cash flows from/(used in) operations	**12,459**	(17,050)
Income taxes paid	**(7,965)**	(11,985)
Finance costs paid	**(13,888)**	(11,595)
Interest received	**14,618**	3,616
Dividend income from short-term investment securities	**2,177**	3,235
Net cash flows from/(used in) operating activities	**7,401**	(33,779)

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 2018

	2018 $'000	2017 $'000 (restated)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment, other intangible assets and investment properties	**16,479**	25,115
Proceeds from disposal of investment securities	**40,331**	–
Proceeds from disposal of a joint venture	**675**	–
Proceeds from redemption of a debt instrument	**18,927**	36,412
Cost incurred on property, plant and equipment	**(6,505)**	(3,944)
Cost incurred on investment properties	**(332,415)**	(24,628)
Investment in an associate and a joint venture	**(40,522)**	(151,415)
Purchase of investment securities	**–**	(38,775)
Return of capital from associates	**54,088**	64,816
Payment for deferred mine exploration and evaluation expenditure, mine properties and other intangible assets	**(212)**	(157)
Net cash outflow on acquisition of subsidiaries (note 19)	**–**	(2,212)
Net cash inflow from sale of a subsidiary (note 19)	**–**	75,689
Dividend income from investment securities and associates	**36,311**	19,761
Interest received	**5,994**	14,015
Income taxes paid	**(1,192)**	(9,672)
Net cash flows (used in)/from investing activities	**(208,041)**	5,005
Cash flows from financing activities		
Dividend paid to shareholders (note 35)	**(24,486)**	(24,486)
Dividend paid to non-controlling shareholders of subsidiaries	**(2,954)**	(4,380)
Purchase of treasury shares (note 29)	**(598)**	–
Loan from/(Repayment of loan to) a non-controlling shareholder of a subsidiary	**3,971**	(4,077)
Repayment of short-term borrowings	**(65,409)**	(32,604)
Drawdown of long-term borrowings	**199,959**	274,113
Repayment of long-term borrowings	**(34,001)**	(248,849)
Proceeds from issuance of fixed rate notes	**–**	150,000
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**19,458**	1,805
Return of capital to non-controlling shareholders of a subsidiary	**(136)**	(1,219)
Finance costs paid	**(13,261)**	(9,062)
Net cash flows from financing activities	**82,543**	101,241
Net (decrease)/increase in cash and cash equivalents	**(118,097)**	72,467
Effect of exchange rate changes on cash and cash equivalents	**521**	(1,120)
Cash and cash equivalents, beginning balance	**362,438**	291,091
Cash and cash equivalents, ending balance (note 28)	**244,862**	362,438

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

1. Corporate information

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 29 March 2019.

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 *First time adoption of SFRS(I)*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

2. Summary of significant accounting policies (cont'd)

2.2 First time adoption of SFRS(I) (cont'd)

During the financial year, the Group has adopted the following interpretations of SFRS(I) and requirements of SFRS(I), which took effect from financial period beginning 1 January 2018.

– Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures
– Amendments to SFRS(I) 1-40 Transfers of Investment Property
– Amendments to SFRS(I) 2 Classification and Measurement of Share-based Payment Transactions
– SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

Adoption of SFRS(I) 1
The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of $49,876,000 and $19,607,000 were reclassified from translation reserves to retained earnings as at 1 January 2017 for the Group and the Company respectively. The Group also reduced a gain of $1,671,000 arising from foreign exchange impact on disposal of subsidiaries and associates in FY2017 respectively from other income.

SFRS(I) 15 Revenue from Contracts with Customers
This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no impact other than the disclosures in the Group's and the Company's financial statements.

Other than the above, the adoption of these SFRS(I) and interpretation of SFRS(I) did not have any significant impact on the financial statements of the Group.

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**
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 except as discussed below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

<u>SFRS(I) 16 Leases</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee, in particular, on its rented office premises.

Based on the preliminary assessment, the Group expects these operating leases to be recognised as right of use assets with corresponding lease liabilities under the new standard.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of $2,004,000 and lease liabilities of $2,652,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of $54,000 and its related tax impact as of 1 January 2019.

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.

2. Summary of significant accounting policies (cont'd)

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

(a) *Basis of consolidation (cont'd)*

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.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. 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.

<u>Goodwill</u>

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. Summary of significant accounting policies (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

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.

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.

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 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.

2.10 *Depreciation and residual values*

In the tin mining subsidiaries, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in the estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis.

2. Summary of significant accounting policies (cont'd)

2.10 *Depreciation and residual values (cont'd)*

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 5 to 94 years
Buildings	–	8 to 40 years
Plant, equipment and vehicles	–	3 to 40 years
Furniture	–	4 to 10 years
Mine restoration	–	15 years, or remaining life of mine, whichever is shorter

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.

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. Summary of significant accounting policies (cont'd)

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 reserves and resources. Changes in the estimated economically recoverable ore reserves and resources are accounted for on a prospective basis. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

(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

2. Summary of significant accounting policies (cont'd)

2.13 *Intangible assets (cont'd)*

(b) *Deferred mine exploration and evaluation expenditure (cont'd)*

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 reserves and 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 reserves and 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.

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.

2. Summary of significant accounting policies (cont'd)

2.13 Intangible assets (cont'd)

(c) *Mine properties (cont'd)*

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 reserves and resources. Changes in the estimated economically recoverable ore reserves and 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.

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.

For trade receivables only, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses.

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.

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. Summary of significant accounting policies (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

(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*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating 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. The accounting policy for rental income is set out in note 2.24. Contingent rents are recognised as revenue in the periods in which they are earned.

2. Summary of significant accounting policies (cont'd)

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.

(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) Others

Others include service charges that are recognised upon performance of services.

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.
– Profits 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.

2. Summary of significant accounting policies (cont'd)

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

– 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.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes (cont'd)*

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

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.

(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. Summary of significant accounting policies (cont'd)

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.

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.

2. Summary of significant accounting policies (cont'd)

2.26 Derivative financial instruments and hedging (cont'd)

Initial recognition and subsequent measurement (cont'd)

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.

(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.

2. Summary of significant accounting policies (cont'd)

2.26 Derivative financial instruments and hedging (cont'd)

Initial recognition and subsequent measurement (cont'd)

(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.

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.

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.

4. Property revenue

	Group	
	2018	2017
	$'000	$'000
Rental and related income	**27,314**	13,140
Sale of development properties	**–**	336
	27,314	13,476

5. Dividend income

	Group	
	2018	2017
	$'000	$'000
Dividend income from:		
– Investment securities at fair value through profit or loss ("FVTPL")	**2,177**	3,235
– Investment securities at FVOCI	**10,658**	10,904
	12,835	14,139

6. Interest income

	Group	
	2018	2017
	$'000	$'000
Interest income from:		
– Financial assets at amortised cost	**3,971**	9,160
– Deposits at amortised cost	**3,396**	2,332
– Receivables from associates and joint ventures at amortised cost	**38,509**	6,273
– Receivables at amortised cost	**89**	99
	45,965	17,864

7. Other income

	Group 2018 $'000	Group 2017 $'000 (restated)
Net gain on disposal of investment properties	**1,533**	510
Net gain/(loss) on disposal of subsidiaries, associates and joint ventures		
– Foreign exchange impact on capital reduction	**(1,459)**	487
– Others	**653**	(3,899)
Net loss/(gain) on disposal of equity securities at FVTPL	**1,664**	(1,726)
Net loss on disposal of derivatives at FVTPL	**–**	(107)
Fair value changes in financial assets:		
– Held-for-trading equity securities at FVTPL	**(3,730)**	8,509
– Derivatives at FVTPL	**758**	225
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**370**	(266)
Fund related fees	**4,814**	2,949
Negative goodwill from acquisition of subsidiaries (note 19)	**–**	198
Other operating income	**4,208**	2,930
	8,811	9,810

8. Employee benefits expense

	Group 2018 $'000	Group 2017 $'000
Wages, salaries and other allowances	**27,158**	28,158
Defined contribution plans	**2,588**	2,536
	29,746	30,694

9. (Provision for)/Reversal of impairment losses

	Group 2018 $'000	Group 2017 $'000
(Provision for)/Reversal of impairment of a joint venture (note 20.2)	**(140)**	120
(Revaluation deficit)/Reversal of revaluation deficit on property	**(599)**	16
	(739)	136

10. Finance costs

	Group	
	2018	2017
	$'000	$'000
Interest on bank loans carried at amortised cost		
Interest on notes carried at amortised cost	**19,526**	18,026
Fees incurred for credit facilities carried at amortised cost	**5,595**	2,545
Interest on loan from a non-controlling shareholder of a subsidiary, carried at amortised cost	**817**	1,293
Discount adjustment on provision (note 31)	**908**	562
	332	328
	27,178	22,754

11. Other expenses

	Group	
	2018	2017
	$'000	$'000
Administrative expenses	**10,610**	9,952
Marketing and distribution expenses	**3,127**	2,847
Property related management fees	**2,348**	2,583
Upkeep and maintenance expenses of properties	**3,710**	2,217
Property related taxes	**1,698**	1,631
Operating lease expenses	**1,485**	1,485
Brokerage fees	**158**	314
Reversal of impairment of trade receivables (note 22)	**(965)**	–
Exchange losses/(gains)	**10,481**	(1,144)
Other expenses	**4,399**	2,098
	37,051	21,983

12. Profit before tax

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

	Group	
	2018	2017
	$'000	$'000
Audit fees paid/payable:		
(a) Auditor of the Company	**432**	416
(b) Overseas affiliates of the auditor of the Company	**483**	319
(c) Other auditors	**21**	38
Non-audit fees paid/payable:		
(a) Auditor of the Company	**77**	109
(b) Overseas affiliates of the auditor of the Company	**24**	53
(c) Other auditors	**444**	566
	1,481	1,501
Gain on disposal of property, plant and equipment	**(51)**	(49)
Property, plant and equipment written off	**145**	28

13. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

		Group	
		2018	2017
		$'000	$'000
(i) Consolidated income statement:			
Income tax			
– Current income tax		**12,311**	10,425
– Under/(Over) provision in respect of prior years		**855**	(379)
– Benefits from previously unrecognised tax losses and unutilised capital allowances		**–**	(370)
		13,166	9,676
Deferred tax			
– Originating and reversal of temporary differences		**4,567**	(3,991)
– (Over)/Under provision in respect of prior years		**(757)**	193
	(note 21)	**3,810**	(3,798)
Income tax expense recognised in profit or loss		**16,976**	5,878
(ii) Statement of comprehensive income:			
Deferred tax related to other comprehensive income			
– Net change on revaluation of property, plant and equipment		**897**	223
– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges		**–**	170
– Net change in investment securities at FVOCI		**(681)**	(185)
		216	208

13. 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 2018 and 2017 are as follows:

	Group	
	2018	2017
	$'000	$'000
		(restated)
Profit before tax	**99,646**	57,463
Less: Share of results of associates and joint ventures *	**(25,708)**	(37,739)
	73,938	19,724
Tax at statutory rate of 17% (2017: 17%)	**12,569**	3,353
Effect of different tax rates in other countries	**1,233**	99
Under/(Over) provision in respect of prior years	**855**	(379)
(Over)/Under provision of deferred tax in respect of prior years	**(757)**	193
Expenses/Losses not claimable	**8,677**	7,802
Reinvestment allowance claimed	**(1,292)**	–
Income not subject to tax	**(4,879)**	(5,206)
Effect of partial tax exemption	**(438)**	(415)
Deferred tax assets not recognised	**175**	–
Utilisation of previously unrecognised tax losses and unutilised capital allowances	**–**	(370)
Withholding tax expenses	**682**	797
Others	**151**	4
	16,976	5,878

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

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the financial year, the income tax rates applicable to foreign subsidiaries are as follows:

	2018	2017
Malaysia	**24%**	24%
Australia	**30%**	30%
China	**25%**	25%

14. 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 $71,722,000 (2017: $46,432,000) and on 406,945,455 (2017: 408,095,772) weighted average number of ordinary shares in issue.

There are no dilutive potential shares of the Company.

15. Property, plant and equipment

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2018 (restated)	12,125	8,374	10,347	44,390	547	8,261	84,044
Additions/(Reversal)	2,456	–	49	736	3,266	(876)	5,631
Disposals	–	–	–	(1,231)	–	–	(1,231)
Transfer	75	(75)	1,039	993	(2,032)	–	–
Revaluation surplus, net	11,536	964	(1,883)	–	–	–	10,617
Elimination of accumulated depreciation on revaluation	–	(101)	(924)	–	–	–	(1,025)
Reclassified to land under development (note 16)	(25,888)	–	–	–	–	–	(25,888)
Reclassified to non-current asset held for sale	–	–	(1,514)	–	–	–	(1,514)
Exchange adjustment	(162)	(17)	6	(75)	(42)	(13)	(303)
At 31 December 2018	142	9,145	7,120	44,813	1,739	7,372	70,331
Accumulated depreciation							
At 1 January 2018	–	–	–	25,373	–	2,894	28,267
Depreciation charge for the year	–	112	941	3,818	–	1,088	5,959
Disposals	–	–	–	(1,059)	–	–	(1,059)
Elimination of accumulated depreciation on revaluation	–	(101)	(924)	–	–	–	(1,025)
Exchange adjustment	–	(11)	(17)	(81)	–	(19)	(128)
At 31 December 2018	–	–	–	28,051	–	3,963	32,014
Net carrying amount							
At 31 December 2018	**142**	**9,145**	**7,120**	**16,762**	**1,739**	**3,409**	**38,317**

15. Property, plant and equipment (cont'd)

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2017	9,761	8,212	9,472	41,629	512	7,966	77,552
Additions	–	–	817	1,194	1,630	143	3,784
Disposals	–	–	–	(790)	–	–	(790)
Transfer	–	–	–	1,626	(1,626)	–	–
Revaluation surplus, net	2,163	118	474	–	–	–	2,755
Elimination of accumulated depreciation on revaluation	–	(118)	(609)	–	–	–	(727)
Exchange adjustment	201	162	193	731	31	152	1,470
At 31 December 2017 (restated)	12,125	8,374	10,347	44,390	547	8,261	84,044
Accumulated depreciation							
At 1 January 2017	–	–	–	22,166	–	1,679	23,845
Depreciation charge for the year	–	110	589	3,165	–	1,153	5,017
Disposals	–	–	–	(423)	–	–	(423)
Elimination of accumulated depreciation on revaluation	–	(118)	(609)	–	–	–	(727)
Exchange adjustment	–	8	20	465	–	62	555
At 31 December 2017	–	–	–	25,373	–	2,894	28,267
Net carrying amount							
At 1 January 2017	9,761	8,212	9,472	19,463	512	6,287	53,707
At 31 December 2017 (restated)	12,125	8,374	10,347	19,017	547	5,367	55,777

15. 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 2018	41	69	113	223
Additions	–	49	–	49
Revaluation surplus	–	452	–	452
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	2	–	2
At 31 December 2018	41	560	113	714
Accumulated depreciation				
At 1 January 2018	–	–	111	111
Depreciation charge for the year	–	12	1	13
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
At 31 December 2018	–	–	112	112
Net carrying amount				
At 31 December 2018	**41**	**560**	**1**	**602**

15. Property, plant and equipment (cont'd)

	Freehold land $'000 (At valuation)	Buildings $'000 (At valuation)	Plant, equipment, vehicles and furniture $'000	Total $'000
Company				
At cost or valuation				
At 1 January 2017	29	81	219	329
Additions	–	–	1	1
Disposals	–	–	(111)	(111)
Revaluation surplus/(deficit)	12	(1)	–	11
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	1	4	5
At 31 December 2017	41	69	113	223
Accumulated depreciation				
At 1 January 2017	–	–	186	186
Depreciation charge for the year	–	12	8	20
Disposals	–	–	(85)	(85)
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	–	2	2
At 31 December 2017	–	–	111	111
Net carrying amount				
At 1 January 2017	29	81	33	143
At 31 December 2017	41	69	2	112

(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**		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Freehold land	**36**	4,513	4,429	**1**	1	1
Leasehold land	**8,060**	8,375	8,212	**–**	–	–
Buildings	**5,331**	7,222	6,607	**49**	–	–

15. Property, plant and equipment (cont'd)

(c) Details of properties included in property, plant and equipment as at 31 December 2018 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	5*	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
No. 27 Jalan Pantai, 12000 Butterworth, Penang					
– Seabed leases with main wharf at PT 686	Leasehold	51	Main wharf	Knight Frank Malaysia Sdn Bhd	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 4338, 3934, 725, 726, 727, 55502, 55503, 55504, Lot 2071, 4522 and 4523	Leasehold	up to 94	Dam, residential and power station	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method

15. Property, plant and equipment (cont'd)

(c) Details of properties included in property, plant and equipment as at 31 December 2018 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):					
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	90	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(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	78	Office and factory	Khong & Jaafar Sdn Bhd	Comparison method and depreciated replacement cost method

* During the financial year, the Group paid certain premium to extend the tenure of the property to ninety-nine years lease term commencing 5 November 2018. As at 31 December 2018, the extension has not been completed.

16. Land under development

	Group		Company	
	31 December 2018 $'000	31 December 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000
At cost				
At 1 January	**–**	–	**–**	–
Reclassified from property, plant and equipment (note 15)	**25,888**	–	**–**	–
Reclassified from investment properties (note 17)	**36,271**	–	**30,445**	–
Additions	**799**	–	**–**	–
At 31 December	**62,958**	–	**30,445**	–

In September 2018, the Company entered into a Memorandum of Understanding with Malaysia Smelting Corporation Berhad to jointly develop or sell certain land in Butterworth owned by the Group. As a result, certain land in property, plant and equipment and investment properties have been reclassified to land under development.

Details of properties included in land under development as at 31 December 2018 are as follows:

Description of properties	Tenure	Group's effective interest in property	Site area sq.m.	Existing use
Malaysia				
No. 27 Jalan Pantai, 12000 Butterworth, Penang:				
(i) Offices and factory buildings at Lot 142 - 187 and 362	Freehold	55%	50,586	Office and factory
(ii) Carpark shed at Lot 268	Leasehold[(1)]	55%	4,234	Carpark shed
Lot Nos. 195, 197, 199, 2502, 2569, 2570 and 2626, Section 4 Town of Butterworth, Penang	Freehold	100%	65,243[(2)]	Commercial/ Carpark/Car showroom
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Penang; accommodating a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots[(1)]	100%	36,881	Commercial

(1) During the financial year, the Group paid certain premium to convert these land lots from leasehold to freehold. As at 31 December 2018, the conversion has not been completed.

(2) Included in Lot No. 2570 is land with site area of 4,656 sq.m. under development for hotel with podium accommodating shoplots and car park.

17. Investment properties

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Balance sheets:						
At fair value:						
Balance as at 1 January	**586,694**	554,337	606,010	**33,110**	32,314	32,371
Fair value changes recognised in profit or loss	**31,477**	8,525	932	**381**	1,375	499
Addition to properties	**343,225**	20,810	106,020	**2,581**	–	–
Acquisition of subsidiaries (note 19)	**–**	21,500	–	**–**	–	–
Reclassified to land under development (note 16)	**(36,271)**	–	–	**(30,445)**	–	–
Reclassified to asset held for sale (note 26)	**–**	(5,000)	–	**–**	–	–
Disposal during the year	**(9,980)**	(6,900)	(150,934)	**–**	(1,174)	–
Exchange adjustment	**(4,789)**	(6,578)	(7,691)	**(58)**	595	(556)
Balance as at 31 December	**910,356**	586,694	554,337	**5,569**	33,110	32,314

	Group	
	2018	2017
	$'000	$'000
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**26,706**	12,360
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(11,776)**	(9,212)
– Non-rental generating properties	**(8)**	(105)
	(11,784)	(9,317)

(a) Except as disclosed in note 17(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 32).

17. Investment properties (cont'd)

(d) Details of investment properties as at 31 December 2018 are as follows:

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Singapore						
5 residential units at Gallop Green condominium	Freehold	–	1,986 (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
Japan						
Residential building at 5-7 and 5-6, Kujominami 2-chome, Nishi-ku, Osaka-city, Osaka	Freehold	697	1,958	Residential	Rich Appraisal Institute Co., Ltd	Direct capitalisation method and discounted cash flow method
Residential building at 6-5 and 6-22, Nishimiyahara 1-chome, Yodogawa-ku, Osaka-city, Osaka	Freehold	1,944	5,736	Residential	Rich Appraisal Institute Co., Ltd	Direct capitalisation method and discounted cash flow method
Residential building at 43 and 45-13 and 45-14, Sangenya-higashi 1-chome, Taisho-ku, Osaka-city, Osaka	Freehold	1,098	2,825	Residential	Rich Appraisal Institute Co., Ltd	Direct capitalisation method and discounted cash flow method
Residential building at 12-7, Shiokusa 3-chome, Naniwa-ku, Osaka-city, Osaka	Freehold	520	2,994	Residential	Rich Appraisal Institute Co., Ltd	Direct capitalisation method and discounted cash flow method
Residential building at 3-3, Toyotama-kita 3 chome, Nerima-ku, Tokyo, Japan	Freehold	1,022	1,997	Residential	Land Coordinating Research Inc.	Direct capitalisation method and discounted cash flow method

17. Investment properties (cont'd)

(d) Details of investment properties as at 31 December 2018 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
Japan (cont'd)							
Residential building at 13-1, 13-2, 13-3 Minami-Honcho 1 chome, Minami-ku, Saitama city, Saitama, Japan	Freehold		1,364	4,939	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 11-1 to 11-3, 11-11 to 11-15 and 11-17 to 11-20 Higashi-Kawaguchi 1 chome, Kawaguchi city, Japan	Freehold		3,688	6,957	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 48-3, 48-14 Asakusabashi 5 chome, Taito-ku, Tokyo, Japan	Freehold		211	1,210	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 33-1 101-5 Narimasu 2 chome, Itabashi-ku, Tokyo, Japan	Freehold		541	1,278	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 8-5 Kaigan 2 chome, Minato-ku, Tokyo, Japan	Freehold		751	2,876	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	32	15,774	35,378	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	876	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	875	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method

17. Investment properties (cont'd)

(d) Details of investment properties as at 31 December 2018 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Malaysia (cont'd)						
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
Australia						
45 St Georges Terrace, Perth, WA	Freehold	1,826	9,995	Office/ Carpark	Savills Valuations Pty Ltd	Direct capitalisation method and discounted cash flow method
Land at Kilkenny Road, Kilkenny	Freehold	50,277	–	Industrial land	Valuations Services (SA) 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	Direct comparison 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 and discounted cash flow method

18. Goodwill/other intangible assets

(a) Goodwill arising on consolidation

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
At cost			
At 1 January	**17,629**	17,298	17,604
Exchange adjustment	**(18)**	331	(306)
At 31 December	**17,611**	17,629	17,298

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. In the previous year, it was based on its fair value less cost to sell.

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 key assumptions made reflect past experience. The pre-tax discount rates applied to the cash flow projections at 11.0% and 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.

18. Goodwill/other intangible assets (cont'd)

(b) Other intangible assets

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
(i) Mining rights	**1,481**	1,786	2,039
Corporate club memberships	**170**	172	202
	1,651	1,958	2,241
(ii) Deferred mine exploration and evaluation expenditure	**3,375**	3,168	2,973
Mine properties	**1,246**	1,592	1,886
	4,621	4,760	4,859
	6,272	6,718	7,100

(i) Mining rights and corporate club memberships

	Mining rights $'000	**Corporate club memberships $'000**	**Total $'000**
Group			
At cost			
At 1 January 2018	3,920	187	4,107
Exchange adjustment	(5)	–	(5)
At 31 December 2018	3,915	187	4,102
Accumulated amortisation			
At 1 January 2018	2,134	15	2,149
Amortisation charge for the year	307	3	310
Exchange adjustment	(7)	(1)	(8)
At 31 December 2018	2,434	17	2,451
Net carrying amount			
At 31 December 2018	**1,481**	**170**	**1,651**

18. 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
At cost			
At 1 January 2017	3,847	286	4,133
Additions	–	21	21
Disposals	–	(122)	(122)
Exchange adjustment	73	2	75
At 31 December 2017	3,920	187	4,107
Accumulated amortisation			
At 1 January 2017	1,808	84	1,892
Amortisation charge for the year	285	6	291
Disposals	–	(75)	(75)
Exchange adjustment	41	–	41
At 31 December 2017	2,134	15	2,149
Net carrying amount			
At 1 January 2017	2,039	202	2,241
At 31 December 2017	1,786	172	1,958

18. Goodwill/other intangible assets (cont'd)

(b) Other intangible assets (cont'd)

(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 2018	3,168	1,592	4,760
Additions	212	–	212
Amortisation charge for the year	–	(350)	(350)
Exchange adjustment	(5)	4	(1)
At 31 December 2018	**3,375**	**1,246**	**4,621**
At 1 January 2017	2,973	1,886	4,859
Additions	135	1	136
Amortisation charge for the year	–	(322)	(322)
Exchange adjustment	60	27	87
At 31 December 2017	3,168	1,592	4,760

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 reserves and resources.

The remaining amortisation periods are as follows:

	Group Number of years		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Mining rights	**4**	5	6
Corporate club memberships	**64 to 68**	65 to 69	4 to 70
Mine properties	**4**	5	6

19. Subsidiaries

	Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Quoted shares, at cost	**25,402**	25,402	25,402
Unquoted shares, at cost	**56,058**	56,058	57,058
Redeemable preference shares, at cost	**48,900**	48,900	48,900
	130,360	130,360	131,360
Impairment losses	**(6,123)**	(6,123)	(6,123)
	124,237	124,237	125,237

Details of subsidiaries are included in note 44.

