STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

Future Ready

Annual Report 2022

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Corporate Profile

Established in 1887, The Straits Trading Company Limited ("Straits Trading" or "the Group") is a conglomerate-investment company with operations and financial interests in resources, property, and hospitality. These include majority or strategic stakes in one of the world's largest tin producer, Malaysia Smelting Corporation Berhad, which is dual listed on Bursa Malaysia and the Singapore Exchange Securities Trading Limited; ESR Group and Far East Hospitality Holdings as well as a diversified property portfolio and real estate investment that are wholly owned by the Group.

Future Ready

At The Straits Trading Company, we recognise the evolving demands – both present and future – of our investors and shareholders.

Some of our initiatives include digitalisation, fractionalising assets, the launch of innovative investment products, and being responsible towards the environment to meet the challenges of climate change.

We are confident in our ability to be a Future Ready company, navigating an ever-changing world with resilience and a commitment to sustainability.

Company Structure

TECITY GROUP

66.9%

STRAITS TRADING ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

RESOURCES

Malaysia Smelting Corporation Berhad (“MSC”)
52% Stake
Largest independent custom tin smelter in the world

PROPERTY

Straits Developments Private Ltd (“SDPL”)
100% Stake
Corporate and operational arm for the Group; new business and property business, excluding SRE

STC Property Management Sdn. Bhd. (“STCPM”)
100% Stake
Developer of Straits City Project Penang

Straits Investment Management Pte. Ltd. (“SIM”)
100% Stake
Fund management specialising in global real estate securities

Straits Real Estate Pte. Ltd. (“SRE”)
100% Stake
Investment vehicle seeking out real estate related opportunities globally

ESR Group (“ESR”)
3.7% Stake
APAC’s largest real estate and real assets fund manager

Suntec REIT
1.9% Stake
One of the largest commercial REITs in Singapore

SDAX Financial
14.3% Stake
An integrated digital financial services platform

HOSPITALITY

Far East Hospitality Holdings Pte. Ltd. (“FEHH”)
30% Stake
An established international hospitality owner and operator in nine countries with close to 16,500 rooms under management

Transformation Milestones

STRAITS 1.0 1880s

80 Years

+ The world’s largest tin producer, renowned for its finest grade tin
+ Resources business is today known as Malaysia Smelting Corporation (MSC)

STRAITS 2.0 1960s

30 Years

Diversified into investment and property development having purchased colonial properties back in 1923

STRAITS 3.0 1990s

20 Years

+ Ventured into hospitality in 1994; trading as Rendezvous Hospitality Group in the Asia Pacific market
+ MSC listed on Bursa Malaysia in 1994

STRAITS 4.0 2010s

10 Years

Refocused the businesses into scalable assets and sustainable growth engines after the Tecity Group completed a successful takeover of Straits Trading in 2008

STRAITS 5.0 2020s

+ Converting assets into investment products and platforms for new growth engines
+ Engaging shareholders actively via Shareholders’ Club
+ Creating investment opportunities to broaden investor base

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of The Straits Trading Company Limited ("Straits Trading" or "the Group") for the financial year ended 31 December 2022 ("FY2022").

PERFORMING AGAINST HEADWINDS

In 2022, we focused on realising the value of our portfolio. It was a challenging year for global markets, with rising interest rates, the Russian invasion of Ukraine, and escalating China-USA tensions. Against this backdrop, I am happy to announce that Straits Trading's earnings before interest, taxes, depreciation and amortisation ("EBITDA") was S$613.4 million in FY2022, up 52.9% from the previous record of S$401 million in FY2021. The achievement was largely driven by the net gain on divestment of ARA Asset Management Holdings Pte Ltd ("ARA"). This further highlights Straits Trading's distinctive edge as a conglomerate-investment company, capitalising on our expertise in capital allocation to drive outsized returns.

We are pleased to declare an interim tax-exempt dividend of 8 cents per share for FY2022. This is in addition to the distribution in specie of approximately 50 cents per share which was completed on 3 November 2022, bringing the total dividend to an equivalent of approximately 58 cents per share. Straits Trading remains committed to delivering a sustainable dividend payout to our shareholders.

Property

In FY2022, Straits Trading's real estate segment posted EBITDA of S$579.4 million compared to S$343.4 million for FY2021.

S$613.4 MILLION

EBITDA FY2022

▲52.9%

~S$0.58

TOTAL DIVIDEND FY2022

Within the real estate segment, Straits Real Estate Pte Ltd ("SRE") enlarged its footprint in select key markets. In the United Kingdom, SRE acquired Gloucester Business Park, fully occupied by blue-chip tenants as well as development land for additional return uplift potential. In Australia, SRE acquired two Grade A office buildings in Melbourne, and also consolidated its interest in a logistics trust to 100%. Additionally, a major stake was taken in an Australian industrial and logistics development management company to further develop its capabilities in this space.

Straits City, Straits Trading's 40-acre integrated development project in Penang, Malaysia, has crossed key milestones over the year, including securing a partnership with IHG Hotels & Resorts to bring Crowne Plaza Hotels & Resorts to Straits City. Straits City's inaugural development, a 23-storey 4-star hotel, is targeted to open in the first quarter of 2024.

Our subsidiary, Straits Investment Management Pte Ltd ("SIM") is a global fund management firm with capabilities that span equities, fixed income and real estate alternatives. As at end December 2022, SIM's assets under management and advisory has crossed S$510 million. SIM's focus on investments in listed real estate securities complements SRE's private real estate investment portfolio. We believe the two-pronged approach, leveraging on our expertise in both private and public real estate, will enable superior risk-adjusted returns for Straits Trading.

We completed the divestment of our 22% stake in ARA on 20 January 2022, receiving approximately S$142.5 million in cash and 214.7 million shares in ESR Group Limited ("ESR"). To reward shareholders, we distributed 180 new Straits Trading shares for every 1,000 Straits Trading shares held, with the option for shareholders to swap the 180 new Straits Trading shares for 145 ESR shares. Eventually, the Group distributed 48.5 million ESR shares, with the Group retaining 166.2 million ESR shares, or a 3.7% stake in ESR. We believe that the enlarged ESR Group, being Asia Pacific's largest real asset manager and the third-largest listed real estate investment manager globally with significant exposure to new economy real estate, is a formidable player with a fully integrated development and investment management platform. We are well poised to benefit from ESR's secular growth potential.

Hospitality

On the hospitality front, Far East Hospitality Holdings Pte Ltd ("FEHH") in FY2022 has been a direct beneficiary of increased travel as borders reopen.

We expect operating conditions to remain challenging with cost pressures rising in an inflationary environment.

With a view to building new capabilities and positioning itself for long-term growth, FEHH has scheduled new hotel openings in 2023 in markets such as Japan and the Asia Pacific region, and is working towards obtaining more management contracts to drive recurring management fees. Straits Trading's 30% equity stake ensures that the Group remains invested in a scalable platform to leverage on longer-term opportunities in the sector.

Resources

In FY2022, Malaysia Smelting Corporation Berhad ("MSC") achieved a net profit of RM101.5 million compared to RM118.5 million in the prior year. Net profit from the tin mining segment was RM95.1 million in FY2022 on the back of higher operating costs.

With the operations in the Pulau Indah plant using newer and more efficient technology, we are on target to achieve higher capacity and full commissioning in the near future. The Group expects higher operational efficiency, lower operational and manpower costs with the planned closure of the old plant at Butterworth, while improving its overall carbon footprint.

For the tin mining segment, the Group continues to focus on increasing daily mining output and overall mining productivity. The recent acquisition of an adjacent mining landbank allows the Group to expand its mining activities and potential tin resource within its current mine vicinity.

FUTURE READY

While 2022 was a challenging year for markets, our disciplined and prudent approach in making investments enabled us to produce a strong set of results. Increasingly unpredictable macroeconomic and geopolitical outlooks are poised to make the business climate more challenging; as such, being able to manage risks and make informed decisions will be critical to our continued success. We will maintain our prudent approach, which has served us well over our 135-year history, to ride out the uncertain business climate and seize opportunities.

Over the past few years, we have remained agile and resilient to meet the evolving needs of our stakeholders through digitalisation and fractionalisation of assets to offer innovative investment products. To broaden and widen our shareholder base, we conducted a share placement exercise in January which raised $80.86 million through the issuance of 26 million new ordinary shares. This has helped to increase the free float and trading liquidity of Straits Trading.

We will continue to draw on our collective strengths as a Group to position ourselves to be a Future Ready organisation that achieves sustainable growth by unlocking shareholder value in the years to come.

ACKNOWLEDGEMENT

Mr Tan Tiong Cheng stepped down as Independent and Non-Executive Director in June 2022. I would like to thank him for his valuable contributions over his eight-year tenure with Straits Trading.

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

CHEW GEK KHIM, PJG
Executive Chairman
31 March 2023

Board of Directors

CHEW GEK KHIM, PJG, 61

Executive Chairman

First appointed: 20 March 2008
Last re-elected: 30 April 2021

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

Ms Chew is also Executive Chairman of the Tecity Group. In addition, she is Chairman of Malaysia Smelting Corporation Berhad and ARA Trust Management (Suntec) Limited, and sits on the Board of Singapore Exchange Limited. She is also Deputy Chairman of the Tan Chin Tuan Foundation.

She is a Member of the Board of Governors of S. Rajaratnam School of International Studies, NUS Board of Trustees and the Governing Board of Lee Kuan Yew School of Public Policy.

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 at the Singapore Business Awards in 2015, and the Meritorious Service Medal at the National Day Awards in 2016. Ms Chew was conferred an Honorary Degree of Doctor of Letters (honoris causa) by the Nanyang Technology University in 2021.

CHEW GEK HIANG, 59

Non-Independent and Non-Executive Director

First appointed: 30 April 2008
Last re-elected: 28 April 2022

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 investment activities of the Tecity Group and is responsible for its securities trading portfolio. Ms Chew also oversees the human resource and administrative functions of the Tecity Group. She is also a Director of Tecity Asset Management Pte Ltd.

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 an Executive Committee (EXCO) Member of the Breast Cancer Foundation, and 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 graduating 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, 61

Non-Independent and Non-Executive Director

First appointed: 30 April 2008
Last re-elected: 28 April 2022

Mr David Goh 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 the Bachelor of Business Financial Analyst programme at the Nanyang Technological University ("NTU"), Singapore, in 1991. After joining the Tecity Group in 1997, he remained as Adjunct Associate Professor of Finance at NTU from 1997 to 2003. 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 (Honours) 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.

TIMOTHY CHIA CHEE MING, PBM, 73
Lead Independent Director

First appointed: 27 February 2015
Last re-elected: 30 April 2021

Mr Timothy Chia is Chairman of Hup Soon Global Corporation Private Limited and Gracefield Holdings Limited. In 2020, he was appointed Chairman of InnoVen Capital Pte Ltd. He sits on the boards of several other private and public companies, including Singapore Power Limited, Vertex Venture Holdings Ltd, Seviora Holdings Pte Ltd, Malaysia Smelting Corporation Berhad, Thai Beverage Public Company Limited and United Motor Works (Siam) Public Co, Ltd.

Mr Chia was appointed as Advisory Council Member of the ASEAN Business Club ("ABC") and co-chair of ABC Singapore. He is also a Member of the Corporate Governance Advisory Committee of The Monetary Authority of Singapore, Singapore Management University and a Term Trustee of the Singapore Indian Development Association.

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

TAN CHIAN KHONG, 67
Independent and Non-Executive Director

First appointed: 1 January 2018
Last re-elected: 28 April 2022

Mr Tan Chian Khong has about 35 years of experience in the audit industry in Singapore. He retired from Ernst & Young LLP in June 2016. Mr Tan currently serves as an Independent Non-Executive Director of Alliance Bank Malaysia Berhad, Hong Leong Asia Ltd, CSE Global Limited and Banyan Tree Holdings Ltd. He is a Board member of the Gambling Regulatory Authority of Singapore and SMRT Corporation Ltd and also volunteers as the Honorary Executive Director of Trailblazer Foundation Ltd.

Mr Tan holds a Bachelor of Accountancy from the National University of Singapore, and a Master of International Environmental Management from the University of Adelaide. 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, 63
Independent and Non-Executive Director

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

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

Mr Chua holds a Master in Business Administration and a Bachelor Degree in Civil Engineering from the National University of Singapore. He has also attended the Advanced Management Program of Harvard Business School.

LAU CHENG SOON, 67
Independent and Non-Executive Director

First appointed: 1 July 2022

Mr Lau Cheng Soon sits on the board of United Overseas Land and is an Independent Advisory Board Member of the Pro-invest Group's Funds I/II/III.

