STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

Fulfilment

Annual Report 2019

As we enter into the new decade, all of us at The Straits Trading Company Limited ("Straits Trading") reflect upon the last 10 years, and the journey it has taken for us to get here. In the last decade, Straits Trading has seen new milestones and growth, adapting to the fast-changing geopolitical and economic climate and coming out stronger than ever before. Indeed, we have seen a decade of fulfilment in Straits Trading's strategy, capabilities and growth, enabling the group to reach new levels of transformation and advancement. Join us as we look back on a momentous decade, and look forward to the next.

Corporate Profile

Incorporated in 1887, The Straits Trading Company Limited has international stakes in resources, real estate, hospitality and investments. Its real estate ecosystem comprises majority or strategic stakes in Straits Real Estate, ARA Asset Management Limited and Far East Hospitality Holdings, as well as a diversified real estate portfolio that is wholly-owned by the Group. Straits Trading is also engaged in tin mining and smelting, and resource investments through its majority stake in the world's third-largest tin producer, Malaysia Smelting Corporation Berhad, which is dual listed on Bursa Malaysia and SGX-ST.

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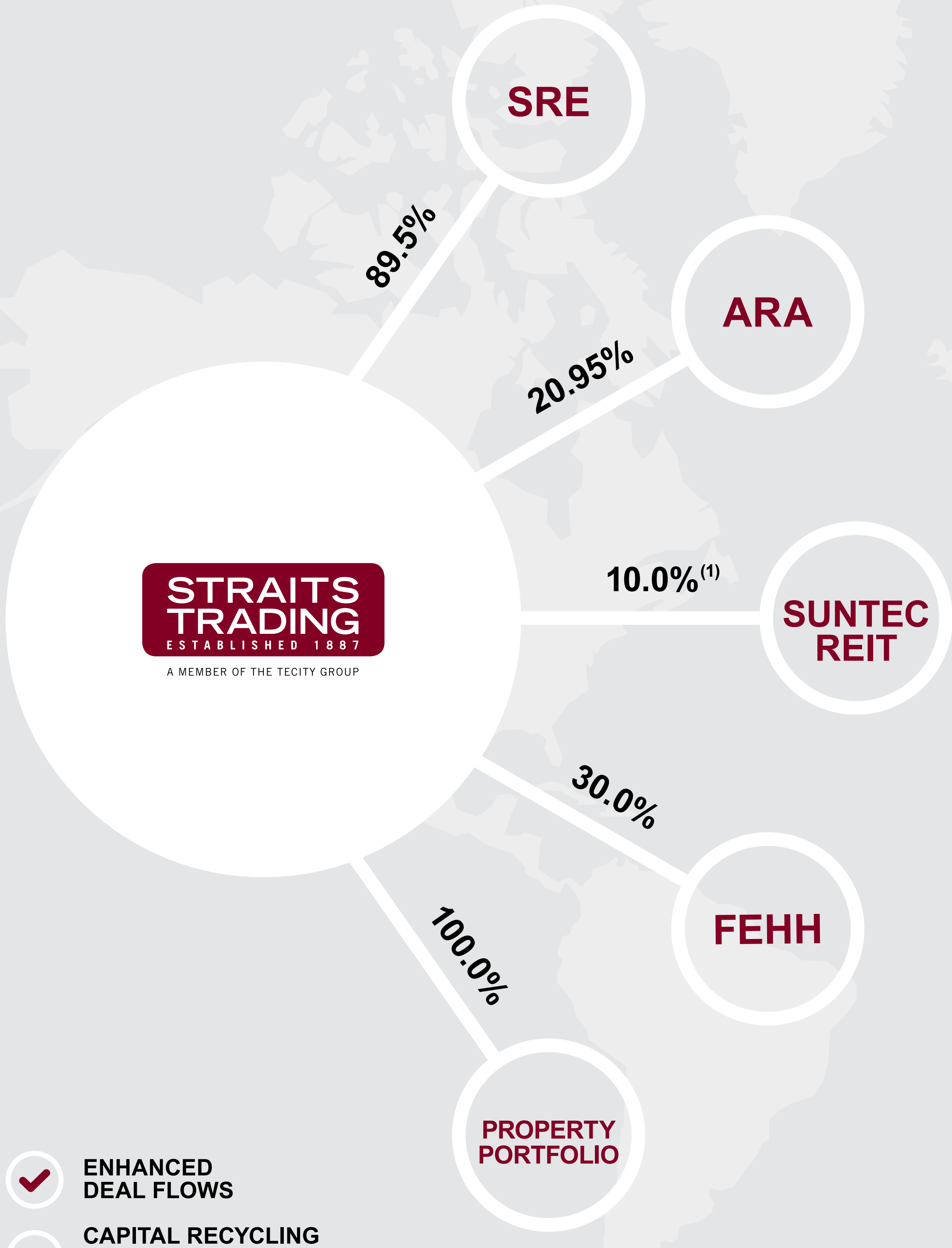
Straits Trading's Real Estate Ecosystem



- ENHANCED DEAL FLOWS
- CAPITAL RECYCLING OPPORTUNITIES ALONG REAL ESTATE VALUE CHAIN
- MULTIPLE PLATFORMS WITH CROSS-FERTILISATION

SRE
$1.7 billion AUM
Direct real estate investments

ARA
$88 billion Gross AUM
A leading APAC real assets fund manager with a global reach

SUNTEC REIT
$10.4 billion AUM
Prime commercial and retail portfolio in Singapore and Australia

FEHH
Over 95 hotels and 15,500 keys
Hotel ownership and management services

PROPERTY PORTFOLIO
$295 million property value
Straits City development project at Butterworth

(1) *Aggregate interest in Suntec REIT including deemed interest through ARA group companies.*

Chairman's Statement

"Straits Trading's profit after tax increased 21.4% to $100.4 million in FY2019 - the highest achieved by the Group since 2014. The continued growth of our various business platforms, including that of ARA, will also position the Group well for the future."

CHEW GEK KHIM PJG
Executive Chairman

The Straits Trading Company Limited

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of The Straits Trading Company Limited for the financial year ended 31 December 2019 ("**FY2019**").

Ten years ago, we articulated our strategy of transforming our investments into sustainable platforms. We established these platforms, allocated capital to them and continued to nurture them over the years to create greater value for our shareholders. A decade on, we have seen the fulfilment of our strategy, which has enabled Straits Trading to reach new heights.

RESILIENT PORTFOLIO PERFORMANCE

Notwithstanding the challenging external landscape, Straits Trading's profit after tax ("**PAT**") increased 21.4% to $100.4 million in FY2019 - the highest achieved by the Group since 2014. The real estate segment was our key profit driver, contributing 88.4% of the Group's PAT in FY2019. PAT attributable to this segment was 19.0% higher compared to FY2018, largely driven by Straits Real Estate and our investment in ARA Asset Management.

We were able to deliver this performance as our various platforms continued to grow in scale and profitability. At the same time, our capital allocation and continued emphasis on capital efficiencies proved to be critical, when set against the backdrop of a difficult operating environment.

We are pleased to declare an interim dividend of 6 cents per share for FY2019, and we remain committed to deliver a sustainable and increasing dividend payout to our shareholders.

Straits Real Estate Pte. Ltd.
("Straits Real Estate")
Capitalising on its proven ability of identifying mispriced opportunities and efficient execution, SRE has significantly grown its foothold in its

key markets across Asia Pacific. In FY2019, SRE recorded profit after tax of $68.9 million.

In FY2019, SRE enlarged its logistics portfolio in Australia through build-to-suit developments and the acquisition of income-producing assets and expanded into South Korea's logistics sector. In Japan, SRE divested four residential properties in Osaka and realised a gain on the investment that it has held since 2016.

ARA Asset Management Holdings Pte Ltd ("ARA")
As at 31 December 2019, gross assets managed by ARA Group[1] and its associates have grown to $88 billion. As the only listed company on the Singapore bourse with a significant exposure to ARA, Straits Trading is strategically positioned to benefit from ARA's unique growth proposition, while creating value as a strategic shareholder.

Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality")
In 2019, Far East Hospitality opened hotels and secured management contracts in Singapore, Vietnam, Sydney and Melbourne. While we expect the hospitality segment to be temporarily impacted by the Covid-19 outbreak, our stake in Far East Hospitality ensures that we remain invested in a scalable platform to leverage on longer-term opportunities in the sector.

Malaysia Smelting Corporation Berhad ("MSC")
MSC continued to optimise efficiency in its operations and strengthened its position as one of the world's leading integrated producers of tin metal. In FY2019, MSC recorded a net profit of RM33.5 million, mainly driven by stronger earnings in the tin mining segment. Net profit in the tin mining segment rose more than twofold to RM67.5 million in FY2019, compared to RM25.3 million in FY2018.

Unlocking the value of Butterworth Land
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, which bolster the attractiveness of our 40-acre Butterworth Land. Our master plan to transform the Butterworth Land into a mixed-use development was approved and we commenced redevelopment of the land.

Straits Investment Management Pte. Ltd. ("SIM")
Our subsidiary, Straits Investment Management, is a specialist global real estate securities manager with investments in securities of a globally diverse portfolio of high-quality real estate companies. It is uniquely positioned to leverage the Group's resources to deliver superior risk-adjusted returns to investors.

LOOKING FORWARD

The business climate is increasingly challenging as markets continue to deal with greater uncertainties including Covid-19. Despite this, we are confident that Straits Trading is well-positioned to deliver sound performance supported by our robust structure and collective strength.

We will continue to facilitate the scalable growth of our business engines. Since its inception in 2013, SRE's assets under management ("**AUM**") has tripled to $1.7 billion, with a target AUM of $2.4 billion within a few years. Meanwhile, ARA targets to grow its gross assets to $100 billion by 2021. MSC is on track to boost profitability via higher production capacity and reduced operational costs once its new smelter fully takes off.

Through the synergies from our real estate ecosystem, we enjoy the advantage of allocating capital to real estate investments with higher returns. Our sound balance sheet and healthy gearing ratio enable us to continue supporting the growth of our business engines.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to welcome back Mr Eric Teng as CEO of our subsidiary, Straits Developments Private Limited.

I would like to thank our business partners, bankers and shareholders for their confidence and support, my fellow Directors for their counsel, and all employees at Straits Trading and its subsidiaries, for their hard work and dedication in 2019.

We remain committed to deliver sustainable value to our stakeholders in the new decade.

CHEW GEK KHIM PJG
Executive Chairman
31 March 2020

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

A Decade of Fulfilment

The past decade was marked with many milestones for Straits Trading as it went about its transformation since 2009. During this period, its business strategy and robust capabilities have propelled the growth of Straits Trading to new heights today.

STRATEGY

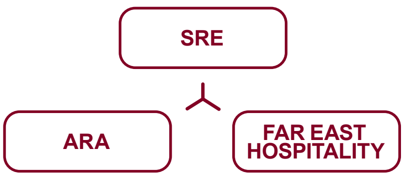
Straits Trading

- Established its cornerstone strategy of active capital management to redeploy capital to higher yielding assets in 2010
- Growing recurring income base to create long-term and sustainable growth

Straits Real Estate

- Leveraging network synergies from the Real Estate Ecosystem
- Enhancing asset value through proactive asset management

CAPABILITIES



Formed the Straits Trading Real Estate Ecosystem, comprising strategic stakes in Straits Real Estate ("SRE"), ARA Asset Management ("ARA") and Far East Hospitality Holdings ("Far East Hospitality") in 2013 to drive growth across Straits Trading's real estate and hospitality platforms

Gained wider opportunity set in getting deals and acquisitions

Such acquisitions/deals largely anchored on prudent underwriting, optimal deal structuring and platform partnership

GROWTH

Straits Trading's profit after tax grew from $6.7 million in FY2010 to $100.4 million in FY2019

Straits Trading's ROE grew from 2.5% in FY2010 to 5.7% in FY2019

SRE diversified and expanded its asset portfolio across the Asia Pacific

- **Retail assets in China since 2015**
- **Commercial assets portfolio in Australia since 2015**
- **Residential properties in Japan since 2016**
- **Logistics assets portfolio in Australia since 2018 and in South Korea since 2019**

SRE grew its AUM from $358 million in FY2014 to $1.7 billion in FY2019

STRATEGY

ARA Asset Management

Took a strategic stake in ARA in 2014

Following its privatisation in 2017, which paved the way for rapid growth, ARA is aiming to achieve an AUM of $100 billion by 2021 and eventually relist

Far East Hospitality Holdings

Since 2010, consolidation by Rendezvous Hospitality Group in leveraging on future growths

In 2013, Far East Hospitality Holdings was formed as a joint venture with Far East Orchard Limited

Far East Hospitality now serves as a scalable platform within Straits Trading's Real Estate Ecosystem to grow its hospitality assets

Malaysia Smelting Corporation

MSC transformed in 2010 by divesting its non-tin assets to re-position itself as a pure tin smelter and producer

Initiated corporate restructuring in 2015 to optimise efficiency and rationalise costs

CAPABILITIES

As the only Singapore-listed company with a significant stake in ARA, Straits Trading is a proxy to ARA's growth

Became a leading hotel operator across Australia, New Zealand and Europe through Toga Far East Hotels, a joint venture between Toga Hotels and Far East Hospitality

Relocating to Pulau Indah smelter with more advanced manufacturing technology by 2020

GROWTH

ARA grew AUM from $40 billion (December 2017) to $88 billion (December 2019)

Far East Hospitality has over 95 hotels and 15,500 keys under management currently and is targeting to grow to 123 properties or >19,000 rooms by 2021

MSC's financial performance improved from a loss of RM4.8 million in FY2015 to a net profit of RM33.5 million in FY2019

Today, MSC is the 3rd largest tin producer globally

Board of Directors

CHEW GEK KHIM, PJG, 58
Executive Chairman

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

Ms Chew Gek Khim is a lawyer by training. She has been Chairman of The Straits Trading Company Limited since 24 April 2008.