Shares of certain subsidiaries of the Group are pledged to secure bank facilities (note 32).

Accounting for Put Option – Chongqing Xinchuang Mall Management Co., Ltd ("CXMM")

In 2014, Chongqing Xinchuang Mall Management Co., Ltd ("CXMM") acquired a retail mall in Chongqing, China (the "Acquisition"). As part of the Acquisition, SRE China 1 Pte. Ltd. ("SRE China") was given the option to sell the entire shareholdings in CXMM to the seller of the retail mall should the retail mall fail to generate a certain internal rate of return over the investments contributed by SRE China for the Acquisition, within an agreed time frame.

Notwithstanding that the Group has a put option to sell the shares of CXMM to the developer and seller of the mall, it is the Group's expectation as at the date of this financial statements to closely monitor the performance of the mall and hold the decision on put option exercise nearer to exercise date. The effect of the option is not expected to be material to the financial statements.

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**		
		31 Dec 2018	31 Dec 2017	1 Jan 2017	**2018 $'000**	2017 $'000	**31 Dec 2018 $'000**	31 Dec 2017 $'000	1 Jan 2017 $'000
Malaysia Smelting Corporation Berhad	Malaysia	**45%**	45%	45%	**5,611**	1,791	**56,460**	47,605	45,631
Straits Real Estate Pte. Ltd.	Singapore	**11%**	11%	11%	**5,337**	3,362	**74,850**	45,707	48,609

19. Subsidiaries (cont'd)

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.		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current						
Assets	**198,964**	208,065	178,059	**130,920**	106,652	247,506
Liabilities	**(147,586)**	(183,155)	(140,169)	**(169,275)**	(229,172)	(273,042)
Net current assets/(liabilities)	**51,378**	24,910	37,890	**(38,355)**	(122,520)	(25,536)
Non-current						
Assets	**106,756**	98,254	95,652	**1,059,597**	743,637	583,905
Liabilities	**(25,389)**	(9,854)	(25,797)	**(461,509)**	(187,870)	(171,678)
Net non-current assets	**81,367**	88,400	69,855	**598,088**	555,767	412,227
Net assets	**132,745**	113,310	107,745	**559,733**	433,247	386,691

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000 (restated)
Revenue	**428,673**	460,149	**22,915**	7,079
Profit before tax	**16,281**	7,550	**51,864**	27,388
Income tax expense	**(3,860)**	(3,614)	**(11,697)**	(287)
Profit after tax	**12,421**	3,936	**40,167**	27,101
Other comprehensive income	**7,953**	3,893	**(23,237)**	29,851
Total comprehensive income	**20,374**	7,829	**16,930**	56,952

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Net cash flows from/(used in) operating activities	**25,117**	(35,486)	**5,631**	(2,656)
Net cash flows used in investing activities	**(4,248)**	(2,456)	**(262,433)**	(42,545)
Net cash flows (used in)/from financing activities	**(30,202)**	34,128	**310,616**	(20,705)

19. Subsidiaries (cont'd)

Analysis of acquisition of subsidiaries

On 31 January 2017, Straits Real Estate, through its wholly-owned subsidiary SRE Japan 2 Pte. Ltd., acquired the entire issued share capital in two Singapore incorporated companies, Nikko AM Japan Property I-I Pte. Ltd. (now known as SRE Luxe 3 Pte. Ltd.) and Nikko AM Japan Property I-II Pte. Ltd. (now known as SRE Luxe 4 Pte. Ltd.) which own 100% trust beneficiary interest in a freehold 14 storey rental residential property in Osaka, Japan through Tokutei Mokuteki Kaisha JP 2 (formerly known as Tokutei Mokuteki Kaisha Nikko AM Japan Property 1-2).

The contribution to the Group arising from these acquisitions are as follows:

	Group 2017 $'000
Revenue	1,096
Profit after tax from continuing operations	403

Had these acquisitions occurred on 1 January 2017, the Group's revenue would have been increased by $102,000 and profit after tax from continuing operations would have been reduced by $117,000.

Transaction costs of $125,000 related to the acquisition were expensed and included in "other expenses" line item in the Group's profit or loss for the year ended 31 December 2017.

The fair values of the net identifiable assets and liabilities of the subsidiaries as at the acquisition date were:

	$'000
Assets:	
Investment properties (note 17)	21,500
Trade and other receivables, including prepayments	75
Cash and cash equivalents	5,185
	26,760
Liabilities:	
Trade and other payables	(4,313)
Borrowings	(14,852)
	(19,165)
Net assets acquired	7,595
Less: Cash consideration, net of expenses	(7,397)
Negative goodwill (note 7)	198

19. Subsidiaries (cont'd)

Analysis of acquisition of subsidiaries (cont'd)

Cash flow effect on acquisition of the subsidiaries:

	Group 2017 $'000
Total consideration for entire equity interest acquired	7,397
Less: Cash and cash equivalent of the subsidiaries acquired	(5,185)
Net cash outflow	2,212

Analysis of sale of a subsidiary

On 1 June 2017, Straits Real Estate, through its wholly-owned subsidiary SRE Venture 6 Pte. Ltd., redeemed its entire investment in the Class A, Class B and Class C shares in SRE Asian Asset Income Fund.

The transaction had the following effects on the financial position of the Group as at 31 December 2017:

	$'000
Assets:	
Trade and other receivables, including prepayments	89,072
Investment securities	14,271
Cash and cash equivalents	34,309
	137,652
Liabilities:	
Income tax payable	(54)
Trade and other payables	(20,623)
	(20,677)
Equity:	
Non-controlling interests	(6,977)
Net assets disposed	109,998
Cash consideration, net of expenses	109,998
	–
Cash and cash equivalents of the subsidiary disposed	(34,309)
Net cash inflow	75,689

20. Associates and joint ventures

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Associates	**626,540**	660,669	636,283	**144**	1,997	2,708
Joint ventures	**147,202**	128,740	3,096	**–**	–	–
	773,742	789,409	639,379	**144**	1,997	2,708

20.1 Associates

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Quoted shares, at cost	**–**	–	323,855	**–**	–	–
Share of post-acquisition reserves	**–**	–	26,899	**–**	–	–
	–	–	350,754	**–**	–	–
Unquoted shares, at cost	**448,195**	469,045	183,608	**609**	2,462	2,708
Shareholder loans (d)	**71,910**	71,910	71,910	**–**	–	–
Share of post-acquisition reserves	**109,718**	132,311	39,417	**–**	–	–
Exchange adjustment	**(3,283)**	(7,614)	(4,423)	**–**	–	–
	626,540	665,652	290,512	**609**	2,462	2,708
Impairment losses	**–**	(4,983)	(4,983)	**(465)**	(465)	–
	626,540	660,669	285,529	**144**	1,997	2,708
	626,540	660,669	636,283	**144**	1,997	2,708
Market value of quoted shares	**–**	–	341,822	**–**	–	–

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

(b) During the financial year, the Group acquired a 40.8% stake in Savills Investment Management Japan Value Fund II, LP ("JVF2") at an initial investment cost of $38.4 million.

(c) In 2017, ARA Asset Management Limited ("ARA") was privatised and delisted from the SGX-ST via a Scheme of Arrangement. In accordance with the subscription and rollover agreement, the Group received $48.2 million cash and $308.6 million is reinvested as rollover shares in a newly incorporated holding company of ARA, ARA Asset Management Holdings Pte. Ltd. ("ARAH"). On completion of the transaction in April 2017, the Group's effective interest in ARA increased from 20.1% to 20.95%.

20. Associates and joint ventures (cont'd)

20.1 Associates (cont'd)

(d) This relates to the Group's shareholder loans to Far East Hospitality Holdings Pte. Ltd. ("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		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At 1 January	**(4,983)**	(4,983)	(4,983)	**(465)**	–	–
Write off/(Impairment) for the year	**4,983**	–	–	**–**	(465)	–
At 31 December	**–**	(4,983)	(4,983)	**(465)**	(465)	–

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

	Group	
	2018 $'000	2017 $'000
Profit after tax	**10**	118
Other comprehensive income	**38**	(131)
Total comprehensive income	**48**	(13)

20. Associates and joint ventures (cont'd)

20.1 Associates (cont'd)

(g) The summarised financial information in respect of ARAH/ARA, FEHH, Greater Tokyo Office Fund (Jersey) L.P. ("GTOF"), ARA Harmony Fund III, L.P. ("H3") and JVF2, 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 $'000	FEHH $'000	GTOF $'000	H3 $'000	JVF2 $'000
As at 31 December 2018					
Current assets	**1,172,985**	**82,022**	**130,665**	**511,190**	**30,090**
Non-current assets	**3,039,641**	**626,326**	**–**	**86,953**	**227,677**
Total assets	**4,212,626**	**708,348**	**130,665**	**598,143**	**257,767**
Current liabilities	**(842,476)**	**(329,694)**	**(22,895)**	**(412,832)**	**(10,733)**
Non-current liabilities	**(1,086,093)**	**(274,379)**	**(5,539)**	**–**	**(150,961)**
Total liabilities	**(1,928,569)**	**(604,073)**	**(28,434)**	**(412,832)**	**(161,694)**
Net assets	**2,284,057**	**104,275**	**102,231**	**185,311**	**96,073**
Perpetual securities holders	**(606,587)**	**–**	**–**	**–**	**–**
Carried interests	**–**	**–**	**4,960**	**–**	**–**
Non-controlling interests	**(6,737)**	**–**	**(6,007)**	**–**	**(714)**
	1,670,733	**104,275**	**101,184**	**185,311**	**95,359**
As at 31 December 2017					
Current assets	237,528	79,860	83,211	520,944	–
Non-current assets	2,462,264	610,724	568,571	86,866	–
Total assets	2,699,792	690,584	651,782	607,810	–
Current liabilities	(160,554)	(292,031)	(37,692)	(69,998)	–
Non-current liabilities	(532,836)	(281,920)	(312,945)	(341,899)	–
Total liabilities	(693,390)	(573,951)	(350,637)	(411,897)	–
Net assets	2,006,402	116,633	301,145	195,913	–
Perpetual securities holders	(304,077)	–	–	–	–
Non-controlling interests	(31,389)	–	(30,686)	–	–
	1,670,936	116,633	270,459	195,913	–

20. Associates and joint ventures (cont'd)

20.1 Associates (cont'd)

Summarised statements of comprehensive income

	ARAH/ARA $'000	FEHH $'000	GTOF $'000	H3 $'000	JVF2 $'000
2018					
Revenue	**234,345**	**86,421**	**25,511**	**41,759**	**1,188**
Profit/(Loss) after tax	**146,596**	**1,513**	**17,825**	**(2,625)**	**(6,819)**
Other comprehensive income	**(97,891)**	**(13,871)**	**–**	**796**	**–**
Total comprehensive income	**48,705**	**(12,358)**	**17,825**	**(1,829)**	**(6,819)**
Dividends received from the associates during the year	**2,933**	**–**	**19,208**	**3,509**	**–**
2017					
Revenue	207,757	91,294	25,186	44,322	–
Profit after tax	82,647	399	71,351	(7,587)	–
Other comprehensive income	174,939	10,893	–	4,062	–
Total comprehensive income	257,586	11,292	71,351	(3,525)	–
Dividends received from the associates during the year	–	–	5,095	3,509	–

20. Associates and joint ventures (cont'd)

20.1 Associates (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	GTOF $'000	H3 $'000	JVF2 $'000
Net assets at 31 December 2018	**1,670,733**	**104,275**	**101,184**	**185,311**	**95,359**
Interest in associates	**20.95%**	**30%**	**37.57%**	**40%**	**40.82%**
Group's share of net assets	**350,019**	**31,283**	**38,015**	**74,124**	**38,926**
Goodwill on acquisition	**121,889**	**–**	**–**	**–**	**–**
Intangible assets	**108,849**	**10,141**	**–**	**–**	**–**
Step acquisition adjustment	**(180,222)**	**–**	**–**	**–**	**–**
Capital return arising from privatisation	**(48,211)**	**–**	**–**	**–**	**–**
Other adjustments	**1,138**	**–**	**–**	**–**	**3**
Carrying value of the Group's interest in associates	**353,462**	**41,424**	**38,015**	**74,124**	**38,929**
Net assets at 31 December 2017	1,670,936	116,633	270,459	195,913	–
Interest in associates	20.95%	30%	37.57%	40%	–
Group's share of net assets	350,061	34,990	101,611	78,365	–
Goodwill on acquisition	121,889	–	–	–	–
Intangible assets	110,101	10,291	–	–	–
Step acquisition adjustment	(180,222)	–	–	–	–
Capital return arising from privatisation	(48,211)	–	–	–	–
Other adjustments	(61)	–	–	–	–
Carrying value of the Group's interest in associates	353,557	45,281	101,611	78,365	–

Step acquisition adjustment and capital return arising from privatisation arose from the privatisation of ARA in April 2017.

20. Associates and joint ventures (cont'd)

20.2 Joint ventures

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted shares, at cost	**3,358**	3,868	3,868
Shareholder notes (c)	**144,611**	126,003	–
Share of post-acquisition reserves	**8,902**	9,016	9,077
Exchange adjustment	**(7,288)**	(7,906)	(7,488)
	149,583	130,981	5,457
Impairment losses	**(2,381)**	(2,241)	(2,361)
	147,202	128,740	3,096

(a) Details of joint ventures are included in note 44.

(b) During the financial year, a subsidiary of the Group disposed of its entire 40% interest in Africa Smelting Corporation Sprl, for a consideration of USD500,000 ($165,000).

(c) In 2017, Straits Real Estate, 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.

(d) Impairment assessment

An impairment loss of $140,000 (2017: A reversal of impairment loss of $120,000, 2016: An impairment loss of $246,000) was recognised in profit or loss of the Group in respect of the Group's investment in KMR. The recoverable amount was derived based on management's estimate of fair value less costs to sell.

(e) Movement in the allowance account:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
At 1 January	**(2,241)**	(2,361)	(2,115)
(Provision for)/Reversal of impairment for the year (note 9)	**(140)**	120	(246)
At 31 December	**(2,381)**	(2,241)	(2,361)

20. Associates and joint ventures (cont'd)

20.2 Joint ventures (cont'd)

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

	Group	
	2018	2017
	$'000	$'000
Profit/(Loss) after tax	**174**	(203)
Other comprehensive income	**286**	(1,544)
Total comprehensive income	**460**	(1,747)

(g) The summarised financial information in respect of 320P Trust, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group		
	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000
Cash and cash equivalents	**1,920**	970	–
Other current assets	**2,605**	6,105	–
Current assets	**4,525**	7,075	–
Non-current assets	**314,990**	296,725	–
Total assets	**319,515**	303,800	–
Trade, other payables and provisions	**3,764**	3,601	–
Current liabilities (excluding trade, other payables and provisions)	**390**	403	–
Total current liabilities	**4,154**	4,004	–
Non-current liabilities (excluding trade, other payables and provisions)	**315,361**	299,796	–
Total liabilities	**319,515**	303,800	–
Net assets	**–**	–	–

20. Associates and joint ventures (cont'd)

20.2 Joint ventures (cont'd)

Summarised statement of comprehensive income

	Group	
	2018	2017
	$'000	$'000
Revenue	**16,691**	8,846
Interest income	**–**	–
Profit before tax	**–**	–
Income tax expense	**–**	–
Profit after tax	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**–**	–

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in 320P Trust:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000
Net assets at 31 December	**–**	–	–
Interest in joint venture	**26%**	26%	–
Carrying value of the Group's interest in joint venture	**–**	–	–

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (note 32).

21. Deferred tax assets and liabilities

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Deferred tax assets	**10,665**	7,750	3,731	**–**	–	–
Deferred tax liabilities	**(13,094)**	(5,421)	(5,672)	**(705)**	(1,692)	(2,751)
	(2,429)	2,329	(1,941)	**(705)**	(1,692)	(2,751)

21. Deferred tax assets and liabilities (cont'd)

	Group					Company		
	Consolidated balance sheet			Consolidated income statement		Balance sheet		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**2018 $'000**	2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Provisions	**4,016**	2,456	1,525	**(1,699)**	(858)	**–**	–	–
Unutilised tax losses	**5,836**	4,885	2,099	**(1,087)**	(2,792)	**–**	–	–
Fair value changes on forward currency contracts and interest rate swap contracts	**(45)**	(30)	208	**12**	60	**–**	–	–
Revaluation of property, plant and equipment	**(1,571)**	(994)	(745)	**(102)**	–	**(154)**	(43)	(42)
Difference in depreciation	**334**	(179)	(1,194)	**(1,180)**	(1,028)	**1**	(2)	(631)
Fair value changes on investment properties	**(5,208)**	(1,393)	(1,794)	**4,409**	(398)	**(552)**	(1,647)	(2,078)
Fair value changes on investment securities at FVOCI	**(502)**	(1,174)	(528)	**(811)**	–	**–**	–	–
Unremitted foreign income and profits	**(5,829)**	(1,470)	(978)	**4,574**	490	**–**	–	–
Others	**540**	228	(534)	**(306)**	728	**–**	–	–
	(2,429)	2,329	(1,941)			**(705)**	(1,692)	(2,751)
Deferred tax expense/ (credit)(note 13)				**3,810**	**(3,798)**			

As at 31 December 2018, certain subsidiaries have unutilised tax losses amounting to $3,756,000 (31 December 2017: $2,713,000, 1 January 2017: $4,846,000) 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.

22. Trade and other receivables

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:						
Trade receivables	**11,855**	6,975	40,180	**8**	22	39
Amounts due from a subsidiary	**–**	–	–	**2**	1	–
Amounts due from associates	**133**	1,504	341	**–**	–	11
Amounts due from related parties	**–**	–	227	**–**	–	–
Impairment of doubtful receivables	**(3,193)**	(3,197)	(3,183)	**–**	–	–
	8,795	5,282	37,565	**10**	23	50
Other receivables						
Deposits	**1,085**	1,073	1,085	**10**	10	35
Non-trade receivables	**6,551**	6,713	9,235	**112**	158	41
Amounts due from subsidiaries	**–**	–	–	**1,116,903**	978,859	837,310
Amounts due from associates	**66,522**	68,023	66,965	**4**	4	82
Amounts due from joint ventures	**–**	727	19	**–**	–	–
	74,158	76,536	77,304	**1,117,029**	979,031	837,468
Impairment of doubtful receivables	**–**	(3,221)	(3,277)	**–**	–	(284)
	74,158	73,315	74,027	**1,117,029**	979,031	837,184
Trade and other receivables (current)	**82,953**	78,597	111,592	**1,117,039**	979,054	837,234
Non-current:						
Amount due from a subsidiary	**–**	–	–	**56,525**	–	–
Amount due from a joint venture	**–**	2,285	2,372	**–**	–	–
Impairment of doubtful receivables	**–**	(2,285)	(2,372)	**–**	–	–
	–	–	–	**56,525**	–	–
Total trade and other receivables (current and non-current)	**82,953**	78,597	111,592	**1,173,564**	979,054	837,234
Add: Cash and cash equivalents (note 28)	**244,862**	362,438	291,091	**71,610**	258,760	99,374
Unquoted financial assets at amortised cost (note 23)	**19,197**	50,033	80,624	**–**	–	–
Quoted financial assets at amortised cost (note 23)	**8,916**	10,756	14,874	**–**	–	–
Shareholder notes (note 20.2)	**144,611**	126,003	–	**–**	–	–
Total financial assets at amortised cost	**500,539**	627,827	498,181	**1,245,174**	1,237,814	936,608

22. 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.

The amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

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 receivable of $105,578,000 from a subsidiary which bear interest at the range from 3.73% to 3.8% per annum.

The non-current amounts due from a subsidiary are non-trade related, unsecured and repayable in 2021. Interest is charged at 3.73% per annum.

Amounts due from associates

The current amount due from associates under trade receivables is unsecured, and subject to the Group's normal credit terms which range from cash term to 90 days. Interest is charged at 5% (2017:5%) per annum.

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 non-current other receivable is due from Africa Smelting Corporation Sprl. The amount had been fully impaired as at 31 December 2016 and was written off during the financial year.

Certain other receivables are pledged to secure bank facilities (note 32).

Trade and other receivables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	**6,853**	2,268	11,864
Japanese Yen	**2,570**	322	440

22. Trade and other receivables (cont'd)

The aged analysis of trade and other receivables is as follows:

	Group								
	31 December 2018 $'000			31 December 2017 $'000			1 January 2017 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net	Gross	Impairment losses	Net
• Not past due	**82,778**	**–**	**82,778**	80,356	(2,285)	78,071	114,080	(2,511)	111,569
• Past due:									
Less than 30 days	**72**	**–**	**72**	160	–	160	3	–	3
30 to 60 days	**40**	**–**	**40**	265	–	265	10	–	10
61 to 90 days	**27**	**–**	**27**	70	–	70	3	–	3
91 to 120 days	**12**	**–**	**12**	9	–	9	–	–	–
More than 120 days	**3,217**	**(3,193)**	**24**	6,440	(6,418)	22	6,328	(6,321)	7
	3,368	**(3,193)**	**175**	6,944	(6,418)	526	6,344	(6,321)	23
Total	**86,146**	**(3,193)**	**82,953**	87,300	(8,703)	78,597	120,424	(8,832)	111,592

	Company								
	31 December 2018 $'000			31 December 2017 $'000			1 January 2017 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net	Gross	Impairment losses	Net
• Not past due	**1,117,029**	**–**	**1,117,029**	979,031	–	979,031	837,501	(284)	837,217
• Past due:									
Less than 30 days	**8**	**–**	**8**	3	–	3	1	–	1
30 to 60 days	**–**	**–**	**–**	–	–	–	8	–	8
61 to 90 days	**–**	**–**	**–**	–	–	–	3	–	3
91 to 120 days	**–**	**–**	**–**	2	–	2	–	–	–
More than 120 days	**2**	**–**	**2**	18	–	18	5	–	5
	10	**–**	**10**	23	–	23	17	–	17
Total	**1,117,039**	**–**	**1,117,039**	979,054	–	979,054	837,518	(284)	837,234

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.

22. 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			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade and other receivables – nominal amounts	**3,193**	8,703	8,832	**–**	–	289
Less: Allowance for impairment	**(3,193)**	(8,703)	(8,832)	**–**	–	(284)
	–	–	–	**–**	–	5

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			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At 1 January	**(8,703)**	(8,832)	(1,597)	**–**	(284)	(284)
Effect of adoption of SFRS(I) 9	**–**	–	(3,741)	**–**	–	–
Impairment for the year (note 11)	**–**	–	(3,176)	**–**	–	–
Amounts written off	**4,529**	182	–	**–**	–	–
Reversal of impairment (note 11)	**965**	–	–	**–**	284	–
Exchange adjustment	**16**	(53)	(318)	**–**	–	–
At 31 December	**(3,193)**	(8,703)	(8,832)	**–**	–	(284)

23. Investment securities

(a) Investment securities (non-current)

	Group		
	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000
At fair value through other comprehensive income			
– quoted, equity securities	**183,989**	264,395	175,555
Total financial assets at fair value through other comprehensive income	**183,989**	264,395	175,555
At amortised cost			
– unquoted	**16,312**	–	80,624
	200,301	264,395	256,179

(b) Investment securities (current)

	Group		
	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000
At fair value through profit or loss			
– quoted, at fair value	**36,980**	16,090	97,674
At amortised cost			
– quoted bonds	**8,916**	10,756	14,874
– unquoted	**2,885**	50,033	–
	48,781	76,879	112,548

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, Hong Kong and Australia. Please refer to note 39(e) for information on equity price risk.

23. Investment securities (cont'd)

(b) Investment securities (current) (cont'd)

The unquoted investment securities at amortised cost are:

	31 December 2018			31 December 2017			1 January 2017		
	Million	**Coupon rate**	**Maturity**	Million	Coupon rate	Maturity	Million	Coupon rate	Maturity
Mezzanine financing	**A$1.3**	**20.5%**	**1 year**	A$5.2	17.5%	1 year	A$35.0	14.25%	2 years
Credit linked notes	**$16.2**	**4.18%**	**2 years**	$23.3	0.34% to 3.98%	1 year	$16.2	3.98%	2 years
Debenture notes	**–**	**–**	**–**	A$15.0	16.5%	1 year	A$15.0	16.5%	2 years

Certain investment securities are pledged to secure bank facilities (note 32).

24. Derivative financial instruments

Derivative financial instruments included in the balance sheet at the reporting date are as follows:

	Group					
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	31 December 2018		31 December 2017		1 January 2017	
	$'000	**$'000**	$'000	$'000	$'000	$'000
Forward currency contracts	**759**	**100**	255	810	568	1,201
Contracts for differences	**–**	**–**	–	–	296	187
Cross currency swap contracts	**142**	**293**	–	–	–	–
Interest rate swap contracts	**63**	**156**	–	899	–	100
	964	**549**	255	1,709	864	1,488
Current	**185**	**–**	255	810	313	1,114
Non-current	**779**	**549**	–	899	551	374

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. These contracts mature between January 2019 to July 2021.

(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.

24. Derivative financial instruments (cont'd)

(c) contracts for differences ("CFDs") represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFDs may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFDs is valued at the CFDs' settlement date and is recognised in profit or loss.