Mr Lau has held senior management roles in the Asia Pacific real estate investment business for over 30 years. Mr Lau Cheng Soon was the Managing Director of Asia Pacific for Invesco Real Estate and had overall responsibility for the management of the Asia Pacific real estate Business. He was the Chairman of the Asia Pacific Executive Committee and the Asia Pacific Investment Committee. He also served as a member of the Global Executive Committee and the Global Remuneration Committee. Prior to Invesco Real Estate, he was a Managing Director of Ayala International, a member of the Ayala Group. He was previously an executive director and board member of Tuan Sing Holdings Ltd. (listed on the main board of the Singapore Stock Exchange). He has directed numerous real estate investment and development projects across all major markets in the Asia Pacific region. He began his career as an engineer with Shell and was also a management consultant with Booz Allen and Hamilton in both the US and Asia.

Mr Lau earned a Master of Business Administration degree from the University of Chicago and a Bachelor of Science (Chemical Engineering) degree from Oregon State University.

Key Management

CHEW GEK KHIM, PJG
Executive Chairman

Please refer to profile of Ms Chew under "Board of Directors" section for more information.

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

As Chief Executive Officer ("CEO") of Straits Developments Private Limited, Mr Eric Teng is responsible for the Group's property (except for properties under Straits Real Estate Pte. Ltd.) and hospitality businesses, new business opportunities and leads the Group's corporate functions.

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

He is an Advisor to the Tecity Group and Tan Chin Tuan Foundation. Mr Teng holds an MBA from the National University of Singapore.

DESMOND TANG
CEO, Straits Real Estate Pte. Ltd.

Mr Desmond Tang has been CEO of Straits Real Estate Pte. Ltd. ("Straits Real Estate") since February 2014. He drives the business growth and investment strategies of Straits Real Estate.

Mr Tang has more than 30 years of experience in real estate investment and management. 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 holds a Bachelor of Science (Honours) in Real Estate from the National University of Singapore and a Master of Applied Finance from Macquarie University.

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 ('MSC") in 2016. As the Group CEO and Executive Director, he leads in the strategic development, policies and business operations of MSC.

Dato' Yong started his career as an engineer with the National Electricity Board of Malaysia in 1976, fulfilling his scholarship contractual obligations. He joined Tai Kwang Yokohama Industries Bhd as CEO from 2007 to 2010 and was subsequently appointed as Group CEO of Yokohama Industries involving SLI battery manufacturing and secondary lead smelting from 2010 to 2015.

He holds a Bachelor of Science (Honours) in Electrical and Electronics Engineering and a PhD in Electrical Engineering, specialising in the field of efficiency in energy conversion and storage.

MANISH BHARGAVA
CEO, Straits Investment Management Pte. Ltd.

Mr Manish Bhargava has been the CEO of Straits Investment Management Pte. Ltd ("SIM") since February 2019. With more than 18 years of real estate investment experience, Mr Bhargava is a seasoned fund manager who has been responsible for investing in global real estate securities.

Prior to joining SIM, he was the Head of Asia at APN's Asian Real Estate Securities and the dedicated Fund Manager for APN's Asian REIT strategies. Mr Bhargava has also worked at Tiedemann Investment Group, Starwood Capital Group and European Investors Inc.

Mr Bhargava holds a Master of Science in Accounting/Management Information Systems from Oklahoma State University.

TAN HWEI YEE
CEO, STC Property Management Sdn. Bhd.
Head, Property, Straits Developments Private Limited

Ms Tan Hwei Yee has been the CEO of STC Property Management Sdn. Bhd. since July 2019. She is responsible for the development of Straits City at Penang, Butterworth, a 40-acre integrated master-planned development.

As Head of Property at Straits Developments, Ms Tan manages the Group's owned property assets (excluding those owned, operated or managed by Straits Real Estate Pte. Ltd.) as well as other properties which are outsourced to the Group to manage.

Ms Tan has more than 15 years of experience in developing and managing properties in Singapore and Malaysia. She graduated from the Nanyang Technological University with a Bachelor of Civil Engineering and holds a Master of Science in Environmental Engineering, a Master of Science in Real Estate, and an MBA from the National University of Singapore.

Key Management

JOYCE TAN WEI TZE
Group Financial Controller

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

She has over 25 years of experience in finance, accounting, tax, treasury, investment banking and corporate finance. She was Chief Financial Officer ("CFO") of Retail Asia of Robinson and Company Private Limited from 2017 to 2019 and CFO and Executive Vice President Financial Services of Genting Hong Kong Limited from 2009 to 2017.

Ms Tan holds a Bachelor of Science (Honours) in Accounting from the University of Hull, United Kingdom and Executive Master in Change from INSEAD. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Hong Kong Institute of Certified Public Accountants and Institute of Singapore Chartered Accountants.

GOH YAH HUAY
Group Treasurer
CFO, Straits Real Estate Pte. Ltd.

Ms Goh Yah Huay has been Group Treasurer of Straits Trading since January 2018. She is also the CFO 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 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




THE STRAITS TRADING COMPANY LIMITED

Selina Ho
Head, Investor Relations & Corporate Secretariat

Chiang Joon-Arn
Head, Investment Products

Dr Allen Tan
Senior Portfolio Manager, Portfolio Management

James Kwie
Portfolio Manager, Portfolio Management


STRAITS REAL ESTATE PTE. LTD.

Paul Yi
Deputy Chief Executive Officer
Chief Investment Officer

Adeline Fong
Deputy Chief Executive Officer
Head of Asset Management




MALAYSIA SMELTING CORPORATION BERHAD

Nicolas Chen Seong Lee
Deputy Chief Executive Officer (Administration)

Lam Hoi Khong
Group Chief Financial Officer

Ir. Raveentiran Krishnan
Group Chief Operating Officer, Smelting

Madzlan Zam
Executive Director & Senior General Manager, Rahman Hydraulic Tin Sdn. Bhd.

Financial Highlights

	2022	2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Total revenue	**527,620**	396,559	308,891	363,637	455,987
Earnings before interest, tax, depreciation and amortisation	**613,378**	401,045	133,848	165,081	133,443
Earnings before interest and tax	**606,977**	394,176	125,726	157,005	126,824
Profit before tax	**562,984**	362,070	95,957	129,320	99,646
Profit attributable to owners of the Company	**551,259**	234,254	51,483	84,371	71,722
Shareholders' funds	**1,737,443**	1,771,382	1,537,998	1,519,121	1,467,293
Per share					
Earnings per share (cents)	**127.0**	57.6	12.7	20.7	17.6
Dividend per share (cents) *	**58.0**	8.0	6.0	6.0	6.0
Net asset value per share ($)	**3.86**	4.35	3.78	3.73	3.60
Financial ratios					
Return on equity (%)	**31.4**	14.2	3.4	5.7	4.9
Net gearing (%)	**60.8**	46.7	42.4	33.5	38.8

	2022	2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Balance Sheet					
Total non-current assets	**2,846,393**	2,603,979	2,260,346	2,006,809	2,021,001
Total current assets	**659,384**	583,927	825,600	642,385	555,333
Total assets	**3,505,777**	3,187,906	3,085,946	2,649,194	2,576,334
Equity attributable to owners of the Company	**1,737,443**	1,771,382	1,537,998	1,519,121	1,467,293
Non-controlling interests	**137,055**	163,468	188,940	150,195	131,310
Total equity	**1,874,498**	1,934,850	1,726,938	1,669,316	1,598,603
Total non-current liabilities	**1,148,070**	622,547	684,790	705,649	647,080
Total current liabilities	**483,209**	630,509	674,218	274,229	330,651
Total liabilities	**1,631,279**	1,253,056	1,359,008	979,878	977,731
Total equity and liabilities	**3,505,777**	3,187,906	3,085,946	2,649,194	2,576,334

* In addition to the cash dividend of 8.0 cents per share, the Company also distributed Special dividend via distribution in specie in 2022, comprising 17,686,975 ordinary shares and 48,510,280 ordinary shares of ESR Group Limited.

Year in Review

MALAYSIA SMELTING CORPORATION BERHAD

RHT TIN MINE IN KLIAN INTAN

Straits Trading is involved in tin mining and smelting activities through its 52.2%-owned resources subsidiary, Malaysia Smelting Corporation Berhad ("MSC" together with its subsidiaries, "MSC Group"). In 2022, the MSC Group continued to maintain its position as a major global refined tin producer, operating in both the upstream and downstream sectors of the tin value chain through its tin mining and smelting activities. Additionally, the MSC Group is recognised as the world's largest custom toll smelter providing tolling services to smelt third-party tin ores from customers.

Despite the demanding operating environment marked by economic uncertainties, rising inflation, and prolonged geopolitical tensions, the MSC Group exhibited resilience and agility during the year in navigating these extreme headwinds. Against this backdrop, global tin prices were volatile as prices dropped from a peak of approximately US$50,000/tonne in early 2022, to around US$20,000/tonne towards the second half of the year. The decline in tin prices can be attributed to several factors, including slower tin consumption amid concerns of a global recession, and lower demand from China – the world's largest consumer of tin – due to its strict lockdown measures, among others. Nonetheless, entering 2023, tin prices rebounded to hover around the current price of US$25,000 on rising market confidence as China re-opened its economy and borders.

OPERATIONAL PERFORMANCE

The MSC Group's tin smelting activities are currently conducted at two smelters, which are located in Butterworth, Penang and Pulau Indah, Port Klang. The Butterworth smelting facility, which has been in operation since 1902 using ageing reverberatory furnaces, is currently being phased out. While waiting for final decommissioning, the old furnaces are being used to clean up remaining tin-bearing slags and seepages. The MSC Group is transitioning its smelting operations to its new state-of-the-art smelter located in Pulau Indah, Port Klang.

The Pulau Indah plant houses a more efficient and modern Top Submerged Lance ("TSL") furnace, which works on single-stage smelting, unlike the multi-stage processes in the reverberatory furnaces. The Pulau Indah plant utilises natural gas, whilst the Butterworth smelter uses fuel oil. The transition to the new plant is expected to improve MSC Group's cost and operational efficiencies, while lowering our carbon emissions. As at end-2022, the new smelter has reached 90% of its designed capacity. Production of refined tin increased to 19,385 tonnes in FY2022, against 16,619 tonnes in the prior year.

At the Pulau Indah facility, the MSC Group has installed 1.26MWp of photovoltaic panels on the rooftop of the premises to harness solar energy for power generation to reduce our carbon footprint.

PULAU INDAH SMELTING FACILITY

MSC Group's tin mining operations are undertaken by its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), which operates the largest hard-rock open-pit tin mine in Malaysia, located at Klian Intan, Perak ("RHT Tin Mine"). Throughout the year, RHT continued to implement initiatives to expand its mining landbank and improve its mining yield and efficiencies. In July 2022, RHT acquired Asas Baiduri Sdn. Bhd. ("Asas Baiduri"), which holds a mining lease ending 2033 over a 568.4-hectare parcel of land located adjacent to the RHT Tin Mine. This allows RHT to further expand its existing pit, enabling us to increase our daily mining output. In FY2022, production of tin-in concentrates increased to 2,542 tonnes (FY2021: 2,408 tonnes).

FINANCIAL PERFORMANCE

For FY2022, revenue for the MSC Group grew by 39.7% year-on-year to a record high of RM1,503.6 million, from RM1,076.6 million in FY2021, underpinned by higher average tin prices in RM terms and comparatively higher sales volume of refined tin.

The MSC Group's pre-tax profit and net profit stood at RM143.6 million and RM98.3 million, respectively. During the year, average tin prices remained comparable at US$31,068/tonne (~RM136,700/tonne), as compared to US$31,509/tonne (~RM130,575/tonne) in 2021.

For the year under review, the MSC Group has proposed a first and final single-tier dividend of 7 sen per share (FY2021: 7 sen per share). The total dividend payout of RM29.4 million translates to 30% of FY2022 net profit.

International Tin Smelting Operations

During the year, MSC experienced a longer-than-expected annual scheduled maintenance at the Pulau Indah smelter, due to worldwide shipping issues in the delivery of fire-rated bricks from China. This led to a furnace outage of three months from July to September 2022, versus the scheduled one month. To prevent such long disruptions in the future, MSC will keep an inventory of refractory bricks and other essential spares.

MSC also saw a rise in operating costs during the year, mainly related to labour, energy, fuel, reductant and furnace re-bricking expenses. Consequently, the MSC Group's international tin smelting operations posted a net loss of RM5.5 million in FY2022, against a net profit of RM12.1 million in FY2021.

Rahman Hydraulic Tin Sdn. Bhd.

As for the MSC Group's tin mining segment, net profit amounted to RM95.1 million in FY2022, as compared to RM109.4 million in the previous year. Earnings for the year under review was impacted by a one-off legal case settlement of RM4.7 million.

OUTLOOK

Demanding operating conditions are expected to continue in 2023, with soft macroeconomic fundamentals. For the tin market, supply is anticipated to remain tight which will support tin prices going forward. One of the contributing factors is the current shutdown of major tin mines in Peru due to ongoing anti-government protests. The impending export ban on tin ingots in Indonesia, the world's largest exporter of refined tin, will also influence the global supply market.