Ms Chew is also Executive Chairman of the Tecity Group. She is Chairman of Malaysia Smelting Corporation Berhad and ARA Trust Management (Suntec) Limited, and sits on the Boards of ARA Asset Management Holdings Pte. Ltd. and Singapore Exchange Limited.

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

CHEW GEK HIANG, 56
Non-Independent and Non-Executive Director

First appointed: 30 April 2008
Last re-elected: 27 April 2017

Ms Chew Gek Hiang, an accountant by training, has been with the Tecity Group, the parent company of The Straits Trading Company Limited, since 1991. As Executive Director and Head of Finance, she is actively involved in the investment activities of the Tecity Group and is responsible for its securities trading portfolio. She 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 the National University of Singapore in 1986, Ms Chew worked with Ernst & Whinney in Singapore for a year. She then joined Ernst & Young (London) in 1987 to pursue chartered accountancy, and was admitted to the Institute of Chartered Accountants in England and Wales in October 1990.

GOH KAY YONG DAVID, 58
Non-Independent and Non-Executive Director

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

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

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

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

TAN TIONG CHENG, 69
Independent and Non-Executive Director

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

Mr Tan Tiong Cheng was the Senior Advisor to Knight Frank Pte Ltd until 31 March 2020. He was the Executive Chairman of Knight Frank Pte Ltd's Group of Companies until 31 March 2017 and President of Knight Frank Asia Pacific Pte Ltd until 31 March 2019. 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 Committee 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.

Board of Directors

GARY HILTON WEISS, AM, 66
Independent and Non-Executive Director

First appointed: 1 June 2014
Last re-elected: 26 April 2019

Dr Gary Hilton Weiss is currently the Executive Director of Ariadne Australia Limited, a diversified investment company with investments in a variety of sectors, the Chairman of Ardent Leisure Limited, Ridley Corporation Limited and Estia Health Ltd. Dr Weiss is also a Non-Executive Director of Thorney Opportunities Limited.

Dr Weiss is also a Commissioner of the Australian Rugby League Commission.

He was the former Chairman of Coats Plc, a former Executive Director of Whitlam, Turnbull & Co and Guinness Peat Group plc and sat on the board of Westfield Holdings Limited and a number of other public companies. Dr Weiss has also been involved in overseeing large businesses with operations in many regions including Europe, China and India and he is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales. He was awarded the Member of the Order of Australia in 2019.

CHIA CHEE MING, TIMOTHY, 70
Lead Independent Director

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

Mr Chia Chee Ming, Timothy is Chairman of Hup Soon Global Corporation Private Limited. He sits on the boards of several other private and public companies, including Banyan Tree Holdings Ltd, Fraser and Neave, Limited, Singapore Power Limited, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Malaysia Smelting Corporation Berhad and Thai Beverage Public Company Limited. He is 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. Mr Chia was a Member of the Board of Trustees of the Singapore Management University.

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

TAN CHIAN KHONG, 64
Independent and Non-Executive Director

First appointed: 1 January 2018
Last re-elected: 27 April 2018

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

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

CHUA TIAN CHU, 60
Independent and Non-Executive Director

First appointed: 1 January 2018
Last re-elected: 27 April 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, and Managing Director and Head of Investment Finance of Citigroup Private Bank (Asia Pacific Region) as well as Head of Citigroup Corporate Banking in Singapore. He was also formerly the Managing Director and Group Chief Executive Officer of Far East Orchard Limited (then known as Orchard Parade Holdings Limited).

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

Personnel

Key Management

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1 CHEW GEK KHIM PJG
Executive Chairman

(Please refer to page 10 for profile)

2 ERIC TENG BBM, PBM
CEO, Straits Developments Private Limited

Mr Eric Teng became CEO of Straits Developments on 1 October 2019 and spearheads the Group's property business, except for those under the purview of Straits Real Estate. He also assists in leading the Group's corporate functions and new opportunities.

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

Currently, Mr Teng is a Non-Executive, Non-Independent Director of Heeton Holdings Limited and Advisor to the Tecity Group and Tan Chin Tuan Foundation.

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

3 DESMOND TANG
CEO, Straits Real Estate Pte. Ltd.

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

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

4 DATO' DR. IR. PATRICK YONG MIAN THONG
Group CEO & Executive Director, Malaysia Smelting Corporation Berhad

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

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

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

5 JENNIFER CHEE FOONG FONG
Group Financial Controller

Ms Jennifer Chee Foong Fong has been Group Financial Controller since January 2018. She 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. She is a graduate of the Association of Chartered Certified Accountants ("**ACCA**"). Ms Chee is a Chartered Accountant of Singapore and is a Fellowship member of ACCA.

6 GOH YAH HUAY
Group Treasurer

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

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

Senior Executives in Straits Trading & its Subsidiaries

THE STRAITS TRADING COMPANY LIMITED

DR ALLEN TAN
Senior Vice President
Portfolio Management

JAMES KWIE
Vice President
Portfolio Management

ALDRIC TAN
Company Secretary

TOH CHEE LENG
Vice President
Human Resource
& Administration

STEVEN ANG
Vice President
Information Technology

STRAITS INVESTMENT MANAGEMENT PTE. LTD.

MANISH BHARGAVA
Chief Executive Officer

STC PROPERTY MANAGEMENT SDN. BHD.

TAN HWEI YEE
Chief Executive Officer

STRAITS REAL ESTATE PTE. LTD.

PAUL YI
Chief Investment Officer

GOH YAH HUAY
Director
Finance

ADELINE FONG
Director
Asset Management

MALAYSIA SMELTING CORPORATION BERHAD

NICOLAS CHEN
Deputy Chief
Executive Officer
(Administration)

LAM HOI KHONG
Group Chief
Financial Officer

IR. RAVEENTIRAN KRISHNAN
Chief Operating Officer
(Smelting)

MADZLAN ZAM
Senior General Manager
– Rahman Hydraulic
Tin Sdn. Bhd.

YOON CHOON KONG
Group Internal Auditor

Year in Review

Group Financial Highlights

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Total revenue	**363,637**	455,987	473,625	513,475	539,949
Earnings before interest and tax	**157,005**	126,824	80,217	114,358	26,590
Profit before tax	**129,320**	99,646	57,463	94,938	10,876
Profit attributable to owners of the Company	**84,371**	71,722	46,432	67,291	8,549
Shareholders' funds	**1,519,121**	1,467,293	1,477,582	1,364,508	1,297,164
PER SHARE					
Earnings per share (cents)	**20.7**	17.6	11.4	16.5	2.1
Dividend per share (cents)	**6.0**	6.0	6.0	6.0	4.0
Net asset value per share ($)	**3.73**	3.60	3.62	3.34	3.18
FINANCIAL RATIOS					
Return on equity (%)	**5.7**	4.9	3.3	5.1	0.6
Net gearing (%)	**33.5**	38.8	25.9	22.5	22.8

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
BALANCE SHEET					
Total non-current assets	**2,006,809**	2,021,001	1,731,357	1,532,282	1,429,336
Total current assets	**642,385**	555,333	702,292	672,333	656,145
TOTAL ASSETS	**2,649,194**	2,576,334	2,433,649	2,204,615	2,085,481
Equity attributable to owners of the Company	**1,519,121**	1,467,293	1,477,582	1,364,508	1,297,164
Non-controlling interests	**150,195**	131,310	93,312	94,240	73,049
TOTAL EQUITY	**1,669,316**	1,598,603	1,570,894	1,458,748	1,370,213
Total non-current liabilities	**705,649**	647,080	568,881	201,725	386,051
Total current liabilities	**274,229**	330,651	293,874	544,142	329,217
TOTAL LIABILITIES	**979,878**	977,731	862,755	745,867	715,268
TOTAL EQUITY AND LIABILITIES	**2,649,194**	2,576,334	2,433,649	2,204,615	2,085,481

Year in Review

Real Estate

STRAITS REAL ESTATE PTE. LTD.
("STRAITS REAL ESTATE" OR "SRE")

OVERVIEW
In a year where markets were besieged by the US-Sino trade war, a cyclical economic slowdown in China, and Brexit uncertainties, SRE continued to perform strongly, delivering outstanding financial results for 2019. SRE's after-tax profit for FY2019 was $68.9 million, 71.4% higher than a year ago. This record profit translated into a return on equity of 11.0% for FY2019. At the same time, the SRE portfolio has continued to grow and expand. As at December 2019, SRE's assets under management stood at $1.7 billion, while net invested capital was $722.3 million.

During the year, the SRE portfolio expanded to include new investments in Australia, China and, for the first time, South Korea. SRE also took advantage of favourable market conditions to harvest its investments in Osaka's residential property market. The returned capital will be recycled into other investment opportunities in Japan or other markets.

DIRECT REAL ESTATE INVESTMENTS
320 Pitt Street, Sydney
320 Pitt Street is a 32-storey office building in central Sydney that SRE has co-owned since 2017. The property was purchased with an asset enhancement plan to upgrade the building, and to mark-to-market the building rent roll with higher quality tenancies. The plan's first phase, which included the provision of End-of-Trip facilities, upgrading of the building lobby, and creation of new leasable space on level one, was completed in October 2019.

AUSTRALIA LOGISTICS PORTFOLIO

1 Refurbished lobby and lounge area, 45 St Georges Terrace, Perth
2 New Café, 45 St Georges Terrace, Perth

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Phase two, which primarily involves the upgrading of the office floors, will commence in early 2020.

45 St Georges Terrace, Perth
45 St Georges Terrace, a 9-storey office building, continued to enjoy a high occupancy of 91.3% for 2019, which generated stable rental income for SRE. During the year, the main lobby of the building was renovated and refreshed, giving tenants and visitors an enhanced sense of arrival.

Integrated Logistics Partners, Australia
In 2019, SRE continued to grow Integrated Logistics Partners ("**ILP**"), a logistics property development and ownership joint venture company that was first set up in 2018. As at end December 2019, the ILP platform comprised a portfolio of six properties with one other pending completion of purchase. On a fully developed basis, the portfolio of seven properties will have a potential leasable area of 172,600 square metres ("**sqm**"). The properties are located in established warehouse locations in the states of Victoria and South Australia. SRE expects to continue building the portfolio by adding good quality and well leased assets in the future.

Aspire Melbourne, Victoria
In Melbourne, SRE entered into an agreement to fund a residential development named Aspire that will be located in the city's central business district. The project, which comprises 594 units of one-, two- and three-bedroom apartments, is currently under construction and has achieved healthy pre-sales to date. SRE will provide a mezzanine loan of AUD36.0 million to the project developer for a term of 41 months.

PROPERTY NAME	LOCATION	AREA (sqm)
SOUTH AUSTRALIA		
Incitec Pivot	Port Adelaide	17,251
Owens-Illinois Glass	Kilkenny	37,809
Coco-Cola Amatil	Salisbury South	46,469
Nexus North	Salisbury South	151,900 (land area)
Raytheon	Mawson Lakes	37,980 (land area)
VICTORIA		
885 Mountain Highway	Bayswater	30,555
677 Springvale	Mulgrave	12,157

Year in Review

Real Estate

STRAITS REAL ESTATE PTE. LTD.
(“STRAITS REAL ESTATE” OR “SRE”)

Residential Portfolio, Japan
SRE divested its portfolio of four residential properties (516 apartments) in Osaka in late 2019 and February 2020, realising a healthy gain for the investment that it has held since 2016. The properties were sold to take advantage of strong demand, and correspondingly higher prices, for such assets from investment funds and J-REITs. During the year, SRE also acquired three well-located residential properties in Tokyo. With this, SRE continues to own and operate a portfolio of 637 apartments across nine properties in the greater Tokyo area.

Logistics Portfolio, South Korea
SRE completed its first transaction in South Korea in the year, participating in a joint venture to develop a logistics building in Incheon. When completed, the freehold property will have 161,794 sqm of leasable area, located over five levels in a ramp-up facility. The property is expected to be predominantly leased to tenants that seek close proximity to the Incheon International Airport, including duty-free operators, and import/export businesses. SRE has an effective stake of 47.1% in the project, with equity commitment of approximately KRW37.4 billion.

三林印象城 Sanlin Incity, Pudong
SRE entered into an agreement to jointly purchase a retail mall named Sanlin Incity in Shanghai in the established residential area of Sanlin, Pudong (浦東區三林鎮). This is an income-generating property with 50,000 sqm of leasable area, primarily serving the residents in the vicinity. The mall enjoys strong occupancy of over 90%. SRE has an effective stake of 37.7% in the joint venture, with equity commitment of approximately CNY441.9 million.