Further details of the derivative financial instruments are disclosed in note 40 to the financial statements.

25. Other non-current assets

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Initial payment for an office building	**–**	2,985	–
	–	2,985	–

The initial payment was related to the acquisition of an office building in Perth, Australia made by the Group in December 2017 for A$54.2 million (approximately $55.7 million). The acquisition was completed on 1 February 2018.

26. Non-current asset held for sale

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Assets:						
Property, plant and equipment	**1,535**	–	–	**–**	–	–
Investment properties (note 17)	**–**	5,000	17,464	**–**	–	17,464
	1,535	5,000	17,464	**–**	–	17,464
Liability:						
Liabilities directly associated with assets classified as held for sale	**21**	–	–	**–**	–	–
Reserves:						
Revaluation reserves	**360**	–	–	**–**	–	–

The Wisma Straits Trading property at No. 2 Lebuh Pasar Besar, Kuala Lumpur was accounted for as asset held for sale at 31 December 2015 following a committed plan to sell the building. The sale was completed in October 2017.

1 unit of investment property at Gallop Green was reclassified as held for sale. The property was mortgaged to secure a bank facility. The sale was completed in February 2018.

26. Non-current asset held for sale (cont'd)

In December 2018, a subsidiary of the Group entered into Sale and Purchase agreements to dispose of 3 units of office premises at Jalan Yap Kwan Seng, Kuala Lumpur, for a total cash consideration of RM4,795,000 (approximately $1,578,000). The sale is expected to be completed by first half of 2019.

27. Inventories

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Balance sheet:			
At lower of cost or net realisable value:			
Inventories of:			
– Tin-in-concentrates	**15,799**	35,598	22,690
– Tin-in-process	**131,292**	97,786	76,381
– Refined tin metal	**12,916**	18,285	13,908
Other inventories (stores, spares, fuels, coal and saleable by-products)	**2,716**	3,211	6,575
	162,723	154,880	119,554
Income statement:			
Inventories recognised as an expense in cost of sales	**379,804**	423,314	447,000
Inclusive of the following charge:			
Reversal of inventories written down	**–**	–	(5,855)

28. Cash and cash equivalents

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Cash at banks and in hand	**118,422**	91,142	94,128	**9,926**	25,476	9,366
Short-term deposits	**126,440**	271,296	196,963	**61,684**	233,284	90,008
	244,862	362,438	291,091	**71,610**	258,760	99,374

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 31 December 2018 for the Group and the Company were 1.5% (31 December 2017: 1.2%, 1 January 2017: 1.4%) per annum and 1.3% (31 December 2017: 1.1%, 1 January 2017: 1.5%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (note 32).

28. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Australian Dollar	**18,153**	5,665	2,306	**–**	1,417	1,408
United States Dollar	**4,755**	7,323	12,687	**–**	–	–
Singapore Dollar	**4,763**	9,126	12,896	**–**	–	–
Japanese Yen	**46,839**	5,266	8,460	**–**	–	–

29. Share capital and treasury shares

(a) Share Capital

	Group and Company					
	31 December 2018		31 December 2017		1 January 2017	
	Number of shares	**$'000**	Number of shares	$'000	Number of shares	$'000
Ordinary shares issued and fully paid (excluding treasury shares)						
At 1 January	**408,095,772**	**568,968**	408,095,772	568,968	408,095,772	568,968
Purchase of treasury shares	**(291,200)**	**–**	–	–	–	–
At 31 December	**407,804,572**	**568,968**	408,095,772	568,968	408,095,772	568,968

(b) Treasury shares

	Group and Company					
	31 December 2018		31 December 2017		1 January 2017	
	Number of shares	**$'000**	Number of shares	$'000	Number of shares	$'000
At 1 January	**–**	**–**	–	–	–	–
Repurchased during the year	**(291,200)**	**(598)**	–	–	–	–
At 31 December	**(291,200)**	**(598)**	–	–	–	–

As at 31 December 2018, the Company held 291,200 treasury shares (31 December 2017: Nil, 1 January 2017: Nil) which represents 0.071% of the total number of issued shares (excluding treasury shares).

Treasuary shares relate to ordinary shares of the Company that is held by the Company.

29. Share capital and treasury shares (cont'd)

(b) Treasury shares (cont'd)

The Company acquired 291,200 (31 December 2017: Nil, 1 January 2017: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $598,000 (31 December 2017: Nil, 1 January 2017: Nil) and this was presented as a component within the shareholders' equity.

30. Reserves

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000 (restated)	**$'000**	$'000 (restated)
Retained earnings [(a)]	**876,119**	822,467	**45,240**	44,958
FVOCI reserve [(b)]	**8,358**	65,328	**–**	–
Hedging reserve [(c)]	**(947)**	(1,042)	**–**	–
Revaluation reserve [(d)]	**27,525**	28,066	**555**	213
Translation reserve [(e)]	**(16,331)**	(6,205)	**890**	1,426
Other reserve [(f)]	**3,839**	–	**–**	–
Other reserves	**22,444**	86,147	**1,445**	1,639

(a) Retained earnings

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000 (restated)	**$'000**	$'000 (restated)
At 31 December (as previously stated)	**874,014**	832,222	**64,565**	73,372
Effect of adoption of SFRS(I)	**(51,547)**	(49,876)	**(19,607)**	(19,607)
At 1 January	**822,467**	782,346	**44,958**	53,765
Net changes in the reserve	**53,652**	40,121	**282**	(8,807)
At 31 December	**876,119**	822,467	**45,240**	44,958
Net changes in the reserve:				
– Profit for the year	**71,722**	46,432	**24,768**	15,679
– Dividend on ordinary shares (note 35)	**(24,486)**	(24,486)	**(24,486)**	(24,486)
– Increase in ownership in a subsidiary	**33**	35	**–**	–
– Share of associate's realisation of FVOCI reserve	**(53)**	18,140	**–**	–
– Realisation of FVOCI reserve	**1,039**	–	**–**	–
– Realisation of revaluation reserve	**10,042**	–	**–**	–
– Issuance of ordinary shares pursuant to bonus issue by a subsidiary	**(4,645)**	–	**–**	–
	53,652	40,121	**282**	(8,807)

30. 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	
	2018	2017
	$'000	$'000
At 1 January	**65,328**	(10,178)
Net changes in the reserve	**(56,970)**	75,506
At 31 December	**8,358**	65,328
Net changes in the reserve:		
– Net fair value changes during the year	**(36,689)**	52,082
– Share of associate's realisation of FVOCI reserve	**53**	(18,140)
– Share of reserve of associates	**(19,295)**	41,564
– Realisation of FVOCI reserve	**(1,039)**	–
	(56,970)	75,506

(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	
	2018	2017
	$'000	$'000
At 1 January	**(1,042)**	(672)
Net changes in the reserve	**95**	(370)
At 31 December	**(947)**	(1,042)
Net changes in the reserve:		
– Net fair value changes during the year	**670**	(448)
– Recognised in profit or loss:		
– Ineffective cash flow hedge	**–**	62
– Share of reserve of associates	**(575)**	16
	95	(370)

30. 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	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At 1 January	**28,066**	24,044	**213**	203
Net changes in the reserve	**(541)**	4,022	**342**	10
At 31 December	**27,525**	28,066	**555**	213
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**5,897**	1,377	**342**	10
– Share of reserve of associates	**3,964**	2,645	**–**	–
– Realisation of revaluation reserve	**(10,042)**	–	**–**	–
– Reserves of assets classified as held for sale	**(360)**	–	**–**	–
	(541)	4,022	**342**	10

(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	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
		(restated)		(restated)
At 31 December (as previously stated)	**(57,752)**	(49,876)	**(18,181)**	(19,607)
Effect of adoption of SFRS(I)	**51,547**	49,876	**19,607**	19,607
At 1 January	**(6,205)**	–	**1,426**	–
Net effect of exchange adjustments	**(10,126)**	(6,205)	**(536)**	1,426
At 31 December	**(16,331)**	(6,205)	**890**	1,426

30. Reserves (cont'd)

(e) Translation reserve (cont'd)

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
		(restated)		(restated)
Net effect of exchange adjustments:				
– Translation of foreign operations	**(757)**	(5,111)	**(536)**	1,426
– Net investments in foreign operations	**(2,207)**	2,380	**–**	–
– Realisation of foreign currency translation reserve to profit or loss	**1,322**	(334)	**–**	–
– Share of reserve of associates	**(8,484)**	(3,140)	**–**	–
	(10,126)	(6,205)	**(536)**	1,426

(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	
	2018	2017
	$'000	$'000
At 1 January	**–**	–
Net changes in the reserve	**3,839**	–
At 31 December	**3,839**	–
Net changes in the reserve:		
– Issuance of ordinary shares pursuant to bonus issue by a subsidiary	**4,645**	–
– Share of other changes in equity of associates	**(806)**	–
	3,839	–

31. Provisions

	Provision for mine restoration $'000	Provision for environmental waste removal $'000	Provision for financial guarantee $'000	Total $'000
Group				
At 1 January 2018	9,288	791	3,175	13,254
Reversal made during the year	(876)	–	(3,212)	(4,088)
Discount adjustment on provision (note 10)	332	–	–	332
Exchange adjustment	(19)	(1)	37	17
At 31 December 2018	**8,725**	**790**	**–**	**9,515**
Non-current	7,789	–	–	7,789
Current	936	790	–	1,726
	8,725	**790**	**–**	**9,515**

	Provision for mine restoration $'000	Provision for environmental waste removal $'000	Provision for financial guarantee $'000	Total $'000
Group				
At 1 January 2017	8,644	–	3,116	11,760
Provision made during the year	143	791	–	934
Discount adjustment on provision (note 10)	328	–	–	328
Exchange adjustment	173	–	59	232
At 31 December 2017	9,288	791	3,175	13,254
Non-current	9,196	–	–	9,196
Current	92	791	3,175	4,058
	9,288	791	3,175	13,254

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.

The Group has engaged a South Korean consultant specialising in mine rehabilitation to carry out an assessment on the mine rehabilitation plan and the mine restoration plan was resubmitted to the relevant authorities in year 2017. From January to April of 2018, various presentations on the mine restoration plan have been made by the Group to the relevant authorities. The Group received a letter dated 7 June 2018 from the authority which indicated that the plan was rejected, however no specific reason was indicated in the rejection letter. The Group was advised by the relevant authorities that the mine restoration plan will be presented again in the near future. The said presentation was made by the Group in October 2018 without any further outcome or decision by the relevant authorities.

31. Provisions (cont'd)

In January 2019, the Group has applied for the proposed extension of mining leases by surrendering the existing mining leases and applying for new mining leases ("said new mining leases"). A presentation on the proposed extension of the said new mining leases was made to the relevant authorities in March 2019 and it is currently pending approval. The Group will resubmit its mine restoration plan for the said new mining leases upon the approval of its application for the proposed extension of mining leases from the relevant authorities.

A provision for environmental waste removal was made in respect of the obligation of M Smelt (C) Sdn. Bhd. for removal of environmental waste from its plant.

32. Borrowings

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Non-current						
Secured bank loans	**451,528**	403,210	169,509	**–**	–	–
Unsecured bank loans	**16,185**	–	16,261	**–**	–	–
Unsecured notes	**149,598**	149,694	–	**149,598**	149,694	–
	617,311	552,904	185,770	**149,598**	149,694	–
Current						
Secured bank loans	**166,894**	60,409	340,518	**–**	–	–
Unsecured bank loans	**80,258**	155,348	93,523	**–**	–	–
	247,152	215,757	434,041	**–**	–	–
Total borrowings	**864,463**	768,661	619,811	**149,598**	149,694	–

Interest rates and maturity of loans

	Group			Company		
	31 December 2018 %	31 December 2017 %	1 January 2017 %	**31 December 2018 %**	31 December 2017 %	1 January 2017 %
Floating rate loans	**0.5 to 5.2**	1.0 to 5.2	1.3 to 5.8	**–**	–	–
Fixed rate loans	**0.9 to 5.4**	0.9 to 5.3	0.8 to 4.0	**–**	–	–
Fixed rate notes	**3.7**	3.7	–	**3.7**	3.7	–

32. Borrowings (cont'd)

Interest rates and maturity of loans (cont'd)

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Not later than 1 year	**247,152**	215,757	434,041	**–**	–	–
Later than 1 year but not later than 5 years	**575,683**	454,708	88,029	**149,598**	149,694	–
More than 5 years	**41,628**	98,196	97,741	**–**	–	–
	864,463	768,661	619,811	**149,598**	149,694	–

Borrowings denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore Dollar	**16,186**	16,202	16,261
United States Dollar	**899**	269	10,676
Australian Dollar	**26,608**	28,924	21,737
Japanese Yen	**45,985**	57,467	57,462

Secured

The secured bank loans are collaterised by the following assets:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Investment properties (note 17(c) and 26)	**891,725**	553,232	464,140
Associate (note 20.1(g))	**–**	–	318,023
Joint venture (note 20.2)	**144,611**	126,003	–
Other receivables (note 22)	**–**	797	–
Investment securities (non-current) (note 23(a))	**111,173**	69,852	140,953
Investment securities (current) (note 23(b))	**36,712**	17,131	27,516
Cash and cash equivalents (note 28)	**78,652**	51,968	72,589
Other current assets	**2,489**	–	–
	1,265,362	818,983	1,023,221

Certain secured bank loans are collaterised by shares of certain subsidiaries of the Group (note 19).

The interest rates of the bank loans are repriced at intervals of 1 month to 12 months (2017: 1 month to 12 months).

32. Borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	2017	Cashflows	Non-cash changes: Reclass-ification	Non-cash changes: Foreign exchange movement	Others	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and notes						
– current	215,757	(91,580)	122,751	204	20	247,152
– non-current	552,904	192,129	(122,751)	(3,541)	(1,430)	617,311
Total	768,661	100,549	–	(3,337)	(1,410)	864,463

	2016	Cashflows	Non-cash changes: Acquisition of subsidiaries	Non-cash changes: Reclass-ification	Non-cash changes: Foreign exchange movement	Others	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
			(note 19)				
Bank loans and notes							
– current	434,041	(253,874)	–	35,893	(503)	200	215,757
– non-current	185,770	396,534	14,852	(35,893)	(6,986)	(1,373)	552,904
Total	619,811	142,660	14,852	–	(7,489)	(1,173)	768,661

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.

33. Other non-current liabilities

	Group: 31 December 2018	Group: 31 December 2017	Group: 1 January 2017
	$'000	$'000	$'000
Amounts due to non-controlling shareholders of subsidiaries	**7,326**	–	–
Unrealised profit on sale of properties to associates	**–**	–	173
Other liabilities	**1,011**	461	1,092
	8,337	461	1,265

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest bearing at 3.73%-12.00% per annum and repayable in 2021 to 2030.

34. Trade and other payables

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:						
Trade payables	**16,071**	15,880	36,163	**10**	1,026	84
Advance receipts and billings	**1,340**	967	584	**9**	9	12
Amounts due to associates	**–**	–	202	**–**	–	–
	17,411	16,847	36,949	**19**	1,035	96
Other payables						
Amounts due to subsidiaries	**–**	–	–	**634,160**	624,449	486,105
Amounts due to non-controlling shareholders of subsidiaries	**13,485**	17,012	21,359	**–**	–	–
Accrual for other charges	**41,356**	33,265	28,885	**5,193**	4,846	2,165
Other deposits	**2,994**	2,849	1,451	**67**	97	361
Amounts due to associates	**20**	110	3,801	**–**	6	–
	57,855	53,236	55,496	**639,420**	629,398	488,631
Trade and other payables	**75,266**	70,083	92,445	**639,439**	630,433	488,727
Trade and other payables	**75,266**	70,083	92,445	**639,439**	630,433	488,727
Less: Advance receipts and billings	**(1,340)**	(967)	(584)	**(9)**	(9)	(12)
	73,926	69,116	91,861	**639,430**	630,424	488,715
Add: Other non-current liabilities (note 33)	**8,337**	461	1,092	**–**	–	–
Loans and borrowings (note 32)	**864,463**	768,661	619,811	**149,598**	149,694	–
Total financial liabilities carried at amortised cost	**946,726**	838,238	712,764	**789,028**	780,118	488,715

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 2.8% per annum and repayable on demand.

34. Trade and other payables (cont'd)

Amounts due to associates

The amounts payable to associates included in other payables are 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		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	**3,619**	10,034	22,333
Australian Dollar	**221**	201	20,491
Japanese Yen	**265**	235	9,028

35. Dividends

	Group and Company	
	2018 $'000	2017 $'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2017 Interim dividend paid in 2018: 6 cents per share tax exempt (one-tier tax) (2016 Interim dividend paid in 2017: 6 cents per share tax exempt (one-tier tax))	**24,486**	24,486
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2018: 6 cents per share tax exempt (one-tier tax) (Interim dividend for 2017: 6 cents per share tax exempt (one-tier tax))	**24,466**	24,486

There is no taxation consequence arising from the dividends declared by the Company.

36. Capital commitments

Capital commitments not provided for in the financial statements are analysed as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Property, plant and equipment	**5,396**	8,338	9,503
Investment properties*	**34**	54,715	2,309
Land under development	**13,363**	–	–
Investee companies	**94,153**	–	–
Associates	**60,232**	–	22,717
Share of joint venture's capital commitment in respect of investment properties	**886**	–	–
	174,064	63,053	34,529

* For 2017, the amount was related mainly to the office building in Perth, Australia (note 25).

37. Commitments

(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 14 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 2018 and 2017.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Not later than 1 year	**4,121**	5,575	6,639	**77**	92	1,501
Later than 1 year but not later than 5 years	**6,701**	9,209	7,386	**–**	75	772
Later than 5 years	**6,775**	7,812	6,725	**–**	–	–
	17,597	22,596	20,750	**77**	167	2,273

(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 4 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.

37. Commitments (cont'd)

(b) Operating lease commitments for lessee (cont'd)

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments	**1,485**	1,485

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000
Not later than 1 year	**1,885**	1,885	1,116
Later than 1 year but not later than 5 years	**806**	2,691	4,565
	2,691	4,576	5,681

(c) Other commitments

The Company has committed to provide continuing financial support to certain subsidiaries to enable their continuing operations.

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	
	2018	2017
	$'000	$'000
Associates/joint ventures		
Sales of goods	**14,304**	19,790
Interest income	**38,509**	6,273
Other related parties		
Office leases	**604**	604

Please refer to notes 22 and 34 for information on amounts due from/to subsidiaries, associates and joint ventures.

38. Related party disclosures (cont'd)

(b) Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2018	2017
	$'000	$'000
Directors' fees	**744**	742
Short-term employee benefits	**2,405**	1,633
Defined contribution plans	**62**	26
	3,211	2,401

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.

39. Financial risk management (cont'd)

(a) Foreign exchange risk (cont'd)

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			
		2018		2017	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
United States Dollar	strengthened 5% (2017: 5%)	**477**	**–**	99	–
	weakened 5% (2017: 5%)	**(477)**	**–**	(99)	–
Australian Dollar	strengthened 5% (2017: 5%)	**5,846**	**–**	5,456	–
	weakened 5% (2017: 5%)	**(5,846)**	**–**	(5,456)	–
Singapore Dollar	strengthened 5% (2017: 5%)	**(429)**	**(837)**	(279)	(837)
	weakened 5% (2017: 5%)	**429**	**837**	279	837
Japanese Yen	strengthened 5% (2017: 5%)	**2,135**	**(2,128)**	217	(2,769)
	weakened 5% (2017: 5%)	**(2,135)**	**2,128**	(217)	2,769

At the end of the reporting period, approximately:

(i) 12% (2017: 4%) of the Group's trade and other receivables as well as 5% (2017: 15%) 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 Japanese Yen.

(ii) 31% (2017: 8%) 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 Singapore Dollar, United States Dollar, Japanese Yen and Australian Dollar.

(iii) 10% (2017: 13%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, Japanese Yen and Australian Dollar.

39. Financial risk management (cont'd)

(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.

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 2018		
– Singapore Dollar	+25	(173)
	–25	173
– Malaysian Ringgit	+25	(134)
	–25	134
– Japanese Yen	+25	(172)
	–25	172
– Chinese Renminbi	+25	(143)
	–25	143
– Australian Dollar	+25	(167)
	–25	167
31 December 2017		
– Singapore Dollar	+25	283
	–25	(283)
– Malaysian Ringgit	+25	(189)
	–25	189
– Japanese Yen	+25	(4)
	–25	4
– Chinese Renminbi	+25	(149)
	–25	149
– Australian Dollar	+25	(48)
	–25	48

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.

39. Financial risk management (cont'd)

(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.

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.

39. Financial risk management (cont'd)

(c) Credit risk (cont'd)

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.

39. **Financial risk management (cont'd)**

(c) Credit risk (cont'd)

The loss allowance provision as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	Group			Company
	Trade receivables $'000	Other receivables $'000	Other non-current receivables $'000	Other receivables $'000
As at 1 January 2017	3,183	3,277	2,372	284
Amount written off	(46)	(136)	–	–
Reversal of impairment	–	–	–	(284)
Exchange adjustments	60	80	(87)	–
As at 31 December 2017 and 1 January 2018	3,197	3,221	2,285	–
Amount written off	–	(2,254)	(2,275)	–
Reversal of impairment	–	(969)	–	–
Exchange adjustments	(4)	2	(10)	–
As at 31 December 2018	**3,193**	**–**	**–**	**–**

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.

39. Financial risk management (cont'd)

(c) Credit risk (cont'd)

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**			
	2018		2017		**2018**		2017	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**67,805**	**82**	67,962	86	**1,062,809**	**95**	953,368	97
Malaysia	**3,700**	**4**	5,719	7	**54,230**	**5**	25,686	3
China, including Hong Kong and Taiwan	**1,622**	**2**	1,711	2	**–**	**–**	–	–
Japan	**5,312**	**6**	478	1	**–**	**–**	–	–
Europe	**3,302**	**4**	–	–	**–**	**–**	–	–
Korea	**1,105**	**2**	–	–	**–**	**–**	–	–
Other countries	**107**	**–**	2,727	4	**–**	**–**	–	–
	82,953	**100**	78,597	100	**1,117,039**	**100**	979,054	100

Approximately 80% (2017: 85%) of the Group's trade and other receivables were due from an associate located in Singapore.

(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.

39. Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

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:

	2018 $'000				2017 $'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	**45,896**	**–**	**–**	**45,896**	26,846	–	–	26,846
Trade and other receivables	**84,078**	**–**	**–**	**84,078**	79,723	–	–	79,723
Derivatives	**185**	**779**	**–**	**964**	255	–	–	255
Cash and cash equivalents	**244,862**	**–**	**–**	**244,862**	362,438	–	–	362,438
Total undiscounted financial assets	**375,021**	**779**	**–**	**375,800**	469,262	–	–	469,262
Financial liabilities:								
Trade and other payables	**73,926**	**7,326**	**–**	**81,252**	69,116	–	–	69,116
Other non-current liabilities	**–**	**566**	**445**	**1,011**	–	175	286	461
Loans and borrowings	**266,655**	**617,560**	**41,667**	**925,882**	232,835	494,908	100,932	828,675
Derivatives	**–**	**549**	**–**	**549**	810	899	–	1,709
Total undiscounted financial liabilities	**340,581**	**626,001**	**42,112**	**1,008,694**	302,761	495,982	101,218	899,961
Total net undiscounted financial assets/ (liabilities)	**34,440**	**(625,222)**	**(42,112)**	**(632,894)**	166,501	(495,982)	(101,218)	(430,699)

39. Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

	2018 $'000				2017 $'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	**1,123,102**	**59,642**	**–**	**1,182,744**	979,054	–	–	979,054
Cash and cash equivalents	**71,610**	**–**	**–**	**71,610**	258,760	–	–	258,760
Total undiscounted financial assets	**1,194,712**	**59,642**	**–**	**1,254,354**	1,237,814	–	–	1,237,814
Financial liabilities:								
Trade and other payables	**639,430**	**–**	**–**	**639,430**	630,424	–	–	630,424
Loans and borrowings	**5,595**	**161,206**	**–**	**166,801**	5,595	166,800	–	172,395
Total undiscounted financial liabilities	**645,025**	**161,206**	**–**	**806,231**	636,019	166,800	–	802,819
Total net undiscounted financial assets/ (liabilities)	**549,687**	**(101,564)**	**–**	**448,123**	601,795	(166,800)	–	434,995

Investment securities, shareholder loans to an associate and shareholder notes to a joint venture under non-current assets are excluded from the tables above.

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.

	2018 $'000				2017 $'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	**3,792**	**–**	**–**	**3,792**	3,781	–	–	3,781
Company								
Financial guarantees	**136,300**	**64,173**	**–**	**200,473**	–	227,010	–	227,010

39. Financial risk management (cont'd)

(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 28% (2017: 60%), United States 34% (2017: 14%), Japan 10% (2017: 12%), Hong Kong 9% (2017: Nil), Australia 8% (2017: 12%), and 11% (2017: 2%) 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 $1,535,000 (2017: $668,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 97% (2017: 97%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 3% (2017: 3%) 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 $8,126,000 (2017: $11,932,000) 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. At the reporting date, there was no such contract outstanding.

The commodity price risk on production cost for fuel is managed through forward commodity contracts. The terms of the forward commodity contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. At the reporting date, there was no such contract outstanding.

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 2018 and 31 December 2017.