There are also some positive developments that are expected to boost tin demand. Notably, the lifting of COVID-19 restrictions in China since December 2022 is anticipated to spur tin usage, particularly in the electronics industry. Tin is mainly utilised as solder which binds electronic components together. With the usage of electronics increasing at a rapid pace, tin consumption is projected to rise in tandem. In addition, the growing popularity of electric vehicles bodes well for tin, as it is a crucial component in lithium-ion batteries. This trend is expected to continue in the coming years, driving demand for tin even further.

At the MSC Group, we remain steadfast in solidifying our core fundamentals and competitive position. With rising operating expenses, MSC is focused on optimising costs and enhancing efficiencies across the Group. To this end, we are exploring the use of renewable energy sources, such as the installation of solar panels at the Pulau Indah smelter to mitigate rising energy costs, while also reducing our ecological footprint. With the shift of smelting operations to Pulau Indah, we plan to fully decommission the Butterworth plant by mid-2024. We look forward to enjoying cost savings of approximately 30% with the shutdown of the Butterworth plant.

RHT will continue to explore new ways and methodologies to increase mining productivity. The acquisition of Asas Baiduri enables RHT to construct additional tailing ponds and extend the RHT mining pit further eastwards, allowing RHT to increase production at its RHT Tin Mine. Geological studies are expected to commence in 2023. At the same time, RHT aims to become carbon neutral and is currently upgrading its mini hydro power station to 5.0MW from 0.75MW. This will further reduce RHT's carbon emissions and reliance on fossil fuels to power its mining activities. Over at the Sungai Lembing tin mine in Pahang, additional processing plants are being developed to enhance mining output.

The MSC Group remains optimistic on the long-term prospects of the tin industry. Backed by strong fundamentals and commitment to sustainability, the MSC Group is well-positioned to capitalise on future growth opportunities and deliver lasting value for our shareholders.

Year in Review

STRAITS REAL ESTATE PTE. LTD.

The record-breaking growth of markets in 2021 fuelled anticipation that 2022 would bring about a more conducive business environment. However, Russia invaded Ukraine in February, immediately aggravating an already strained global supply chain and bringing about an energy crisis in Europe.

Sentiments deteriorated quickly thereafter, with the United States Federal Reserve and other central banks hiking interest rate hikes aggressively to manage inflation.

Concurrently, the speed of de-globalisation accelerated due to factors including the continuing US-China trade war, forcing companies to relook their supply chains, manufacturing processes and distribution channels. Cost efficiencies were sacrificed as protectionism, veiled as national security concerns, gained prominence.

In real estate, this translated to investors becoming more cautious, with investment volumes coming down and capital rates expanding, which in line created downward pressure on valuations across asset classes.

In spite of these challenges, Straits Real Estate Pte Ltd ("SRE"), a wholly owned subsidiary of Straits Trading, was able to deliver stable performance in 2022 through its portfolio of high-quality income-generating assets. Net profit attributable to recurring income was stable at S$36 million, demonstrating the resilience of SRE's real estate portfolio.

However, valuations – particularly in the United Kingdom ("UK") and Australia – were hit by not only interest rate hikes but also unfavourable currency exchange rates. SRE has healthy hedge positions for its exposure to interest rates and foreign currencies, which has helped cushion the negative impact from higher financing costs and the strong Singapore dollar.

Notwithstanding the fair-value loss, SRE's portfolio size grew to S$2.4 billion as at end 2022, 11% higher than end 2021.

1010 LA TROBE

GROWING PORTFOLIO

Acquisition of Docklands Buildings

SRE acquired two office buildings in Melbourne's prime Docklands precinct, namely 1010 La Trobe Street and 192 Harbour Esplanade. The buildings have a combined lettable area of approximately 20,800 square metres and enjoy excellent accessibility.

As part of a repositioning exercise, the two buildings have been renamed 1010 La Trobe Building I and II.

The two properties offered superb value-add opportunities, as much of the common amenities and public space were dated and would benefit from suitable upgrades. SRE swiftly commenced upgrading works on the buildings, and has completed refreshing the building façade, created a new end-of-trip facility, renewed the office-floor lift lobbies and bathrooms, and upgraded the Building I arrival lobby. There was also the opportunity to mark-to-market the rent of some expiring leases, thus increasing income and enhancing the asset's capital value.

SRE has a strong track record in upgrading and repositioning older office buildings and creating value in the process, particularly in Australia. SRE expects that 1010 La Trobe will benefit from that experience and ultimately deliver a healthy return on its investment.

Acquisition of Gloucester Business Park

In June, SRE acquired a portfolio of office buildings and development land parcels in Gloucester Business Park ("GBP"). This is SRE's second business park property investment in the UK – this niche property sector offers attractive yields and is generally a more defensive asset class.

GBP is an established business park in Northwest England that offers a diverse range of business space, including premier offices, manufacturing space, and logistics facilities. SRE's portfolio at GBP includes seven office buildings and two industrial properties, with total lettable area of 522,000 square feet.

There are also five parcels of land that can potentially be developed into a total of 310,000 square feet of logistics space.

The five land parcels will be progressively developed over time, either on a pre-leased / built-to-suit basis, or developed speculatively, depending on market conditions and interest.

The GBP portfolio, which is fully leased and includes major tenants like Lockheed Martin, GE Aviation, EDF Energy, and Ecclesiastical Insurance, is expected to generate healthy and steady income for the foreseeable future. Demand for logistics space in the UK remains healthy despite the somewhat negative macroenvironment.

CHINA RETAIL PROPERTIES

2022 was a difficult year for the retail malls that SRE owns in China. Strict Covid-related lockdowns, followed by a rapid surge in infections towards the end of the year when the Chinese government ended its zero-Covid policy, have had a big impact on footfall, and presented mall management with various operational challenges. As a result, full year sales at the malls in Chongqing and Shanghai were 7% and 9% lower than 2021, respectively.

However, the average unit rent at the malls improved overall in 2022 and in December 2022, the average rents achieved at the Chongqing and Shanghai malls were 9% and 3% higher than that at the end of 2021.

Looking forward, SRE is optimistic that 2023 will potentially see a strong turnaround for the malls' performance as Chinese cities reach some level of immunity, local governments impose fewer movement restrictions, and economic activities pick up. Past experience over the last three years show that there is a high propensity for Chinese shoppers to spend when restrictions are lifted.

LOOKING AHEAD

SRE will continue to stay focused on enhancing the resilience of its portfolio through active asset management and accretive acquisitions of high-quality properties, with a focus on riding on global macroeconomic trends such as a greater emphasis on supply chain resilience. This will allow the Group to deliver greater value and sustainable returns to our shareholders.

ARENAS YEONGJONG

Year in Review

ESR GROUP LIMITED

ESR DONGGUAN HONGMEI DISTRIBUTION CENTRE

ESR Group Limited ("ESR") is Asia Pacific's ("APAC") largest real assets manager with US$149 billion[1] in gross assets under management ("AUM") as at 30 June 2022, after the acquisition of ARA Asset Management Holdings Pte Ltd ("ARA"). It is also the third largest listed real estate investment manager globally, with significant exposure to new economy real estate. It has a fully integrated development and investment management platform that extends across key APAC markets including China, Japan, South Korea, Australia, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC. ESR also has an expanding presence in Europe and the United States.

Following the completion of the proposed distribution to Straits Trading shareholders on 3 November 2022, the Group retained 166.2 million ESR shares, or a 3.7% stake in ESR.

In 1H 2022, ESR completed the acquisition of a 550,000 sqm prime logistics and industrial portfolio in Greater Shanghai, China, and unveiled the development of US$1.5 billion multi-phase ESR Kawanishi Distribution Centre logistics park on a 505,647 square metre site in Greater Osaka.

In July 2022, ESR announced that it entered into an agreement with a leading global institutional investor to recapitalise a prime logistics and industrial portfolio (total GFA of over 873,000 square metres and 98% occupied) worth around US$730 million on its balance sheet. This is ESR's largest-ever sell-down of a self-developed balance sheet portfolio with the plan to recycle the capital back into new and increasingly attractive opportunities across APAC.

In the same month, ESR acquired a further 25% stake in ESR-LOGOS REIT manager, increasing its stake in the REIT manager to more than 90%. This demonstrated ESR's commitment to help the REIT grow in scale from total assets of S$5.7 billion as at December 2022. Separately, ESR announced the first close of over US$1 billion in equity commitments for its inaugural data centre fund during the month. Thereafter in November, ESR reported that it had begun construction of its first phase of a US$2+ billion multi-phase data centre campus in Central Osaka, Japan.

In December 2022, ESR announced that it was considering a listing of logistics assets in the People's Republic of China through a publicly offered infrastructure securities investment fund on the Shanghai Stock Exchange.

Straits Trading believes that the enlarged ESR platform and its suite of private real estate fund and REIT products, coupled with its network of superior logistics, data centre and commercial assets globally will continue to present synergistic opportunities and at the same time, enhance the growth and value of Straits Trading.

[1] Based on constant FX translation as of 31 December 2021 for a like-for-like comparison.

Year in Review

STRAITS INVESTMENT MANAGEMENT PTE. LTD.

Straits Investment Management Pte. Ltd. ("SIM"), a wholly owned subsidiary of Straits Trading, is a licensed fund management company regulated by the Monetary Authority of Singapore. The firm, incorporated in February 2019, invests globally in equities, fixed income, and real estate alternatives.

In January 2022, SIM and Nikko Asset Management ("NikkoAM") collaborated once again to successfully list the NikkoAM - Straits Trading MSCI China Electric Vehicles and Future Mobility ETF on the Singapore Exchange. As of December 2022, SIM's assets under management and advisory had crossed S$510 million.

OVERVIEW

2022 was a challenging year for global financial markets and investor sentiment turned decisively bearish. Most investors were caught off guard by Central Bank policies, hardly anyone expected such a fast and steep increase in rates. The year turned out to be the worst year for a balanced 60/40 portfolio in several decades. With both stocks and bonds down, investors endured one of the largest losses of wealth in history.

Geo-political tensions, inflation and a hawkish United States Federal Reserve ("Fed") led to a sharp sell-off, pushing major indices into correction territory.

REITs were not spared either. A potential silver lining for investors was that even though REITs slid this year, their dividends held up well and REIT managers continued with share buybacks. Despite the potential for higher interest rates or even a recession, we expect REIT cash flows to keep growing over the next couple of years. Most REIT managers took advantage of low interest rates to refinance debt in 2021 and entered this period with healthy balance sheets, having learnt from the Global Financial Crisis of 2008. By the end of the year, several high-quality REITs were trading significantly below net asset value ("NAV") which implies investors can get fractional ownership of the underlying properties at below their valuations determined by independent valuers.

As of 31 December 2022, the global real estate sector was trading at a 26% discount to NAV and offered a dividend yield of 4.2%. Private equity firms could be lurking around the corner with "take private" opportunities.

OUTLOOK

2022 witnessed the largest performance dislocation between private and public real estate. Private real estate valuations hardly corrected over the course of the year while public real estate valuations tumbled sharply. According to Goldman Sachs, large performance dislocations between private and public real estate markets usually close within a couple of years, driven by a combined catch up in public real estate and catch-down in private real estate. In our view, buying public REITs at current discounted valuation levels, relative to private real estate may prove to be the sensible move for investors over the long term.

We expect the global economy to continue to grow at a below-trend pace in 2023 with a mild recession now a likely possibility. After last year's sell off, equities/REITs are trading in a reasonable range. Several high-quality firms are trading at attractive valuations, presenting opportunities for investors with multi-year investment horizons. In fact, since 1930, stocks have tended to rise meaningfully over the one-, three- and five-year periods following major corrections.

Year in Review

STC PROPERTY MANAGEMENT SDN. BHD. — STRAITS CITY

ARTIST'S IMPRESSION OF STRAITS CITY

Straits City is a 40-acre development in Penang, Malaysia. Located at the heart of Seberang Prai Utara, along the prime waterfront of Butterworth, it offers a panoramic view of Penang Island and is well-connected to it and other major towns via two bridges, Butterworth Outer Ring Road, and major roads and highways. It is also a 25-minute drive from the Penang International Airport, 10-minute drive from the newly gazetted free port, North Butterworth Container Terminal, and an 8-minute drive from the Penang Sentral Transportation Hub.

Co-owned by Straits Trading and Malaysia Smelting Corporation Berhad, Straits City is an integrated mixed-use development, comprising of residential, retail, offices, hotels and serviced apartments. It is envisioned as a city of the future with smart technologies such as an artificial intelligence-driven security network with Internet of Things devices installed in the gardens of the development, that not only enhances the quality of the living space but also offers residents, workers, visitors and companies a seamless and smart experience that can bring greater efficiency and convenience.