悦地 My Place Mall, Chongqing
The 悦地 My Place Mall in Chongqing continues to deliver improved performances. The mall management’s pro-active effort to upgrade the tenancy-mix by replacing tenants that have poor sales (including the supermarket operator that was underperforming the neighbouring competition) have had positive impact on both footfall and sales.

FUND INVESTMENTS

ARA Summit Development Fund
The ARA Summit Development Fund, with the investment mandate to make loans to developers in Australia, exited its last investment in 2019. SRE had been an investor in the fund since 2014.

Japan Value Fund II
The Japan Value Fund II is a private real estate fund that seeks investment opportunities offering higher returns, usually through acquisitions from highly motivated sellers. SRE has a capital commitment of JPY8 billion in the fund.

ARA Harmony Fund III
The portfolio of five shopping malls in Malaysia that is owned by the ARA Harmony Fund III continued to deliver steady performance, with occupancy remaining above 95%. While the Malaysian economy registered weaker-than-expected growth in 2019, private consumption generally stayed strong. The defensive nature of the five malls, coupled with pro-active asset management, ensured that the assets continued to attract shoppers.

悦地 My Place Mall, Chongqing

ARA ASSET MANAGEMENT HOLDINGS PTE LTD
("ARA")

ARA US Hospitality Property Trust's IPO launch ceremony

ARA, a 20.95%-owned associate of Straits Trading, is a leading Asia Pacific ("**APAC**") real assets fund manager with a global reach. With $88 billion in gross assets under management as at 31 December 2019, ARA manages listed and unlisted real estate investment trusts ("**REITs**") and private real estate and infrastructure funds in 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.

ARA is one of the largest REIT managers in Asia Pacific. ARA and its associates manage 21 REITs globally, including Suntec REIT, Cache Logistics Trust and ARA US Hospitality Trust ("**ARA H-Trust**") listed in Singapore, and Fortune REIT, Prosperity REIT and Hui Xian REIT listed in Hong Kong. The group also manages over 100 private real estate funds, providing investors with a wide spectrum of real estate investment products across different sectors and geographies. Having established its infrastructure division in 2018, ARA is working towards its first close of an infrastructure fund. ARA also operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States ("**US**"), with the objective of driving its business initiatives in these regions.

In 2019, ARA entered into a strategic transaction with LOGOS Property ("**LOGOS**") to establish a best-in-class logistics real estate development and investment management platform. LOGOS is a leading owner, developer and manager of logistics properties in APAC with over 6 million sqm of property owned and under development, with a completed value of $8.6 billion across 18 ventures. With over 100 properties owned and under development, LOGOS is a highly complementary partner for ARA to grow its logistics platform. During the year, ARA also entered into an agreement to establish a joint venture with Venn Partners LLP ("**Venn**"), a specialist investment manager in European real estate private debt, to capitalise on the real estate credit market in the region. Besides the establishment of the debt platform with Venn, ARA also formed a joint venture **ARA Dunedin**, with Dunedin Property Asset Management ("**Dunedin**") to invest in and manage real estate assets in the United Kingdom ("**UK**"). Dunedin is a strong local asset management firm with deep expertise in the UK real estate market.

ARA's REITs under management continue to unlock value while seeking growth and diversification. During the year, Suntec REIT completed the development of 9 Penang Road and fully pre-leased the office component to UBS. Suntec REIT also acquired two freehold

Year in Review

Real Estate

ARA ASSET MANAGEMENT HOLDINGS PTE LTD
("ARA")

1 Manulife Centre – 51 Bras Basah Road, Singapore

2 Seoul Square, a prime office building located in Seoul, South Korea

Grade A office buildings in Australia located at 21 Harris Street, Sydney and at 55 Currie Street, Adelaide. With this, Suntec REIT's portfolio AUM increased from $9.9 billion to $10.4 billion. Valuation of Fortune REIT's portfolio of 16 retail properties increased 2% year-on-year to HKD42.8 billion. Cache Logistics Trust grew its portfolio valuation to around $1.3 billion with the acquisition of a logistics warehouse in Victoria, Australia.

A significant milestone for ARA during the year was its successful launch of ARA H-Trust, which comprises an initial portfolio of 38 select service Hyatt hotels. Post its successful IPO, the Trust acquired three premium Marriott-branded upscale select-service hotels for USD84.5 million. Following this acquisition, ARA H-Trust's portfolio grew to 41 hotels with 5,340 rooms located across 22 states in the US.

ARA's Private Funds segment made remarkable strides in 2019. Notable transactions include (i) the Manulife Centre in Singapore, (ii) the Robinson Centre at the heart of Singapore's Central Business District ("**CBD**"), (iii) 133 Mary Street, a commercial building with potential for asset enhancement initiatives at Brisbane's CBD, (iv) Seoul Square, a prime office building in Seoul, South Korea and (v) The Atrium, a retail asset in Chengdu, China via its first RMB fund. ARA also established its first Southeast Asia hospitality platform, expanding its hospitality offerings to investors.

In 2019, ARA and the REITs under its management won numerous awards and accolades, including Real Estate Investor of the Year – Asia and ESG Real Estate Investor of the Year – Asia at The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards 2019, Excellence in Workplace Well-Being at the HR Excellence Awards 2019, and several IR awards at the Hong Kong Investor Relations Association 5th Investor Relations Awards.

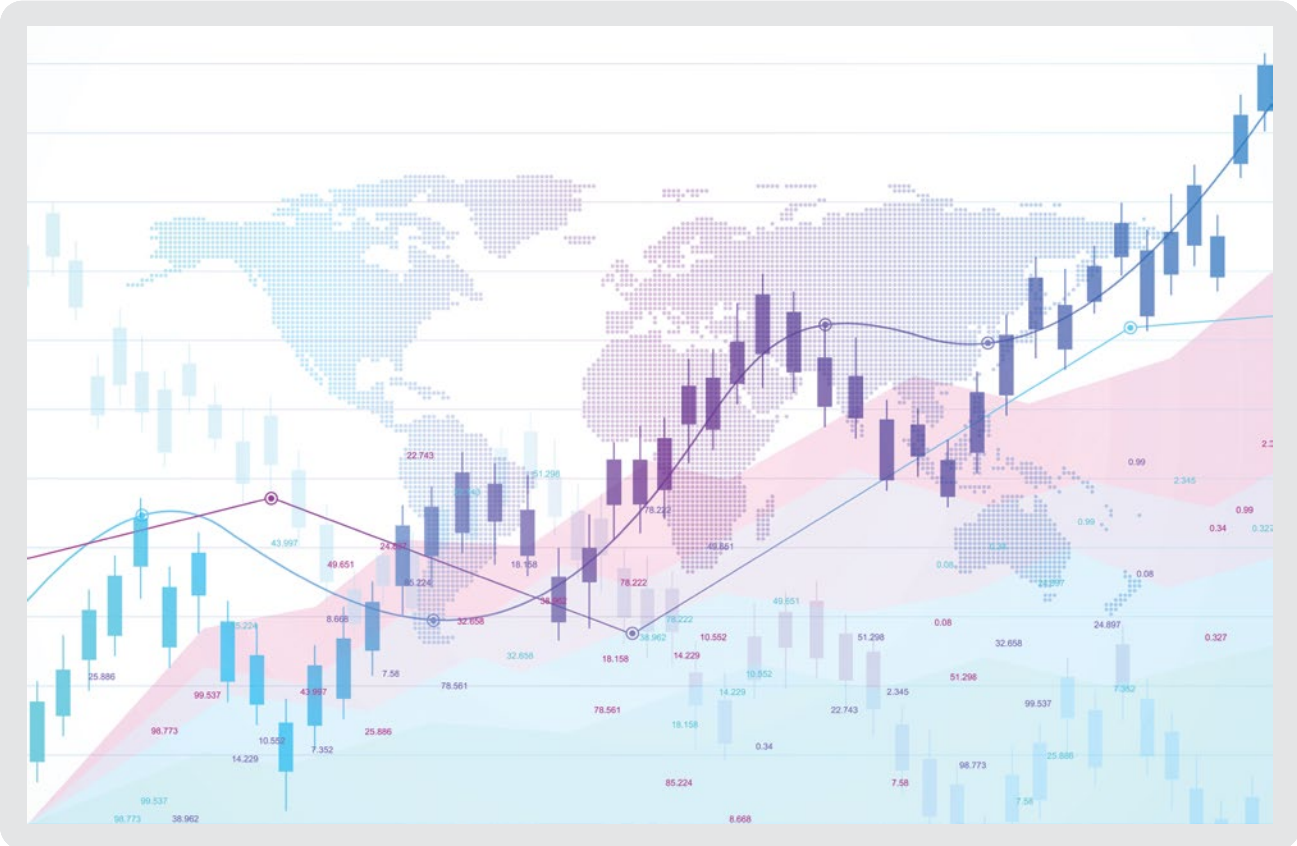
In the area of ESG, three of ARA's private funds earned Green Stars in the 2018 GRESB survey for outstanding performance in environmental stewardship, social responsibility and governance.

Other than Straits Trading, ARA has the long-term commitment of heavyweight investors - Warburg Pincus, AVIC Trust and CK Asset Holdings Limited.

As an integral part of the Group's real estate ecosystem, ARA's business network and platforms, together with its expertise in real estate funds management and property management, have benefited and will continue to present synergistic opportunities for Straits Trading.

www.ara-group.com

STRAITS INVESTMENT MANAGEMENT PTE. LTD.
("SIM")



SIM is a specialist global real estate securities manager with a successful investment track record. The firm was incorporated in February 2019 and is headquartered in Singapore. SIM is a Registered Fund Management Company and is regulated by the Monetary Authority of Singapore.

As a wholly-owned subsidiary of Straits Trading, SIM is uniquely able to leverage the Group's resources as it is fully integrated into its real estate ecosystem and complements the Group's long-term vision.

Mr Manish Bhargava, who has more than 18 years of experience in investing and fund management, leads the team at SIM.

Investment Philosophy
While listed and non-listed real estate investments both involve the ownership of physical buildings, the short-term returns may differ significantly. However, in the long-term, both types of real estate investments behave similarly. SIM believes that listed real estate securities are a great way of gaining exposure to the underlying returns of some of the world's top quality real estate assets in a simple, transparent, liquid and tax-efficient way.

Track Record
SIM emphasises capital preservation and defensive positioning when managing capital for its investors. It deploys an opportunistic, value-driven style and a flexible approach in investing. SIM's long-term track record has delivered an annualised return of 9.4% net of fees/ expenses, with a volatility of just 5.1%. This was achieved through its investments in a globally diverse portfolio of high-quality real estate companies where SIM sees outsized growth potential.

OUTLOOK
Interest rates are near all-time lows. REITs remain one of the few asset classes that are able to offer a consistent income stream at a similar yield to investment-grade credit, and yet ahead of the dividend yield available from general equities. In the current environment of near-zero interest rates, SIM believes that an exposure to listed real estate securities is warranted in every portfolio. Its aim is to continue delivering superior risk-adjusted returns for investors.

STC PROPERTY MANAGEMENT SDN. BHD.
(“STCPM”)

Artist impression of the 4-star hotel, targeted to be completed in 2022

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

Co-owned by Straits Trading and Malaysia Smelting Corporation Berhad, Straits City is strategically located along the Butterworth waterfront, which offers an excellent view of Penang Island. It is only a 25-minute drive from the Penang International Airport and five minutes away from the new transport hub, Penang Sentral.

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

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

OUTLOOK

In 2018, Penang recorded a Gross Domestic Product (“**GDP**”) of RM52,937 per capita[1], which is higher than the national average of RM44,682. Since then, Penang has sustained GDP growth of 5.1% and was the top contributor to the country’s GDP. It is also projected that the state’s GDP is expected to surpass RM100 billion following the Malaysian government’s move to set up a Smart Trade Facilitation hub[2].

In February 2020, the Penang State Government initiated the Penang Bay concept, a plan to spruce up the wharf areas and to establish synergy between Penang Island and Butterworth. This, together with the Penang Transport Masterplan[3], and the expansion of the Penang Airport[4], is envisioned to continue to drive foreign investment and growth in Penang[5].

STCPM will continue to work closely with the local state government to optimise the redevelopment of Straits City and our Butterworth land.

1 www.dosm.gov.my/v1/index.php

2 The Sun Daily, “Penang expects GDP to exceed RM100b with Smart Trade Facilitation hub”, 17 October 2019

3 Penang.gov.my 2019

4 The Straits Times, “Penang airport gears up for $261m upgrade to handle 12 million passengers a year”, 13 December 2019

5 The New Straits Times, “No land reclamation involved in Penang Bay development”, 28 February 2020

Hospitality

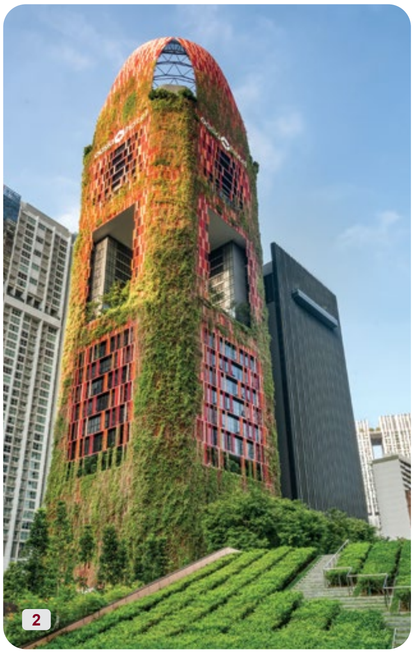
FAR EAST HOSPITALITY HOLDINGS PTE LTD
("FAR EAST HOSPITALITY")

Far East Hospitality, Straits Trading's 30%-owned joint venture with Far East Orchard Limited, is a premier hospitality assets owner and operator. In the same year, Far East Hospitality and Australia's Toga Group formed a 50-50 joint venture, Toga Far East Hotels ("**TFE Hotels**"). Today, Far East Hospitality owns and operates a combined portfolio of over 95 properties with more than 15,500 across seven countries and 25 cities. Far East Hospitality operates nine unique and complementary brands including Rendezvous, Oasia, Quincy, Village, Far East Collection, Adina Apartment Hotels and Adina Serviced Apartments, Vibe Hotels, Travelodge Hotels and TFE Hotels Collection.