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	
	2018	2017
	$'000	$'000
Equity attributable to owners of the Company	**1,467,293**	1,477,582
Non-controlling interests	**131,310**	93,312
Total equity	**1,598,603**	1,570,894
Net borrowings	**619,601**	406,223
Gearing ratio	**38.8%**	25.9%

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 2018:

	Notional Amount		Fair Value	
	Asset $'000	**Liability $'000**	**Asset $'000**	**Liability $'000**
Forward currency contracts	61,068	16,200	759	100
Cross currency swap contracts	20,000	30,000	142	293
Interest rate swap contracts	80,000	46,653	63	156
	161,068	92,853	964	549

At 31 December 2017:

	Notional Amount		Fair Value	
	Asset $'000	**Liability $'000**	**Asset $'000**	**Liability $'000**
Forward currency contracts	23,811	16,200	255	810
Interest rate swap contracts	–	130,000	–	899
	23,811	146,200	255	1,709

Please refer to note 24 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 investments in Japanese Yen:

(i) Loans amounting to Japanese Yen 3.4 billion (2017: Japanese Yen 4.7 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 32).

(ii) Two foreign currency forward contracts of Japanese Yen was designated as a hedge against the net investment denominated in Japanese Yen. Fair value gain or loss on the foreign currency forward contract was taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

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 18. The carrying amount of goodwill at 31 December 2018 was $17,611,000 (2017: $17,629,000).

(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 31 December 2018 was $38,317,000 (2017 (restated): $55,777,000).

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 used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in estimated economically recoverable ore reserves and 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 reserves and 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 $36,239,000 (2017: $52,744,000).

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 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.

(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. Where actual amount differs from the original estimates, the differences will impact the carrying amount of inventories. The carrying amount of inventories at the reporting date is disclosed in note 27.

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 a South Korean 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 31. While the Group intends to resubmit its mine restoration plan upon the approval of its application of the proposed extension of the mining leases from the relevant authorities, the provision for mine restoration costs, based on the methodology proposed by the South Korean 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.

(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.

41. Significant accounting estimates and judgements (cont'd)

(b) Judgements (cont'd)

(i) Income taxes (cont'd)

The carrying amounts are as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Income tax receivables	**6,000**	6,734	3,611
Income tax payable	**6,486**	3,166	13,426
Deferred tax assets	**10,665**	7,750	3,731
Deferred tax liabilities	**13,094**	5,421	5,672

(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 categories 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.

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 2018 $'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 15)	**–**	**–**	**16,407**	**16,407**
Investment properties (note 17)	**–**	**–**	**910,356**	**910,356**
Non-current asset held for sale (note 26)	**–**	**–**	**1,535**	**1,535**
Non-financial assets as at 31 December 2018	**–**	**–**	**928,298**	**928,298**
Financial assets:				
Financial assets at FVTPL (note 23(b))				
Equity securities				
Quoted equity securities	**36,980**	**–**	**–**	**36,980**
Financial assets at FVOCI (note 23(a))				
Equity securities				
Quoted equity securities	**183,989**	**–**	**–**	**183,989**
Derivatives (note 24)				
Forward currency contracts	**–**	**759**	**–**	**759**
Cross currency swap contracts	**–**	**142**	**–**	**142**
Interest rate swap contracts	**–**	**63**	**–**	**63**
Total derivatives	**–**	**964**	**–**	**964**
Financial assets as at 31 December 2018	**220,969**	**964**	**–**	**221,933**
Financial liabilities:				
Derivatives (note 24)				
Forward currency contracts	**–**	**100**	**–**	**100**
Cross currency swap contracts	**–**	**293**	**–**	**293**
Interest rate swap contracts	**–**	**156**	**–**	**156**
Total derivatives	**–**	**549**	**–**	**549**
Financial liabilities as at 31 December 2018	**–**	**549**	**–**	**549**

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 2017 $'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 15)	–	–	30,846	30,846
Investment properties (note 17)	–	–	586,694	586,694
Non-current asset held for sale (note 26)	–	–	5,000	5,000
Non-financial assets as at 31 December 2017	–	–	622,540	622,540
Financial assets:				
Financial assets at FVTPL (note 23(b))				
Equity securities				
Quoted equity securities	16,090	–	–	16,090
Financial assets at FVOCI (note 23(a))				
Equity securities				
Quoted equity securities	264,395	–	–	264,395
Derivatives (note 24)				
Forward currency contracts	–	255	–	255
Financial assets as at 31 December 2017	280,485	255	–	280,740
Financial liabilities:				
Derivatives (note 24)				
Forward currency contracts	–	810	–	810
Interest rate swap contracts	–	899	–	899
Total derivatives	–	1,709	–	1,709
Financial liabilities as at 31 December 2017	–	1,709	–	1,709

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 2018 $'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 15)	**–**	**–**	**601**	**601**
Investment properties (note 17)	**–**	**–**	**5,569**	**5,569**
Non-financial assets as at 31 December 2018	**–**	**–**	**6,170**	**6,170**

	Company 2017 $'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 15)	–	–	110	110
Investment properties (note 17)	–	–	33,110	33,110
Non-financial assets as at 31 December 2017	–	–	33,220	33,220

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 24): Forward currency contracts, cross currency swap contracts, interest rate swap contracts and contracts for differences 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: \$172 to \$393 per square meter (2017: \$154 to \$2,848 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, China, Japan and Australia	Direct capitalisation method	– Capitalisation rates: 3.55% to 8.25% (2017: 4.1% to 4.7%)	The estimated fair value varies inversely against the capitalisation rate
		– Rental rates: \$27.40 to \$66.60 per square meter (2017: \$28.60 to \$39.00 per square meter)	The estimated fair value increases with higher rental rate

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 and Australia	Discounted cashflow method	– Discount rates: 3.7% to 9.0% (2017: 3.8% to 9.0%)	The estimated fair value varies inversely against the discount rate
		– Terminal yield rates: 4.10% to 8.75% (2017: 4.2% to 5.5%)	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rates: 0% to 15% (2017: 0% to 15%)	The estimated fair value increases with higher net rental growth rate
	Comparison method	– Comparable prices: $65 to $19,922 per square meter (2017: $70 to $19,131 per square meter)	The estimated fair value increases with higher comparable price

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 2018 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	**30,846**	**586,694**	**5,000**
Total gains for the year	**10,617**	**31,477**	**–**
Depreciation	**(1,053)**	**–**	**–**
Additions	**3,544**	**343,225**	**–**
Disposals	**–**	**(9,980)**	**(5,000)**
Reclassification	**(27,402)**	**(36,271)**	**1,535**
Exchange adjustment	**(145)**	**(4,789)**	**–**
At 31 December	**16,407**	**910,356**	**1,535**
Total gains or losses for the year included in other comprehensive income			
– Net surplus on revaluation of land and buildings	**10,617**	**–**	**–**

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 2017 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	27,445	554,337	17,464
Total gains for the year	2,755	8,525	–
Depreciation	(699)	–	–
Additions	817	20,810	–
Disposals	–	(6,900)	(17,364)
Reclassification	–	(5,000)	5,000
Acquisition of subsidiaries	–	21,500	–
Exchange adjustment	528	(6,578)	(100)
At 31 December	30,846	586,694	5,000
Total gains or losses for the year included in other comprehensive income			
– Net surplus on revaluation of land and buildings	2,755	–	–

(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.

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. 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 2018 $'000 Fair value measurements 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**	**Carrying Amount**
Liabilities					
Fixed rate bank loans	–	–	150,870	150,870	150,535
Fixed rate notes	152,546	–	–	152,546	149,598
	152,546	–	150,870	303,416	300,133

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 2017 $'000 Fair value measurements 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**	**Carrying Amount**
Liabilities					
Fixed rate bank loans	–	–	150,187	150,187	148,443
Fixed rate notes	152,546	–	–	152,546	149,694
	152,546	–	150,187	302,733	298,137

<u>Determination of fair value</u>

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 20.95% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd..

(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.

(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.

43. Segment information (cont'd)

2018 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue, at a point in time	428,673	–	–	–	–	428,673
External revenue, over time	–	27,314	–	–	–	27,314
Inter-segment revenue	–	178	–	–	(178)	–
Total revenue	428,673	27,492	–	–	(178)	455,987
Segment results						
Operating profit	22,764	46,012	311	1,291	–	70,378
Fair value changes in investment properties	–	31,477	–	–	–	31,477
Impairment losses	(739)	–	–	–	–	(739)
Finance costs	(5,796)	(15,561)	–	(5,821)	–	(27,178)
Share of results of associates and joint ventures	26	25,378	304	–	–	25,708
Profit/(Loss) before tax	16,255	87,306	615	(4,530)	–	99,646
Income tax expense	(3,930)	(12,769)	(226)	(51)	–	(16,976)
Profit/(Loss) after tax	12,325	74,537	389	(4,581)	–	82,670
Profit/(Loss) attributable to:						
Owners of the Company	6,714	69,200	389	(4,581)	–	71,722
Non-controlling interests	5,611	5,337	–	–	–	10,948
	12,325	74,537	389	(4,581)	–	82,670
Segment Assets	305,720	1,906,678	188,004	175,932	–	2,576,334
Segment Liabilities	149,250	667,723	–	160,758	–	977,731
Other information:						
Dividend income	–	9,326	536	2,973	–	12,835
Interest income	340	42,842	1,328	1,455	–	45,965
Depreciation	5,172	787	–	–	–	5,959
Amortisation	660	–	–	–	–	660
Other material non-cash items:						
Impairment of a joint venture	140	–	–	–	–	140
Revaluation deficit on property	599	–	–	–	–	599
Associates and joint ventures	10,732	649,677	113,333	–	–	773,742
Additions to non-current assets[1]	5,312	343,756	–	–	–	349,068

[1] Additions to non-current assets exclude associates and joint ventures.

43. Segment information (cont'd)

2017 Operating segments (restated)

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue, at a point in time	460,149	336	–	–	–	460,485
External revenue, over time	–	13,140	–	–	–	13,140
Inter-segment revenue	–	94	–	–	(94)	–
Total revenue	460,149	13,570	–	–	(94)	473,625
Segment results						
Operating profit	12,395	17,348	3,493	581	–	33,817
Fair value changes in investment properties	–	8,525	–	–	–	8,525
Reversal of impairment losses	136	–	–	–	–	136
Finance costs	(4,723)	(15,031)	–	(3,000)	–	(22,754)
Share of results of associates and joint ventures	(197)	37,966	(30)	–	–	37,739
Profit/(Loss) before tax	7,611	48,808	3,463	(2,419)	–	57,463
Income tax expense	(3,694)	(500)	(226)	(1,458)	–	(5,878)
Profit/(Loss) after tax	3,917	48,308	3,237	(3,877)	–	51,585
Profit/(Loss) attributable to:						
Owners of the Company	2,126	44,946	3,237	(3,877)	–	46,432
Non-controlling interests	1,791	3,362	–	–	–	5,153
	3,917	48,308	3,237	(3,877)	–	51,585
Segment Assets	306,328	1,638,506	193,747	295,068	–	2,433,649
Segment Liabilities	193,361	508,656	–	160,738	–	862,755
Other information:						
Dividend income	–	12,400	546	1,193	–	14,139
Interest income	531	14,681	1,327	1,325	–	17,864
Depreciation	4,181	829	–	7	–	5,017
Amortisation	613	–	–	–	–	613
Other material non-cash items:						
Reversal of impairment of a joint venture	120	–	–	–	–	120
Reversal of revaluation deficit on property	16	–	–	–	–	16
Associates and joint ventures	10,684	661,534	117,191	–	–	789,409
Additions to non-current assets[1]	3,503	45,733	–	–	–	49,236

[1] Additions to non-current assets exclude associates and joint ventures.

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.

2018 Geographical information

	Singapore $'000	Malaysia $'000	Japan $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue						
Revenue from external parties	**4,226**	**428,852**	**10,273**	**8,956**	**3,680**	**455,987**
Non-current assets	**739,964**	**216,574**	**351,954**	**336,706**	**164,058**	**1,809,256**

2017 Geographical information

	Singapore $'000	Malaysia $'000	Japan $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue						
Revenue from external parties	4,887	461,912	5,687	–	1,139	473,625
Non-current assets	743,784	207,707	211,317	128,988	167,416	1,459,212

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 two major customers amount to $125,654,000 (2017: $144,240,000), arising from sales by the Resources segment.

44. Subsidiaries, associates and joint ventures

	Country of Incorporation	Business	Effective Shareholding 2018 %	2017 %	
Subsidiaries					
Held by the Company:					
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malayan Tin Smelting Company Sendirian Berhad ø	Malaysia	Dormant	**100**	100	
Malaysia Smelting Corporation Berhad (1)	Malaysia	Tin mining & smelting	**28**	28	(a)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC International Private Limited øø	Singapore	Dormant	**–**	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	
STC International (Australia) Pty Ltd ø	Australia	Investment	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad (1)	Malaysia	Investment	**100**	100	
Sword Properties Pty Ltd ø	Australia	Trustee company	**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.	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.	Singapore	Investment	**89**	89	

44. Subsidiaries, associates and joint ventures (cont'd)

	Country of Incorporation	Business	Effective Shareholding 2018 %	2017 %	
Subsidiaries					
Held through subsidiaries:					
ARA Summit Development Fund I, L.P. (2)	Cayman Islands	Investment	**89**	89	(b)
SDF R.E. Holdings Limited +	BVI	Investment	**89**	89	(c)
SDF R.E. Services Limited +	BVI	Investment	**89**	89	(c)
SDF Canberra Investments Limited ØØ	BVI	Investment	**–**	89	(c)
SDF R.E. Holdings II Limited +	BVI	Investment	**89**	89	(c)
SDF Canberra Investments II Limited +	BVI	Investment	**89**	89	(c)
SDF R.E. Holdings III Limited ØØ	BVI	Investment	**–**	89	(c)
SDF Canberra Investments III Limited ØØ	BVI	Investment	**–**	89	(c)
SDF R.E. Holdings IV Limited +	BVI	Investment	**89**	89	(c)
SDF Canberra Investments IV-I Limited +	BVI	Investment	**89**	89	(c)
SDF Canberra Investments IV-II Limited +	BVI	Investment	**89**	89	(c)
Chongqing Xinchuang Mall Management Co., Ltd. (1)	People's Republic of China	Real estate investment & management	**89**	89	
SRE Venture 6 Pte. Ltd. ØØ	Singapore	Dormant	**–**	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 Investment 1 (Australia) Pty Ltd Ø	Australia	Property	**88**	88	
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 (1)	Japan	Property	**89**	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 (1)	Japan	Property	**89**	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	
Savills IM Japan Residential Fund, LP	Singapore	Investment	**89**	–	
JPN Residential Holdings Pte. Ltd.	Singapore	Investment	**89**	–	(d)

44. Subsidiaries, associates and joint ventures (cont'd)

	Country of Incorporation	Business	Effective Shareholding 2018 %	2017 %	
Subsidiaries					
Held through subsidiaries:					
JPN Residential TK Holdings Pte. Ltd.	Singapore	Investment	**89**	–	(d)
SIM Residence One GK [1]	Japan	Property	**88**	88	(d)
SIM Residence 2 GK [1]	Japan	Property	**78**	–	(d)
Residence 4 GK [1]	Japan	Property	**89**	–	(d)
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**	–	
SRE Australia 11 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Australia Industrial 1 Pte. Ltd.	Singapore	Investment	**89**	–	
ILP No.1 Trust[1]	Australia	Investment	**72**	–	
C&G Australia Industrial Trust [1]	Australia	Investment	**72**	–	(e)
Dockside Industrial Trust No.1 [1]	Australia	Property	**72**	–	(e)
C&G Salisbury South Trust No.1 [1]	Australia	Property	**72**	–	(e)
C&G Salisbury South Trust No.2 [1]	Australia	Property	**72**	–	(e)
C&G Baywater Trust [1]	Australia	Property	**72**	–	(e)
C&G Kilkenny Trust [1]	Australia	Property	**72**	–	(e)
C&G Mawson Lakes Trust [1]	Australia	Property	**72**	–	(e)
SRE Australia 12 Pte. Ltd.	Singapore	Investment	**89**	–	
Sword Unit Trust [ØØ]	Australia	Dormant	**–**	100	
STC International Investment Holdings Pte. Ltd.[ØØ]	Singapore	Dormant	**–**	100	
SL Tin Sdn. Bhd. [6] [ß]	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. [1] [ß]	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. [1] [ß]	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. [1] [ß]	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited [ß]	Singapore	Investment holding	**55**	55	
M Smelt (C) Sdn. Bhd. [1] [ß]	Malaysia	Smelting of non-ferrous metals	**55**	55	(f)

44. Subsidiaries, associates and joint ventures (cont'd)

	Country of Incorporation	Business	Effective Shareholding 2018 %	2017 %	
Subsidiaries					
Held through subsidiaries:					
PT SRM Indonesia [7] ß	Indonesia	Dormant	**54**	54	
Tertius Development Pte. Ltd. ø	Singapore	Property	**100**	100	
STC Property Management Services Sdn. Bhd. [1]	Malaysia	Property	**100**	100	
Associates					
Held by the Company:					
Taiko-Straits Developments Sdn. Bhd. [9] *(Accounting year ended 30 September)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Guilin Hinwei Tin Co Ltd. ß + *(Accounting year ended 31 December)*	People's Republic of China	Dormant	**19**	19	
Redring Solder (M) Sdn. Bhd. [1] ß *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Holdings Pte. Ltd. [2] *(Accounting year ended 31 December)*	Singapore	Investment	**21**	21	(g)
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	(h)
Greater Tokyo Office Fund (Jersey) L.P. [3] *(Accounting year ended 31 December)*	Jersey	Investment	**34**	34	(i)
Savills Investment Management Japan Value Fund II, LP [2] *(Accounting year ended 31 December)*	Singapore	Investment	**37**	–	(j)

44. Subsidiaries, associates and joint ventures (cont'd)

	Country of Incorporation	Business	Effective Shareholding 2018 %	2017 %	
Joint Ventures					
Held through subsidiaries:					
KM Resources, Inc. (1) ß *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(k)
Africa Smelting Corporation Sprl ß *(Accounting year ended 31 December)*	Democratic Republic of Congo	Tin smelting	**–**	22	(l)
320P Trust (5) *(Accounting year ended 31 December)*	Cayman Islands	Property	**23**	23	(m)
ILP Managers Pty Ltd (1) *(Accounting year ended 31 December)*	Australia	Management	**45**	–	

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 overseas affiliates of KPMG LLP.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by Azmi Ismail & Co.
(7) Audited by Herman Dody Tanumihardja & Rekan.
(8) Audited by SBA Stone Forest.
(9) Audited by Messrs Folks DFK & Co.
ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
ø Voluntary liquidation/de-registration in progress and no statutory audit is required for 2018.
øø These subsidiaries were voluntarily liquidated/de-registered in 2018.
+ 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% (2017: 55%).

(b) ARA Summit Development Fund I, L.P. targets investment opportunities primarily in Australia. SRE Venture 1 Pte. Ltd. is the sole investor of this fund.

(c) These are subsidiaries of ARA Summit Development Fund I, L.P..

(d) These are subsidiaires of Savills IM Japan Residential Fund, L.P..

(e) These are subsidiaires of ILP No.1 Trust.

44. Subsidiaries, associates and joint ventures (cont'd)

(f) M Smelt (C) Sdn. Bhd. has yet to commence operation since the date of incorporation.

(g) 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 20.95% stake in ARA Asset Management Holdings Pte. Ltd..

(h) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(i) Greater Tokyo Office Fund (Jersey) L.P. focused on acquiring office assets in the Greater Tokyo area, which may include Tokyo, Kanagawa, Saitama and Chiba prefectures and selected regional cities outside of Greater Tokyo. At the reporting date, the fund has divested its entire portfolio.

(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) This joint venture was disposed during the financial year.

(m) 320P Trust holds a commercial property in Sydney, Australia.

AUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information in this Appendix III has been reproduced from the annual report of The Straits Trading Company Limited and its subsidiaries for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2019

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 2019, 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 2019 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.

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2019

Key Audit Matters (cont'd)

1. Fair value of investment properties, land and buildings

At 31 December 2019, the Group's investment properties, land and buildings are carried at $863.9 million and $17.0 million respectively, representing 43.9% of the Group's total non-current assets and 52.8% 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. Accordingly, we have identified this as an area of focus.

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 have reviewed the valuation reports obtained from the external appraisers and considered the appropriateness of the valuation model, property related data, including estimates used by management and the external appraisers. We considered the reasonableness of the assumptions and estimates based on the current property market outlook and macroeconomic developments and 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 2019, the Group's goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad ("MSC") is carried at $17.5 million, representing 0.9% of the Group's total non-current assets and 1.1% 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 2019.

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 and historical data. 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.

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

Key Audit Matters (cont'd)

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 $9.2 million in respect of restoration and rehabilitation obligations of its subsidiary as at 31 December 2019. The Group is required to submit its mine restoration plan for approval by the Perak State Mineral Resources Committee, under the Mineral (Perak) Enactment 2003. The Group engaged an external consultant specialising in mine restoration to performance assessment of the required restoration and to conclude on the best methodology to be adopted by the Group. 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.

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 reflects current market assessments of the time value of money and the risks specific 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

At 31 December 2019, the Group's inventories are carried at $153.1 million, representing 23.8% of the Group's total current assets and 9.2% of equity.

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. As disclosed in Note 25 to the financial statements, the Company wrote down $10.2 million of tin-bearing inventories to their net realisable value.

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.

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2019

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 attended the physical inventory counts and observed whether the counts were conducted according to inventory count procedures. 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 verified 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.

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.

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2019

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

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.

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 2020

Consolidated Income Statement

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue			
Tin mining and smelting revenue		**324,062**	428,673
Property revenue		**39,575**	27,314
Total revenue		**363,637**	455,987
Other items of income			
Dividend income	4	**11,178**	12,835
Interest income	5	**43,071**	45,965
Fair value changes in investment properties	16	**26,887**	31,477
Other income	6	**15,498**	8,811
		460,271	555,075
Other items of expense			
Employee benefits expense	7	**(37,610)**	(29,746)
Depreciation expense	14	**(7,410)**	(5,959)
Amortisation expense	17	**(666)**	(660)
Impairment losses	8	**(15)**	(739)
Costs of tin mining and smelting		**(271,738)**	(379,804)
Finance costs	9	**(27,685)**	(27,178)
Other expenses	10	**(31,325)**	(37,051)
Total expenses		**(376,449)**	(481,137)
Share of results of associates and joint ventures		**45,498**	25,708
Profit before tax	11	**129,320**	99,646
Income tax expense	12	**(28,966)**	(16,976)
Profit after tax		**100,354**	82,670
Profit attributable to:			
Owners of the Company		**84,371**	71,722
Non-controlling interests		**15,983**	10,948
		100,354	82,670
Earnings per share (cents per share)	13		
Basic		**20.7**	17.6
Diluted		**20.7**	17.6

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 2019

	2019 $'000	2018 $'000
Profit after tax	**100,354**	82,670
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")	**7,310**	(40,230)
Share of net fair value changes in equity securities carried at FVOCI of associates	**(2,263)**	(19,295)
Net revaluation surplus on property, plant and equipment	**888**	10,573
Share of net revaluation surplus on property, plant and equipment of associates	**1,785**	3,964
	7,720	(44,988)
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**493**	656
Currency translation reserve	**(7,119)**	(3,373)
Share of reserves of associates and joint ventures	**(5,343)**	(9,058)
Realisation of foreign currency translation reserve to profit or loss	**1,386**	1,322
	(10,583)	(10,453)
Other comprehensive income after tax for the year	**(2,863)**	(55,441)
Total comprehensive income for the year	**97,491**	27,229
Attributable to:		
Owners of the Company	**82,600**	15,568
Non-controlling interests	**14,891**	11,661
Total comprehensive income for the year	**97,491**	27,229

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

Balance Sheets

As at 31 December 2019

		Group		Company	
	Note	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Assets					
Non-current assets					
Property, plant and equipment	14	**43,612**	38,317	**599**	602
Land under development	15	**67,444**	62,958	**30,311**	30,445
Investment properties	16	**863,936**	910,356	**5,545**	5,569
Goodwill	17(a)	**17,540**	17,611	**–**	–
Other intangible assets	17(b)	**5,863**	6,272	**–**	–
Subsidiaries	18	**–**	–	**123,535**	124,237
Associates and joint ventures	19	**791,628**	773,742	**144**	144
Deferred tax assets	20	**3,119**	10,665	**–**	–
Other non-current receivables	21	**–**	–	**103,935**	56,525
Derivative financial instruments	23	**1,547**	779	**399**	–
Investment securities	22(a)	**210,919**	200,301	**–**	–
Other non-current assets	24	**1,201**	–	**–**	–
Total non-current assets		**2,006,809**	2,021,001	**264,468**	217,522
Current assets					
Inventories	25	**153,092**	162,723	**–**	–
Income tax receivables		**7,311**	6,000	**197**	171
Prepayments and accrued income		**1,930**	2,051	**18**	17
Trade related prepayments		**1,847**	6,243	**–**	–
Trade receivables	21	**5,529**	8,795	**7**	10
Other receivables	21	**74,123**	74,158	**1,091,862**	1,117,029
Investment securities	22(b)	**65,869**	48,781	**–**	–
Derivative financial instruments	23	**886**	185	**–**	–
Cash and cash equivalents	26	**310,487**	244,862	**113,946**	71,610
		621,074	553,798	**1,206,030**	1,188,837
Assets classified as held for sale	27	**21,311**	1,535	**–**	–
Total current assets		**642,385**	555,333	**1,206,030**	1,188,837
Total assets		**2,649,194**	2,576,334	**1,470,498**	1,406,359