As the master developer of Straits City, STC Property Management Sdn. Bhd., a wholly owned subsidiary of Straits Trading, has commenced the first phase of the integrated development. The construction of a 4-star hotel is scheduled for completion at the end of 2023. It is a 23-storey mixed-use development, which includes 343 rooms, MICE facilities and a retail podium with net lettable area of approximately 42,000 square feet.

CONSTRUCTION OF 4-STAR HOTEL IN STRAITS CITY

OUTLOOK

Malaysia registered GDP growth of 8.7% in 2022[1], driven by pent-up demand from the private sector, recovery from the tourism industry, and trade performance. However, amid an increasingly challenging global economic environment, Malaysia's economic growth is forecast to moderate to between 4% to 5% in 2023[2], supported by robust domestic demand, higher investment, and trade.

Malaysia reopened its borders on 1 April 2022 with the aim of revitalising the tourism industry, which is one of the major contributors to the economy and allowing the acceleration of economic activities. Private consumption grew in 2022 with more job opportunities, and an increase of minimum wage to RM1,500. The special Employees' Provident Fund withdrawal in April 2022 also provided an additional boost to private consumption.

With the recovery of the tourism industry on track, supported by robust consumer spending in an improved employment market, the hotel is poised to cater to both foreign and domestic travellers when it opens by Q1 2024.

[1] Strong 8.7% GDP growth for 2022 shows restored confidence in national economy: Anwar - Ministry of Finance, Malaysia. https://www.mof.gov.my/portal/en/news/press-citations/strong-8-7-gdp-growth-for-2022-shows-restored-confidence-in-national-economy-anwar

[2] Economic Outlook 2023 – Budget 2023 Ministry of Finance, Malaysia. https://budget.mof.gov.my/pdf/2023/economy/economy-2023.pdf

Year in Review

FAR EAST HOSPITALITY HOLDINGS PTE. LTD.

Far East Hospitality Holdings Pte Ltd ("FEHH"), Straits Trading's 30%-owned joint venture formed in 2013 with Far East Orchard Limited, is an established international hospitality assets owner and operator. In the same year, FEHH and Australia's Toga Group formed a 50-50 joint venture, Toga Far East Hotels ("TFE Hotels"). Today, FEHH has a combined portfolio of close to 16,500 rooms under management across over 90 hotels and serviced residences in nine countries – Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand and Singapore.

FEHH has a stable of 10 unique and complementary brands, including Oasia, Quincy, Rendezvous, Village, Far East Collection, A by Adina, Adina Hotels, Vibe Hotels, Travelodge Hotels and Collection by TFE Hotels.

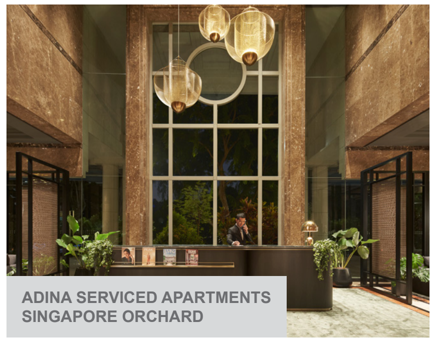
KEY DEVELOPMENTS

As travel restrictions relax, FEHH has seen return of business and leisure travellers, which contributed to higher fees, and uplifts in occupancies and room rates in the Group's portfolio. Straits Trading's hospitality segment has therefore turned around, delivering S$0.8 million profit before tax for FY2022, against S$12.4 million loss for FY2021.

In 2022, FEHH grew its hospitality management portfolio with the opening of three hotels comprising approximately 494 rooms in Australia and Germany.

In Singapore, FEHH launched the Adina Serviced Apartments Singapore Orchard in July 2022 and the Vibe Hotel Singapore Orchard in November 2022. These are the two Australian hospitality brands' first forays in Asia.

In March 2022, FEHH entered a joint venture with Real Hospitality Group to establish and grow the hospitality



ADINA SERVICED APARTMENTS SINGAPORE ORCHARD

management in the People's Republic of China. In October 2022, the company expressed the intention to deepen its partnership with the Artotel Group via entering Indonesia with its Oasia and Quincy brands, with Bali, Jakarta and Surabaya as initial target locations.

OUTLOOK

The hospitality sector is seeing the return of business and leisure travellers as borders open and travel restrictions relax. While there appears to be some pent-up traveller demand, international arrival levels remained significantly below 2019 levels. In Singapore, international tourist arrivals reached 6.3 million in 2022, still only 33% of the 19.1 million seen in 2019. Singapore Tourism Board expects the tourism sector to continue its growth momentum this year on the back of increasing flight connectivity and capacity, and China's gradual reopening. International visitor arrivals are expected to reach around 12 to 14 million in 2023, and tourism activity is expected to recover to pre-pandemic levels by 2024.

According to United Nations World Tourism Organization ("UNWTO"), international travel is expected to reach 80% to 95% of pre-pandemic levels this year. Europe reached nearly 80% of pre-pandemic levels as it welcomed 585 million arrivals in 2022, while Asia Pacific reached only 23% due to stricter restrictions, which have started to be removed only in recent months. UNWTO foresees the recovery to continue throughout 2023 with the lifting of travel restrictions in China.[1] FEHH is well-positioned to benefit from the recovery in these markets, given its presence in countries like Singapore, Australia, Japan and Germany.

While the tourism outlook appears optimistic, uncertainty in the international economic environment could pose headwinds to the recovery of the sector. The main factors weighing on the recovery include geopolitical tensions, labour shortages, rising inflation, higher interest rates and high oil prices, resulting in higher cost of operations and a slower demand recovery.

STRATEGY

FEHH will actively take steps to position its business to capture opportunities as the market recovers to pre-pandemic levels and beyond. The management is working to reposition the portfolio to achieve increase revenue and profit and of its hospitality portfolio to prepare for the full recovery. At the same time, management will maintain a prudent capital structure and drive growth via the asset-light management contract model, leveraging on its brand equity. Our investment in FEHH has weathered the pandemic well, given its robust balance sheet. As our hospitality platform, we aim to continue supporting FEHH's growth, its strategy to transform its brands and offerings, and its push towards its goal of having 25,000 rooms under management by 2025. This is a scalable platform that Straits Trading will look to capitalise when suitable opportunities arise.

[1] Based on UNWTO, https://www.unwto.org/news/tourism-set-to-return-to-pre-pandemic-levels-in-some-regions-in-2023

Investor Relations


GALLOP EXTENSION TOUR

Straits Trading recognises that open communications and strong relationships with our stakeholders are key to good corporate governance and long-term success.

In the course of FY2022, we continued to keep our stakeholders – including shareholders, investors, analysts and media – updated on the Group's business performance and corporate developments through a combination of virtual and in-person activities. One of these corporate developments was a share placement exercise in January which raised $80.86 million through the issuance of 26 million new ordinary shares, helping to increase the free float and trading liquidity of Straits Trading.

Due to Covid-19, and in accordance with the relevant guidelines issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and the Singapore Exchange, Straits Trading held its Annual General Meeting ("AGM") virtually on 28 April 2022. All resolutions of the Notice of AGM were passed, with the results and responses to questions from shareholders, as well as the minutes of the AGM, published on SGXNet and the corporate website.

Throughout the year, we maintained our efforts to reach out to investors locally and internationally through non-deal roadshows and face-to-face meetings.

Straits Trading also continued to engage our shareholders through events conducted by the Straits Trading Shareholders' Club, which was launched in September 2021.

When the pandemic measures were significantly eased in April 2022, we took the opportunity to organise various in-person events for our shareholders. These included special guided tours of the Singapore Botanic Gardens Gallop Extension, where Straits Trading owned two colonial houses before the State acquired them, as well as an exclusive Clock Tower Climb at the Victoria Theatre and Victoria Concert Hall – the clock tower was donated by the Company in 1906. This allowed shareholders to have a deeper understanding of Straits Trading's history and participate in heritage tours.

Share Price (S$)	2018	2019	2020	2021	2022
As at last trading day of the year	2.04	2.12	2.06	3.31	**2.33**
High	2.39	2.37	2.15	3.78	**3.49**
Low	1.96	2.01	1.49	2.01	**2.03**
Average	2.03	2.10	2.05	3.32	**3.00**

Source: Bloomberg

GALLOP EXTENSION TOUR

We also organised a talk entitled "Surviving Climate Change" by Professor Benjamin Horton, Director of the Earth Observatory of Singapore and a Professor in Earth Science at the Asian School of the Environment in Nanyang Technological University.

We will continue to organise more events in 2023. Some of the planned activities include guided tours of the Tan Chin Tuan Mansion and an ESG Forum in collaboration with The Edge in May and June, an investment talk in September, and a retirement and estate planning talk in October. There are also plans to launch investment products exclusively for Shareholders' Club registrants in the near future.

To register for any of these events or products, or to keep yourself updated on future developments, interested shareholders can register themselves at https://shareholdersclub.sg to be part of the community. Any shareholder who owns at least 100 Straits Trading shares is eligible to register with the Shareholders' Club.


VICTORIA THEATRE AND VICTORIA CONCERT HALL CLOCK TOWER CLIMB

SURVIVING CLIMATE CHANGE

List of Investor Relations Activities

DATE	ACTIVITY
18 Jan 2022	Share Placement Exercise
2 Mar 2022	FY2021 Results Briefing
28 Apr 2022	Annual General Meeting
21 May 2022	Singapore International Festival of Arts 2022 – Ceremonial Enactments
May & Jun 2022	Singapore Botanic Gardens Gallop Extension Guided Tour
8 Jun 2022	In conversation with Professor Benjamin Horton, "Surviving Climate Change"
Aug 2022	Victoria Theatre and Victoria Concert Hall Special Guided Tour + Clock Tower Climb
18 Aug 2022	1H FY2022 Results Briefing
5 Oct 2022	Webinar - Ben Paul's Mark to Market 'Live' with Straits Trading's Eric Teng
28 Oct 2022	SGX Cares Bull Charge Charity Run 2022
4 Nov 2022	Singapore Writers Festival 2022

Sustainability Report

STATEMENT FROM THE BOARD

Dear valued stakeholders,

The Board of Directors ("the Board") is pleased to present The Straits Trading Company's ("Straits Trading") seventh Sustainability Report ("the Report") for the financial year ended 31 December 2022 ("FY2022"). This report details Straits Trading's comprehensive approach to sustainability, including our corporate governance, engagement with stakeholders, environmental initiatives, and social programmes. It covers all material aspects of our sustainability efforts and responsible business practices.

In 2022, the global landscape was shaped by significant challenges such as the Russia-Ukraine war, high inflation rates, and wage stagnation. The combination of these global events led the World Bank to forecast that recession is highly likely in the coming years[1]. This is in line with global consensus. The International Monetary Fund ("IMF") trimmed the global growth forecast by 0.7 percentage points to 2.9% for 2023[2].

In the near term, these economic difficulties may worsen our collective resilience against additional shocks such as climate-related events. These climate impacts can hamper local economic development and increase the vulnerability of communities in the markets that we operate in[3]. As a business, the stability of our operating markets and communities is crucial to our growth and prosperity. We must build social and environmental resilience in our markets and communities to secure our long-term competitive advantage and unlock value for stakeholders.

UNLOCKING VALUE THROUGH SUSTAINABILITY AND BUSINESS PURSUITS

In 2022, we took bold efforts to strengthen our sustainability commitment by setting a long-term unified sustainability vision. This vision will guide our environmental, social, and governance ("ESG") efforts to build resilience across our operations and the wider community, contributing to our business success.

Our heritage as a resilient conglomerate that has weathered world wars and economic downturns over 135 years has helped us overcome socio-economic challenges by not just relentlessly pursuing business growth, but also social and environmental benefits for local communities. In 2022, we solidified this longstanding strategy as our sustainability vision to continue unlocking value for stakeholders. We will take a balanced approach to focus on sustainability and business pursuits across our diverse business lines, in Resources and Property.

To demonstrate our commitment, we examined our business lines in 2022 and refreshed our ESG factors to ensure that we address the unique ESG considerations of each business aligned with our sustainability vision. This will position us well to meet the rapidly changing sustainability expectations of the property and resource industries, and to continue bolstering our resilience.

INTEGRATING GREEN INNOVATION INTO TIN BUSINESS

In our Resources business[4] through our strategic stake in Malaysia Smelting Corporation Berhad ("MSC"), we are focused on strengthening research and development efforts to create innovative and sustainable solutions. These solutions aim to reduce climate and environmental impacts, increase the quality of products, and reduce production costs. For instance, MSC has developed a heat recovery system that meets the energy needs of its tin smelting plant. MSC has also developed a system to recycle the by-product of mining, thereby reducing wastage in the ecosystem.