During the course of the year, Far East Hospitality, through its subsidiaries, opened three hotels in Singapore – Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa. Outside of Singapore, Far East Hospitality secured three new management contracts, adding 300 rooms to its pipeline. In Australia, TFE Hotels opened the 145-room Vibe Hotel Sydney Darling Harbour in October.

Far East Hospitality made its maiden foray into Japan through the joint acquisition and development of a hotel in Ariake, Tokyo, with Far East Organization back in 2018. The 306-room hotel project, Far East Village Hotel Ariake, is scheduled to open in the second half of 2020. The hotel is located near Tokyo Big Sight and the Ariake Arena, one of the venues hosting the Tokyo Olympic Games. The venue will also be used to host sports events and concerts after the Games.

1



2

3

OUTLOOK

To support visitation growth, Singapore continually invests in the expansion of its aviation infrastructure. On the supply front, Singapore hotel inventory is estimated to increase approximately 1.1%[1] only. On the supply front, although limited growth in hotel room supply is forecast, the bulk of the upcoming supply is in the mid-scale and economy segments, affecting the market segment Far East Hospitality's managed properties are operating in.

1 Rendezvous Hotel Singapore at Bras Basah
2 Oasia Hotel Downtown
3 Far East Village Hotel Ariake (Artist impression)

[1] Based on Horwath data (December 2019) and CDLHT Research

Year in Review

Hospitality

FAR EAST HOSPITALITY HOLDINGS PTE LTD
(“FAR EAST HOSPITALITY”)

4 Village Hotel Sentosa
5 The Outpost Hotel Sentosa
6 The Barracks Hotel Sentosa

Far East Hospitality remains cautious as corporate demand is likely to remain muted amidst economic uncertainties, with the Singapore Tourism Board forecasting a decline of up to 30% in visitor arrivals. On a more positive note, Far East Hospitality expects to open The Clan Hotel, a 324-room modern luxury hotel under management in Telok Ayer this year.

In Australia, the performance of hotels in Sydney and Melbourne is expected to soften further as new room supply continues to increase and outpace demand, although Brisbane and Perth are slowly absorbing recent new room supply on the back of improving business sentiment.

In the near-term, the hospitality sector is expected to be impacted by the Covid-19 outbreak. To control the spread of Covid-19, 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. As such, travel demand is expected to slow, and key hospitality markets of Singapore and Australia across all major segments, including tourists and aircrew, will be affected.

For 2020, the European Travel Commission’s growth forecast of 2.1% in visitor arrivals to Europe may be disrupted by the weaker global economic activity and Covid-19 pandemic. German hotel markets are forecast to post RevPAR increases this year, due to a continued rise in average daily rate. However, a slowing economy and sustained increase in new room supply will weigh on the market.

Far East Hospitality 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 hospitality platform that Straits Trading will look to capitalise as and when opportunities arise.

www.fareastorchard.com.sg/hospitality.html

Resources

MALAYSIA SMELTING CORPORATION BERHAD
("MSC")

Straits Trading's 54.8%-owned resources subsidiary, Malaysia Smelting Corporation Berhad ("**MSC**" together with its subsidiaries, "**MSC Group**") is one of the three largest refined tin producers in the world.

MSC Group is involved in both downstream and upstream activities of the tin value chain through its international tin smelting business at Butterworth and tin mining operations at Rahman Hydraulic Tin Sdn. Bhd. ("**RHT**") in the state of Perak.

Despite the prevailing challenging operating landscape and lower tin prices in 2019, MSC Group remained resilient and delivered a satisfactory set of financial results for the year, mainly driven by stronger earnings of the tin mining segment. The Group expects its financial performance to improve once the relocation of its smelting operations to a new location in Pulau Indah, Port Klang, is completed.

FINANCIAL PERFORMANCE

For the year ended 31 December 2019 ("**FY2019**"), MSC Group reported a pre-tax profit and net profit of RM47.4 million and RM33.5 million, respectively. Group revenue stood at RM983.6 million, as compared to RM1.3 billion in the previous year mainly due to lower sales of refined tin and less favourable tin prices during the year.

According to the Kuala Lumpur Tin Market ("**KLTM**"), average tin prices in FY2019 fell to USD18,616/tonne from USD20,067/tonne in FY2018.

International Tin Smelting Operations

MSC Group's international tin smelting operations reported a net loss of RM31.0 million in FY2019, 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 ("**VSC**") of RM15.0 million in relation to the internal restructuring exercise at the Butterworth smelter, with the eventual relocation of smelting operations to Pulau Indah.

Production of refined tin remained stable with an output of 25,752 tonnes in FY2019, as compared to 27,085 tonnes in the previous year.

Rahman Hydraulic Tin Sdn. Bhd. ("RHT")

RHT operates Malaysia's biggest 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 stood at approximately 2,288 tonnes with all the processing plants at the mine operated at almost full capacity throughout the year.

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 is primarily on the back of a one-off provision writeback of RM48.4 million for tribute payments no longer required.

OUTLOOK

Geopolitical issues such as the ongoing trade tensions between the US and China continue to impact demand for tin, leading to a build-up in inventories and lower tin prices in 2019. This challenging operating landscape is expected to persist in 2020, exacerbated by the recent outbreak of Covid-19 which will likely disrupt the global supply chain in the year ahead. China, the world's largest manufacturing and electronic hub, is likely to be most affected by Covid-19, which will have a knock-on impact on demand for tin solder.

Despite these market conditions, the MSC Group will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics. Plans to commence full operations at the Pulau Indah plant - which will enable the Group to tap into newer and more efficient technology and a more productive work force - are underway. The new plant is expected to be fully operational in 2020.

Pulau Indah tin smelting facility boasts a more advanced smelting technology with its Top Submerged Lance ("**TSL**") furnace. This is expected to result in higher extractive yields while reducing operational and manpower costs as well as the Group's carbon footprint. For now, the Group will effectively run two plants in parallel with only the Butterworth smelter generating revenue, until stability is achieved at the new Pulau Indah plant.

For the tin mining segment, MSC Group continues its endeavours to increase the daily mining output and improve overall mining productivity. SL Tin Sdn Bhd, an 80%-owned subsidiary of RHT, has identified an area in the mining lease at Sungai Lembing, Pahang, with potential for small-scale mining. Construction of mine facilities are underway and the tin mining operations at Sungai Lembing are expected to start contributing additional tin production in the near term. To further enhance its mining activities, MSC Group is also exploring potential joint venture mining arrangements with other parties.

www.msmelt.com

Sustainability Report

INTRODUCTION

This is the fourth Sustainability Report by The Straits Trading Company Limited. It covers the Company's sustainability-related initiatives for the financial year ending 31 December 2019, in relation to governance, stakeholder engagement, community projects and the environment. Through this report, we seek to identify opportunities for improvement to our sustainability management, alongside issues that are integral to our business, so as to address them more effectively and appropriately.

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

COMPANY OVERVIEW

About Straits Trading
The history of Straits Trading dates back to 1887. Founded 132 years ago as a tin smelting company, it is today an investment company with diversified interests in Real Estate, Hospitality and Resources across the Asia Pacific region.

The Straits Trading Mission
To shape and transform our investments into businesses of enhanced value.

WHAT SUSTAINABILITY MEANS TO US

At Straits Trading, we believe that a sustainable business is dependent on economic vitality, social equity and environmental well-being. We do not see these goals as mutually exclusive, but inextricably linked. As business leaders, we are committed to developing sustainable business practices that meet the needs of the present without compromising the welfare of future generations.

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

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

We believe we have the most control in three areas:

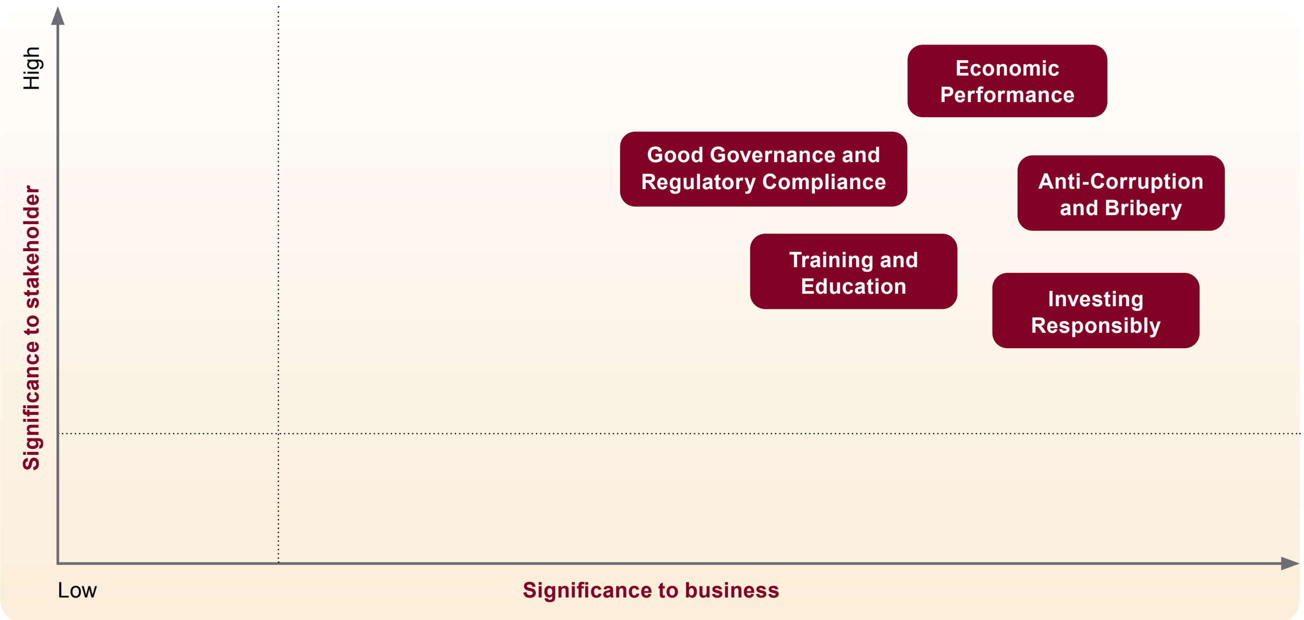
- Investing in a responsible manner
- Practising good compliance
- Engaging and developing our employees

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

These conclusions formed a basis for our ESG materiality assessment.

Materiality Assessment

In order to determine what ESG factors are most relevant to us, we conducted a materiality assessment involving key internal stakeholders. Straits Trading and Straits Real Estate considered a number of ESG factors, drawing guidance from GRI Standards disclosures as well as the GRI Financial Services sector supplement. After assessing ESG related business risks and opportunities and ESG related issues in the financial services sector, we have identified five ESG factors that we believe to be most material to us this year. Our five most material factors are illustrated in the materiality matrix below.



Stakeholder Engagement

We believe that our stakeholders, both internal and external, influence numerous aspects of the business and it is important for us to integrate their views when determining our material ESG factors. We engage with our external stakeholders on a regular basis, such as through conducting road shows to better enhance communication with shareholders and investors. We have used the insights gained from these interactions to determine what ESG factors would be most material to them.

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

Managing ESG Issues

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

The role of this Committee is to:
- Oversee the sustainability strategy and policy, material ESG factors and performance targets
- Determine and review the sustainability reporting framework
- Report to the Board regularly on sustainability activities

INVESTING IN A RESPONSIBLE MANNER

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

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

Investment Criteria

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

Our investment team appoints advisers to assist us in this due diligence process and they are selected on the basis of their market experience and track record. In addition, we have a number of policies in place that ensure the robustness and completeness of our due diligence process. These policies include the Financial Authority Limits ("**FAL**"), the SRE Operations Handbook, the Straits Trading Compliance Manual and the Straits Trading Treasury Policy. Our risk assessments include several levels of screening of investments, as well as procedures for monitoring various investment risks and exit strategies. As a responsible investor, we assess risks that include:
- Monitoring for fraudulent and illegal activities
- Emergency planning for business continuity
- Know-your-customer checks, which also include anti-money laundering assessments

Additionally, we carefully assess the concentration risk and exposure of our investments in China, Malaysia, Singapore, Japan, South Korea and Australia. We continue to have the assurance that Australia and Japan are two of the most advanced locations when it comes to sustainability and environmental awareness.