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

Balance Sheets

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Equity and liabilities					
Equity					
Share capital	28(a)	**568,968**	568,968	**568,968**	568,968
Treasury shares	28(b)	**(2,055)**	(598)	**(2,055)**	(598)
Retained earnings	29	**932,861**	876,119	**45,088**	45,240
Other reserves	29	**19,347**	22,444	**1,421**	1,445
Reserve of assets classified as held for sale	27	**–**	360	**–**	–
Equity attributable to owners of the Company		**1,519,121**	1,467,293	**613,422**	615,055
Non-controlling interests		**150,195**	131,310	**–**	–
Total equity		**1,669,316**	1,598,603	**613,422**	615,055
Non-current liabilities					
Provisions	30	**9,061**	7,789	**–**	–
Deferred tax liabilities	20	**23,696**	13,094	**704**	705
Borrowings	31	**660,035**	617,311	**199,481**	149,598
Derivative financial instruments	23	**311**	549	**–**	–
Other non-current liabilities	32	**10,846**	8,337	**–**	–
Lease liabilities	34	**1,700**	–	**–**	–
Total non-current liabilities		**705,649**	647,080	**200,185**	150,303
Current liabilities					
Provisions	30	**5,065**	1,726	**–**	–
Income tax payable		**6,098**	6,486	**314**	1,562
Trade and other payables	33	**49,715**	75,266	**656,577**	639,439
Borrowings	31	**210,030**	247,152	**–**	–
Derivative financial instruments	23	**1,048**	–	**–**	–
Lease liabilities	34	**2,273**	–	**–**	–
		274,229	330,630	**656,891**	641,001
Liabilities directly associated with assets classified as held for sale	27	**–**	21	**–**	–
Total current liabilities		**274,229**	330,651	**656,891**	641,001
Total liabilities		**979,878**	977,731	**857,076**	791,304
Total equity and liabilities		**2,649,194**	2,576,334	**1,470,498**	1,406,359

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 2019

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	FVOCI reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Other reserves $'000	Reserve of assets classified as held for sale $'000	Non-controlling interests $'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
Contributions by and distributions to owners												
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
Others												
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 Statement of Changes in Equity

For the financial year ended 31 December 2019

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	FVOCI reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Other reserves $'000	Reserve of assets classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2018	1,570,894	1,477,582	568,968	–	822,467	65,328	(1,042)	28,066	(6,205)	–	–	93,312
Total comprehensive income for the year	27,229	15,568	–	–	71,722	(55,984)	95	9,861	(10,126)	–	–	11,661
Contributions by and distributions to owners												
Dividend on ordinary shares	(24,486)	(24,486)	–	–	(24,486)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(2,954)	–	–	–	–	–	–	–	–	–	–	(2,954)
Contribution of capital by non-controlling interests	29,460	–	–	–	–	–	–	–	–	–	–	29,460
Shares buy back	(598)	(598)	–	(598)	–	–	–	–	–	–	–	–
Net return of capital from a subsidiary	(136)	–	–	–	–	–	–	–	–	–	–	(136)
Total contributions by and distributions to owners	1,286	(25,084)	–	(598)	(24,486)	–	–	–	–	–	–	26,370
Changes in ownership interests in subsidiaries												
Increase in ownership interests in a subsidiary	–	33	–	–	33	–	–	–	–	–	–	(33)
Total change in ownership interest in subsidiaries	–	33	–	–	33	–	–	–	–	–	–	(33)
Total transactions with owners in their capacity as owners	1,286	(25,051)	–	(598)	(24,453)	–	–	–	–	–	–	26,337
Others												
Realisation of FVOCI reserve	–	–	–	–	1,039	(1,039)	–	–	–	–	–	–
Realisation of revaluation reserve	–	–	–	–	10,042	–	–	(10,042)	–	–	–	–
Share of associate's realisation of FVOCI reserve	–	–	–	–	(53)	53	–	–	–	–	–	–
Issuance of ordinary shares pursuant to bonus issue by a subsidiary	–	–	–	–	(4,645)	–	–	–	–	4,645	–	–
Reserves of assets classified as held for sale	–	–	–	–	–	–	–	(360)	–	–	360	–
Share of other changes in equity of associates	(806)	(806)	–	–	–	–	–	–	–	(806)	–	–
Total others	(806)	(806)	–	–	6,383	(986)	–	(10,402)	–	3,839	360	–
Closing balance at 31 December 2018	1,598,603	1,467,293	568,968	(598)	876,119	8,358	(947)	27,525	(16,331)	3,839	360	131,310

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 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit before tax	**129,320**	99,646
Adjustments		
Depreciation of property, plant and equipment	**7,410**	5,959
Amortisation of other intangible assets	**666**	660
Dividend income	**(11,178)**	(12,835)
Interest income	**(43,071)**	(45,965)
Finance costs	**27,685**	27,178
Currency realignment	**5,525**	2,138
Fair value changes in investment properties and financial assets	**(32,059)**	(28,875)
Net gain on disposal of property, plant and equipment, investment properties and other investments	**(1,942)**	(757)
Write down of inventories	**10,191**	–
Impairment losses of investment and property, plant and equipment	**15**	739
Property, plant and equipment written off	**106**	145
Share of results of associates and joint ventures	**(45,498)**	(25,708)
Operating cash flows before changes in working capital	**47,170**	22,325
Increase in inventories	**(1,277)**	(8,036)
Decrease/(Increase) in short-term investment securities	**1,669**	(15,820)
Decrease in trade and other receivables	**6,841**	10,484
(Decrease)/Increase in trade and other payables	**(15,119)**	3,506
Cash flows from operations	**39,284**	12,459
Income taxes paid	**(9,226)**	(7,965)
Finance costs paid	**(12,456)**	(13,888)
Interest received	**8,418**	14,618
Dividend income from short-term investment securities	**1,832**	2,177
Net cash flows from operating activities	**27,852**	7,401

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 2019

	2019 $'000	2018 $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**108,150**	16,479
Proceeds from disposal of investment securities	**11,116**	40,331
Proceeds from disposal of a joint venture	**–**	675
Proceeds from redemption of a debt instrument	**1,380**	18,927
Cost incurred on property, plant and equipment	**(5,182)**	(6,505)
Cost incurred on investment properties	**(55,966)**	(332,415)
Cost incurred on land under development	**(4,782)**	–
Subscription of a debt instrument	**(29,910)**	–
Investment in an associate and a joint venture	**(30,017)**	(40,522)
Return of capital from associates	**40,928**	54,088
Payment for deferred mine exploration and evaluation expenditure, mine properties and other intangible assets	**(283)**	(212)
Dividend income from investment securities and associates	**35,131**	36,311
Interest received	**1,938**	5,994
Income taxes paid	**(3,340)**	(1,192)
Net cash flows from/(used in) investing activities	**69,163**	(208,041)
Cash flows from financing activities		
Dividend paid to shareholders (note 35)	**(24,463)**	(24,486)
Dividend paid to non-controlling shareholders of subsidiaries	**(4,799)**	(2,954)
Purchase of treasury shares (note 28)	**(1,457)**	(598)
(Repayment of loan to)/Loan from a non-controlling shareholder of a subsidiary	**(3,224)**	3,971
Repayment of short-term borrowings	**(13,765)**	(65,409)
Drawdown of long-term borrowings	**233,939**	199,959
Repayment of long-term borrowings	**(208,512)**	(34,001)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**10,087**	19,458
Return of capital to non-controlling shareholders of a subsidiary	**(1,305)**	(136)
Finance costs paid	**(14,149)**	(13,261)
Payment of lease liabilities	**(3,419)**	–
Net cash flows (used in)/from financing activities	**(31,067)**	82,543
Net increase/(decrease) in cash and cash equivalents	**65,948**	(118,097)
Effect of exchange rate changes on cash and cash equivalents	**(323)**	521
Cash and cash equivalents, beginning balance	**244,862**	362,438
Cash and cash equivalents, ending balance (note 26)	**310,487**	244,862

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

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 31 March 2020.

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 2019.

Adoption of SFRS(I) 16 *Leases*

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The nature of expenses related to such leases has changed as the principles under SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities. The Group applied the modified retrospective method of adoption in which the cumulative effect of initially applying the standard is recognised at the date of initial application of 1 January 2019 and comparative information is not restated.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.2 Changes in accounting policies (cont'd)

The impact arising from the adoption of the principles of SFRS(I) 16 on the Group's financial statements on 1 January 2019 are as follows:

	Higher/(Lower) $'000
Property, plant and equipment	2,232
Investment in associates	(4,890)
Lease liabilities	2,286
Retained earnings	(4,944)

Adoption of SFRS(I)s

In addition, during the current financial year, the Group has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial period beginning 1 January 2019:

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
Annual Improvements to SFRS(I)s 2015-2017 Cycle

There were no significant impact to the financial statements of the Group arising from the adoption of above standards and interpretation of SFRS(I)s.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessees' incremental borrowing rates at 1 January 2019. The weighted-average rates applied are 1.8% and 4.2%.

The lease liabilities for the Group as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	$'000
Operating lease commitments as at 31 December 2018	**2,805**
Add: Option of extension of lease	154
Less: Commitment relating to short-term lease	(12)
Less: Recognition exemption of short-term leases and underlying assets of low value	(11)
	2,936
Lease liabilities as at 1 January 2019, discounted using the incremental borrowing rates	**2,286**

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) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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 2019

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

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

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. 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.

<u>Goodwill</u>

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

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.

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.

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.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.10 Depreciation and residual values (cont'd)

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 98 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.13 Intangible assets (cont'd)

(b) *Deferred mine exploration and evaluation expenditure (cont'd)*

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.

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.

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

2.13 Intangible assets (cont'd)

(c) *Mine properties (cont'd)*

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 2019

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.

For trade receivables only, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses.

(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.

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

2.14 Financial instruments (cont'd)

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

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.

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.

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

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

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 2019

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 as lessee

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 use the 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 or a change in the assessment to purchase the underlying asset.

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.

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.

(iii) *Sale of by-products*

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.24 Revenue and other income recognition (cont'd)

(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.

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

2.25 Taxes (cont'd)

(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

– 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.25 Taxes (cont'd)

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

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.

(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

<u>Initial recognition and subsequent measurement</u>

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.

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

2.26 Derivative financial instruments and hedging (cont'd)

Initial recognition and subsequent measurement (cont'd)

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.

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 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

2.26 Derivative financial instruments and hedging (cont'd)

(a) *Fair value hedges (cont'd)*

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.

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

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.

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.

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 2019

4. DIVIDEND INCOME

	Group	
	2019 $'000	2018 $'000
Dividend income from:		
– Investment securities at fair value through profit or loss ("FVTPL")	**1,831**	2,177
– Investment securities at FVOCI	**9,347**	10,658
	11,178	12,835

5. INTEREST INCOME

	Group	
	2019 $'000	2018 $'000
Interest income from:		
– Financial assets at amortised cost	**1,455**	3,971
– Deposits at amortised cost	**3,339**	3,396
– Receivables from associates and joint ventures at amortised cost	**38,200**	38,509
– Receivables at amortised cost	**77**	89
	43,071	45,965

6. OTHER INCOME

	Group	
	2019 $'000	2018 $'000
Net gain on disposal of investment properties	**7,440**	1,533
Net gain/(loss) on disposal of subsidiaries, associates and joint ventures		
– Foreign exchange impact on capital reduction	**(814)**	(1,459)
– Others	**(4,705)**	653
Net gain on disposal of equity securities at FVTPL	**1,300**	1,664
Fair value changes in financial assets:		
– Held-for-trading equity securities at FVTPL	**5,330**	(3,730)
– Derivatives at FVTPL	**(319)**	758
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**161**	370
Fund related fees	**3,201**	4,814
Other operating income	**3,904**	4,208
	15,498	8,811

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019 $'000	2018 $'000
Wages, salaries and other allowances	**29,962**	27,158
Defined contribution plans	**2,749**	2,588
Provision for voluntary separation compensation*	**4,899**	–
	37,610	29,746

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

8. IMPAIRMENT LOSSES

	Group	
	2019 $'000	2018 $'000
Impairment of a joint venture (note 19.2(e))	**15**	140
Revaluation deficit on a property	**–**	599
	15	739

9. FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest on bank loans carried at amortised cost	**19,777**	19,526
Interest on notes carried at amortised cost	**5,597**	5,595
Fees incurred for credit facilities carried at amortised cost	**1,349**	817
Interest on loan from a non-controlling shareholder of a subsidiary, carried at amortised cost	**606**	908
Discount adjustment on provision (note 30)	**394**	332
Interest on lease liabilities (note 34)	**263**	–
	27,986	27,178
Less: interest expense capitalised in investment properties (note 16(d))	**(301)**	–
	27,685	27,178

Notes to the Financial Statements

For the financial year ended 31 December 2019

10. OTHER EXPENSES

	Group	
	2019 **$'000**	2018 $'000
Administrative expenses	**8,312**	10,610
Marketing and distribution expenses	**4,478**	3,127
Property related management fees	**3,418**	2,348
Upkeep and maintenance expenses of properties	**5,415**	3,710
Property related taxes	**2,409**	1,698
Operating lease expenses	**33**	1,485
Brokerage fees	**158**	158
Reversal of impairment of trade receivables (note 21)	**–**	(965)
Exchange losses	**2,093**	10,481
Other expenses	**5,009**	4,399
	31,325	37,051

11. PROFIT BEFORE TAX

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

	Group	
	2019 **$'000**	2018 $'000
Audit fees paid/payable:		
(a) Auditor of the Company	**482**	432
(b) Overseas affiliates of the auditor of the Company	**544**	483
(c) Other auditors	**30**	21
Non-audit fees paid/payable:		
(a) Auditor of the Company	**77**	77
(b) Overseas affiliates of the auditor of the Company	**21**	24
(c) Other auditors	**612**	444
	1,766	1,481
Gain on disposal of property, plant and equipment	**–**	(51)
Property, plant and equipment written off	**106**	145

12. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

		Group	
		2019 $'000	2018 $'000
(i) Consolidated income statement:			
Income tax			
– Current income tax		**11,021**	12,311
– Adjustments to provisions in respect of prior years		**1**	855
– Benefits from previously unrecognised tax losses and unutilised capital allowances		**(166)**	–
		10,856	13,166
Deferred tax			
– Originating and reversal of temporary differences		**18,258**	4,567
– Adjustments to provisions in respect of prior years		**(148)**	(757)
	(note 20)	**18,110**	3,810
Income tax expense recognised in profit or loss		**28,966**	16,976
(ii) Statement of comprehensive income:			
Deferred tax related to other comprehensive income			
– Net change on revaluation of property, plant and equipment		**281**	897
– Net change in investment securities at FVOCI		**680**	(681)
		961	216

Notes to the Financial Statements

For the financial year ended 31 December 2019

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 2019 and 2018 are as follows:

	Group	
	2019 $'000	2018 $'000
Profit before tax	**129,320**	99,646
Less: Share of results of associates and joint ventures *	**(45,498)**	(25,708)
	83,822	73,938
Tax at statutory rate of 17% (2018: 17%)	**14,250**	12,569
Effect of different tax rates in other countries	**1,294**	1,233
Adjustments to provision in respect of prior years	**1**	855
Adjustments to deferred tax in respect of prior years	**(148)**	(757)
Expenses/losses not claimable	**8,315**	8,677
Reinvestment allowance claimed	**–**	(1,292)
Income not subject to tax	**(92)**	(4,879)
Effect of partial tax exemption	**(379)**	(438)
Deferred tax assets not recognised	**5,311**	175
Utilisation of previously unrecognised tax losses	**(166)**	–
Withholding tax expenses	**450**	682
Others	**130**	151
	28,966	16,976

* 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 $84,371,000 (2018: $71,722,000) and on 407,455,417 (2018: 408,063,526) weighted average number of ordinary shares in issue.

There are no dilutive potential shares of the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Right-of-use assets: Land and buildings $'000	Right-of-use assets: Motor vehicles $'000	Total $'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

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For the financial year ended 31 December 2019

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

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation			At cost			
Group							
At cost or valuation							
At 1 January 2018	12,125	8,374	10,347	44,390	547	8,261	84,044
Additions/(Reversal)	2,456	–	49	736	3,266	(876)	5,631
Disposals	–	–	–	(1,231)	–	–	(1,231)
Transfer	75	(75)	1,039	993	(2,032)	–	–
Revaluation surplus, net	11,536	964	(1,883)	–	–	–	10,617
Elimination of accumulated depreciation on revaluation	–	(101)	(924)	–	–	–	(1,025)
Reclassified to land under development (note 15)	(25,888)	–	–	–	–	–	(25,888)
Reclassified to non-current asset held for sale	–	–	(1,514)	–	–	–	(1,514)
Exchange adjustment	(162)	(17)	6	(75)	(42)	(13)	(303)
At 31 December 2018	142	9,145	7,120	44,813	1,739	7,372	70,331
Accumulated depreciation							
At 1 January 2018	–	–	–	25,373	–	2,894	28,267
Depreciation charge for the year	–	112	941	3,818	–	1,088	5,959
Disposals	–	–	–	(1,059)	–	–	(1,059)
Elimination of accumulated depreciation on revaluation	–	(101)	(924)	–	–	–	(1,025)
Exchange adjustment	–	(11)	(17)	(81)	–	(19)	(128)
At 31 December 2018	–	–	–	28,051	–	3,963	32,014
Net carrying amount							
At 31 December 2018	142	9,145	7,120	16,762	1,739	3,409	38,317

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

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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 2018	41	69	113	223
Additions	–	49	–	49
Revaluation surplus	–	452	–	452
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	2	–	2
At 31 December 2018	41	560	113	714
Accumulated depreciation				
At 1 January 2018	–	–	111	111
Depreciation charge for the year	–	12	1	13
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
At 31 December 2018	–	–	112	112
Net carrying amount				
At 31 December 2018	41	560	1	602

(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	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Freehold land	**35**	36	**1**	1
Leasehold land	**7,764**	8,060	**–**	–
Buildings	**5,102**	5,331	**48**	49

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

(c) Details of properties included in property, plant and equipment as at 31 December 2019 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	98	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	3	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	89	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(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	77	Office and factory	Khong & Jaafar Sdn Bhd	Comparison method and depreciated replacement cost method

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

(d) Details of properties included in right-of-use assets as at 31 December 2019 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 93	55%	Mining complex and residential
No. 27 Jalan Pantai, 12000 Butterworth, Penang				
– Seabed leases with main wharf at PT 686	Leasehold	50	55%	Main wharf
Lot 55868, Mukim Pengkalan Hulu, Daerah Hulu Perak	Leasehold	2	55%	Mining
Unit 15-12 Level 15, Q Sentral, 2A, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 KL	Leasehold	1	55%	Office
Singapore				
1 Wallich Street #15-01, Guoco Tower, Singapore 078881	Leasehold	4	100%	Office

15. LAND UNDER DEVELOPMENT

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At cost				
At 1 January	**62,958**	–	**30,445**	–
Reclassified from property, plant and equipment (note 14)	**–**	25,888	**–**	–
Reclassified from investment properties (note 16)	**–**	36,271	**–**	30,445
Additions	**4,782**	799	**–**	–
Exchange adjustment	**(296)**	–	**(134)**	–
At 31 December	**67,444**	62,958	**30,311**	30,445

In September 2018, the Company entered into a Memorandum of Understanding with Malaysia Smelting Corporation Berhad to jointly develop or sell certain land in Butterworth owned by the Group. As a result, certain land in property, plant and equipment and investment properties had been reclassified to land under development in 2018.

15. LAND UNDER DEVELOPMENT (CONT'D)

Details of properties included in land under development as at 31 December 2019 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.

16. INVESTMENT PROPERTIES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Balance sheets:				
At fair value:				
Balance as at 1 January	**910,356**	586,694	**5,569**	33,110
Fair value changes recognised in profit or loss	**26,887**	31,477	**–**	381
Addition to properties	**56,827**	343,225	**–**	2,581
Reclassified to land under development (note 15)	**–**	(36,271)	**–**	(30,445)
Reclassified to asset held for sale (note 27)	**(21,311)**	–	**–**	–
Disposal during the year	**(98,824)**	(9,980)	**–**	–
Exchange adjustment	**(9,999)**	(4,789)	**(24)**	(58)
Balance as at 31 December	**863,936**	910,356	**5,545**	5,569

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16. INVESTMENT PROPERTIES (CONT'D)

	Group 2019 $'000	Group 2018 $'000
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**39,575**	26,706
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(19,980)**	(11,776)
– Non-rental generating properties	**(10)**	(8)
	(19,990)	(11,784)

(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 $301,000 (2018: Nil).

(e) Details of investment properties as at 31 December 2019 are as follows:

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Singapore						
2 residential units at Gallop Green condominium	Freehold	–	788 (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
Japan						
Residential building at 3-3, Toyotama-kita 3 chome, Nerima-ku, Tokyo, Japan	Freehold	1,022	1,997	Residential	Land Coordinating Research Inc.	Direct capitalisation method and discounted cash flow method

Notes to the Financial Statements

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16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2019 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
Japan (cont'd)							
Residential building at 13-1, 13-2, 13-3 Minami-Honcho 1 chome, Minami-ku, Saitama city, Saitama, Japan	Freehold		1,364	4,939	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 11-1 to 11-3, 11-11 to 11-15, and 11-17 to 11-20, Higashi-Kawaguchi 1 chome, Kawaguchi city, Japan	Freehold		3,688	6,957	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 48-3, 48-14 Asakusabashi 5 chome, Taito-ku, Tokyo, Japan	Freehold		211	1,210	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 33-1 101-5 Narimasu 2 chome, Itabashi-ku, Tokyo, Japan	Freehold		541	1,278	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 8-5 Kaigan 2 chome, Minato-ku, Tokyo, Japan	Freehold		751	2,876	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 730-14, 730-15, 730-31 Nakameguro 4 chome, Meguro-ku, Tokyo, Japan	Freehold		746	967	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
Residential building at 641-3, 642-1 Nakameguro 4 chome, Meguro-ku, Tokyo, Japan	Freehold		468	597	Residential	Land Coordinating Research Inc	Direct capitalisation method and discounted cash flow method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	31	15,774	37,229	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	875	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	874	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method

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16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2019 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Malaysia (cont'd)						
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
Australia						
45 St Georges Terrace, Perth, WA	Freehold	1,826	9,995	Office/ Carpark	Savills Valuations Pty Ltd	Direct capitalisation method and discounted cash flow 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	Direct comparison 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 and discounted cash flow method
Land at Allotment 32 Third Avenue, Mawson Lakes, SA	Freehold	37,980	–	Industrial Land	Jones Lang LaSalle Advisory Services Pty Ltd	Residual method

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2019 $'000	2018 $'000
At cost		
At 1 January	**17,611**	17,629
Exchange adjustment	**(71)**	(18)
At 31 December	**17,540**	17,611

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% and 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.

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

(b) Other intangible assets

	Group	
	2019 $'000	2018 $'000
(i) Mining rights	**1,164**	1,481
Corporate club memberships	**167**	170
	1,331	1,651
(ii) Deferred mine exploration and evaluation expenditure	**3,642**	3,375
Mine properties	**890**	1,246
	4,532	4,621
	5,863	6,272

(i) Mining rights and corporate club memberships

	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**

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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 2018	3,920	187	4,107
Exchange adjustment	(5)	–	(5)
At 31 December 2018	3,915	187	4,102
Accumulated amortisation			
At 1 January 2018	2,134	15	2,149
Amortisation charge for the year	307	3	310
Exchange adjustment	(7)	(1)	(8)
At 31 December 2018	2,434	17	2,451
Net carrying amount			
At 31 December 2018	1,481	170	1,651

(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 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**
At 1 January 2018	3,168	1,592	4,760
Additions	212	–	212
Amortisation charge for the year	–	(350)	(350)
Exchange adjustment	(5)	4	(1)
At 31 December 2018	3,375	1,246	4,621

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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	
	2019	2018
Mining rights	**3**	4
Corporate club memberships	**63 to 67**	64 to 68
Mine properties	**3**	4

18. SUBSIDIARIES

	Company	
	2019 $'000	2018 $'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**55,356**	56,058
Redeemable preference shares, at cost	**48,900**	48,900
	129,658	130,360
Impairment losses	**(6,123)**	(6,123)
	123,535	124,237

Details of subsidiaries are included in note 44.

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

<u>Accounting for Put Option – Chongqing Xinchuang Mall Management Co., Ltd ("CXMM")</u>

In 2014, Chongqing Xinchuang Mall Management Co., Ltd ("CXMM") acquired a retail mall in Chongqing, China (the "Acquisition"). As part of the Acquisition, SRE China 1 Pte. Ltd. ("SRE China") was given the option to sell the entire shareholdings in CXMM to the seller of the retail mall should the retail mall fail to generate a certain internal rate of return over the investments contributed by SRE China for the Acquisition, within an agreed time frame. The option lapsed as at 31 Dec 2019.