MSC has set rigorous measures in place to reduce the environmental impacts of our tin smelting and extraction operations. This includes neutralising wastewater prior to discharge in local rivers and constant monitoring of smoke emissions to stay well within regulatory limits, to ensure the health and well-being of the community. MSC is committed to international standards for mineral sourcing[5] to meet rising stakeholder expectations for responsible tin mining and smelting.

We believe MSC's innovative efforts and unwavering commitment to conduct tin mining and smelting operations in a responsible and sustainable manner will continue to bolster our competitive advantage and create value for stakeholders.

[1] World Bank Chief Economic Outlook, September 2022.
[2] IMF World Economic Outlook, July 2022.
[3] World Bank Climate Financing, September 2022.
[4] STC's Resources business line is operated under Malaysia Smelting Corporation Berhad ("MSC"). MSC is dual listed on Bursa Malaysia and the Singapore Exchange, and has tin smelting and extraction operations.
[5] MSC conforms to the criteria set out by the iTSCi Program (ITA Tin Supply Chain Initiative), the flagship of International Tin Association ("ITA"). This together with Responsible Minerals Assurance Process ("RMAP"), the flagship of Responsible Mineral Initiatives ("RMI"), have been developed according to the latest global standards including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("CAHRAs"), Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform.

ESCALATING GREEN GROWTH THROUGH SUSTAINABLE REAL ESTATE

In our Property business[6], we are taking a multi-pronged approach to pursue sustainability-related opportunities to strengthen the resilience of our real estate development and investment. Straits Real Estate ("SRE") has incorporated significant green building design features in its real estate portfolio in China, Australia and the United Kingdom. This can aid in reducing environmental resource consumption, leading to reduced electricity cost over time. In Malaysia, STC Property Management ("STCPM") is developing Straits City – a 40-acre state-of-the-art integrated seafront development in the historic city of Butterworth, Penang. As part of the master plan, the development will feature Internet-of-Things ("IoT") and innovative technology features for environmental monitoring and management. In 2022, STCPM also engaged the Nanyang Technological University's Earth Observatory of Singapore ("EOS") to perform a sea modelling assessment to understand climate impacts such as flooding risks in Straits City. This study is ongoing, and we will take proactive and rigorous measures to ensure that our projects are climate-resilient.

We believe that our holistic and diverse strategies to integrate sustainability and climate efforts in our Property business are aligned with our sustainability vision and will open new business opportunities for Straits Trading.

ROUTINE WATER SAMPLING EXERCISE

ENSURING A STRONG STEWARDSHIP

As a leading conglomerate in the sectors of real estate and resources, we are well placed to execute our sustainability visions through the ESG efforts across our operations. We have ensured that the Board continues to play a leadership role in driving Straits Trading's efforts. To fulfil this responsibility, the Board has appointed the Audit and Risk Committee ("ARC") to provide oversight of ESG matters. The ARC reports directly to the Board. The members of the ARC possess a diverse range of experience and skills that enable them to effectively monitor and manage these matters. As a team, we view sustainability as a key aspect of our strategic decision-making and closely monitor all important sustainability-related issues.

As we advance further in our sustainability journey, we will expand our climate risk management process. With effect from FY2023, we have been assessing and identifying the impact of climate risks and opportunities on our operations, assets, liabilities, and financial performance, in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). We are also aligned to the global sustainability reporting standard Global Reporting Initiatives ("GRI"), which provides guidelines that ensure our ESG disclosures are comprehensive, complete, and relevant to the expectations of the market and stakeholders.

In FY2022, we took significant steps to strengthen our commitment to be a resilient conglomerate. At Straits Trading, we remain steadfast in our commitment to make tangible ESG progress, while achieving business growth to unlock value for stakeholders.

We look forward to your continued support.

Yours faithfully,
The Straits Trading Company Limited's
Board of Directors

[6] STC's Property business line consists of Straits Real Estate Pte. Ltd. ("SRE"), STC Property Management Sdn. Bhd. ("STCPM"), Straits Development Private Limited ("SDPL") and Straits Investment Management Pte. Ltd. ("SIM").

Sustainability Report

ABOUT STRAITS TRADING COMPANY LIMITED

OVERVIEW

The Straits Trading Company Limited ("Straits Trading" or "the Group") was established in 1887 as a tin smelting and trading company. Today, we are a well-established conglomerate with financial interests in resources, properties, and hospitality. This includes a majority stake in Malaysia Smelting Corporation Berhad ("MSC"), one of the world's largest independent custom tin smelters dual-listed on Bursa Malaysia and the Singapore Exchange Securities Trading Limited, a 30 per cent interest in Far East Hospitality Holdings, and a strategic stake in ESR Group. We also have a diversified property portfolio and wholly owned real estate investments. Our headquarters are based in Singapore. As of 31 December 2022, we have a workforce of 1,406 employees, with 60 employees in Singapore, 1,289 employees in Malaysia and 57 employees in China.

SUSTAINABILITY AT STRAITS TRADING COMPANY

Vision

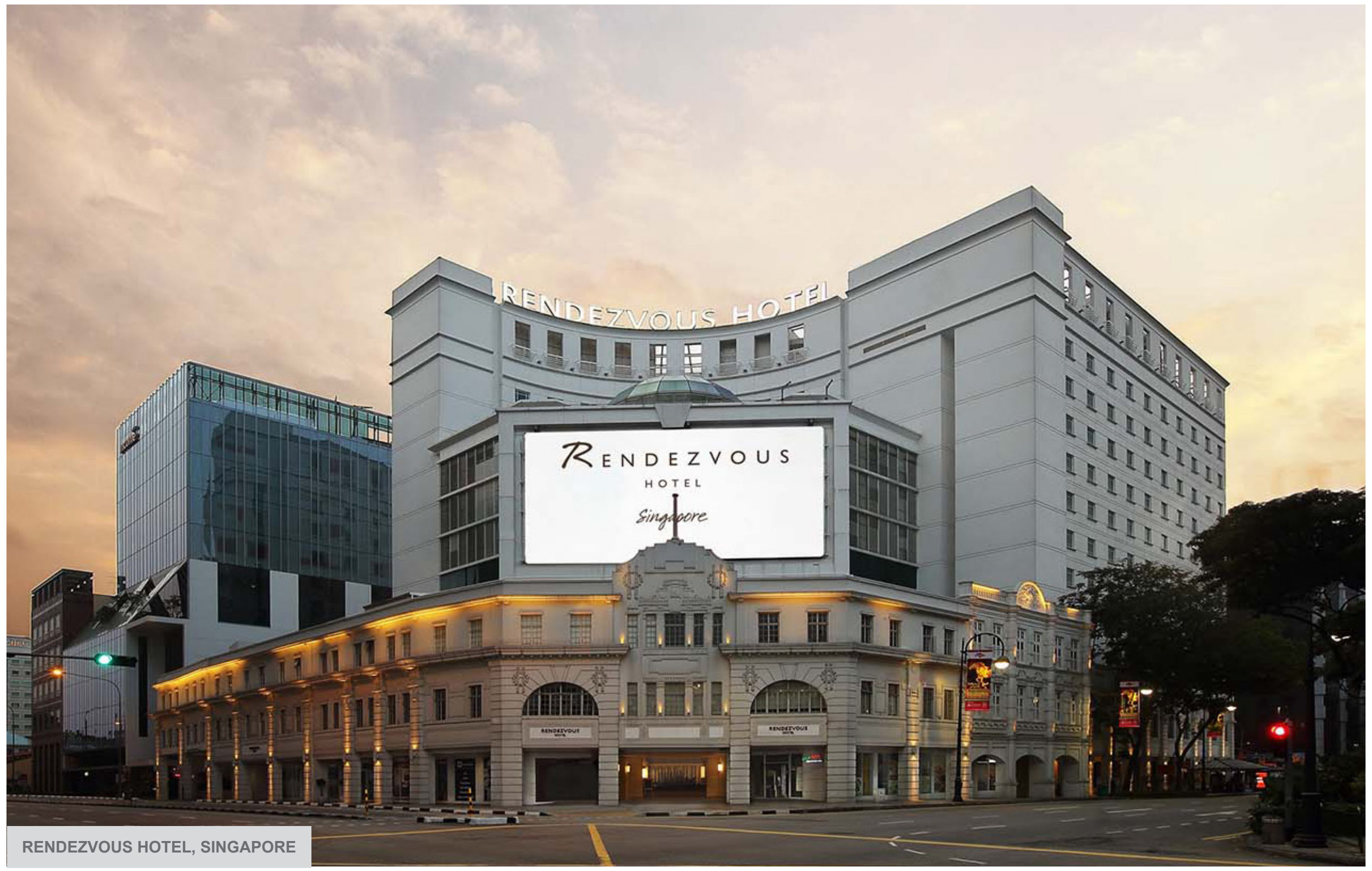
To shape and transform our investments into businesses of enhanced value.

Sustainability at its core

In FY2022, we established a unified sustainability vision and made bold efforts to strengthen our sustainability commitment. This exercise was carried out with the intention that the vision will guide our Environmental, Social, and Governance ("ESG") efforts to build resilience across our operations and the larger community, thereby contributing to our business success.

Our sustainability vision is based on our history as a resilient conglomerate that has survived world wars and economic downturns over the last 135 years. We overcame these socioeconomic challenges by pursuing not only business growth but also social and environmental benefits for local communities. We solidified this long-standing strategy as our sustainability vision in FY2022 to continue unlocking value for stakeholders. We remain steadfast in our balanced approach towards sustainability and business pursuits across our diverse business lines, specifically in resources and property.

To demonstrate our commitment, we reviewed our diverse business lines in FY2022 and refreshed our ESG factors to ensure that we address the unique ESG considerations of each business line while remaining aligned with our sustainability vision. This will put us in a good position to meet the rapidly changing sustainability expectations of the property and resource industries and to strengthen the conglomerate's resilience.



RENDEZVOUS HOTEL, SINGAPORE

SCOPE OF THE REPORT

This Report highlights our commitments, governance, policies, and performance in managing the ESG impacts in FY2022. This Report is prepared annually and is reported under the Annual Report.

We have considered the percentage of ownership and level of influence when determining the scope of the Report and have included key subsidiaries where we have a controlling share of more than 50%. Associates are scoped out in this report due to the absence of operational control. The entities covered in this Report are:

- Straits Real Estate Pte. Ltd. (SRE)
- Straits Developments Pte. Ltd. (SDPL)
- STC Property Management Sdn. Bhd. (STCPM)
- Straits Investment Management Pte. Ltd. (SIM)
- Malaysia Smelting Corporation Berhad (MSC)

Defining the content of the report

We prioritise fair treatment and interest of our investors and shareholders, and we have accounted for these activities and values in our materiality evaluation. We started by identifying the direct and indirect ESG consequences of our activities.

We have also carefully analysed the extent to which Straits Trading has control and influence over the various ESG impacts of these activities to identify the most effective management opportunities.

> We aspire to contribute to creating a healthier, more sustainable, and equitable future, particularly in Singapore, where the country is committed to achieving net-zero emissions by 2050.

We believe we have the most control in the following three areas:

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

Being capital providers, we have a certain amount of influence with our business partners. As investors in various funds, we have some influence over how capital is invested by fund managers or how our properties are managed by asset managers. We seek to select managers who conduct themselves responsibly and communicate with them frequently to help inform how we manage our investments.

REPORTING FRAMEWORK

The sustainability practices outlined in this Report comply with The Singapore Exchange Limited ("SGX") Listing Rule 711A and 711B, which requires companies to either comply with or provide an explanation for not complying with certain components. We follow the Global Reporting Initiative ("GRI") Sustainability Reporting Standards (GRI Standards 2021) for reporting our sustainability practices and material ESG factors. More information on these references can be found in the GRI Content Index on pages 40 and 41 of this Report.

SUSTAINABILITY STRATEGY

We aspire to contribute to creating a healthier, more sustainable, and equitable future, particularly in Singapore, where the country is committed to achieving net-zero emissions by 2050. As demand for sustainable products and alternatives grows due to evolving climate action, we have re-evaluated our strategies and implemented innovative initiatives.

Our ESG framework highlights our heritage as a resilient conglomerate with diverse business lines and unique ESG considerations. We build our ESG approach by disclosing the relevant material ESG factors that align with the GRI standards (2022) and SGX's 27 metrics. To further strengthen our ESG approach and build resilience, we are currently assessing climate-related disclosures and will seek to adopt the TCFD recommendations in FY2023.

Sustainability Report

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

STAKEHOLDER ENGAGEMENT

We believe that engaging with multiple stakeholders is crucial for achieving our sustainability goals. Regular and meaningful engagement with stakeholders ensures that we prioritise ESG factors that address changing stakeholder expectations, mitigate emerging risks, and future-proof our business. Therefore, we are committed to proactively establishing strong relationships with our internal and external stakeholders. The inputs and feedback from our key stakeholders play a vital role in shaping our sustainability strategy, engagement, reporting, and disclosures.