We plan to strengthen the assessment of sustainability characteristics of our investments in the future.

Active Investments

As part of our active asset management process, we seek to improve sustainable performance to future-proof the value of our investments.

Where the opportunity allows, asset enhancement initiatives will be carried out, to raise tenant/investor appeal or improve operational efficiency.

Performance indicators such as energy efficiency, water consumption are monitored on a regular basis.

During the year, environmental initiatives were introduced at 320 Pitt Street, 45 St Georges Terrace, ILP Logistics Portfolio, 悦地 My Place Mall and the Malaysian malls. These are highlighted on pages 30 to 32.

320 Pitt Street (Sydney, Australia)

At 320 Pitt Street, an office building located in Sydney's Central Business District ("**CBD**"), a new End-of-Trip ("**EOT**") was completed during the year. The facility, with a bike store for 100 bikes, showers, grooming stations and lockers, seeks to encourage more tenants to ride to work and, in turn, help to reduce carbon footprint.

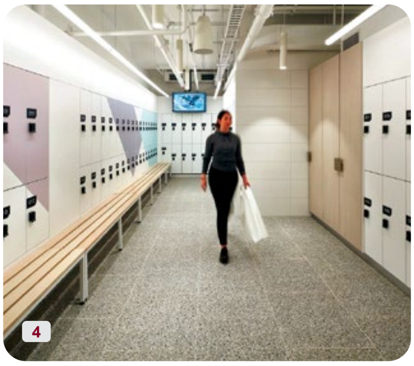
FAL – Financial Authority Limits, formalised in May 2015

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

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

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

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



The revamped double-volume ground floor lobby has also been well-received by tenants. New amenities, such as informal third space meeting areas and a new café brings 320 Pitt Street in line with the specifications of modern Grade A buildings. Abundant natural lighting from the new ground floor glass façade is also expected to improve energy efficiency for the common area.

As part of the property upgrades, progressive replacement has been carried out to the base building mechanical and electrical equipment. High-efficiency LED lighting with sensor controls have been used at all renovated areas, and new bathroom fittings have a minimum 4 WELs rating.

An energy monitoring tool, ENVIZI, has been put in place to assist the building management to track data and work towards greater operational efficiency. The NABERs energy rating has been maintained at 4.5 stars.

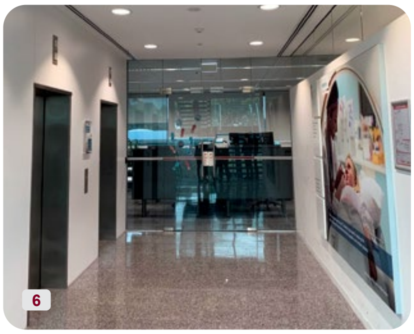
45 St Georges Terrace (Perth, Australia)
At 45 St Georges Terrace, the energy consumption continues to decrease steadily in 2019, as a result of measures that have been carried out since its acquisition. The NABERs energy rating is expected to increase from the current 2 stars.

ILP No. 1 Trust (Australia)
ILP No. 1 Trust is a business platform that owns, develops and manages logistic properties across Australia. Two of the assets under this platform have incorporated sustainability initiatives since 2019.

At the Bayswater estate in Melbourne, solar photovoltaic ("**PV**") panels have been installed on the roof of the Siemens building. This will help to generate additional energy so as to meet future needs and better manage greenhouse emission reductions.

As part of a lighting upgrade programme, existing light fittings had been replaced with more efficient, low-maintenance LED lightings. The Siemens Enlighted technology (a smart lighting control application which adjusts ambient light levels based on occupancy data analytics) had also been introduced within the Siemens office areas. These measures are expected to generate further savings in lighting costs and improve energy efficiency.

Raytheon, Mawson Lakes, which is under development, has Environmentally Sustainable Design ("**ESD**") principles, such as orientation, insulation and natural lighting incorporated into its design brief. The target is to achieve a 4.5 star NABERs energy rating for the property at completion.



1 Ground floor lobby
2 Lobby reception area
3 Third space meeting area
4 End-of-Trip lockers
5 End-of-Trip bike racks
6 Siemens, Bayswater (interior)

悦地 My Place Mall (Chongqing, China)
Previous initiatives that were introduced during the construction of the 悦地 My Place Mall continue to be adopted. The four large green walls at the entrances are regularly maintained to ensure effective indoor air purification and reduction in ambient temperature. Lighting and sanitary sensors are regularly checked and replaced to warrant operational effectiveness.

Temperature in the mall is closely tracked by building management systems. Adjustments are made to the air-conditioning systems to reduce energy consumption, while creating a comfortable shopping environment during the different seasons.

Recycling was also introduced at the mall in 2019. Training sessions were conducted to cultivate waste recycling among staff and tenants. Recycling bins have also been put in place for proper collection and handling.

Ipoh Parade, Klang Parade and 1 Mont Kiara, Citta Mall (Malaysia)
With the completion of M&E optimisation works at Ipoh Parade and 1 Mont Kiara malls, both assets have been certified and assessed to qualify for the Green Investment Tax Allowance ("**GITA**").

In addition to annual operational savings of RM927,000 at Ipoh Parade and RM225,000 at 1 Mont Kiara, both malls are also eligible for tax allowances based on the capital upgrade expenditures incurred.

ASSOCIATIONS AND COLLABORATIONS

As we continue along our sustainability journey, we plan to continue to work with others in the investment and real estate spaces both in Singapore and globally to advance the conversation on responsible investing. Straits Real Estate is a member of Real Estate Developers' Association of Singapore ("**REDAS**") and we intend to deepen and strengthen this relationship, as well as explore other areas where we can be involved over the next year.

SUSTAINABILITY INITIATIVES UNDERTAKEN BY STC PROPERTY MANAGEMENT SDN. BHD. ("STCPM") IN 2019:

At STCPM, we are committed to sustainable progress and growth, in particular the following four distinct areas: (1) Human; (2) Social; (3) Economic; (4) Environmental

HUMAN SUSTAINABILITY

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

SOCIAL SUSTAINABILITY

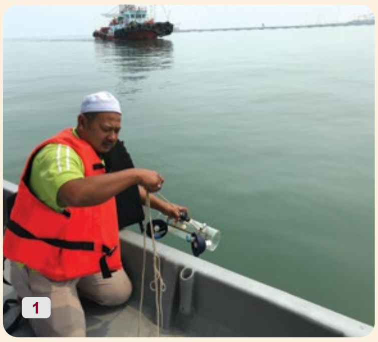
In addition to human sustainability, we aim to integrate the local culture and community through the services, systems and programmes that we introduce. Over time, we would like to create an ecosystem that is cohesive, collaborative, and creative.

ECONOMIC SUSTAINABILITY

We continuously strive for operational excellence and efficient utilisation of capital to ensure the company's profitability and growth. Sustainable development is thus achieved through continuous investment in human, social, environment and economic aspects.

ENVIRONMENTAL SUSTAINABILITY

To conserve natural resources, we have implemented an environmental management and monitoring system to mitigate impact, if any, due to construction. Stations to monitor marine water quality, ambient quality, level of ground vibration and noise are also set up in and around the vicinity of the development site. In addition, we are working actively with the appointed main contractor to control all erosion and sediment from the site.



1 Marine water quality monitoring
2 Ambient air quality monitoring
3 Turbidity and total suspended solid monitoring at the final discharge outlet of sediment basin

SUSTAINBILITY INITIATIVES UNDERTAKEN BY MSC IN 2019

In 2019, MSC ("**MSC**" or the "**Group**") invested more than RM4.9 million in the area of environmental management and monitoring. MSC pursues and utilises best practices and tools to reduce its carbon and water footprint, while effectively managing its waste materials at the mines.

PROGRESSIVE MINE REHABILITATION

- The Group's mining subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("**RHT**"), has instituted a Mine Rehabilitation Plan ("**MRP**") as statutorily required by the authorities. This plan is integrated into RHT's tin mining process to mitigate the impact of its mining operations.
- To date, 32 hectares of mined-out area have been rehabilitated. This includes the four hectares designated under the collaboration between RHT and the Forest Research Institute, Malaysia ("**FRIM**") on Afforestation and Reforestation on mined-out areas. This project commenced in 2011 as a 5-year plan, but has since been extended to 2020.
- Post-closure, the results from the FRIM study on suitable planting methods and tree species will be adopted. RHT has established a plant nursery to supply mature and quality seedlings for progressive rehabilitation works following an eventual mine closure. Such an approach is also more cost-effective compared to sourcing from other nurseries.
- In addition, RHT regularly performs greening works on the slopes of the tailing bunds, riverbanks and mined-out area by planting trees and hydroseeding to avoid any erosion and sedimentation into the streams.

WATER MANAGEMENT

- **Water Withdrawal and Recycling**
  - MSC seeks to minimise water withdrawal from natural sources through water recycling, where possible. RHT's mine is equipped with a closed-circuit water circulation system, where 100% of the water discharged from the ore processing plant is recycled and redirected to the plants for re-use.
  - In 2019, RHT's mining activities consumed approximately 10.4 billion gallons of recycled water, with only 518 million gallons of fresh water supplied from the Sungai Kijang river to replenish water loss from water seepages and evapotranspiration.

- **Water Quality Management and Treatment**
  - RHT has in place effective water quality monitoring systems to ensure that water discharge from its mining operations are in compliance with regulatory requirements. These include the periodic monitoring and sampling of water quality at several points along the surrounding rivers, as well as at the river exits of Kijang Dam and Kepayang Dam. The results at the river exits are then submitted to the Department of Mineral and Geoscience ("**DMG**") laboratory.

1 Plant nursery
2 Afforestation at RHT tin mine
3 Water sampling

  - Lime dosing operations are also undertaken at multiple stations at our mine to neutralise the acidity of the water discharge and to suspend heavy metals in the water exiting our mine, ensuring compliance with the water quality standard prescribed in Mineral Development (Effluent) Regulations 2016 under Mineral Development Act 1994.
  - At the same time, MSC has conducted a study involving regional water and soil sampling along the river system in Hulu Perak. 73 water and soil samples were taken from 18 rivers over a 100 km stretch. All samples were sent to a private SAMM-accredited laboratory for analysis, with the aim of strengthening MSC's water quality management and treatment measures.
  - To further enhance MSC's water treatment process, professional geochemical consultants from the Universitas Gadjah Mada, Yogyakarta, Indonesia were engaged to perform detailed analysis on the arsenic behaviours and its treatment.
  - As part of the MRP, a River Rehabilitation Plan has been prepared and communicated to the Department of Irrigation and Drainage to propose the best rehabilitation method for Sg. Kijang and Sg. Kepayang. Meanwhile, we have also established an Erosion and Sediment Control Plan to mitigate erosion and excessive sedimentation into the nearby rivers.

SUSTAINBILITY INITIATIVES UNDERTAKEN BY MSC IN 2019 (cont'd)

WASTE MANAGEMENT

- As a tin mining and smelting group, MSC produces significant amount of hazardous and non-hazardous waste. The various types of waste materials generated require different methods of disposal.
- RHT performs drilling and blasting on the tin ore and overburden as well as ripping and dozing of certain ore materials as part of its mining process. The ore materials are then transported out of the mine pit to the processing plants using hydraulic excavators and dump trucks. Meanwhile, the overburden is deposited at the Southern Waste Dump located at the foothill of Gunung Paku.
- A total of 1.4 million m^3 of loose tailings were generated from mining activities this year, compared to 1.5 million m^3 in 2018, mainly due to a reduction in the production of tin concentrates. The volume of overburden deposited at the Southern Waste Dump amounted to 1.0 million m^3 in 2019.
- All scheduled waste materials generated from MSC's operations are handled appropriately in terms of generation, storage, transportation and treatment, and in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 of the Environmental Quality Act 1974. The waste materials are collected by a waste contractor licensed by the Department of Environment ("**DOE**"). All works carried out are monitored by a Competent Person in Scheduled Waste Management ("**CePSWaM**") registered under the DOE.
- As RHT expands its mining operations, RHT plans to further increase the retaining capacity of its existing tailing ponds. A geotechnical design analysis is currently underway with expected completion in 2020.
- RHT is also in the midst of constructing an additional dumping area for waste materials at the two parcels of leased land adjacent to the existing mining leases, measuring 100 acres and 323 acres, respectively. To ensure the environmental safety of the future waste dump area, RHT has engaged consultants to undertake a geotechnical study on waste dump design and drainage.

ENERGY MANAGEMENT

- MSC has implemented an Efficient Electrical Energy Management Policy across the Group. The Policy underlines MSC's commitment to minimise energy usage, when and where possible, as it strives to enhance productivity and cost-effectiveness with reduced energy wastage.

- **Effective Monitoring**
  - At the mine, MSC monitors energy consumption by tracking daily energy usage with an Energy Meter and logging the operation hours of the pumping station, while MSC's Butterworth smelter is equipped with an energy consumption monitoring system for the main substation, the high-load equipment and switch house. The Group's energy consumption and intensity data are collected, documented and reviewed by authorised personnel within the Electrical Maintenance Department. Following their verification and approval, the data is then submitted to Malaysia's Energy Commission as required by the Electricity Law and Regulations. In 2019, MSC's total electricity consumption increased marginally to 34.0 GWh from 33.2 GWh in 2018, as we continued to run both smelting facilities at Butterworth and Pulau Indah in parallel. In tandem with the increase in energy consumption, energy intensity in 2019 also increased by 11%.