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	
		2019	2018	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Malaysia Smelting Corporation Berhad	Malaysia	**45%**	45%	**4,903**	5,611	**59,571**	56,460
Straits Real Estate Pte. Ltd.	Singapore	**11%**	11%	**11,080**	5,337	**90,624**	74,850

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.	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current				
Assets	**180,237**	198,964	**167,557**	130,920
Liabilities	**(113,631)**	(147,586)	**(157,249)**	(169,275)
Net current assets/(liabilities)	**66,606**	51,378	**10,308**	(38,355)
Non-current				
Assets	**107,210**	106,756	**1,070,018**	1,059,597
Liabilities	**(34,804)**	(25,389)	**(421,643)**	(461,509)
Net non-current assets	**72,406**	81,367	**648,375**	598,088
Net assets	**139,012**	132,745	**658,683**	559,733

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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.	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Revenue	**324,062**	428,673	**36,857**	22,915
Profit before tax	**18,023**	16,281	**89,552**	51,864
Income tax expense	**(6,034)**	(3,860)	**(20,622)**	(11,697)
Profit after tax	**11,989**	12,421	**68,930**	40,167
Other comprehensive income	**(1,300)**	7,953	**(159)**	(23,237)
Total comprehensive income	**10,689**	20,374	**68,771**	16,930

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Net cash flows from operating activities	**27,761**	25,117	**3,781**	5,631
Net cash flows (used in)/from investing activities	**(5,340)**	(4,248)	**42,525**	(262,433)
Net cash flows (used in)/from financing activities	**(12,888)**	(30,202)	**(31,588)**	310,616

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Associates	**593,988**	626,540	**144**	144
Joint ventures	**197,640**	147,202	**–**	–
	791,628	773,742	**144**	144

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Unquoted shares, at cost	**417,964**	448,195	**609**	609
Shareholder loans (c)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**107,960**	109,718	**–**	–
Exchange adjustment	**(3,846)**	(3,283)	**–**	–
	593,988	626,540	**609**	609
Impairment losses	**–**	–	**(465)**	(465)
	593,988	626,540	**144**	144

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

(b) In 2018, the Group acquired a 40.8% stake in Savills Investment Management Japan Value Fund II, LP ("JVF2") at an investment cost of $38.4 million. During the financial year, 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.

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

(d) Movement in the allowance account:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**–**	(4,983)	**(465)**	(465)
Write off for the year	**–**	4,983	**–**	–
At 31 December	**–**	–	**(465)**	(465)

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

	Group	
	2019 $'000	2018 $'000
(Loss)/Profit after tax	**(339)**	10
Other comprehensive income	**(6)**	38
Total comprehensive income	**(345)**	48

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19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(f) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, Greater Tokyo Office Fund (Jersey) L.P. ("GTOF"), ARA Harmony Fund III, L.P. ("H3") and JVF2 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 $'000	FEHH $'000	GTOF $'000	H3 $'000	JVF2 $'000
As at 31 December 2019					
Current assets	**396,799**	**80,867**	**3,795**	**13,545**	**48,763**
Non-current assets	**3,443,586**	**596,559**	**–**	**593,474**	**358,123**
Total assets	**3,840,385**	**677,426**	**3,795**	**607,019**	**406,886**
Current liabilities	**(98,808)**	**(332,942)**	**(1,444)**	**(18,957)**	**(28,703)**
Non-current liabilities	**(1,026,050)**	**(270,632)**	**–**	**(391,750)**	**(199,261)**
Total liabilities	**(1,124,858)**	**(603,574)**	**(1,444)**	**(410,707)**	**(227,964)**
Net assets	**2,715,527**	**73,852**	**2,351**	**196,312**	**178,922**
Perpetual securities holders	**(959,978)**	**–**	**–**	**–**	**–**
Non-controlling interests	**(10,702)**	**–**	**–**	**–**	**(15,241)**
	1,744,847	**73,852**	**2,351**	**196,312**	**163,681**
As at 31 December 2018					
Current assets	1,172,985	82,022	130,665	511,190	30,090
Non-current assets	3,039,641	626,326	–	86,953	227,677
Total assets	4,212,626	708,348	130,665	598,143	257,767
Current liabilities	(842,476)	(329,694)	(22,895)	(412,832)	(10,733)
Non-current liabilities	(1,086,093)	(274,379)	(5,539)	–	(150,961)
Total liabilities	(1,928,569)	(604,073)	(28,434)	(412,832)	(161,694)
Net assets	2,284,057	104,275	102,231	185,311	96,073
Perpetual securities holders	(606,587)	–	–	–	–
Carried interests	–	–	4,960	–	–
Non-controlling interests	(6,737)	–	(6,007)	–	(714)
	1,670,733	104,275	101,184	185,311	95,359

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(f) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, Greater Tokyo Office Fund (Jersey) L.P. ("GTOF"), ARA Harmony Fund III, L.P. ("H3") and JVF2 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	GTOF $'000	H3 $'000	JVF2 $'000
2019					
Revenue	**268,264**	**82,060**	**–**	**47,596**	**15,916**
Profit/(Loss) after tax	**167,103**	**401**	**(7,510)**	**20,206**	**30,718**
Other comprehensive income	**(21,650)**	**(3,719)**	**–**	**(433)**	**–**
Total comprehensive income	**145,453**	**(3,318)**	**(7,510)**	**19,773**	**30,718**
Dividends received from the associates during the year	**6,076**	**–**	**17,084**	**3,509**	**–**
2018					
Revenue	234,345	86,421	25,511	41,759	1,188
Profit/(Loss) after tax	146,596	1,513	17,825	(2,625)	(6,819)
Other comprehensive income	(97,891)	(13,871)	–	796	–
Total comprehensive income	48,705	(12,358)	17,825	(1,829)	(6,819)
Dividends received from the associates during the year	2,933	–	19,208	3,509	–

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19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(f) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), FEHH, Greater Tokyo Office Fund (Jersey) L.P. ("GTOF"), ARA Harmony Fund III, L.P. ("H3") and JVF2 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	GTOF $'000	H3 $'000	JVF2 $'000
Net assets at 31 December 2019	**1,744,847**	**73,852**	**2,351**	**196,312**	**163,681**
Interest in associates	**20.95%**	**30%**	**37.57%**	**40%**	**18.5%**
Group's share of net assets	**365,545**	**22,156**	**883**	**78,525**	**30,281**
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**	**883**	**78,525**	**30,281**
Net assets at 31 December 2018	1,670,733	104,275	101,184	185,311	95,359
Interest in associates	20.95%	30%	37.57%	40%	40.82%
Group's share of net assets	350,019	31,283	38,015	74,124	38,926
Goodwill on acquisition	121,889	–	–	–	–
Intangible assets	108,849	10,141	–	–	–
Step acquisition adjustment	(180,222)	–	–	–	–
Capital return arising from privatisation	(48,211)	–	–	–	–
Other adjustments	1,138	–	–	–	3
Carrying value of the Group's interest in associates	353,462	41,424	38,015	74,124	38,929

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

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures

	Group	
	2019 $'000	2018 $'000
Unquoted shares, at cost	**22,678**	3,358
Shareholder notes (d)	**169,684**	144,611
Share of post-acquisition reserves	**15,437**	8,902
Exchange adjustment	**(7,763)**	(7,288)
	200,036	149,583
Impairment losses	**(2,396)**	(2,381)
	197,640	147,202

(a) Details of joint ventures are included in note 44.

(b) During the financial year, Straits Real Estate, 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).

(c) In 2018, a subsidiary of the Group disposed of its entire 40% interest in Africa Smelting Corporation Sprl, for a consideration of USD500,000 ($686,000).

(d) In 2017, Straits Real Estate, 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 $15,000 (2018: $140,000) 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	
	2019 $'000	2018 $'000
At 1 January	**(2,381)**	(2,241)
Provision for impairment for the year (note 8)	**(15)**	(140)
At 31 December	**(2,396)**	(2,381)

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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 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

	SLRE $'000
As at 31 December 2019	
Cash and cash equivalents	398
Other current assets	2,365
Current assets	2,763
Non-current assets	126,573
Total assets	129,336
Trade, other payables and provisions representing total current liabilities	103
Non-current liabilities (excluding trade, other payables and provisions)	78,089
Total liabilities	78,192
Net assets	51,144

Summarised statements of comprehensive income

	SLRE $'000
2019	
Interest income	11
Interest expense	(12)
Profit after tax representing total comprehensive income	12,560
Dividends received from the joint venture during the year	–

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(g) The summarised financial information in respect of 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:

	SLRE $'000
Net assets at 31 December 2019	**51,144**
Interest in joint venture	**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	
	2019 $'000	2018 $'000
(Loss)/Profit after tax	**(773)**	174
Other comprehensive income	**165**	286
Total comprehensive income	**(608)**	460

(i) The summarised financial information in respect of 320P Trust, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group	
	2019 $'000	2018 $'000
Cash and cash equivalents	**3,214**	1,920
Other current assets	**4,293**	2,605
Current assets	**7,507**	4,525
Non-current assets	**348,817**	314,990
Total assets	**356,324**	319,515
Trade, other payables and provisions	**3,292**	3,764
Current liabilities (excluding trade, other payables and provisions)	**88**	390
Total current liabilities	**3,380**	4,154
Non-current liabilities (excluding trade, other payables and provisions)	**352,944**	315,361
Total liabilities	**356,324**	319,515
Net assets	**–**	–

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19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(i) The summarised financial information in respect of 320P Trust, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows (cont'd):

Summarised statement of comprehensive income

	Group	
	2019 **$'000**	2018 $'000
Revenue	**16,217**	16,691
Interest income	**8**	69
Interest expense	**(47,436)**	(51,462)
Amortisation	**(6)**	(20)
Profit before tax	**–**	–
Income tax expense	**–**	–
Profit after tax	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**–**	–

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in 320P Trust:

	Group	
	2019 **$'000**	2018 $'000
Net assets at 31 December	**–**	–
Interest in joint venture	**26%**	26%
Carrying value of the Group's interest in joint venture (note 19.2(d))	**–**	–

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (note 31).

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Deferred tax assets	**3,119**	10,665	**–**	–
Deferred tax liabilities	**(23,696)**	(13,094)	**(704)**	(705)
	(20,577)	(2,429)	**(704)**	(705)

20. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Provisions	**1,290**	4,016	**2,452**	(1,699)	**–**	–
Unutilised tax losses	**932**	5,836	**4,754**	(1,087)	**–**	–
Fair value changes on forward currency contracts and interest rate swap contracts	**(22)**	(45)	**(22)**	12	**–**	–
Revaluation of property, plant and equipment	**(903)**	(1,571)	**(148)**	(102)	**(155)**	(154)
Difference in depreciation	**(366)**	334	**697**	(1,180)	**1**	1
Fair value changes on investment properties	**(10,535)**	(5,208)	**5,403**	4,409	**(550)**	(552)
Fair value changes on investment securities at FVOCI	**(1,183)**	(502)	**–**	(811)	**–**	–
Unremitted foreign income and profits	**(11,131)**	(5,829)	**5,225**	4,574	**–**	–
Others	**1,341**	540	**(251)**	(306)	**–**	–
	(20,577)	(2,429)			**(704)**	(705)
Deferred tax expense (note 12)			**18,110**	3,810		

As at 31 December 2019, certain subsidiaries have unutilised tax losses amounting to $2,775,000 (2018: $3,756,000) 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.

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21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current:				
Trade receivables	**8,708**	11,855	**6**	8
Amounts due from a subsidiary	**–**	–	**1**	2
Amounts due from associates	**–**	133	**–**	–
Impairment of doubtful receivables	**(3,179)**	(3,193)	**–**	–
	5,529	8,795	**7**	10
Other receivables				
Deposits	**2,226**	1,085	**10**	10
Non-trade receivables	**3,247**	6,551	**152**	112
Amounts due from subsidiaries	**–**	–	**1,091,696**	1,116,903
Amounts due from associates	**68,020**	66,522	**4**	4
Amount due from a joint venture	**630**	–	**–**	–
	74,123	74,158	**1,091,862**	1,117,029
Impairment of doubtful receivables	**–**	–	**–**	–
	74,123	74,158	**1,091,862**	1,117,029
Trade and other receivables (current)	**79,652**	82,953	**1,091,869**	1,117,039
Non-current:				
Amounts due from subsidiaries	**–**	–	**103,935**	56,525
Total trade and other receivables (current and non-current)	**79,652**	82,953	**1,195,804**	1,173,564
Add: Cash and cash equivalents (note 26)	**310,487**	244,862	**113,946**	71,610
Unquoted financial assets at amortised cost (note 22)	**46,321**	19,197	**–**	–
Quoted financial assets at amortised cost (note 22)	**12,326**	8,916	**–**	–
Shareholder notes (note 19.2)	**169,684**	144,611	**–**	–
Total financial assets at amortised cost	**618,470**	500,539	**1,309,750**	1,245,174

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 (2018: $105,578,000) due from a subsidiary which bears interest at the range from 3.10% to 3.73% (2018: 3.73% to 3.80%) per annum.

The non-current amounts due from subsidiaries are non-trade related, unsecured and repayable from 2021 to 2023. Interest is charged at the range from 3.35% to 4.20% (2018: 3.73%) per annum.

Amounts due from associates

The current amount due from associates under trade receivables was unsecured, and subject to the Group's normal credit terms which ranged from cash term to 90 days. Interest was charged at 5% per annum.

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 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	
	2019	2018
	$'000	$'000
United States Dollar	**4,480**	6,853
Japanese Yen	**637**	2,570

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21. TRADE AND OTHER RECEIVABLES (CONT'D)

The aged analysis of trade and other receivables is as follows:

	Group					
	2019 $'000			2018 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**79,450**	**–**	**79,450**	82,778	–	82,778
• Past due:						
Less than 30 days	**93**	**–**	**93**	72	–	72
30 to 60 days	**32**	**–**	**32**	40	–	40
61 to 90 days	**5**	**–**	**5**	27	–	27
91 to 120 days	**–**	**–**	**–**	12	–	12
More than 120 days	**3,251**	**(3,179)**	**72**	3,217	(3,193)	24
	3,381	**(3,179)**	**202**	3,368	(3,193)	175
Total	**82,831**	**(3,179)**	**79,652**	86,146	(3,193)	82,953

	Company					
	2019 $'000			2018 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**1,091,862**	**–**	**1,091,862**	1,117,029	–	1,117,029
• Past due:						
Less than 30 days	**7**	**–**	**7**	8	–	8
30 to 60 days	**–**	**–**	**–**	–	–	–
61 to 90 days	**–**	**–**	**–**	–	–	–
91 to 120 days	**–**	**–**	**–**	–	–	–
More than 120 days	**–**	**–**	**–**	2	–	2
	7	**–**	**7**	10	–	10
Total	**1,091,869**	**–**	**1,091,869**	1,117,039	–	1,117,039

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.

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		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade and other receivables -nominal amounts	**3,179**	3,193	**–**	–
Less: Allowance for impairment	**(3,179)**	(3,193)	**–**	–
	–	–	**–**	–

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		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**(3,193)**	(8,703)	**–**	–
Amounts written off	**–**	4,529	**–**	–
Reversal of impairment (note 10)	**–**	965	**–**	–
Exchange adjustment	**14**	16	**–**	–
At 31 December	**(3,179)**	(3,193)	**–**	–

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22. INVESTMENT SECURITIES

(a) Investment securities (non-current)

	Group	
	2019 $'000	2018 $'000
At fair value through other comprehensive income		
– quoted, equity securities	**180,911**	183,989
Total financial assets at fair value through other comprehensive income	**180,911**	183,989
At amortised cost		
– unquoted	**30,008**	16,312
	210,919	200,301

(b) Investment securities (current)

	Group	
	2019 $'000	2018 $'000
At fair value through profit or loss		
– quoted, at fair value	**37,230**	36,980
At amortised cost		
– quoted bonds	**12,326**	8,916
– unquoted	**16,313**	2,885
	65,869	48,781

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:

	2019			2018		
	Million	**Coupon rate**	**Maturity**	Million	Coupon rate	Maturity
Mezzanine financing	**–**	**–**	**–**	A$1.3	20.5%	1 year
Credit linked notes	**$16.2**	**4.18%**	**1 year**	$16.2	4.18%	2 years
Secured note	**A$32.3**	**14.5%**	**3 to 7 years**	–	–	–

Certain investment securities are pledged to secure bank facilities (note 31).

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet at the reporting date are as follows:

	Group				Company			
	2019		2018		2019		2018	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Forward currency contracts	1,763	663	759	100	–	–	–	–
Cross currency swap contracts	670	159	142	293	399	–	–	–
Interest rate swap contracts	–	276	63	156	–	–	–	–
Forward commodity contracts	–	261	–	–	–	–	–	–
	2,433	1,359	964	549	399	–	–	–
Current	886	1,048	185	–	–	–	–	–
Non-current	1,547	311	779	549	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 January 2020 to May 2022.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

24. OTHER NON-CURRENT ASSETS

	Group	
	2019 $'000	2018 $'000
Initial payment for a mixed-use office and industrial building	**1,201**	–
	1,201	–

The initial payment was related to the acquisition of a mixed-use office and industrial property in Melbourne, Australia made by the Group in December 2019 for A$24.0 million (approximately $22.5 million). The acquisition was completed in February 2020.

25. INVENTORIES

	Group	
	2019 $'000	2018 $'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**16,867**	15,799
– Tin-in-process	**114,512**	131,292
– Refined tin metal	**18,233**	12,916
Other inventories (stores, spares, fuels, coal and saleable by-products)	**3,480**	2,716
	153,092	162,723
Income statement:		
Inventories recognised as an expense in cost of sales	**271,738**	379,804
Inclusive of the following charge:		
Inventories written down	**10,191**	–

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash at banks and in hand	**139,878**	118,422	**11,939**	9,926
Short-term deposits	**170,609**	126,440	**102,007**	61,684
	310,487	244,862	**113,946**	71,610

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 1.6% (2018: 1.5%) per annum and 1.8% (2018: 1.3%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (note 31).

26. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
United States Dollar	**40,297**	4,755	**–**	–
Japanese Yen	**16,851**	46,839	**–**	–
Australian Dollar	**6,420**	18,153	**–**	–
Singapore Dollar	**4,789**	4,763	**–**	–

27. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2019 $'000	2018 $'000
Assets:		
Property, plant and equipment	**–**	1,535
Investment properties (note 16)	**21,311**	–
	21,311	1,535
Liability:		
Liabilities directly associated with assets classified as held for sale	**–**	21
Reserves:		
Revaluation reserves	**–**	360

An investment property in Osaka, Japan was reclassified as held for sale. The property was mortgaged to secure a bank facility. The sale was completed in February 2020.

In December 2018, a subsidiary of the Group entered into Sale and Purchase agreements to dispose of 3 units of office premises at Jalan Yap Kwan Seng, Kuala Lumpur, for a total cash consideration of RM4,795,000 (approximately $1,578,000). The sale was completed in May 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2019

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2019		2018	
	Number of shares	**$'000**	Number of shares	$'000
Ordinary shares issued and fully paid (excluding treasury shares)				
At 1 January	**407,804,572**	**568,968**	408,095,772	568,968
Purchase of treasury shares	**(638,800)**	**–**	(291,200)	–
At 31 December	**407,165,772**	**568,968**	407,804,572	568,968

(b) Treasury shares

	Group and Company			
	2019		2018	
	Number of shares	**$'000**	Number of shares	$'000
At 1 January	**(291,200)**	**(598)**	–	–
Repurchased during the year	**(638,800)**	**(1,457)**	(291,200)	(598)
At 31 December	**(930,000)**	**(2,055)**	(291,200)	(598)

As at 31 December 2019, the Company held 930,000 treasury shares (2018: 291,200) which represents 0.228% 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 638,800 (2018: 291,200) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,457,000 (2018: $598,000) and this was presented as a component within the shareholders' equity.

29. RESERVES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Retained earnings [a]	**932,861**	876,119	**45,088**	45,240
FVOCI reserve [b]	**12,270**	8,358	**–**	–
Hedging reserve [c]	**(1,466)**	(947)	**399**	–
Revaluation reserve [d]	**29,797**	27,525	**559**	555
Translation reserve [e]	**(25,102)**	(16,331)	**463**	890
Other reserve [f]	**3,848**	3,839	**–**	–
Other reserves	**19,347**	22,444	**1,421**	1,445

(a) Retained earnings

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January (As previously stated)	**876,119**	822,467	**45,240**	44,958
Effect of adoption of SFRS(I) 16	**(4,944)**	–	**–**	–
At 1 January (As restated)	**871,175**	822,467	**45,240**	44,958
Net changes in the reserve	**61,686**	53,652	**(152)**	282
At 31 December	**932,861**	876,119	**45,088**	45,240
Net changes in the reserve:				
– Profit for the year	**84,371**	71,722	**24,311**	24,768
– Dividend on ordinary shares (note 35)	**(24,463)**	(24,486)	**(24,463)**	(24,486)
– Increase in ownership in a subsidiary	**–**	33	**–**	–
– Share of associate's realisation of FVOCI reserve	**(92)**	(53)	**–**	–
– Realisation of FVOCI reserve	**1,427**	1,039	**–**	–
– Realisation of revaluation reserve	**–**	10,042	**–**	–
– Issuance of ordinary shares pursuant to bonus issue by a subsidiary	**–**	(4,645)	**–**	–
– Transfer of reserves of assets classified as held for sale	**360**	–	**–**	–
– Share of transfer of statutory reserve of an associate	**(9)**	–	**–**	–
– Share of other changes in equity of an associate	**92**	–	**–**	–
	61,686	53,652	**(152)**	282

Notes to the Financial Statements

For the financial year ended 31 December 2019

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	
	2019 $'000	2018 $'000
At 1 January	**8,358**	65,328
Net changes in the reserve	**3,912**	(56,970)
At 31 December	**12,270**	8,358
Net changes in the reserve:		
– Net fair value changes during the year	**7,510**	(36,689)
– Share of associate's realisation of FVOCI reserve	**92**	53
– Share of reserve of associates	**(2,263)**	(19,295)
– Realisation of FVOCI reserve	**(1,427)**	(1,039)
	3,912	(56,970)

(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	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**(947)**	(1,042)	**–**	–
Net changes in the reserve	**(519)**	95	**399**	–
At 31 December	**(1,466)**	(947)	**399**	–
Net changes in the reserve:				
– Net fair value changes during the year	**506**	670	**399**	–
– Share of reserve of associates	**(1,025)**	(575)	**–**	–
	(519)	95	**399**	–

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	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**27,525**	28,066	**555**	213
Net changes in the reserve	**2,272**	(541)	**4**	342
At 31 December	**29,797**	27,525	**559**	555
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**487**	5,897	**4**	342
– Share of reserve of associates	**1,785**	3,964	**–**	–
– Realisation of revaluation reserve	**–**	(10,042)	**–**	–
– Reserves of assets classified as held for sale	**–**	(360)	**–**	–
	2,272	(541)	**4**	342

(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	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**(16,331)**	(6,205)	**890**	1,426
Net effect of exchange adjustments	**(8,771)**	(10,126)	**(427)**	(536)
At 31 December	**(25,102)**	(16,331)	**463**	890

Notes to the Financial Statements

For the financial year ended 31 December 2019

29. RESERVES (CONT'D)

(e) Translation reserve (cont'd)

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Net effect of exchange adjustments:				
– Translation of foreign operations	**(5,848)**	(757)	**(427)**	(536)
– Net investments in foreign operations	**9**	(2,207)	**–**	–
– Realisation of foreign currency translation reserve to profit or loss	**1,386**	1,322	**–**	–
– Share of reserve of associates	**(4,318)**	(8,484)	**–**	–
	(8,771)	(10,126)	**(427)**	(536)

(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	
	2019 $'000	2018 $'000
At 1 January	**3,839**	–
Net changes in the reserve	**9**	3,839
At 31 December	**3,848**	3,839
Net changes in the reserve:		
– Issuance of ordinary shares pursuant to bonus issue by a subsidiary	**–**	4,645
– Share of other changes in equity of associates	**–**	(806)
– Share of transfer of statutory reserve of an associate	**9**	–
	9	3,839

30. PROVISIONS

	Provision for mine restoration $'000	Provision for environmental waste removal $'000	Provision for voluntary separation compensation (note 7) $'000	Total $'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**

	Provision for mine restoration $'000	Provision for environmental waste removal $'000	Provision for financial guarantee $'000	Total $'000
Group				
At 1 January 2018	9,288	791	3,175	13,254
Reversal made during the year	(876)	–	(3,212)	(4,088)
Discount adjustment on provision (note 9)	332	–	–	332
Exchange adjustment	(19)	(1)	37	17
At 31 December 2018	8,725	790	–	9,515
Non-current	7,789	–	–	7,789
Current	936	790	–	1,726
	8,725	790	–	9,515

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For the financial year ended 31 December 2019

30. PROVISIONS (CONT'D)

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.

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.

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.

In February 2020, a meeting between the Group and the relevant authority was held to discuss on the submission of the mine restoration plan. 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. The new mine restoration plan is to be submitted to the relevant authority within two years. All data, specifications, methods and costs of the existing MRP 2017 can be used for the preparation of the new 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. The payment of the compensation is expected to begin in 2020.

31. BORROWINGS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Non-current				
Secured bank loans	**460,554**	451,528	**–**	–
Unsecured bank loans	**49,615**	16,185	**49,615**	–
Unsecured notes	**149,866**	149,598	**149,866**	149,598
	660,035	617,311	**199,481**	149,598
Current				
Secured bank loans	**122,808**	166,894	**–**	–
Unsecured bank loans*	**87,222**	80,258	**–**	–
	210,030	247,152	**–**	–
Total borrowings	**870,065**	864,463	**199,481**	149,598

* Included in the unsecured bank loans are short term trade financing, bankers' acceptances and trust receipts.