We have identified a total of four (4) key stakeholder groups, based on their relevance and impact to our business and the impact our business has on them. The table below provides a summary of our stakeholder engagement approach.

> We are committed to proactively establishing strong relationships with our internal and external stakeholders.

STAKEHOLDER GROUP	DESCRIPTION	MODE OF ENGAGEMENT
EMPLOYEES	We believe that our greatest asset at Straits Trading is our workforce. Our employees' combined experience, skills, and knowledge serve as a significant differentiator for our company. We recognise that people are critical to our long-term success. At Straits Trading, we are committed not only to complying with all relevant health and safety laws but also to conducting business in a way that protects our employees' inherent safety. Furthermore, we provide a work environment free of discrimination, intimidation, and harassment, where everyone can contribute to our company's success.	• Employee Intranet • Employee handbook • Regular email communication
GOVERNMENT/ REGULATIONS	We work directly with the government and regulators to communicate our views to policymakers who affect our business. Our primary focus is on compliance with statutory laws and regulations.	• Regulation update seminars and briefings
BUSINESS PARTNERS/ THIRD PARTY SERVICE PROVIDERS	We have implemented and expect our suppliers to follow the sustainability Code of Conduct. To procure high-quality equipment, we have established stringent vendor evaluation and quality control processes. As common practice, we do not have any supplier agreements that include long-term pricing or volume commitments, although we have made limited purchase commitments in the past to ensure an adequate supply of components.	• Regular management meetings
INVESTORS/ SHAREHOLDERS	Our future success depends on the support and engagement of our shareholders, potential shareholders, and investors, as well as continued access to capital. To this end, at Straits Trading, we strive to effectively communicate our strategic objectives, operational and financial performance through our engagement activities.	• Annual General Meeting • Annual Report • Company website • Roadshows/Analyst briefings • Straits Trading Shareholders' Club

MATERIALITY ASSESSMENT

In FY2022, with the assistance of an external partner, we conducted a materiality assessment to identify the key ESG factors that have the most significant impacts on our stakeholders and the business. We have developed our materiality assessment process by identifying the latest market best practices, combined with insights gathered from our engagement with internal and external stakeholders. This included interviews and discussions with management and operational staff to understand the various aspects of the Resources and Property businesses that are impacted by these ESG factors. Additionally, we also reached out to external stakeholders through roadshows and annual general meeting to gather diverse viewpoints on their expectations for the Group to manage these ESG factors. This approach allowed us to identify the key governance, economic, environmental, and social trends that are impactful to our business.

Our materiality assessment validated that the existing ESG factors are relevant to our business. We have also identified 4 new ESG factors. 'Environmental Impacts' has been included to reflect the heightened importance of conservation efforts amid the growing urgency of climate change across the world. We have also added 'safety and health', 'human rights' and 'diversity and inclusion' as part of our list of ESG factors.

List Of ESG Factors Identified

GOVERNANCE	Ethics and compliance
	Economic impact
	Investing responsibly
	Investors/ Shareholders
ENVIRONMENT	Environmental impacts (new for FY2022)
SOCIAL	Training and education
	Safety and health (new for FY2022)
	Diversity and inclusion (new for FY2022)
	Human rights (new for FY2022)

Sustainability Report

GOVERNANCE

OUR SUSTAINABILITY GOVERNANCE APPROACH

The Board of Directors plays an important role in steering the overall sustainability direction of the Group. The Board is aided by the ARC which authorises and oversees the management and tracking of material ESG factors. Additionally, the ARC reviews the adequacy of the Group's internal controls to strengthen the integrity and credibility of its sustainability reporting.

In FY2022, the Board has undergone a sustainability training program to stay informed about current and future ESG issues. Additionally, they have ensured that the Group complies with mandatory ESG reporting obligations in FY2022.

PROPER SEGREGATION AND LABELLING OF SCHEDULED WASTE BY MSC IN MALAYSIA

ETHICS AND COMPLIANCE POLICIES

At Straits Trading, we attain ethical and transparency excellence by establishing our foundation on robust internal governance policies and procedures:

+ **Whistleblower Policy:** We are committed to fostering a workplace conducive to open communication on business practices and to protecting employees from unlawful retaliation and discrimination for properly disclosing or reporting illegal or unethical conduct. The Whistleblower Policy is available to all staff.

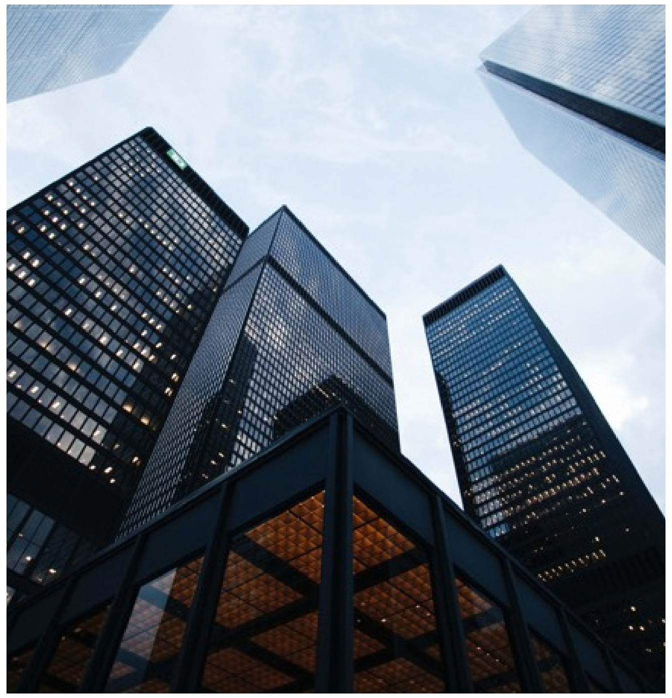
+ **Business ethics and integrity:** We are committed to upholding the highest ethical standards in our interactions with all stakeholders, particularly governments and their representatives. We follow all applicable laws and regulations, including special requirements for communication with government bodies that may have regulatory authority over its products and operations, such as government contracts and transactions.

+ **Business code of conduct:** We have established a strong code of conduct for our employees, which is outlined in our Employee handbook. Straits Trading is committed to conducting our operations fairly and transparently.

Anti-corruption and bribery

At Straits Trading, we consider anti-corruption as an integral part of our organisational culture. This is not only because we want to be responsible corporate citizens, but also because we are aware of the potential harm that corruption can cause to our reputation and business operations. To ensure that all employees are aware of our ethical standards, we have an Employee Handbook that outlines the appropriate work ethics when dealing with potential conflicts of interest. This handbook is accessible to all employees and covers procedures for mitigating corruption and bribery incidents, as well as our Whistleblower Policy.

The Whistleblower Policy provides guidelines and procedures for addressing complaints related to unethical business practices, internal controls, fraud, and accounting. These complaints can be submitted by employees or third parties, and we handle them according to the guidelines set out in the policy. Additionally, we provide quarterly updates to the Audit and Risk Committee on whistleblowing matters.



Compliance with relevant local laws and regulations

We consider compliance with applicable laws and regulations as more than just a legal obligation. We believe that it is also part of our responsibilities towards our investors and other stakeholders. We understand that ensuring compliance requires management and regular monitoring. Therefore, we constantly review our Board Assurance Framework to ensure its relevance in the face of a changing legal and regulatory environment.

Our business activities are subject to a plethora of laws and regulations that govern our business practices, the use of our products and services, and environmental regulations in all locations where we operate. To govern our employees' actions and behaviours, we have established internal rules and policies outlined in our Employee Handbook. These cover work ethics, employee behaviour, managing regulatory compliance, and conflicts of interest. Additionally, we strictly adhere to the Personal Data Protection Act ("PDPA") and have implemented a PDPA compliance manual and policy to ensure our employees understand and comply with the legislation. To this end, we require all employees, consultants, and suppliers to sign the appropriate PDPA consent form.

INVESTING RESPONSIBLY

As investors, we are aware that various factors such as market conditions, corporate decisions, political and social changes, as well as currency fluctuations, can affect the value of investments. As responsible investors, we also understand how ESG factors can amplify or mitigate some of these risks.

To consistently deliver long-term sustainable returns to our shareholders, we believe in holistically integrating ESG factors into our investment decisions. We have been including ESG considerations as part of our investment criteria for many years, and strive to continue doing so in future.

As a responsible investor, we assess risks that include:

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

Investment criteria

The sustainability risks of an investment should be evaluated during the purchase stage. For us, this involves assessing the risks associated with the funds or properties at the due diligence stage and working with best-in-class local partners to achieve our desired outcomes for our properties over the course of our investment periods.

To assist the investment team with due diligence, advisers are hired based on their market experience and track record. Additionally, we have implemented various policies such as the Financial Authority Limits ("FAL"), the SRE Operations Handbook, the SRE Hedging Policy, the Trading Compliance Manual, and the Treasury Policy of the Straits Trading Group. The due diligence process includes several levels of screening for potential investment risks, as well as procedures for monitoring various investment risks and exit strategies.

Furthermore, we regularly monitor and evaluate concentration risk in both geography and asset class when considering new opportunities in our existing markets of Australia, China, Japan, Malaysia, Singapore, South Korea, and the United Kingdom.

Sustainability Report

ENVIRONMENT

OUR ENVIRONMENTAL COMMITMENT AND STRATEGIES

The scientific evidence on climate change is unequivocal. The latest report from the Intergovernmental Panel on Climate Change ("IPCC")[1] indicates an increasing risk of climate hazards in the coming decades if global warming exceeds 1.5 degree Celsius above pre-industrial levels[2]. As a leading Asian conglomerate with significant interest in real estate and extractive resources, we are fully committed to minimising our environmental impacts and setting a leading example for the sectors in which we operate. We believe our environmental efforts will contribute to the Group's long-term resilience, securing our competitive advantage and unlocking value for stakeholders.

At Straits Trading, our environmental strategies are guided by a robust set of internal policies[3]. We constantly review these policies to ensure that we adhere and comply with relevant laws and regulations in our operating markets.

To strengthen our commitment to minimise environmental impacts and set a positive example in our sectors, we are conducting a group-wide review of our environmental policies, initiatives and performance. Together with an external partner, we are evaluating our organisational boundaries and identifying emission hotspots. We have started collecting these data sets and key insights on our consumption patterns. In FY2023, we plan to disclose our greenhouse gas ("GHG") emissions, electricity, and water performance, alongside rigorous and comprehensive environmental management plans to effectively reduce our environmental impacts.

INNOVATIVE SOLUTIONS FOR THE BUILT ENVIRONMENT

We focused on introducing and implementing innovative solutions for green transformation in FY2022. In the Property business, we progressively introduced green technologies to reduce the environmental impacts of our property portfolio.


BEFORE - EX-TAILING AREA PRIOR TO REHABILITATION WORKS


AFTER - SUCCESSFUL REHABILITATION WITH HIGH-VALUE TIMBER TREES PLANTED

During the year, we made green retrofits to increase operational efficiency and energy performance at our properties in Australia and the United Kingdom. For instance, we carried out mechanical and electrical upgrades at 320 Pitt Street in Sydney, Australia. These included the installation of new air-handling fan coil units, variable speed drives for the HVAC pumps and an overhaul of the building management system. New openable louvres were also installed at a section of the building facade to allow for outside air intake which generates higher air flow and indoor air quality optimisation. These measures will increase the energy efficiency of the property and contribute to our effort to reduce environmental impacts.

We took the opportunity to introduce new green features during the refurbishment process of our properties. We have incorporated roof-top photovoltaic (PV) panels at Building 100 of the Bourne Business Park in the United Kingdom as part of our refurbishment effort. Upon completion, Building 100 will be fully powered by electricity without the use of natural gas. The site also features attenuated surface water drainage, which will store excess rainwater when required to provide a neutral run-off.

At Straits Trading, we are also committed to incorporating green design in our new properties[4]. Our subsidiary SRE acquired 1010 La Trobe Street and 192 Harbour Esplanade in Australia[5] in FY2022. These properties have energy ratings of 5.5 and 5 stars NABERS[6], respectively. At 1010 La Trobe, there are also solar panels to generate renewable energy and a waste-water treatment plant to recycle water for base building consumption.

[1] The IPCC is an intergovernmental body of the United Nations that provides scientific assessments on climate change. The latest report released by IPCC is the IPCC Sixth Assessment Report, looking at the global impacts of climate change.

[2] Global impacts highlighted by IPCC include drought, heatwaves, food shortage and floods.

[3] Straits Trading complies with all local regulations in its operating markets. In its Resource business, MSC Group's tin mining and smelting facilities operate in accordance with the Mineral Development Act 1994 ("MDA 1994"), Perak State Mineral Enactment 2003, Environmental Quality Act 1974 ("EQA 1974"), and its applicable regulations, namely Environmental Quality (Scheduled Wastes) Regulations 2005, and Environmental Quality (Clean Air) Regulations 2014. In our Property business, we adhere to the local property and environmental standards, which includes safety, health and environmental regulations.