4 Dump truck carrying tailings

- **Enhancing Energy Efficiency**
  - At the Butterworth plant, MSC continued its energy efficiency initiatives by upgrading to LED lighting. Further optimisation of energy is expected once the Pulau Indah smelter is fully operational with the usage of the cutting-edge Top Submerged Lance ("**TSL**") furnace, which smelts tin in a single-stage process, as opposed to the current multi-stage procedure at our Butterworth plant.
  - At RHT's tin mine, cost savings measures include conducting water pumping activities at the mine during off-peak hours to take advantage of the lower electricity tariffs. A dedicated Registered Energy Manager is also stationed at the mines to advise on energy-related matters. The Energy Manager also submits a report to the Energy Commission on a monthly basis for monitoring. RHT's mining activities are also partially powered by a 1.0 MW mini hydro power station. In 2019, 15.0% of MSC's total energy consumption was powered by renewable sources.
  - At Pulau Indah, MSC has installed solar photovoltaic panels on the roof tops of several structures at the facility, including the smelting plant, administrative building and car park. With a combined installed capacity of 1,260 kWp, MSC expects to reduce carbon discharge by approximately 1,121 tonnes per year. At the same time, MSC is installing a waste heat recovery system to recycle the waste heat from the furnace. These initiatives are projected to result in further cost and electricity savings due to the increased use of renewable sources in MSC's energy mix.

PRACTISING GOOD COMPLIANCE

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

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

Anti-corruption and Bribery

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

This policy establishes procedures and guidance for the receipt and treatment of verbal or written complaints received by the Group regarding accounting, internal controls, fraud and unethical business practices or conduct, whether submitted by employees or third parties. Additionally, Straits Trading provides quarterly updates to the Audit and Risk Committee on its whistleblowing results.

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

Compliance with Relevant Local Laws and Regulations

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

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

ENGAGING AND DEVELOPING OUR EMPLOYEES

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

We provide our employees with an Employee Handbook that provides them with information, including working hours, remuneration, leave and benefits. We review our handbook regularly to keep it up-to-date, so that employees are always clear on our policies. We also ensure that our employees understand and subscribe to our values by including our work ethics in the Employee Handbook.

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

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

Our People
We understand that the success of our Company rests upon the quality and dedication of our employees. As at 31 December 2019, Straits Trading and Straits Real Estate, and related entities, employ a lean employee base of 119 employees, with 55 employees in Singapore, 6 employees in Malaysia and 58 employees in China. Of our Singapore-based employees, 96% are Singapore citizens or Permanent Residents.

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

HEADCOUNT

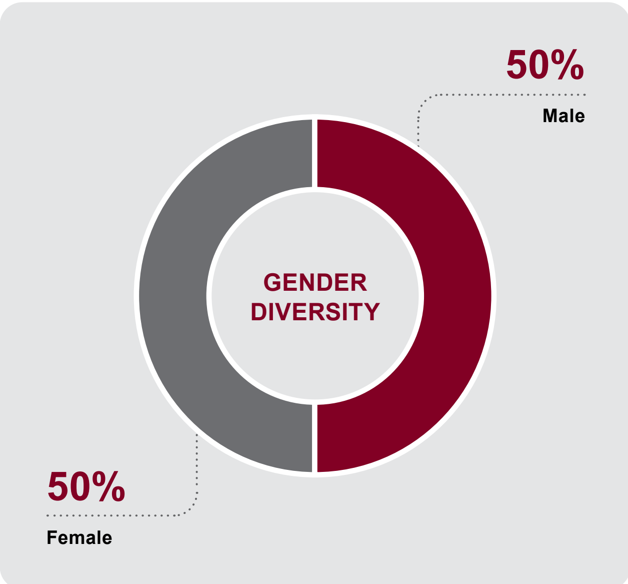
55	58	6	119
Singapore	China	Malaysia	Total

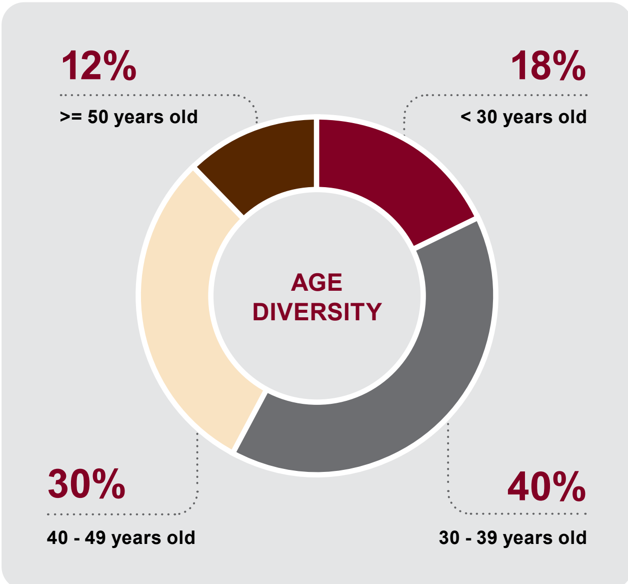
NATURE OF EMPLOYMENT

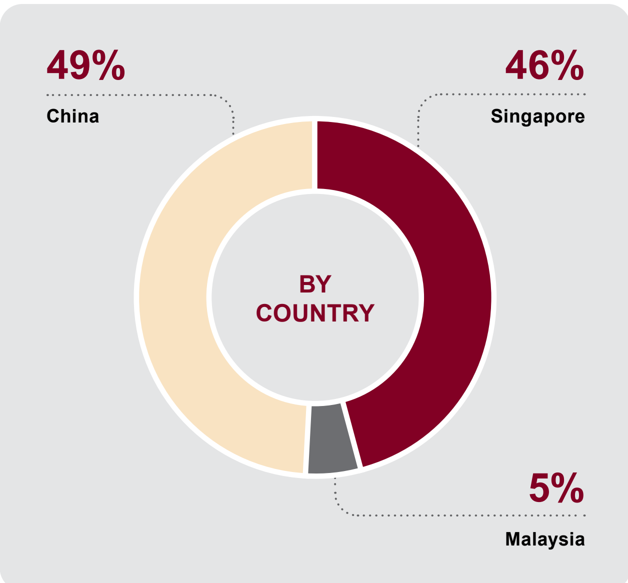
54	65
Permanent	Contract

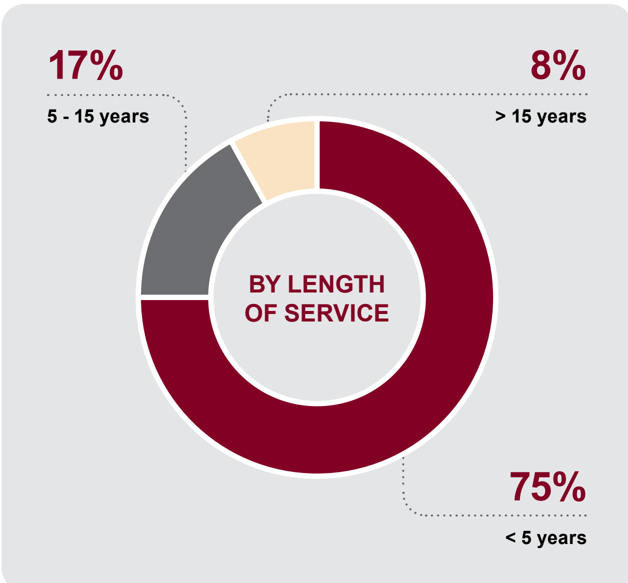
GENDER

60	59
Male	Female









Our employees are fairly evenly split between male and female, as well as both permanent and contract employees. The majority of our employees are in the 30 – 39 years age group, which constitutes 40% of our workforce. A substantial portion of the organisation's work is performed by our permanent employees, although we do occasionally engage advisers, consultants and contractors for advisory or ad hoc projects. The majority of our contract employees is based in China.

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

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

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

Lunch time talks on topics, such as multi-generational gap and internal departments' briefings are also organised for employees to gain a better understanding of their fellow colleagues, their working styles, their roles and responsibilities in the Company.

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

Engaging Employees
We keep employees informed of the latest news, policies, and happenings via internal emails, social media and town hall meetings. Employees are able to access human resource policies, forms, templates and participate in polls and surveys, as well as provide feedback. Besides quarterly bonding sessions that are organised on a departmental basis, we also organised various employee engagement activities, such as badminton sessions, art jamming with a twist and wine and cheese parties.

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

As part of our work-life balance arrangements, we implemented staggered working hours where employees may opt for alternative working hours commencing from 7.30am to 9.30am and ending at 4.30pm to 6.30pm which is subject to management's approval.

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

LEGACY OF GIVING

2015-19
Management and staff of Straits Trading and the Tecity Group took part in the annual SGX Bull Charge Charity Run to raise funds for beneficiaries under the care of the Asian Women's Welfare Association ("**AWWA**"), Autism Association of Singapore ("**AAS**"), Community Chest, Fei Yue Community Services ("**FYCS**"), HCSA Community Services and Shared Services for Charities ("**SSC**").

2014-15
Staff volunteers participated in sheltered workshops run by the SPD and worked alongside beneficiaries from SPD to pack thousands of goodie bags for their clients.

2013
Donated $10,000 towards the establishment of the Far East Orchard-Straits Trading Scholarship to sponsor the course fees of two hospitality students each from Temasek Polytechnic and Republic Polytechnic.

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

2012
In celebration of its 125th Anniversary, Straits Trading together with 25 corporate donors pledged a gift of $125,000 to the President's Challenge at the re-opening of the Rendezvous Hotel Singapore.

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

2011
Staff volunteers celebrated Mother's Day and Father's Day with caregivers of children of CCF with treats of dinner, gifts and massages by representative from the Singapore Association of the Visually Handicapped.

Movie outing with physically-challenged beneficiaries from the SPD.

2010
Launched revised CSR programme to include both monetary contributions and active engagement and interaction by the staff. A sum of $300,000 was raised and contributed to four charities – Children's Cancer Foundation ("**CCF**"), Club Rainbow Singapore, Society for the Physically Disabled ("**SPD**") and The Straits Times School Pocket Money Fund.

2008
Donated $250,000 to NUS Faculty of Arts & Social Sciences in memory of its late chairman, Howe Yoon Chong and established the Straits Trading-Howe Yoon Chong Bursary Fund to support financially needy university students.

1961
Donated a further $100,000 to the University of Malaya.

1955
Awarded a grant of $250,000 to St Mark's School at Butterworth.

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

1912
Made another substantial contribution to SJI for the building of King George's Hall.

1907
One of the largest donors in the building of a new school for St Joseph's Institute ("**SJI**").

1906
Donated a church bell to the Church of St Mary in Kuala Lumpur, Malaysia.

1905
Gift of a clock and chimes for the tower of Victoria Memorial Hall.

Employees getting ready to take part in the charity run

SGX BULL CHARGE CHARITY RUN 2019

On 8 November 2019, about 20 volunteers from Straits Trading, Straits Real Estate, Tecity Management and Tan Chin Tuan Foundation once again took part in the annual SGX Bull Charge Charity Run 2019. The run is part of SGX's charity drive that aims to raise funds for six charities, namely, AWWA, Autism Association (Singapore), Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

The charity initiative was a celebration of people coming together for a good cause. It also provided an excellent opportunity for management and staff from the different entities to build rapport and bond as they raced alongside each other, against the unparalleled view of Singapore's CBD skyline.

Held at the Marina Bay floating platform, the five-kilometre mass run brought together thousands of participants from Singapore's financial industry and SGX-listed companies, raising more than $3.4 million in proceeds to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly.