31. BORROWINGS (CONT'D)

Interest rates and maturity of loans

	Group		Company	
	2019 %	2018 %	**2019 %**	2018 %
Floating rate loans	**0.5 to 5.3**	0.5 to 5.2	**–**	–
Fixed rate loans	**0.9 to 4.2**	0.9 to 5.4	**3.4**	–
Fixed rate notes	**3.7**	3.7	**3.7**	3.7

The interest rates of the bank loans are repriced at intervals of 3 months to 12 months (2018: 1 month to 12 months).

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Not later than 1 year	**210,030**	247,152	**–**	–
Later than 1 year but not later than 5 years	**660,035**	575,683	**199,481**	149,598
More than 5 years	**–**	41,628	**–**	–
	870,065	864,463	**199,481**	149,598

Borrowings denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2019 $'000	2018 $'000
Japanese Yen	**41,251**	45,985
Australian Dollar	**25,786**	26,608
Singapore Dollar	**16,142**	16,186
United States Dollar	**580**	899

Secured

The secured bank loans are collaterised by the following assets:

	Group	
	2019 $'000	2018 $'000
Investment properties (note 16(c) and 27)	**866,910**	891,725
Joint venture (note 19.2)	**169,684**	144,611
Investment securities (non-current) (note 22(a))	**107,376**	111,173
Investment securities (current) (note 22(b))	**47,561**	36,712
Cash and cash equivalents (note 26)	**68,193**	78,652
Other current assets	**295**	2,489
	1,260,019	1,265,362

Certain secured bank loans are collaterised by shares of certain subsidiaries of the Group (note 18).

Notes to the Financial Statements

For the financial year ended 31 December 2019

31. BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

	2018 $'000	Cashflows $'000	Non-cash changes: Reclass-ification $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Others $'000	2019 $'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**

	2017 $'000	Cashflows $'000	Non-cash changes: Reclass-ification $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Others $'000	2018 $'000
Bank loans and notes						
– current	215,757	(91,580)	122,751	204	20	247,152
– non-current	552,904	192,129	(122,751)	(3,541)	(1,430)	617,311
Total	768,661	100,549	–	(3,337)	(1,410)	864,463

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 2019 $'000	Group 2018 $'000
Amounts due to non-controlling shareholders of subsidiaries	**10,050**	7,326
Other liabilities	**796**	1,011
	10,846	8,337

The amounts due to non-controlling shareholders of subsidiaries are unsecured, bears interests ranging from 3.35% to 12.00% (2018: 3.73% to 12.00%) per annum and are repayable from 2021 to 2030.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current:				
Trade payables	**7,933**	16,071	**10**	10
Advance receipts and billings	**1,114**	1,340	**19**	9
	9,047	17,411	**29**	19
Other payables				
Amounts due to subsidiaries	**–**	–	**650,867**	634,160
Amounts due to non-controlling shareholders of subsidiaries	**6,223**	13,485	**–**	–
Accrual for other charges	**31,819**	41,356	**5,613**	5,193
Other deposits	**2,626**	2,994	**68**	67
Amounts due to associates	**–**	20	**–**	–
	40,668	57,855	**656,548**	639,420
Trade and other payables	**49,715**	75,266	**656,577**	639,439
Trade and other payables	**49,715**	75,266	**656,577**	639,439
Less: Advance receipts and billings	**(1,114)**	(1,340)	**(19)**	(9)
	48,601	73,926	**656,558**	639,430
Add: Other non-current liabilities (note 32)	**10,846**	8,337	**–**	–
Loans and borrowings (note 31)	**870,065**	864,463	**199,481**	149,598
Total financial liabilities carried at amortised cost	**929,512**	946,726	**856,039**	789,028

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 2.8% to 3.75% (2018: 2.8%) per annum and repayable on demand.

Amounts due to associates

The amounts payable to associates included in other payables were non-trade related, non-interest bearing and repaid during the year.

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33. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2019 $'000	2018 $'000
United States Dollar	**3,131**	3,619
Australian Dollar	**327**	221
Japanese Yen	**241**	265

34. LEASE LIABILITIES

	Group	
	2019 $'000	2018 $'000
At 1 January (As previously stated)	**–**	–
Effect of adoption of SFRS(I) 16	**2,286**	–
At 1 January (As restated)	**2,286**	–
Additions	**4,833**	–
Accretion of interests (note 9)	**263**	–
Payments	**(3,419)**	–
Exchange adjustment	**10**	–
At 31 December	**3,973**	–
Current	**2,273**	–
Non-current	**1,700**	–
	3,973	–

35. DIVIDENDS

	Group and Company	
	2019 $'000	2018 $'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2018 Interim dividend paid in 2019: 6 cents per share tax exempt (one-tier tax) (2017 Interim dividend paid in 2018: 6 cents per share tax exempt (one-tier tax))	**24,463**	24,486
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2019: 6 cents per share tax exempt (one-tier tax) (Interim dividend for 2018: 6 cents per share tax exempt (one-tier tax))	**24,426**	24,466

There is no taxation consequence arising from the dividends declared by the Company.

36. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2019 $'000	2018 $'000
Property, plant and equipment	**5,361**	5,396
Investment properties*	**27,441**	34
Land under development	**13,746**	13,363
Investee companies	**66,994**	94,153
Associates	**66,007**	60,232
Share of joint venture's capital commitment in respect of investment properties	**22,648**	886
	202,197	174,064

* For 2019, the amount was related mainly to the mixed-use office and industrial property in Melbourne, Australia (note 24).

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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 15 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 2019 and 2018.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Not later than 1 year	**28,059**	4,121	**81**	77
Later than 1 year but not later than 5 years	**66,287**	6,701	**3**	–
Later than 5 years	**75,517**	6,775	**–**	–
	169,863	17,597	**84**	77

(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.

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2019 $'000	2018 $'000
Minimum lease payments	**602**	1,604

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2019 $'000	2018 $'000
Not later than 1 year	**2**	1,948
Later than 1 year but not later than 5 years	**9**	857
	11	2,805

37. COMMITMENTS AND CONTINGENCIES (CONT'D)

(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 ("Plantiffs") 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. As at 31 December 2019, 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 a former executive officer, the Plaintiffs and certain persons connected with the Plaintiffs, claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance. The matter is currently fixed for case management and trials are anticipated to commence in the first half of 2020.

Disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

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	
	2019 $'000	2018 $'000
Associates/joint ventures		
Sales of goods	**13,134**	14,304
Interest income	**36,130**	38,509
Director		
Sale of property	**7,638**	–
Other related parties		
Office leases	**604**	604

Please refer to notes 21 and 33 for information on amounts due from/to subsidiaries, associates and joint ventures.

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38. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2019 $'000	2018 $'000
Directors' fees	**677**	744
Short-term employee benefits	**4,580**	2,405
Defined contribution plans	**167**	62
	5,424	3,211

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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

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			
		2019		2018	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
Australian Dollar	strengthened 5% (2018: 5%)	**6,427**	**–**	5,846	–
	weakened 5% (2018: 5%)	**(6,427)**	**–**	(5,846)	–
United States Dollar	strengthened 5% (2018: 5%)	**1,297**	**–**	477	–
	weakened 5% (2018: 5%)	**(1,297)**	**–**	(477)	–
Japanese Yen	strengthened 5% (2018: 5%)	**671**	**(1,778)**	2,135	(2,128)
	weakened 5% (2018: 5%)	**(671)**	**1,778**	(2,135)	2,128
Singapore Dollar	strengthened 5% (2018: 5%)	**261**	**(837)**	(429)	(837)
	weakened 5% (2018: 5%)	**(261)**	**837**	429	837

At the end of the reporting period, approximately:

(i) 8% (2018: 12%) of the Group's trade and other receivables as well as 7% (2018: 5%) 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, Australian Dollar and Japanese Yen.

(ii) 23% (2018: 31%) 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 United States Dollar, Japanese Yen, Australian Dollar and Singapore Dollar.

(iii) 10% (2018: 10%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Japanese Yen, Australian Dollar and Singapore Dollar.

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For the financial year ended 31 December 2019

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(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.

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 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

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 2018		
– Singapore Dollar	+25	(173)
	–25	173
– Malaysian Ringgit	+25	(134)
	–25	134
– Japanese Yen	+25	(172)
	–25	172
– Chinese Renminbi	+25	(143)
	–25	143
– Australian Dollar	+25	(167)
	–25	167

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 proft 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.

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For the financial year ended 31 December 2019

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

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.

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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

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.

The loss allowance provision as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	Trade receivables $'000	Other receivables $'000	Other non-current receivables $'000	Other receivables $'000
As at 1 January 2018	3,197	3,221	2,285	–
Amount written off	–	(2,254)	(2,275)	–
Reversal of impairment	–	(969)	–	–
Exchange adjustments	(4)	2	(10)	–
As at 31 December 2018 and 1 January 2019	3,193	–	–	–
Exchange adjustments	(14)	–	–	–
As at 31 December 2019	**3,179**	**–**	**–**	**–**

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For the financial year ended 31 December 2019

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

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			
	2019		2018		**2019**		2018	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**68,055**	**85**	67,805	82	**1,057,035**	**97**	1,062,809	95
Japan	**2,856**	**4**	5,312	6	**34,834**	**3**	–	–
China, including Hong Kong and Taiwan	**2,411**	**3**	1,622	2	**–**	**–**	–	–
Australia	**1,982**	**3**	–	–	**–**	**–**	–	–
Malaysia	**1,974**	**2**	3,700	4	**–**	**–**	54,230	5
Europe	**1,487**	**2**	3,302	4	**–**	**–**	–	–
Korea	**883**	**1**	1,105	2	**–**	**–**	–	–
Other countries	**4**	**–**	107	–	**–**	**–**	–	–
	79,652	**100**	82,953	100	**1,091,869**	**100**	1,117,039	100

Approximately 83% (2018: 80%) of the Group's trade and other receivables were due from an associate located in Singapore.

(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.

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

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:

	2019 $'000				2018 $'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	**67,003**	**45,445**	**–**	**112,448**	50,457	17,476	–	67,933
Trade and other receivables	**78,556**	**–**	**–**	**78,556**	82,993	–	–	82,993
Derivatives	**886**	**1,547**	**–**	**2,433**	185	779	–	964
Cash and cash equivalents	**310,487**	**–**	**–**	**310,487**	244,862	–	–	244,862
Total undiscounted financial assets	**456,932**	**46,992**	**–**	**503,924**	378,497	18,255	–	396,752
Financial liabilities:								
Trade and other payables	**48,792**	**–**	**–**	**48,792**	73,947	–	–	73,947
Other non-current liabilities	**570**	**10,615**	**–**	**11,185**	3	7,216	445	7,664
Lease liabilities	**2,908**	**988**	**55**	**3,951**	–	–	–	–
Loans and borrowings	**227,656**	**758,414**	**–**	**986,070**	266,656	617,560	41,666	925,882
Derivatives	**1,048**	**311**	**–**	**1,359**	–	549	–	549
Total undiscounted financial liabilities	**280,974**	**770,328**	**55**	**1,051,357**	340,606	625,325	42,111	1,008,042
Total net undiscounted financial assets/ (liabilities)	**175,958**	**(723,336)**	**(55)**	**(547,433)**	37,891	(607,070)	(42,111)	(611,290)

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For the financial year ended 31 December 2019

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2019 $'000				2018 $'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	**1,097,885**	**107,435**	**–**	**1,205,320**	1,123,102	59,642	–	1,182,744
Derivatives	**–**	**399**	**–**	**399**	–	–	–	–
Cash and cash equivalents	**113,946**	**–**	**–**	**113,946**	71,610	–	–	71,610
Total undiscounted financial assets	**1,211,831**	**107,834**	**–**	**1,319,665**	1,194,712	59,642	–	1,254,354
Financial liabilities:								
Trade and other payables	**656,578**	**–**	**–**	**656,578**	639,430	–	–	639,430
Loans and borrowings	**7,390**	**204,196**	**–**	**211,586**	5,595	161,206	–	166,801
Total undiscounted financial liabilities	**663,968**	**204,196**	**–**	**868,164**	645,025	161,206	–	806,231
Total net undiscounted financial assets/ (liabilities)	**547,863**	**(96,362)**	**–**	**451,501**	549,687	(101,564)	–	448,123

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.

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.

	2019 $'000				2018 $'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	**1,423**	**–**	**–**	**1,423**	3,792	–	–	3,792
Company								
Financial guarantees	**32,215**	**150,000**	**–**	**182,215**	136,300	64,173	–	200,473

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 41% (2018: 28%), United States 24% (2018: 34%), Japan 12% (2018: 10%), Australia 12% (2018: 8%), Hong Kong 6% (2018: 9%) and 5% (2018: 11%) 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 $1,545,000 (2018: $1,535,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 98% (2018: 97%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 2% (2018: 3%) 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 $8,034,000 (2018: $8,126,000) 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 $262,000 (2018: Nil) with a deferred tax benefit of $63,000 (2018: Nil) in respect of the forward tin contracts were recognised in profit or loss.

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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 2019 and 31 December 2018.

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	
	2019 **$'000**	2018 $'000
Equity attributable to owners of the Company	**1,519,121**	1,467,293
Non-controlling interests	**150,195**	131,310
Total equity	**1,669,316**	1,598,603
Net borrowings	**559,578**	619,601
Gearing ratio	**33.5%**	38.8%

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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 2019:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'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**

At 31 December 2018:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	61,068	16,200	759	100
Cross currency swap contracts	20,000	30,000	142	293
Interest rate swap contracts	80,000	46,653	63	156
	161,068	92,853	964	549

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 2.9 billion (2018: Japanese Yen 3.4 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) Four (2018: Two) Japanese Yen, one (2018: Nil) Australian Dollar and one (2018: Nil) Korean Won 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.

(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 $41,381,000 (2018: $36,239,000).

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 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. Where actual amount differs from the original estimates, the differences will impact the carrying amount of inventories.

Due to unfavourable tin prices, the Group wrote down $10,191,000 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.

Notes to the Financial Statements

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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 taking up the scheme. Where the actual "take-up" rate differs from the original estimates, the difference may significantly impact the carrying amount of provision for voluntary separation compensation.

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").

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Judgements (cont'd)

(i) Income taxes (cont'd)

The carrying amounts are as follows:

	Group	
	2019 **$'000**	2018 $'000
Income tax receivables	**7,311**	6,000
Income tax payable	**6,098**	6,486
Deferred tax assets	**3,119**	10,665
Deferred tax liabilities	**23,696**	13,094

(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 categories 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.

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 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:				
Financial assets at FVTPL (note 22(b))				
Equity securities				
Quoted equity securities	37,230	–	–	37,230
Financial assets at FVOCI (note 22(a))				
Equity securities				
Quoted equity securities	180,911	–	–	180,911
Derivatives (note 23)				
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

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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:				
Derivatives (note 23)				
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

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 2018 $'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)	–	–	16,407	16,407
Investment properties (note 16)	–	–	910,356	910,356
Non-current asset held for sale (note 27)	–	–	1,535	1,535
Non-financial assets as at 31 December 2018	–	–	928,298	928,298
Financial assets:				
Financial assets at FVTPL (note 22(b))				
Equity securities				
Quoted equity securities	36,980	–	–	36,980
Financial assets at FVOCI (note 22(a))				
Equity securities				
Quoted equity securities	183,989	–	–	183,989
Derivatives (note 23)				
Forward currency contracts	–	759	–	759
Cross currency swap contracts	–	142	–	142
Interest rate swap contracts	–	63	–	63
Total derivatives	–	964	–	964
Financial assets as at 31 December 2018	220,969	964	–	221,933

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For the financial year ended 31 December 2019

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 2018 $'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:				
Derivatives (note 23)				
Forward currency contracts	–	100	–	100
Cross currency swap contracts	–	293	–	293
Interest rate swap contracts	–	156	–	156
Total derivatives	–	549	–	549
Financial liabilities as at 31 December 2018	–	549	–	549

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 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**

	Company 2018 $'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)	–	–	601	601
Investment properties (note 16)	–	–	5,569	5,569
Non-financial assets as at 31 December 2018	–	–	6,170	6,170

Notes to the Financial Statements

For the financial year ended 31 December 2019

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: $188 to $392 per square meter (2018: $172 to $393 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, China, Japan and Australia	Direct capitalisation method	– Capitalisation rates: 3.45% to 8.25% (2018: 3.55% to 8.25%)	The estimated fair value varies inversely against the capitalisation rate
		– Rental rates: $27.42 to $66.85 per square meter (2018: $27.40 to $66.60 per square meter)	The estimated fair value increases with higher rental rate

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 and Australia	Discounted cashflow method	– Discount rates: 3.2% to 9.0% (2018: 3.7% to 9.0%)	The estimated fair value varies inversely against the discount rate
		– Terminal yield rates: 3.55% to 8.00% (2018: 4.10% to 8.75%)	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rates: 1.6% to 15.0% (2018: 0% to 15%)	The estimated fair value increases with higher net rental growth rate
	Comparison method	– Comparable prices: $65 to $19,922 per square meter (2018: $65 to $19,922 per square meter)	The estimated fair value increases with higher comparable price
	Residual value method	– Gross development value: $44.9 million (2018: Nil) – Costs to complete: $32.7 million (2018: Nil)	The estimated fair value increases with higher gross development value and lower costs to complete

Notes to the Financial Statements

For the financial year ended 31 December 2019

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 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	–	–

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 2018 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	30,846	586,694	5,000
Total gains for the year	10,617	31,477	–
Depreciation	(1,053)	–	–
Additions	3,544	343,225	–
Disposals	–	(9,980)	(5,000)
Reclassification	(27,402)	(36,271)	1,535
Exchange adjustment	(145)	(4,789)	–
At 31 December	16,407	910,356	1,535
Total gains or losses for the year included in other comprehensive income			
– Net surplus on revaluation of land and buildings	10,617	–	–

(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 2019

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 2019 $'000				
	Fair value measurements 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	Carrying Amount
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**

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 2018 $'000				
	Fair value measurements 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	Carrying Amount
Liabilities					
Fixed rate bank loans	–	–	150,870	150,870	150,535
Fixed rate notes	152,546	–	–	152,546	149,598
	152,546	–	150,870	303,416	300,133

<u>Determination of fair value</u>

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.

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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 20.95% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd..

(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 during the year.

(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.

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)

2018 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	408,316	–	–	–	–	408,316
Smelting revenue, at a point in time	9,804	–	–	–	–	9,804
Sale of by-product, at a point in time	9,012	–	–	–	–	9,012
Other resources revenue, at a point in time	1,541	–	–	–	–	1,541
Rental and related income, over time	–	27,314	–	–	–	27,314
Inter-segment revenue	–	178	–	–	(178)	–
Total revenue	428,673	27,492	–	–	(178)	455,987
Segment results						
Operating profit	22,764	46,012	311	1,291	–	70,378
Fair value changes in investment properties	–	31,477	–	–	–	31,477
Impairment losses	(739)	–	–	–	–	(739)
Finance costs	(5,796)	(15,561)	–	(5,821)	–	(27,178)
Share of results of associates and joint ventures	26	25,378	304	–	–	25,708
Profit/(Loss) before tax	16,255	87,306	615	(4,530)	–	99,646
Income tax expense	(3,930)	(12,769)	(226)	(51)	–	(16,976)
Profit/(Loss) after tax	12,325	74,537	389	(4,581)	–	82,670
Profit/(Loss) attributable to:						
Owners of the Company	6,714	69,200	389	(4,581)	–	71,722
Non-controlling interests	5,611	5,337	–	–	–	10,948
	12,325	74,537	389	(4,581)	–	82,670
Segment Assets	305,720	1,906,678	188,004	175,932	–	2,576,334
Segment Liabilities	149,250	667,723	–	160,758	–	977,731
Other information:						
Dividend income	–	9,326	536	2,973	–	12,835
Interest income	340	42,842	1,328	1,455	–	45,965
Depreciation	5,172	787	–	–	–	5,959
Amortisation	660	–	–	–	–	660
Other material non-cash items:						
Impairment of a joint venture	140	–	–	–	–	140
Revaluation deficit on property	599	–	–	–	–	599
Associates and joint ventures	10,732	649,677	113,333	–	–	773,742
Additions to non-current assets [(1)]	5,312	344,555	–	–	–	349,867

[(1)] Additions to non-current assets exclude associates and joint ventures.

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.

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**

2018 Geographical information

	Singapore $'000	Malaysia $'000	Japan $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue						
Revenue from external parties	4,226	428,852	10,273	8,956	3,680	455,987
Non-current assets	739,964	216,574	351,954	336,706	164,058	1,809,256

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 two major customers amount to $84,975,000 (2018: $125,654,000), arising from sales by the Resources segment.

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

			Effective Shareholding		
	Country of Incorporation	Business	2019 %	2018 %	
Subsidiaries					
Held by the Company:					
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malayan Tin Smelting Company Sendirian Berhad ØØ	Malaysia	Dormant	**–**	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	
STC International (Australia) Pty Ltd ØØ	Australia	Investment	**–**	100	
Straits Trading Amalgamated Resources Sendirian Berhad (1)	Malaysia	Investment	**100**	100	
Sword Properties Pty Ltd ØØ	Australia	Trustee company	**–**	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	

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	Effective Shareholding 2018 %	
Subsidiaries					
Held through subsidiaries:					
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 4 Pte. Ltd. ø	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. ø	Singapore	Investment	**89**	89	
ARA Summit Development Fund I, L.P. +	Cayman Islands	Investment	**89**	89	
SDF R.E. Holdings Limited +	BVI	Investment	**89**	89	(b)
SDF R.E. Services Limited +	BVI	Investment	**89**	89	(b)
SDF R.E. Holdings II Limited øø	BVI	Investment	**–**	89	(b)
SDF Canberra Investments II Limited øø	BVI	Investment	**–**	89	(b)
SDF R.E. Holdings IV Limited +øøøø	BVI	Investment	**89**	89	(b)
SDF Canberra Investments IV-I Limited +øøøøø	BVI	Investment	**89**	89	(b)
SDF Canberra Investments IV-II Limited +øøøøø	BVI	Investment	**89**	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 Investment 1 (Australia) Pty Ltd øø	Australia	Property	–	88	
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	

Notes to the Financial Statements

For the financial year ended 31 December 2019

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	2018 %	
Subsidiaries					
Held through subsidiaries:					
SRE Luxe 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Luxe 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE JHT TMK [(1)]	Japan	Property	**89**	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 [(1)]	Japan	Property	**89**	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	
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**	–	(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	

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	Effective Shareholding 2018 %	
Subsidiaries					
Held through subsidiaries:					
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)
SRE Australia 12 Pte. Ltd.	Singapore	Investment	**89**	89	
SL Tin Sdn. Bhd. (6) ß	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited ß	Singapore	Investment holding	**55**	55	
M Smelt (C) Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
PT SRM Indonesia (7) ß	Indonesia	Dormant	**54**	54	
Tertius Development Pte. Ltd. ØØ	Singapore	Property	**–**	100	
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**	–	(e)
SRE Venture 14 Pte. Ltd.	Singapore	Investment	**89**	–	
IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company (5)	Korea	Investment	**84**	–	(f)
IGIS Arenas KLIP 1-1 Private Placement Real Estate Master Investment Company (5)	Korea	Investment	**84**	–	
SRE Venture 15 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Venture 16 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Venture 17 Pte. Ltd.	Singapore	Investment	**89**	–	

Notes to the Financial Statements

For the financial year ended 31 December 2019

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	2018 %	
Associates					
Held by the Company:					
Taiko-Straits Developments Sdn. Bhd. (9) *(Accounting year ended 30 September)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Redring Solder (M) Sdn. Bhd. (1) ß *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Holdings Pte. Ltd. (2) *(Accounting year ended 31 December)*	Singapore	Investment	**21**	21	(g)
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	(h)
Greater Tokyo Office Fund (Jersey) L.P. ØØØ *(Accounting year ended 31 December)*	Jersey	Investment	**34**	34	
Savills Investment Management Japan Value Fund II, LP (2) *(Accounting year ended 31 December)*	Singapore	Investment	**17**	37	(i)

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	2018 %	
Joint Ventures					
Held through subsidiaries:					
KM Resources, Inc. [(1) ß] *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(j)
320P Trust [(5)] *(Accounting year ended 31 December)*	Cayman Islands	Property	**23**	23	(k)
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**	–	

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 overseas affiliates of KPMG LLP.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by Azmi Ismail & Co.
(7) Audited by Herman Dody Tanumihardja & Rekan.
(8) Audited by SBA Stone Forest.
(9) Audited by Messrs Folks DFK & Co.
ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
ø Voluntary liquidation/de-registration in progress and no statutory audit is required for 2019.
øø These subsidiaries were voluntarily liquidated/de-registered in 2019.
øøø Winding down in progress and statutory audit is required for 2019 on an extended basis from 1 January 2019 to 30 June 2020.
øøøø Subsidiary entered into voluntary liquidation after financial year end.
øøøøø Subsidiaries were voluntarily liquidated after financial year end.
+ 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% (2018: 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 2019

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) 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 20.95% stake in ARA Asset Management Holdings Pte. Ltd..

(h) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(i) Savills Investment Management Japan Value Fund II, LP focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.

(j) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

(k) 320P Trust holds a commercial property in Sydney, Australia.

45. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures to curb the COVID-19 outbreak have been and continues to be implemented in countries where the Group operates. The Group is closely monitoring the development of the COVID-19 outbreak and its related impact on the Group's businesses. As at the date of these financial statements, the Group is not aware of any material impact on the financial statements arising from the COVID-19 outbreak.

UNAUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2020

The information in this Appendix IV has been reproduced from the half-yearly announcement of The Straits Trading Company Limited and its subsidiaries for the six months ended 30 June 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

The Straits Trading Company Limited (Company Registration No. : 188700008D)
Half Year Financial Statements Announcement for the Period Ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The unaudited results for the half year ended 30 June 2020 are as follow:

GROUP	Note	Half Year (1H) Ended 30 June		
		2020	2019	+/(-)
		$'000	$'000	%
Revenue				
Tin mining and smelting revenue	A	**115,173**	196,977	(41.5)
Property revenue		**19,843**	19,373	2.4
Total revenue		**135,016**	216,350	(37.6)
Other items of income/(loss)				
Dividend income		**4,502**	6,510	(30.8)
Interest income	B	**6,881**	19,372	(64.5)
Fair value changes in investment properties	C	**(805)**	5,651	NM
Fair value changes in financial assets	D	**(4,236)**	4,970	NM
Other income		**4,687**	2,452	91.2
		146,045	255,305	(42.8)
Other items of expense				
Employee benefits expense		**(15,321)**	(14,743)	3.9
Depreciation expense		**(4,220)**	(3,287)	28.4
Amortisation expense		**(177)**	(313)	(43.5)
Costs of tin mining and smelting		**(103,492)**	(173,547)	(40.4)
Finance costs		**(13,786)**	(14,102)	(2.2)
Other expenses		**(11,092)**	(14,388)	(22.9)
Exchange gains/(losses)	E	**6,425**	(1,643)	NM
Total expenses		**(141,663)**	(222,023)	(36.2)
Share of results of associates and joint ventures	F	**5,129**	23,605	(78.3)
Profit before tax		**9,511**	56,887	(83.3)
Income tax expense		**(3,623)**	(9,328)	(61.2)
Profit after tax		**5,888**	47,559	(87.6)
Profit attributable to:				
Owners of the Company		**5,485**	42,526	(87.1)
Non-controlling interests		**403**	5,033	(92.0)
		5,888	47,559	(87.6)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")		**27,694**	74,589	(62.9)

NM – Not meaningful

Notes to the Income Statement:

(A) The decrease in 1H2020 was due to lower average tin prices and lower sales quantity of refined tin.

(B) The decrease in 1H2020 was due to lower interest income from the notes issued by a joint venture.

(C) The fair value loss in investment properties for 1H2020 was due to lower valuation for the retail mall in China. The loss was mitigated by fair value gains from the logistic portfolio in Australia.

(D) The fair value loss in financial assets for 1H2020 were related to mark-to-market losses from shot-term investment securities.

(E) The exchange gains in 1H2020 were mainly due to a stronger Australian Dollar arising from our investments in debt instruments, and cash balances denominated in Japanese Yen and United States Dollars.

(F) The decrease in the profits from associates and joint ventures were due to the impact of COVID-19 resulted in lower valuations for the retail malls portfolio in Malaysia, hospitality business and absence of one-off income and certain divestment gains in 1H2020. The decrease was mitigated by a higher valuation of the logistic property in South Korea.

1(a)(ii) Statement of comprehensive income for the half year ended 30 June 2020.

GROUP	Half Year (1H) Ended 30 June	
	2020	2019
	$'000	$'000
Profit after tax	**5,888**	47,559
Items that will not be reclassified to profit or loss:		
Share of revaluation deficit on property, plant and equipment of associates	**(3,719)**	(358)
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	**(37,932)**	17,926
Share of net fair value changes in equity securities carried at FVOCI of associates	**(27,593)**	4,842
	(69,244)	22,410
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**(1,501)**	(1,203)
Currency translation reserve	**6,050**	(3,668)
Share of reserves of associates and joint ventures	**10,061**	(5,277)
Realisation of foreign currency translation reserve to profit or loss	**(222)**	(79)
	14,388	(10,227)
Other comprehensive income after tax for the period	**(54,856)**	12,183
Total comprehensive income for the period	**(48,968)**	59,742
Total comprehensive income attributable to:		
Owners of the Company	**(47,122)**	54,460
Non-controlling interests	**(1,846)**	5,282
Total comprehensive income for the period	**(48,968)**	59,742

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance sheets as at 30 June 2020

	Note	GROUP		Note	COMPANY	
		30 June 2020 $'000	31 Dec 2019 $'000		**30 June 2020 $'000**	31 Dec 2019 $'000
Assets						
Non-current assets						
Property, plant and equipment		**49,795**	43,612		**592**	599
Land under development		**67,689**	67,444		**30,100**	30,311
Investment properties	1	**918,228**	863,936		**5,506**	5,545
Goodwill		**17,430**	17,540		**–**	–
Other intangible assets		**5,808**	5,863		**–**	–
Subsidiaries		**–**	–		**123,535**	123,535
Associates and joint ventures	2	**911,524**	791,628		**144**	144
Deferred tax assets		**4,511**	3,119		**–**	–
Other non-current receivables		**–**	–		**88,854**	103,935
Derivative financial instruments		**720**	1,547		**–**	399
Investment securities	3	**176,553**	210,919		**–**	–
Other non-current assets		**406**	1,201		**–**	–
Total non-current assets		**2,152,664**	2,006,809		**248,731**	264,468
Current assets						
Inventories		**142,602**	153,092		**–**	–
Income tax receivables		**9,227**	7,311		**24**	197
Prepayments and accrued income		**1,697**	1,930		**94**	18
Trade related prepayments		**24,365**	1,847		**–**	–
Trade receivables		**5,498**	5,529		**31**	7
Other receivables		**76,823**	74,123	1a	**1,193,069**	1,091,862
Investment securities		**72,789**	65,869		**–**	–
Derivative financial instruments		**9**	886		**–**	–
Cash and short-term deposits		**260,063**	310,487		**133,665**	113,946
		593,073	621,074		**1,326,883**	1,206,030
Assets classified as held for sale		**–**	21,311		**–**	–
Total current assets		**593,073**	642,385		**1,326,883**	1,206,030
Total assets		**2,745,737**	2,649,194		**1,575,614**	1,470,498
Equity and liabilities						
Equity						
Share capital		**568,968**	568,968		**568,968**	568,968
Treasury shares		**(2,596)**	(2,055)		**(2,596)**	(2,055)
Retained earnings		**915,698**	932,861		**42,087**	45,088
Other reserves		**(35,028)**	19,347		**(746)**	1,421
Equity attributable to owners of the Company		**1,447,042**	1,519,121		**607,713**	613,422
Non-controlling interests		**160,029**	150,195		**–**	–
Total equity		**1,607,071**	1,669,316		**607,713**	613,422

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance sheets as at 30 June 2020 (cont'd)

	Note	GROUP		Note	COMPANY	
		30 June 2020 $'000	31 Dec 2019 $'000		**30 June 2020 $'000**	31 Dec 2019 $'000
Non-current liabilities						
Provisions		**9,157**	9,061		**–**	–
Deferred tax liabilities		**24,339**	23,696		**699**	704
Borrowings	4	**722,088**	660,035	1b	**262,719**	199,481
Derivative financial instruments		**1,946**	311		**1,114**	–
Other non-current liabilities		**9,054**	10,846		**–**	–
Lease liabilities		**6,147**	1,700		**–**	–
Total non-current liabilities		**772,731**	705,649		**264,532**	200,185
Current liabilities						
Provisions		**5,031**	5,065		**–**	–
Income tax payable		**6,602**	6,098		**370**	314
Trade and other payables		**60,798**	49,715		**622,999**	656,577
Borrowings	4	**287,193**	210,030	1b	**80,000**	–
Derivative financial instruments		**1,939**	1,048		**–**	–
Lease liabilities		**4,372**	2,273		**–**	–
Total current liabilities		**365,935**	274,229		**703,369**	656,891
Total liabilities		**1,138,666**	979,878		**967,901**	857,076
Total equity and liabilities		**2,745,737**	2,649,194		**1,575,614**	1,470,498

Notes to Balance Sheets:

Group

(1) The increase in investment properties was due to the acquisition and capital expenditure on properties in Australia and favorable exchange rate movements of properties in Japan, Australia and China.

(2) The increase was mainly due to investment in a new joint venture in China and acquisition of additional 1.11% stake in ARA Asset Management Limited.

(3) The decrease in value of long-term investment securities was due to lower share prices.

(4) The increase was due to drawdown of loan facilities for investments.

Company

(1a) The increase in other receivables was due to amounts due from subsidiaries.

(1b) The increase was due to drawdown of loan facilities for investments

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand:

As at 30/06/2020		As at 31/12/2019	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
95,898	**191,295**	122,808	87,222

Amount repayable after one year:

As at 30/06/2020		As at 31/12/2019	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
489,626	**232,462**	460,554	199,481

Details of any collaterals:

Secured borrowings are generally secured by mortgages on certain properties, other assets and shares held in certain subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the half year ended 30 June 2020

	Half Year (1H) Ended 30 June	
	2020	2019
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**9,511**	56,887
Adjustments		
Depreciation of property, plant and equipment	**4,220**	3,287
Amortisation of other intangible assets	**177**	313
Dividend income	**(4,502)**	(6,510)
Interest income	**(6,881)**	(19,372)
Finance costs	**13,786**	14,102
Currency realignment	**(3,371)**	3,858
Fair value changes in investment properties and financial assets	**5,041**	(10,621)
Net gain on disposal of property, plant and equipment, investment properties and other investments	**(1,961)**	(622)
Property, plant and equipment written off	**6**	29
Write down of inventories	**4,610**	–
Share of results of associates and joint ventures	**(5,129)**	(23,605)
Operating cash flows before changes in working capital	**15,507**	17,746
Decrease in inventories	**4,815**	11,316
Increase in short-term investment securities	**(11,698)**	(11,771)
(Increase)/decrease in trade and other receivables	**(21,671)**	791
Decrease in trade and other payables	**(8,138)**	(8,535)
Cash flows (used in)/from operations	**(21,185)**	9,547
Income taxes paid	**(5,574)**	(4,357)
Finance costs paid	**(5,552)**	(7,432)
Interest received	**3,180**	5,417
Dividend income from short-term investment securities	**523**	996
Net cash flows (used in)/from operating activities	**(28,608)**	4,171

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the half year ended 30 June 2020 (cont'd)

	Half Year (1H) Ended 30 June	
	2020	2019
	$'000	$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**31,505**	17,232
Proceeds from redemption of debt instrument	–	1,280
Proceeds from disposal of investment securities	–	5,323
Cost incurred on property, plant and equipment	**(1,925)**	(1,790)
Cost incurred on investment properties	**(39,974)**	(5,565)
Cost incurred on land under development	**(720)**	(2,080)
Investment in associates and joint ventures	**(117,347)**	(13,631)
Subscription of debt instrument	**(3,431)**	–
Return of capital from associates	**2,419**	19,192
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	**(163)**	(167)
Dividend income from investment securities and associates	**4,863**	29,538
Income taxes paid	**(137)**	(604)
Net cash flows (used in)/from investing activities	**(124,910)**	48,728
Cash flows from financing activities		
Dividend paid to shareholders	**(24,416)**	(24,463)
Dividend paid to non-controlling shareholders of subsidiaries	**(2,262)**	(3,091)
Purchase of treasury shares	**(541)**	(480)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**14,024**	2,537
Repayment of loan to non-controlling shareholders of subsidiaries	**(1,741)**	(4,060)
Return of capital to non-controlling shareholders	**(82)**	(374)
Drawdown/(repayment) of short-term borrowings	**82,287**	(4,154)
Drawdown of long-term borrowings	**91,598**	54,000
Repayment of long-term borrowings	**(47,478)**	(20,433)
Finance costs paid	**(7,489)**	(6,605)
Payment of lease liabilities	**(2,068)**	(1,448)
Net cash flows from/(used in) financing activities	**101,832**	(8,571)
Net (decrease)/increase in cash and cash equivalents	**(51,686)**	44,328
Effect of exchange rate changes on cash and cash equivalents	**1,262**	365
Cash and cash equivalents, beginning balance	**310,487**	244,862
Cash and cash equivalents, ending balance	**260,063**	289,555

Notes to the Cash Flow Statement:

Net cash outflow from operating activities for 1H2020 was due to prepayments to tin ore suppliers and traders for tin smelting.

Net cash outflow from investing activities for 1H2020 was due to investments in associates and joint ventures.

Net cash inflow from financing activities for 1H2020 was due to the drawdown of borrowings.

(i) Significant non-cash transactions

There were no material non-cash transactions other than those disclosed in the cash flow statement.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of changes in equity for the period ended 30 June 2020

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserve	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 period	(48,968)	(47,122)	–	–	5,485	(62,265)	(3,446)	(3,719)	16,823	–	(1,846)
Contributions by and distributions to owners											
Dividend for FY2019	(24,416)	(24,416)	–	–	(24,416)	–	–	–	–	–	–
Dividend to non-controlling interests	(2,262)	–	–	–	–	–	–	–	–	–	(2,262)
Contribution of capital by non-controlling interests	14,024	–	–	–	–	–	–	–	–	–	14,024
Shares buy back	(541)	(541)	–	(541)	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(82)	–	–	–	–	–	–	–	–	–	(82)
Total contributions by and distributions to owners	(13,277)	(24,957)	–	(541)	(24,416)	–	–	–	–	–	11,680
Others											
Share of associate's realisation of FVOCI reserve	–	–	–	–	1,768	(1,768)	–	–	–	–	–
Share of other changes in equity of an associate	–	–	–	–	–	–	–	–	144	(144)	–
Total others	–	–	–	–	1,768	(1,768)	–	–	144	(144)	–
Closing balance at 30 June 2020	**1,607,071**	**1,447,042**	**568,968**	**(2,596)**	**915,698**	**(51,763)**	**(4,912)**	**26,078**	**(8,135)**	**3,704**	**160,029**

Statements of changes in equity for the period ended 30 June 2020 (cont'd)

GROUP (cont'd)

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserve	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	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 period	59,742	54,460	–	–	42,526	21,544	(2,061)	(358)	(7,191)	–	–	5,282
Contributions by and distributions to owners												
Dividend for FY2018	(24,463)	(24,463)	–	–	(24,463)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(3,091)	–	–	–	–	–	–	–	–	–	–	(3,091)
Contribution of capital by non-controlling interests	2,537	–	–	–	–	–	–	–	–	–	–	2,537
Shares buy back	(480)	(480)	–	(480)	–	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(374)	–	–	–	–	–	–	–	–	–	–	(374)
Total contributions by and distributions to owners	(25,871)	(24,943)	–	(480)	(24,463)	–	–	–	–	–	–	(928)
Others												
Share of associate's realisation of FVOCI reserve	–	–	–	–	(92)	92	–	–	–	–	–	–
Transfer of reserves of assets classified as held for sale	–	–	–	–	360	–	–	–	–	–	(360)	–
Realisation of FVOCI reserve	–	–	–	–	714	(714)	–	–	–	–	–	–
Share of other changes in equity of an associate	103	92	–	–	92	–	–	–	–	–	–	11
Total others	103	92	–	–	1,074	(622)	–	–	–	–	(360)	11
Closing balance at 30 June 2019	**1,627,633**	**1,491,958**	**568,968**	**(1,078)**	**890,312**	**29,280**	**(3,008)**	**27,167**	**(23,522)**	**3,839**	**–**	**135,675**

Statements of changes in equity for the period ended 30 June 2020 (cont'd)

COMPANY

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Hedging reserve	Translation reserve
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2020	613,422	613,422	568,968	(2,055)	45,088	559	399	463
Total comprehensive income for the period	19,248	19,248	–	–	21,415	–	(1,514)	(653)
Contributions by and distributions to owners								
Dividend for FY2019	(24,416)	(24,416)	–	–	(24,416)	–	–	–
Shares buy back	(541)	(541)	–	(541)	–	–	–	–
Total contributions by and distributions to owners	(24,957)	(24,957)	–	(541)	(24,416)	–	–	–
Total transactions with owners in their capacity as owners	(24,957)	(24,957)	–	(541)	(24,416)	–	–	–
Closing balance at 30 June 2020	**607,713**	**607,713**	**568,968**	**(2,596)**	**42,087**	**559**	**(1,115)**	**(190)**

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Hedging reserve	Translation reserve
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2019	615,055	615,055	568,968	(598)	45,240	555	–	890
Total comprehensive income for the period	22,816	22,816	–	–	23,799	–	(284)	(699)
Contributions by and distributions to owners								
Dividend for FY2018	(24,463)	(24,463)	–	–	(24,463)	–	–	–
Shares buy back	(480)	(480)	–	(480)	–	–	–	–
Total contributions by and distributions to owners	(24,943)	(24,943)	–	(480)	(24,463)	–	–	–
Total transactions with owners in their capacity as owners	(24,943)	(24,943)	–	(480)	(24,463)	–	–	–
Closing balance at 30 June 2019	**612,928**	**612,928**	**568,968**	**(1,078)**	**44,576**	**555**	**(284)**	**191**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the six months ended 30 June 2020, the changes in the Company's issued share capital were as follows:

	No. of Shares
As at 1 January 2020	407,165,772
Purchase of treasury shares	(293,200)
As at 30 June 2020	406,872,572

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Ordinary share capital

	30 June 2020	31 December 2019
Total number of ordinary shares in issue (excluding treasury shares)	**406,872,572**	407,165,772

Treasury share

Movements in the Company's treasury shares were as follows:

	No. of Shares
As at 1 January 2020	930,000
Purchase of treasury shares	293,200
As at 30 June 2020	1,223,200

As at 30 June 2020, the Company held 1,223,200 treasury shares (31 December 2019: 930,000) which represents 0.3% of the total number of issued shares (excluding treasury shares).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures had not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group had applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following new and revised FRS that are effective for the financial period beginning 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*

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half Year (1H) Ended 30 June	
	2020	2019
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	**1.3 cents**	10.4 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

Net asset value per share based on issued share capital (excluding treasury shares) at the end of:	**30 June 2020**	31 December 2019
The Group	**$3.56**	$3.73
The Company	**$1.49**	$1.51

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The following tables summarise the 1H2020 operating results by business segments and comparatives for 1H2019.

1H2020 Operating Segment Results

	Resources $'000	Real Estate (Note) $'000	Hospitality (Note) $'000	Others (Note) $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	115,173	19,843	–	–	–	135,016
Inter-segment revenue	–	6	–	–	(6)	–
Total revenue	115,173	19,849	–	–	(6)	135,016
Segment results						
Operating profit	(2,326)	25,114	662	(4,477)	–	18,973
Fair value changes in investment properties	–	(805)	–	–	–	(805)
Finance costs	(2,027)	(7,384)	–	(4,375)	–	(13,786)
Share of results of associates and joint ventures	(625)	11,315	(5,561)	–	–	5,129
Profit before tax	(4,978)	28,240	(4,899)	(8,852)	–	9,511
Income tax expense	401	(3,746)	(112)	(166)	–	(3,623)
Profit after tax	(4,577)	24,494	(5,011)	(9,018)	–	5,888
Profit attributable to:						
Owners of the Company	(2,305)	21,819	(5,011)	(9,018)	–	5,485
Non-controlling interests	(2,272)	2,675	–	–	–	403
	(4,577)	24,494	(5,011)	(9,018)	–	5,888

1H2019 Operating Segment Results

	Resources $'000	Real Estate (Note) $'000	Hospitality (Note) $'000	Others (Note) $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	196,977	19,373	–	–	–	216,350
Inter-segment revenue	–	6	–	–	(6)	–
Total revenue	196,977	19,379	–	–	(6)	216,350
Segment results						
Operating profit	10,687	24,762	1,725	4,559	–	41,733
Fair value changes in investment properties	–	5,651	–	–	–	5,651
Finance costs	(2,247)	(8,458)	–	(3,397)	–	(14,102)
Share of results of associates and joint ventures	124	24,164	(683)	–	–	23,605
Profit before tax	8,564	46,119	1,042	1,162	–	56,887
Income tax expense	(3,742)	(4,558)	(112)	(916)	–	(9,328)
Profit after tax	4,822	41,561	930	246	–	47,559
Profit attributable to:						
Owners of the Company	2,805	38,545	930	246	–	42,526
Non-controlling interests	2,017	3,016	–	–	–	5,033
	4,822	41,561	930	246	–	47,559

Note:

Real Estate – This comprises the property portfolio, investments in Straits Real Estate Pte. Ltd. ("SRE"), Suntec REIT and ARA Asset Management Limited ("ARA").

Hospitality – This comprises the investments in Far East Hospitality Holdings Pte. Ltd. ("FEHH") and Far East Hospitality Trust ("FEHT"). The entire investment in FEHT was disposed of in 3Q2019.

Others – This comprises Group-level corporate and treasury services.

Group

The Group reported a profit after tax and non-controlling interests of $5.5 million and $42.5 million for 1H2020 and 1H2019 respectively. The lower profit was a consequence of (i) adverse change in the valuation of certain investment properties, (ii) share of losses of a hospitality associate which was impacted by the COVID-19 pandemic, (iii) the decline in market value of short-term investment securities, and (iv) absence of certain one-off income and gains.

Resources

The resources segment reported a loss after tax and non-controlling interests for 1H2020 compared with the profit for the previous corresponding period.

The loss was due to reduced activities and lower tin prices, as the Movement Control Order imposed by the Government of Malaysia resulted in a disruption in the operations of the mine and the smelter.

Real Estate

The Group's real estate segment reported a lower profit after tax and non-controlling interests for 1H2020 compared with the previous corresponding period.

The lower profit for 1H2020 were mainly due to lower interest income from the notes issued by a joint venture and fair value losses from the retail mall properties in China and Malaysia. The decrease was mitigated by fair value gains from the logistic properties portfolio in Australia and South Korea.

Hospitality

The hospitality segment reported a loss for 1H2020. The hospitality associate was adversely impacted by the COVID-19 pandemic, including revaluation losses on certain hotel properties and impairment charges.

Others

The net expenses for 1H2020 were mainly related to mark-to-market losses of short-term investment securities and interest expenses.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No prospect statement was disclosed in the 2019 full year financial results announcement made on 25 February 2020.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's businesses are not immune to the COVID-19 outbreak. Fortunately, the Group's investments in the various business platforms and diversified portfolios that span the real estate value chain across different geographies is expected to abate the adverse impact. In the immediate term, the Group is well-capitalised to fund essential expenditures and committed investments. The Group also has the capacity to seize opportunities that the COVID-19 outbreak might present. The Group continues to exercise prudence when considering new investments.

Straits Real Estate Pte. Ltd. ("SRE"), the Group's 89.5%-owned real estate investment vehicle, has a well-diversified income-producing portfolio spanning multiple real estate asset classes. The investment portfolio is also geographically diversified across Australia, China, Japan, Korea and Malaysia, which helps in mitigating varying degrees and timings of business disruptions brought about by COVID-19. Despite the operational challenges, SRE's multi-asset multi-geography portfolio demonstrated strong resilience and will continue to generate recurring incomes. It will continue to pursue attractive investment opportunities to ride through the near-term economic turmoil and position for the eventual recovery.

ARA Asset Management Limited ("ARA"), the Group's 22.1%-owned associate, has grown its gross assets under management ("AUM") to S$110 billion as at June 2020. During the first half of 2020, ARA:

- Completed the acquisition of a majority stake in LOGOS Group, one of Asia Pacific's leading logistics property groups. LOGOS operates as ARA's exclusive platform for logistics assets globally.
- Completed the acquisition of a majority stake in Venn Partners LLP, an investment manager in European real estate private debt.
- Took a stake in a leading Singapore-based non-bank fintech company, Minterest Group. The acquisition marks ARA's foray into the fintech sector where it aims to create a digital marketplace for institutional quality real estate investment opportunities.

COVID-19 will have an impact on ARA's financial performance with certain segments more affected than the others, and on its growth momentum in the near term given the weak capital markets.

Despite the challenges, the Group can expect to continue to benefit from the ARA's multi-platform, multi-product global fund management business, and contributions from the new businesses.

Malaysia Smelting Corporation Berhad ("MSC"), the Group's 54.8%-owned resources arm, continues to face challenging market conditions in the face of the COVID-19 shockwaves and prolonged global trade tensions. Nevertheless, it will continue to focus on operational efficiencies to mitigate these challenges. MSC is undertaking efforts to improve on all areas of operations, technology, manpower and logistics. It will commence commercial production at the new smelting facility in Pulau Indah, Port Klang in 3Q2020. Both plants will be operating in parallel until smooth operations are achieved.

Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30%-owned hospitality arm is affected by the plunge in travel demand amid the COVID-19 outbreak. Its businesses across major markets of Singapore, Australia and Germany experienced significant drop in demand as international tourist arrivals have fallen. The operating conditions will remain challenging until the pandemic abates. FEHH will continue to undertake mitigation measures and manage cashflow as the recovery trajectory remains protracted and uncertain.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the six months ended 30 June 2020.

The Company does not have a standing practice of declaring dividend in the first half of the financial year.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not seek and does not have a general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the first half 2020 financial results to be false or misleading in any material aspect.

15. Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Aldric Tan Jee Wei
Secretary

14 August 2020
Singapore

This Announcement will be available at the Company's website at
http://www.stc.com.sg/