[4] These refer to properties acquired or built by Straits Trading.

[5] These properties have been rebranded as La Trobe Buildings I and II.

[6] NABERS is the energy efficiency rating standard for properties in Australia. Properties are rated from 1 Star to 6 Star (most efficient). NABERS has been gaining popularity in the global market. It has been adapted and used in the UK property market due to its stringent criteria and consistent methodology across property types.

Similarly, we emphasise sustainability when designing our development projects. In FY2022, three warehouses were completed in Australia. These warehouses are equipped with stormwater recycling features as well as photovoltaic panels to generate renewable energy on-site.

In Malaysia, our subsidiary STCPM started developing an integrated mixed-use project in Penang. Straits City is a 40-acre flagship project to be developed over 11 parcels of land with the North and South nodes connected via a flyover and a pedestrian-linked bridge. In 2022, STCPM undertook various sustainability initiatives, including implementing a smart energy management system to monitor energy usage. STCPM also embarked on the process of certifying an ongoing hotel development as a green-certified building. Additionally, STCPM has initiated an asset improvement initiative for existing shophouses in Penang, in line with the 3Rs' principles of reduce, reuse, and recycle. The structure of the building is retained, with replacements only carried out when components have reached their end of productive life. In addition, STCPM also introduced window films to reduce UV transmission through the office windows, thereby reducing air-conditioning usage. As a final touch to the asset improvement initiative, there are plans to introduce a green wall to one of the external facades to reduce heat load, and the water from the air-conditioning compressor will be recycled to water the plants. These efforts across STCPM's property investment and development projects are expected to minimise environmental impacts, and we plan to progressively expand these efforts across its property business.

FOCUS ON RENEWABLE ENERGY AND RESOURCE EFFICIENCY IN THE TIN SECTOR

We are steadfast in our commitment to manage our emissions, electricity and water consumption. We work closely with MSC to reduce environmental impacts in the tin mining and smelting operations in Malaysia. MSC's efforts focus on the generation of renewable energy and efficient use of resources in its operations.

As part of its effort to transition to renewable energy, MSC installed 1.26MWp of solar PV panels at its smelting facility in Pulau Indah in 2021. MSC also has 2 mini hydro power plants in its tin mining facility, Rahman Hydraulic Tin Sdn Bhd ("RHT"). In total, 3% of MSC's total energy consumption came from renewable sources. We expect this to increase with the full operation of the newly installed solar PV panels at Pulau Indah, and more solar PV panels being planned in future.

MSC has always been innovative in its efforts to reduce environmental impacts. It is developing a waste heat recovery system to harness thermal energy from smelting activities. Heat is generated through the combustion of natural gas in the furnace. The heat generated is redirected and converted into electricity.

In addition to managing its energy consumption, MSC takes active efforts to ensure responsible consumption of water. The company uses a closed water circuit system in mining operations where a significant amount of water is stored in open water reservoirs (also known as tailing ponds). This has allowed MSC to decrease water withdrawal by 71% in 2022, compared to the previous year.

Apart from energy and water consumption, the tin mining and smelting process can be resource intensive. MSC is committed to play its part to conserve and reduce resource consumption in its operations. In 2021, MSC participated in life cycle assessment by the International Tin Association ("ITA"). The study aims to quantify the environmental impacts of the production of refine tin in accordance with the ISO 14040 and ISO 14044 standards. The study provided insights to MSC on how it can further reduce its environmental footprint. Leveraging on the results of the study, MSC is collaborating with the National University of Singapore ("NUS") to explore avenues to sequestrate emissions in the tin refining process. These measures will contribute to the Group's long-term ability to manage its environmental impacts while pursuing business growth.


SOLAR PV PANELS AT PULAU INDAH SMELTING FACILITY

Sustainability Report

SOCIAL

OUR STRATEGIES TO DEVELOP A FAIR, INCLUSIVE AND SAFE SOCIETY

We believe the success of our business today is not only from the pursuit of business growth but also from the unwavering support of our people and community. We have developed robust policies and social initiatives to enhance the well-being of our employees and communities in our operating markets.

Our social policies and efforts aim to build a safe and hazard-free working environment across the Property and Resources businesses and are dedicated to creating a diverse and inclusive workplace, prioritising talent development, career advancement, and skills training. We also focus on enhancing local socio-economic development by bolstering the well-being of our employees, setting the foundation for us to continue to build a sustainable, equitable, and resilient business.

COMMITTED TO A SAFE AND HEALTHY WORKPLACE

Because of the diverse nature of our businesses, our Property and Resources segments have separate sets of safety and health policies in accordance with local regulatory requirements. We regularly review these policies to ensure we maintain a high standard aligned with the Occupational Safety and Health ("OSH") requirements of our operating markets.

Policies

In our Property business, we adhere to building safety and health regulations in all of our operations. The workers on our construction sites are managed by third-party contractors. We work closely with these contractors to minimise hazards and ensure a safe working environment for all workers. We require major contractors to have a comprehensive OSH policy. This may include evidence of insurance coverage, training, safety protocols on site including handling of electrical equipment, and risk assessment.

In the Resources business, MSC employs most workers on-site directly. MSC established an OSH policy, which governs all health and safety procedures in its facilities. MSC is also in the process of obtaining ISO14001 and ISO45001 to strengthen its OSH processes.

Human rights

We ensure that all our subsidiaries operate in accordance with the local regulatory requirements on manpower. In our Property business, the majority of our employees are based in Singapore. The country is an active participant in the United Nations Global Compact ("UNGC"), which provides international guidelines on human rights.

In our Resources business, MSC's employment policies are aligned with the International Tin Association ("ITA") and the Responsible Mineral Initiative ("RMI"), which refer to the United Nations (UN) Guiding Principles on Business and Human Rights.

Hazard identification and Management

In the Property business, we require key contractors to conduct a general risk assessment prior to the commencement of work, which is then reviewed by us. Based on its current operations, there are no serious OSH risks identified at its construction sites. In FY2022, the Property business did not record any incident of injury or health issue.

In the Resources business, MSC conducts an annual OSH hazard assessment. The scope of assessment includes all operations in its tin mining and smelting facilities. Some of the key risks identified include uneven surfaces and areas with poor lighting. These issues have since been addressed by MSC. In FY2022, MSC recorded 12 cases of high-consequence injuries and 21 cases of minor injuries. In light of these incidents, MSC is currently reviewing its Hazard Identification, Risk Assessment and Risk Control (HIRARC) protocols related to these cases. MSC will also conduct training for employees to be familiar with its Plan-Do-Check-Act procedures.

Workplace Incidents

	Property	Resources
No. of fatalities	0	0
No. of high consequence injuries	0	3
No. of work-related ill health	0	0
No. of injuries	0	23
Injury rate	0	6.1

BUILDING A DIVERSE AND INCLUSIVE COMMUNITY

Diverse and inclusive workforce

We believe a diverse and inclusive workforce is crucial to cultivate innovation and creativity, as well as provide wider perspectives that can sharpen our business strategies. We focus on gender and age diversity and strive to ensure even distribution across these categories. We are currently reviewing these diversity indicators and will consider adding new indicators that are contextually relevant to our operating markets in due course.

We prioritise hiring local talent to fulfil our commitment to local socio-economic development. Nearly all of our 1,408 employees[1] are residents or citizens of their respective operating markets.

In the Property business, we achieved a relatively proportionate balance between male and female employees. Most of the employees are between the ages of 30 and 50 (78% of total employees for Property business).

In the Resource business, majority of employees (85%) are male and are under the age of 40 (63%) due to the nature of tin production work. MSC is taking active measures to attract and nurture more female talent in the tin sector, such as working with local universities to recruit female engineers.

Apart from gender and age diversity, we strive to introduce diverse perspectives in our operations. Leveraging on our structure as a conglomerate, we create opportunities for cross-subsidiary collaborations. This allows for diverse perspectives to be incorporated during brainstorming sessions for current and new projects. In FY2022, SDPL began planning the launch of the Made in Malaysia campaign for its commercial mall in Malaysia, Malaysian Retail Mall. The programme aims to boost local businesses and encourage consumers to buy local products. Team members across SRE, SDPL and STCPM came together to brainstorm and leverage on the Group's collective resources to develop the campaign.

Headcount By Country

		Property	Resources
Singapore	4%	60	0
Malaysia	92%	10	1,281
China	4%	57	0
	100%	127	1,281

Gender Diversity

		Property	Resources
Male	83%	66	1,103
Female	17%	61	178
	100%	127	1,281

Age Diversity

		Property	Resources
< 30 years old	38%	11	530
30 - 39 years old	30%	57	360
40 - 49 years old	17%	42	192
≥ 50 years old	15%	17	199
	100%	127	1,281

Fair and competitive remuneration

We prioritise employee career aspirations alongside business growth. To do so, we align these priorities with competitive fixed and variable remuneration. Performance bonuses are awarded for individual performance and contributions. We also conduct regular benchmarking exercises to provide competitive remuneration packages and benefits.

In the Resources business, MSC also ensures that it is in compliant with the local employment act to set minimum wage of RM1,500 per employee.

Anti-harassment and discrimination

We maintain a firm stance on our zero-tolerance policy towards harassment, bullying and discrimination[2]. We believe every employee has a right to be assessed based on merit and to be free from harassment or discrimination in the workplace.

Our policies on these matters are detailed in our Employee Handbook[3]. We ensure a fair hiring process, focusing on the merit of the candidate. We also have clear definitions of harassment and detailed actions that should be taken by employees if an incident occurs. Employees are urged to report the matter to Human Resources or HODs. All reports will be held confidential in line with our grievance policy[4].

We have had no incident of discrimination in FY2022 and we intend to maintain this for the upcoming year.

[1] Employees here are defined as individuals directly employed by Straits Trading (across SRE, SDPL, SIM and STCPM) and MSC. For the Property business, the majority of employees in Singapore and Malaysia are permanent employees, while most employees in China are contract staff. The Group occasionally engages advisers, consultants, and contractors for advising or ad hoc initiatives, but the permanent employees conduct the majority of the organisation's work. For the Resources business, 88% of employees are permanent employees and 12% are contract staff in Malaysia.

[2] Straits Trading's employee handbook applies to SRE, SDPL, SIM and STCPM. MSC has its own employee handbook. Both Straits Trading and MSC maintain the same approach towards harassment, bullying and discrimination issues.

[3] This refers to Straits Trading's Employee Handbook.

[4] At Straits Trading, we have a structured and clear grievance procedure where employees can escalate any complaints or issues to their superior. If the case is not resolved, the issue can be further escalated to HODs, HR and Senior Management. MSC has a relatively similar grievance mechanism.

Sustainability Report

SOCIAL

Welfare benefits

We have in place a robust set of employee welfare benefits[5]. For the Property business, confirmed employees are provided with 'Flexible Benefits' of up to $2,000 per year[6]. This benefit can be used to for health screening, childcare, elder care, personal development classes, fitness membership, vacation or personal insurance.

Across both the Property and Resources businesses, we ensure that employees are provided with all employment benefits in accordance with local regulations. These include healthcare and insurance coverage, work injury compensation, and work-related reimbursements[7].

Inclusive community engagement

We actively engage with local communities in our operating market. The socio-economic development of local communities contributes to the well-being of our employees and the growth of our business.

In our Property business, we partner local entrepreneurs and businesses as part of our Malaysia Retail Mall project. We also provided training in digital technology and business acumen, as well as lower rental rates. This aims to boost employment and entrepreneurship in the local market.

In our Resources business, MSC actively engages with nearby communities to better understand their expectations to create long-term mutually beneficial values. In FY2022, 87% of supplies were sourced from local suppliers.

MSC also contributes actively to the development of local community. In FY2022, MSC spent RM778,000 on local development programmes, including donations to local orphanages, schools, and indigenous communities. MSC also contributed to road works following a landslide in Perak.

UNLOCKING POTENTIAL OF OUR PEOPLE

The business environment has evolved rapidly in recent years, shifting towards digital transformation to drive business growth and ESG to create social and environmental values for stakeholders. Opportunities from the nexus of digitalisation and ESG can open new business growth avenues and strengthen our competitive edge.

At Straits Trading, we constantly review these new opportunities and identify relevant programmes for our employees to be able to capitalise on these trends[8]. We set aside annual budgets to send our employees for external training and development programmes. The Heads of Departments ("HODs") will analyse the training needs of their team based on global trends, existing knowledge gaps and employee career goals. The HODs will discuss with employees to align employee career aspirations and the Group's business needs. We enrol employees in relevant and appropriate courses to address our business needs and employee career growth.