GRI INDEX

GRI STANDARDS		DETAILS/NOTES/PAGE NO.
GENERAL DISCLOSURE		
Organisational profile		
102-1	Name of the organisation	AR, Outside back cover
102-2	Activities, brands, products, and services	AR, Page 2-5 and 18-27
102-3	Location of headquarter	AR, Inside back cover
102-4	Location of operations	AR, Page 18-27
102-5	Ownership and legal form	AR, Page 191-192
102-6	Markets served	AR, Page 2-5 and 18-27
102-7	Scale of the organisation	Our People, Page 36; AR, Page 10-15
102-8	Information on employees and other workers	See "Our People", Page 36 We do not have any significant variations in employment numbers
102-9	Supply chain	Supply chain is minimal and not significant to report on
102-10	Significant changes to organisation and its supply chain	AR, Page 2-5 and 18-27
102-11	Precautionary principle or approach	Straits Trading does not specifically address the principles of the Precautionary Approach
102-12	External initiatives	None
102-13	Membership of associations	Associations and Collaborations, page 32
Strategy		
102-14	Statement from senior decision-maker	AR, Page 2-5
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Straits Trading Mission, page 28 What Sustainability means to us, page 28
102-18	Governance structure	Managing ESG issues, page 30
102-40	List of stakeholder groups	Stakeholder Information, page 191-192
102-41	Collective bargaining agreements	Report the percentage of total employees covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	N.A.
102-43	Approach to stakeholder engagement	Stakeholder engagement, page 29
102-44	Key topics and concerns raised	Stakeholder engagement, page 29
102-45	Entities included in the consolidated financial statements	Corporate Profile, Inside cover page Corporate Structure, AR, Page 2-3 Introduction, Page 28
102-46	Defining report content and topic Boundaries	Materiality Assessment, Page 29
102-47	List of material topics	Materiality assessment, Page 29
102-48	Restatements of information	None
102-49	Changes in reporting	Introduction, Page 28
102-50	Reporting period	1st January - 31st December 2019

GRI STANDARDS		DETAILS/NOTES/PAGE NO.
102-51	Date of most recent report	N.A.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Evelyn Quah Executive, Corporate Communications The Straits Trading Company Limited
102-54	Claims of reporting in accordance with GRI Standards	This report is prepared in reference to the GRI Standards
102-55	GRI content index	
102-56	External assurance	We have not sought external assurance on this report but we may do so in the future
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	- Practicing good compliance, Anti-corruption, Page 35 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 35 - Engaging and developing our employees, Training and Education, Page 37 - Engaging and developing our employees, Non Discrimination, Page 37 - Investing in a responsible manner, Investment Criteria, Page 30 - Investing in a responsible manner, Active Investments, Page 30
103-2	The management approach and its components	- Practicing good compliance, Anti-corruption, Page 35 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 35 - Engaging and developing our employees, Training and Education, Page 37 - Engaging and developing our employees, Non Discrimination, Page 37 - Investing in a responsible manner, Investment Criteria, Page 30 - Investing in a responsible manner, Active Investments, Page 30
103-3	Evaluation of the management approach	- Practicing good compliance, Anti-corruption, Page 35 - Practicing good compliance, Compliance with relevant local laws and regulations, Page 35 - Engaging and developing our employees, Training and Education, Page 37 - Engaging and developing our employees, Non Discrimination, Page 37 - Investing in a responsible manner, Investment Criteria, Page 30 - Investing in a responsible manner, Active Investments, Page 30

MATERIAL FACTORS AND PERFORMANCE DATA

GRI STANDARDS		DETAILS/NOTES/PAGE NO.
ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Please refer to disclosures in the annual report
ANTI-CORRUPTION		
205-3	Confirmed incidents of corruption and actions taken	Practicing good compliance, Anti-corruption, Page 35
ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	Practicing good compliance, Compliance with relevant local laws and regulations, Page 35
TRAINING AND EDUCATION		
404-2	Programs for upgrading employee skills and transition assistance programs	Engaging and developing our employees, Training and Education, Page 37
SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	Practicing good compliance, Compliance with relevant local laws and regulations, Page 35
ACTIVE OWNERSHIP		
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Investing in a responsible manner, Active ownership, Page 30

Notes

Notes

Report on Corporate Governance

The Straits Trading Company Limited (the "**Company**") is committed to high standards of corporate governance. This report describes the Company's corporate governance policies and practices during the financial year ended 31 December 2019 ("**FY2019**") with specific reference to the Code of Corporate Governance 2018 (the "**Code**"). The Company has complied in all material aspects with the principles and provisions set out in the Code, where applicable. Explanations have been provided where there are deviations from the Code.

THE BOARD'S CONDUCT OF AFFAIRS *(Principle 1)*

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

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

In discharging their fiduciary duties, the Directors act objectively in the best interests of the Company and hold the Management accountable for performance. The Board has appointed the Executive Chairman to oversee the Management, and the Lead Independent Director to ensure continued good governance. Supported by the Board committees, namely the Audit and Risk Committee ("**ARC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"), the Board also approves the appointment of Board members, key business initiatives, major investments and funding decisions, and interested person transactions. Where there is a conflict of interest, the Director in question will recuse himself/herself from the discussions and abstain from participating in any Board decisions. For FY2019, the Board confirms that no individual Director has participated in any decision making in relation to any interest that conflicts with any of the Company's businesses.

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

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

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

The Board met five times in FY2019. Meetings by means of a conference telephone or similar communication equipment are permitted in the Company's Constitution. The Directors' attendance at the Board and the various Board committees' meetings during FY2019 are as follows:

Name of Director	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
Attendance					
Ms Chew Gek Khim	5/5		1/1		1/1
Ms Chew Gek Hiang	5/5	4/4			1/1
Mr Goh Kay Yong David	5/5			1/1	1/1
Mr Tan Tiong Cheng	5/5			1/1	1/1
Dr Gary Hilton Weiss	5/5			1/1	1/1
Mr Chia Chee Ming, Timothy	4/5	3/4	1/1		1/1
Mr Tan Chian Khong	5/5	4/4			1/1
Mr Chua Tian Chu	5/5		1/1		1/1

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

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

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

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

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

BOARD COMPOSITION AND GUIDANCE *(Principle 2)*

For FY2019, the Board comprised eight Directors, seven of whom were non-executive and five were considered independent. The Board, in concurrence with the NC, was of the view that, taking into account the Company's scope of operations and its business requirements, the current size of the Board is appropriate. The Board considers an independent Director to be one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Report on Corporate Governance

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

The Board as a group has the core competencies, such as accounting or finance, business or management experience, legal and industry knowledge, and strategic planning experience. Key information on the Directors are set out in pages 10 to 13. The Board recognises the merits of gender diversity in relation to the Board composition and, in identifying suitable candidates for new appointment to the Board, would ensure that female candidates are included for consideration. Gender is but one aspect of diversity and whilst due consideration would be given to the benefits of diversity, new Directors will continue to be selected based on merits.

EXECUTIVE CHAIRMAN *(Principle 3)*

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

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

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

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

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

BOARD MEMBERSHIP *(Principle 4)*

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

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

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

The NC reviews and assesses the independence of the Directors at least once a year. The Directors are required to submit declarations of independence annually and report to the Company immediately on any changes to their external appointments, interest in shares and other relevant information. For FY2019, the Board, having taken into account the views of the NC, considered Mr Tan Tiong Cheng, Dr Gary Hilton Weiss, Mr Chia Chee Ming, Timothy, Mr Tan Chian Khong and Mr Chua Tian Chu to be independent.

During FY2019, the Directors have participated in courses, seminars and discussion forums covering topics such as board performance and strategy, cyber security, data analytics and artificial intelligence, disruptive technologies, and sustainability.

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

BOARD PERFORMANCE *(Principle 5)*

The Company has in place a process to assess the Board's effectiveness as a whole. The evaluation is carried out annually with each Director making his or her assessment by providing feedback to the NC through a Board assessment questionnaire.

In evaluating the performance of the individual Directors and the Board, the NC considers, amongst others, the Directors' attendance, contribution and participation at the Board and Board committee meetings, Directors' individual evaluations and the overall effectiveness of the Board.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES *(Principle 6)*
LEVEL AND MIX OF REMUNERATION *(Principle 7)*

The Board has an RC comprising three non-executive Directors, the majority of whom, including the RC Chairman, are independent. The RC is chaired by Dr Gary Hilton Weiss and Mr Goh Kay Yong David and Mr Tan Tiong Cheng are the other members of the RC.

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

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

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

In FY2019, the Company engaged Mercer (Singapore) Pte Ltd, an external executive compensation consulting firm, to provide an independent review of the Group's compensation system and processes to ensure that they are in line with the industry practices.

Report on Corporate Governance

DISCLOSURE ON REMUNERATION *(Principle 8)*

The summary remuneration table for the Directors of the Company in all capacities for FY2019 is as follows:

Name of Director	Salary	Bonus	Benefits in kind	Directors' fees	Total
S$1,500,001 – S$1,750,000					
Ms Chew Gek Khim	50%	50%	–	–	100%
S$250,000 and below					
Ms Chew Gek Hiang	–	–	–	100%	100%
Mr Goh Kay Yong David	–	–	–	100%	100%
Mr Tan Tiong Cheng	–	–	–	100%	100%
Dr Gary Hilton Weiss	–	–	–	100%	100%
Mr Chia Chee Ming, Timothy	–	–	–	100%	100%
Mr Tan Chian Khong	–	–	–	100%	100%
Mr Chua Tian Chu	–	–	–	100%	100%

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

Based on the current organisation and reporting structure of the Group, the Group's key management personnel (who are not Directors or the CEO) are Mr Teng Heng Chew Eric, Mr Tang Kok Peng, Dato' Dr IR Patrick Yong Mian Thong, Ms Chee Foong Fong and Ms Goh Yah Huay. Their profiles are stated on page 14.

Given the sensitive nature of employee remuneration, as well as possible pressures from both within and outside the Group upon disclosing such information, the RC has recommended and the Board has decided that the detailed disclosure of each Director's and key management personnel's (who are not Directors or the CEO) remuneration is not in the interests of the Company. The total remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2019 amounted to S$3,048,792.

RISK MANAGEMENT AND INTERNAL CONTROLS *(Principle 9)*

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

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

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

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

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

During FY2019, the Board and ARC reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems. Based on the work performed by the external and internal auditors, the Management's representations and the Board's enquiries and discussions, the Board is assured that the Group's risk management and internal controls systems are adequate and effective. In addition, the Board has received assurance from the Executive Chairman and Group Financial Controller that the financial records have been properly maintained and the financial statements have been properly drawn up, in accordance with the Companies Act and Singapore Financial Reporting Standards (International), to give a true and fair view of the Group's operations and finances that are not misleading in any material aspect. The Board has also received assurance from the Executive Chairman and the Group Financial Controller that the Group's risk management and internal control systems were adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Executive Chairman and Group Financial Controller, the internal auditors, the ARC and the Board, the Board, with the concurrence of the ARC, is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2019.

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

AUDIT AND RISK COMMITTEE *(Principle 10)*

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

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

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

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to its financial performance;

- reviewing and evaluating annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls and processes for assessing significant risks or exposures and the procedures Management has taken to monitor, control and minimise such risks or exposures to the Company;

- reviewing the assurance from the Executive Chairman and the Group Financial Controller on the financial records and financial statements;

- making recommendations to the Board on the appointment and re-appointment of the external auditor, and reviewing the terms of engagement of the external auditor, including their compensation, performance evaluation and independence;

- reviewing annually the external audit scope, audit plans and relevant processes, and the results of the external audit work with regard to the adequacy, cost effectiveness, and appropriateness of the accounting and financial controls of the Company;

Report on Corporate Governance

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

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

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

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

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

The ARC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. Accordingly, it has recommended to the Board the nomination of the external auditors, Ernst & Young LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 30 April 2020. In FY2019, the ARC met the external auditors and the internal auditors once without the presence of the Management.

The details of the remuneration paid to the external auditors for FY2019 are as follows:

	S$'000
Audit fees paid/payable to:	
- Auditor of the Company	482
- Overseas affiliates of the auditor of the Company	544
Non-audit fees paid/payable to:	
- Auditor of the Company	77
- Overseas affiliates of the auditor of the Company	21

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

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

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

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

For FY2019, the ARC reviewed and approved the annual internal audit plans. The internal auditors have unrestricted direct access to the ARC and unfettered access to documents, records, properties and personnel within the Group to carry out its duties effectively. The ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

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

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the ARC on a quarterly basis. Under certain circumstances, the ARC will be informed of any complaint, as soon as practicable. There were no whistleblowing reports received in FY2019.

KEY AUDIT MATTERS

The external auditors have set out the key audit matters in respect of FY2019 in the Independent Auditor's Report on pages 58 to 63 of the Annual Report. The ARC concurred with the basis and conclusions included in the Independent Auditor's Report with respect to the key audit matters.

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS *(Principle 11)*
ENGAGEMENT WITH SHAREHOLDERS *(Principle 12)*

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

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

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

Report on Corporate Governance

At the Company's annual general meeting in 2019, a presentation on the Company's business was made to the shareholders. These presentation slides were also uploaded on SGX-ST through SGXNET and the Company's website. Shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. The Constitution of the Company permits a member of the Company to appoint not more than two proxies to attend and vote instead of the member.

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

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

The Company did not have a dividend policy in FY2019. It aims to pay consistent and sustainable dividends to shareholders over the long term by balancing growth and prudent capital management. Declarations of dividends are announced on SGXNET.

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

ENGAGEMENT WITH STAKEHOLDERS *(Principle 13)*

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

The Company has identified the key stakeholders and the engagement methods with the stakeholders in addressing the material factors that may have an impact on the long term sustainability of the Company. Further details on the materiality assessment and stakeholder engagement can be found in the sustainability report on page 28 to 42.

DEALINGS IN SECURITIES

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

Financial Statements

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Directors' Statement

The Directors are pleased to present their statement to the members together with the audited financial statements of The Straits Trading Company Limited (the "**Company**") and consolidated financial statements of the Group for the year ended 31 December 2019.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORATE

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

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

Ms Chew Gek Hiang, Mr Tan Chian Khong and Mr Chua Tian Chu will retire pursuant to Article 99 of the Constitution. Ms Chew Gek Hiang, Mr Tan Chian Khong and Mr Chua Tian Chu, being eligible, offer themselves for re–election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2019	**31.12.2019**	**1.1.2019**	**31.12.2019**
Company (ordinary shares)				
Ms Chew Gek Khim	41,200	741,200	–	–
Ms Chew Gek Hiang	23,000	23,000	–	–
Mr Goh Kay Yong David	–	–	–	156,500#
Mr Chia Chee Ming, Timothy	3,900	3,900	–	–

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

	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2019	**31.12.2019**	**1.1.2019**	**31.12.2019**
Subsidiary				
Malaysia Smelting Corporation Berhad (ordinary shares)				
Ms Chew Gek Khim	1,600,000	1,600,000	–	–

There was no change in any of the above–mentioned interests between the end of the financial year and 21 January 2020.

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

DIRECTORS' CONTRACTUAL BENEFITS

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

Directors' Statement

OPTIONS

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

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

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

AUDIT AND RISK COMMITTEE

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

AUDITOR

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

On behalf of the Board

Chew Gek Khim Director	Tan Chian Khong Director

Singapore
31 March 2020

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.

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

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

		Group		Company	
	Note	**2019 $'000**	2018 $'000	**2019 $'000**	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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

							Right-of-use assets		
	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Land and buildings $'000	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

Notes to the Financial Statements
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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

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	Group 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**

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).

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. 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

Notes to the Financial Statements

For the financial year ended 31 December 2019

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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For the financial year ended 31 December 2019

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)

Notes to the Financial Statements

For the financial year ended 31 December 2019

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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For the financial year ended 31 December 2019

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 $'000	2018 $'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

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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.

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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

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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

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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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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).

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31. BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	2018 $'000	Cashflows $'000	Reclass-ification $'000	Foreign exchange movement $'000	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**

			Non-cash changes			
	2017 $'000	Cashflows $'000	Reclass-ification $'000	Foreign exchange movement $'000	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	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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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%

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.

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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

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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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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

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives (note 23): Forward currency contracts, cross currency swap contracts, interest rate swap contracts and forward commodity contracts are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (level 3).

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	– Comparable prices: $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

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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

Determination of fair value

Fixed rate notes

The fair value as disclosed in the table above is the price on the last trading day in the Singapore Exchange Securities Trading Limited ("SGX-ST").

Fixed rate bank loans

The fair value as disclosed in the table above is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowings at the end of the reporting period.

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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

	Country of Incorporation	Business	Effective Shareholding 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)

			Effective Shareholding		
	Country of Incorporation	**Business**	**2019 %**	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	

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Business	Effective Shareholding 2019 %	Effective Shareholding 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 %	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 %	Effective Shareholding 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.

Additional Information Required Under the Mainboard Rules of The Singapore Exchange Securities Trading Limited ("SGX-ST")

INTERESTED PERSON TRANSACTION
(Rules 907 and 1207(17))

The interested person transaction entered into during the financial year ended 31 December 2019 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Ms Chew Gek Hiang (Sale of townhouse at Gallop Green, Woollerton Park)	Director of the Company	S$7,638,041	–

The Company does not have a general mandate from shareholders in relation to interested person transactions pursuant to Rule 920 of SGX-ST's Mainboard Rules.

MATERIAL CONTRACTS
(Rule 1207(8))

No material contract involving the interests of any Director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial year ended 31 December 2019.

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	MS CHEW GEK HIANG	MR TAN CHIAN KHONG	MR CHUA TIAN CHU
Date of appointment	30 April 2008	1 January 2018	1 January 2018
Date of last re-election	27 April 2017	27 April 2018	27 April 2018
Age	56	64	60
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee, having considered Ms Chew's eligibility and contribution to the Board, had recommended that she be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered Mr Tan's eligibility and contribution to the Board, had recommended that he be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered Mr Chua's eligibility and contribution to the Board, had recommended that he be put up for re-election. The Board had endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent and Non-Executive Director and Audit and Risk Committee Member	Independent and Non-Executive Director and Audit and Risk Committee Chairman	Independent and Non-Executive Director and Nominating Committee Member
Professional qualifications	1. Bachelor of Accountancy, National University of Singapore 2. Member, Institute of Chartered Accountants in England and Wales	1. Bachelor of Accountancy, National University of Singapore 2. Master of Business Administration, University of South Australia 3. Master of International Environmental Management, University of Adelaide 4. Fellow, CPA Australia 5. Fellow, Institute of Singapore Chartered Accountants 6. Member, American Institute of Certified Public Accountants	1. Bachelor of Civil Engineering, National University of Singapore 2. Master of Business Administration, National University of Singapore 3. Advanced Management Program, Harvard Business School 4. Master of Theological Studies, Asia Theological Centre 5. Master of Divinity, East Asia School of Theology

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	MS CHEW GEK HIANG	MR TAN CHIAN KHONG	MR CHUA TIAN CHU
Working experience and occupation(s) during the past 10 years	**1991 to present:** Executive Director and Head of Finance, Tecity Group	**1996 to 2016:** Partner, Ernst & Young LLP	**2012 to 2013:** Deputy Chief Executive Officer, Meritus Hotels & Resorts **2007 to 2011:** Head of Global Financial Institutions Group, Executive Vice President, Group China Strategic Investment, Executive Vice President, UOB International Sector, Executive Vice President and Head of Greater China Region, United Overseas Bank Limited.
Shareholding interest in the listed issuer and its subsidiaries	23,000 shares of the Company	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Chew is the sister of Ms Chew Gek Khim, Executive Chairman of the Company, and the daughter of Dr Tan Kheng Lian, a substantial shareholder of the Company.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	1. The Tan Sri Tan Foundation 2. Excel Laboratory Services Pte Ltd 3. Amalgamated Holdings Private Limited 4. Selected Properties Pte Ltd 5. Cairnhill Rock Pte Ltd 6. Morriston Pte Ltd	1. Temenggong Artist-in-Residence Ltd 2. AAS@217 East Coast Road Pte Ltd 3. Alliance Financial Group Berhad 4. Automobile Association of Singapore	Nil

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

	MS CHEW GEK HIANG	MR TAN CHIAN KHONG	MR CHUA TIAN CHU
Present	1. Aequitas Pte. Ltd. 2. Amberlight Limited 3. Choice Equities Pte Ltd 4. Consultants Services (Private) Limited 5. Grange Investment Holdings Private Limited 6. Ho Peng Holdings Private Limited 7. Integrated Holdings Private Limited 8. Kambau Pte Ltd 9. Mellford Pte Ltd 10. Nexford Holdings Pte Ltd 11. NL Property 1 B.V. 12. Raffles Investments (1993) Pte Ltd 13. Raffles Investments Private Limited 14. Selected Holdings Private Limited 15. Sigford Pte Ltd 16. Siong Lim Private Limited 17. Tan Chin Tuan Pte Ltd 18. Tecity Management Pte Ltd 19. Tecity Pte Ltd 20. The Cairns Pte Ltd 21. The Tan Chin Tuan Foundation 22. Tiong Cheng Pte Ltd 23. Xin Zheng Pte Ltd 24. Academy of Chinese Medicine, Singapore Advisory Board	1. Hong Leong Asia Limited 2. Alliance Bank Malaysia Berhad 3. Xinghua Port Holdings Ltd 4. CSE Global Limited 5. SMRT Corporation Ltd 6. Trailblazer Foundation Ltd 7. Casino Regulatory Authority 8. Methodist Welfare Services	Nil

Additional Information on Directors Seeking Re-election

(Information required pursuant to Rule 720(6) of the Listing Manual)

The responses of Ms Chew Gek Hiang, Mr Tan Chian Khong and Mr Chua Tian Chu to the following questions are "**No**".

A. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

B. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

C. Whether there is any unsatisfied judgment against him?

D. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

E. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?

F. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?

G. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

H. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?

I. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

J. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

K. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Shareholdings Information

(as at 16 March 2020)

Total number of issued ordinary shares	408,095,772
Total number of issued ordinary shares excluding treasury shares	407,010,072
Total number of treasury shares	1,085,700
Total number of subsidiary holdings	0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	0.27%

VOTING RIGHTS OF ORDINARY SHAREHOLDERS

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share which he holds.

ISSUED ORDINARY SHARES AND SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	235	4.90	8,707	0.00
100 - 1,000	1,152	24.02	631,723	0.16
1,001 - 10,000	2,651	55.29	10,750,492	2.64
10,001 - 1,000,000	746	15.56	34,371,519	8.44
1,000,001 and above	11	0.23	361,247,631	88.76
Total	4,795	100.00	407,010,072	100.00

TWENTY LARGEST SHAREHOLDERS

	Registered Shareholders	No. of Shares	%
1.	THE CAIRNS PTE LTD	265,840,552	65.32
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	46,888,568	11.52
3.	MELLFORD PTE LTD	15,900,000	3.91
4.	DBS NOMINEES PTE LTD	14,683,437	3.61
5.	RAFFLES NOMINEES (PTE) LIMITED	7,617,463	1.87
6.	DBSN SERVICES PTE LTD	2,719,108	0.67
7.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,099,535	0.52
8.	PHILLIP SECURITIES PTE LTD	1,453,866	0.36
9.	MRS CHEW KHENG LIAN NEE TAN KHENG LIAN	1,402,760	0.34
10.	UOB KAY HIAN PTE LTD	1,385,496	0.34
11.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,256,846	0.31
12.	OCBC SECURITIES PRIVATE LTD	987,601	0.24
13.	UNITED OVERSEAS BANK NOMINEES PTE LTD	941,096	0.23
14.	MAYBANK KIM ENG SECURITIES PTE. LTD	752,159	0.18
15.	OCBC NOMINEES SINGAPORE PTE LTD	731,400	0.18
16.	LOKE WAN YAT REALTY SDN BHD	721,400	0.18
17.	CHEW GEK KHIM	700,000	0.17
18.	HSBC (SINGAPORE) NOMINEES PTE LTD	602,284	0.15
19.	UOB NOMINEES (2006) PRIVATE LIMITED	591,608	0.15
20.	MAYBANK NOMINEES (SINGAPORE) PTE LTD	580,204	0.14
		367,855,383	90.39

Shareholdings Information

(as at 16 March 2020)

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
The Cairns Pte. Ltd.	285,670,552	70.19	–	–
Tan Chin Tuan Pte. Ltd. [1]	–	–	301,770,552	74.14
Raffles Investments Private Limited [1]	–	–	285,670,552	70.19
Tecity Pte. Ltd. [1]	–	–	301,770,552	74.14
Aequitas Pte. Ltd. [1]	–	–	285,670,552	70.19
Dr Tan Kheng Lian [1]	1,402,760	0.34	301,770,552	74.14

Notes:

[1] Each of Raffles Investments Private Limited ("**Raffles**") and Tecity Pte. Ltd. ("**Tecity**") holds not less than 20 per cent. of the voting rights of The Cairns Pte. Ltd. ("**Cairns**"). By virtue of this, each of Raffles and Tecity has a deemed interest in the Company's shares held by Cairns. Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50 per cent. of the voting rights of Raffles. By virtue of this, Aequitas has a deemed interest in the Company's shares held by Cairns. Tan Chin Tuan Pte. Ltd. ("**TCTPL**") holds more than 50% of the voting rights in Aequitas. By virtue of this, TCTPL has a deemed interest in the Company's shares held by Cairns. Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. By virtue of this, Dr Tan Kheng Lian has a deemed interest in the Company's shares held by Cairns.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 16 March 2020, approximately 21.92% of the Company's shares, excluding treasury shares, were held by the public and thus, Rule 723 of the Mainboard Rules of the Singapore Exchange Securities Trading Limited has been complied with.

Corporate Information

BOARD OF DIRECTORS
Ms Chew Gek Khim PJG
Executive Chairman
Member, Nominating Committee

Ms Chew Gek Hiang
Non-Independent and Non-Executive Director
Member, Audit and Risk Committee

Mr Goh Kay Yong David
Non-Independent and Non-Executive Director
Member, Remuneration Committee

Mr Tan Tiong Cheng
Independent and Non-Executive Director
Member, Remuneration Committee

Dr Gary Hilton Weiss AM
Independent and Non-Executive Director
Chairman, Remuneration Committee

Mr Chia Chee Ming, Timothy
Lead Independent Director
Chairman, Nominating Committee
Member, Audit and Risk Committee

Mr Tan Chian Khong
Independent and Non-Executive Director
Chairman, Audit and Risk Committee

Mr Chua Tian Chu
Independent and Non-Executive Director
Member, Nominating Committee

KEY MANAGEMENT PERSONNEL
Ms Chew Gek Khim
Executive Chairman

Mr Teng Heng Chew Eric
Chief Executive Officer
Straits Developments Private Limited

Mr Tang Kok Peng
Chief Executive Officer
Straits Real Estate Pte. Ltd.

Dato' Dr IR Patrick Yong Mian Thong
Chief Executive Officer
Malaysia Smelting Corporation Berhad

Ms Jennifer Chee Foong Fong
Group Financial Controller

Ms Goh Yah Huay
Group Treasurer

COMPANY SECRETARY
Mr Aldric Tan Jee Wei

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E-mail : contactus@stc.com.sg
Website : www.stc.com.sg

INVESTOR RELATIONS
Mr Teng Heng Chew Eric /Ms Evelyn Quah Li Shin
E-mail : ir@stc.com.sg

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
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80 Robinson Road #11-02
Singapore 068898

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr Lim Tze Yuen
(Appointed with effect from financial year ended
31 December 2017)

PRINCIPAL BANKERS
Agricultural Bank of China Limited
Bank of China Limited
CIMB Bank Berhad
Commonwealth Bank of Australia
Credit Suisse AG
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
UBS AG
United Overseas Bank Limited

The Straits Trading Company Limited
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