In FY2022, employees completed an average of 19 hours of structured training programmes. The difference in training hours between male and female employees for the Property business was due to job-specific training requirements in the year. We will endeavour to send employees for training to enhance their career growth and meet our business needs.

The employees underwent a diverse set of training courses, including digitalisation courses, technical training and communication programmes. During this reporting period, we have sent employees across ranks for ESG training for the first time. This serves to prepare our organisation for upcoming regulatory requirements, as well as to manage our sustainability and climate risks.

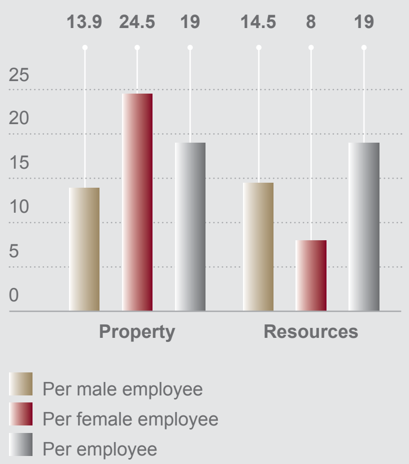

CONTRIBUTION FOR ROAD REPAIRS DUE TO LANDSLIDE

In line with the career goals of employees, we also assist employees in pursuing relevant professional and postgraduate courses, such as ACCA, CFA, and postgraduate programmes. Course and examination fees are paid in full or in part by Straits Trading. We also provide employees time off to support their learning journey.

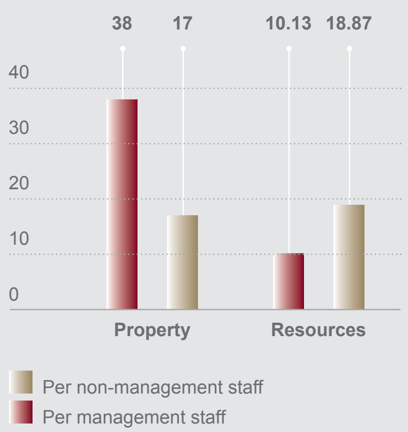
These programmes can offer new business and ESG avenues for the Group. MSC supported their research and development specialist for a Doctor of Engineering at the National University of Singapore. This research project can boost the Group's R&D capabilities in improving the quality of tin and reducing resource use in the process of tin production.

We have a structured and transparent performance review process detailed in the Employee Handbook[9]. We regularly review this process and incorporate feedback from employees to ensure it is aligned to our commitment to meet business needs and employees' aspirations. Our review process focuses on 3 key areas – contributions to the team and the Group's strategic goals, development and skill needs, as well as career development goals. In FY2022, all employees who fall under the performance review cycle underwent a performance review.

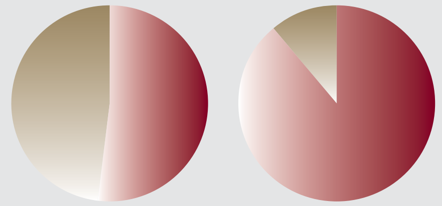
Average Training Hours by Gender (Hours)



Average Training Hours by Employee Category (Hours)

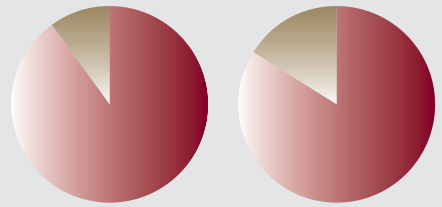


Appraisal by Gender



	Property	Resources
Male	52%	89%
Female	48%	11%
Overall	**100%**	**100%**

Appraisal by Employee Category



	Property	Resources
Management	10%	16%
Non-management	90%	84%
Overall	**100%**	**100%**

5 Straits Trading's employee handbook applies to SRE, SDPL, SIM and STCPM. MSC has its own employee handbook.
6 As MSC has its own employment policy, this programme does not apply to MSC.
7 These benefits are applicable to all employees across SRE, SDPL, SIM, STCPM and MSC.
8 MSC has a separate framework for employee development. Due to the nature of MSC's operations, there is a greater focus on technical and on-the job trainings. These courses include internal and external trainings such as ISO 45001:2018 Standard Training, Authorised Gas Tester and Entry Supervisor for Confined Space, Certificate for Environmental Professional in Scheduled Waste Management.
9 Straits Trading's Employee Handbook is readily available to all employees.

Sustainability Report

GRI CONTENT INDEX

Statement Of Use	STC has reported in reference with the GRI standards for the period (1st January - 31st December 2022)
Gri Used	GRI 1: Foundation 2021

GRI STANDARDS	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION
GENERAL DISCLOSURES			
GRI 2 (2021): General Disclosures	2-1	Organisational details	Company Structure, Page 2 Overview, Page 28
	2-2	Entities included in the organisation's sustainability reporting	Scope of the Report, Page 29
	2-3	Reporting period, frequency, and contact point	Scope of the Report, Page 29
	2-4	Restatements of information	Not applicable as there were no restatements of information.
	2-5	External assurance	Not applicable as we have not sought external assurance on this report.
	2-6	Activities, value chain and other business relationships	Company Structure, Page 2 Overview, Page 28
	2-7	Employees	Social, Page 37
	2-8	Workers who are not employees	Social, Page 36
	2-9	Governance structure and composition	Board of Directors, Page 6 Governance, Page 32
	2-10	Nomination and selection of the highest governance body	Report on Corporate Governance, Page 46
	2-11	Chair of the highest governance body	Report on Corporate Governance, Page 45-46
	2-12	Role of the highest governance body in overseeing the management of impacts	Statement from the Board, Page 26 Governance, Page 32
	2-13	Delegation of responsibility for managing impacts	Statement from the Board, Page 27
	2-14	Role of the highest governance body in sustainability reporting	Statement from the Board, Page 26 Governance, Page 32
	2-15	Conflicts of interest	Governance, Page 32
	2-16	Communication of critical concerns	Governance, Page 32
	2-17	Collective knowledge of the highest governance body	Report on Corporate Governance, Page 43
	2-18	Evaluation of the performance of the highest governance body	Report on Corporate Governance, Page 46-47
	2-19	Remuneration policies	Report on Corporate Governance, Page 47-49
	2-20	Process to determine remuneration	Report on Corporate Governance, Page 47-49
	2-21	Annual total compensation ratio	Not applicable
	2-22	Statement on sustainable development strategy	Statement from the Board, Page 26 Sustainability Strategy, Page 29
	2-23	Policy commitments	Governance, Page 32 Social, Page 36
	2-24	Embedding policy commitments	Governance, Page 32 Social, Page 36
	2-25	Processes to remediate negative impacts	Governance, Page 32
	2-26	Mechanisms for seeking advice and raising concerns	Governance, Page 32
	2-27	Compliance with laws and regulations	Governance, Page 33
	2-28	Membership associations	Not applicable
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, Page 30
	2-30	Collective bargaining agreements	Not applicable

Sustainability Report

GRI CONTENT INDEX

GRI STANDARDS	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION
MATERIAL TOPICS			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	Materiality Assessment, Page 31
	3-2	List of material topics	Materiality Assessment, Page 31
	3-3	Management of material topics	Materiality Assessment, Page 31
Governance			
ETHICS AND COMPLIANCE			
GRI 201 (2016): Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights, Page 14
	201-2	Financial implications and other risks and opportunities due to climate change	Not applicable
	201-3	Defined benefit plan obligations and other retirement plans	Not applicable
GRI 205 (2016): Anti-corruption	205-1	Operations assessed for risks related to corruption	Not applicable
	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption and Bribery, Page 32
	205-3	Confirmed incidents of corruption and actions taken	Not applicable
Environment			
ENERGY			
GRI 302 (2016): Energy	302-1	Energy consumption within the organisation	We are currently reviewing and compiling the data and will disclose in due course.
	302-2	Energy consumption outside of the organization	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
	302-5	Reduction in energy requirements of products and services	
WATER			
GRI 303 (2018): Water and Effluents	303-1	Interactions with water as a shared resource	We are currently reviewing and compiling the data and will disclose in due course.
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	
Social			
DIVERSITY AND INCLUSIVITY			
GRI 405 (2016): Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diverse and Inclusive Workforce, Page 37
	405-2	Ratio of basic salary and remuneration of women to men	Not applicable
OCCUPATIONAL SAFETY AND HEALTH			
GRI 403 (2018): Occupational Health and Safety	403-1	Occupational health and safety management system	Hazard Identification and Management, Page 36
	403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification and Management, Page 36
	403-3	Occupational health services	Not applicable
	403-4	Worker participation, consultation, and communication on occupational health and safety	Not applicable
	403-5	Worker training on occupational health and safety	Not applicable
	403-6	Promotion of worker health	Welfare Benefits, Page 38
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable
	403-8	Workers covered by an occupational health and safety management system	Social, Page 36
	403-9	Work-related injuries	Workplace Incidents, Page 36
	403-10	Work-related ill health	Workplace Incidents, Page 36
TRAINING AND EDUCATION			
GRI 404 (2016): Training and Education	404-1	Average hours of training per year per employee	Social, Pages 39
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Social, Pages 39
	404-3	Percentage of employees receiving regular performance and career development reviews	Social, Pages 39

Report on Corporate Governance

The Straits Trading Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to the highest standards of corporate governance. This report describes the Company's corporate governance policies and practices during the financial year ended 31 December 2022 ("**FY2022**") 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.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

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 Group 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 the performance of the Group.

The Board also sets the Company's values and standards and ensures that its obligations to all stakeholders are met and understood. Whilst the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the Management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Companies Act 1967 (the "**Companies Act**") and the Singapore Financial Reporting Standards (International).

In discharging their fiduciary duties, the Directors act objectively in the best interests of the Company and hold the Management accountable for performance. The Board has appointed the Executive Chairman to oversee the Management, and the Lead Independent Director to ensure continued good governance. Supported by the Board Committees, namely the Audit and Risk Committee ("**ARC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"), the Board also approves the appointment of Board members, key business initiatives, major investments and funding decisions, and interested person transactions. Where there is a conflict of interest, the Director in question will recuse himself/herself from the discussions and abstain from participating in any Board decisions. For FY2022, the Board confirms that no individual Director has participated in any decision-making in relation to any interest that conflicts with any of the Group'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 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 Group'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 committees provide strategic direction to the Management in the conduct of the projects.

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

Report on Corporate Governance

The Board met five times in FY2022. Meetings by means of a conference telephone or similar communication equipment are permitted in the Company's Constitution. The Board's calendar for the financial year, which consists of the schedule of meetings of the Board, the Board Committees and the Annual General Meeting of the Company ("**AGM**"), is finalised before the start of the year. The Directors' attendance at the annual general meeting, Board and Board Committees meetings during FY2022 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(1)	3/3			1/1	1/1
Mr Chia Chee Ming, Timothy	5/5	4/4	1/1		1/1
Mr Tan Chian Khong	5/5	4/4			1/1
Mr Chua Tian Chu	5/5		1/1	1/1	1/1
Mr Lau Cheng Soon(2)	2/2				

Note: (1) Mr Tan Tiong Cheng retired as a Director with effect from 30 June 2022 and co-terminus with his retirement, he resigned as Chairman of the Remuneration Committee.
(2) Mr Lau Cheng Soon appointed as a Director and as Chairman of the Remuneration Committee with effect from 1 July 2022.

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 Group'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 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 Board Committees, and between the Management and the non-executive Directors. The Company Secretary attends all Board and Board Committees' meetings and her 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 NC ensures that new Directors are made aware of their duties and obligations. Upon appointment, new Directors will be provided with a briefing on a director's duties and obligations under applicable laws and the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). They will also be briefed on the Group's operations and furnished with information and updates on the Group's corporate governance practices at the time of appointment, as well as the latest updates in laws and regulations affecting the Group's business. Unless the NC is of the view that training is not required because he or she has other relevant experience, a new Director appointed who has no prior experience as a director of an issuer listed on the SGX-ST will be required to undergo training in his or her roles and responsibilities.

Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the Listing Manual) which are relevant to the Group's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors. During FY2022, the Directors had attended the training on sustainability matters as prescribed by SGX-ST. In addition, the Directors had participated in courses, seminars and discussion forums covering topics such as environmental, social and governance and its key reporting standards and frameworks.

Report on Corporate Governance

Non-Executive Directors are routinely briefed by the Executive Directors and/or the Management at Board meetings or separate sessions, and provided with all necessary updates on regulatory and policy changes as well as developments affecting the Group. All Directors are provided with quarterly performance reports. In addition, site visits are arranged as and when necessary to enable the Directors to better understand the Group's business operations.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises seven Directors, six of whom are non-executive and four are considered independent. As such, the composition of the Board complies with the requirements of Provisions 2.2 and 2.3 of the Code. Independent and non-executive members of the Board provide balance within the workings of the Board and oversight for minority shareholders' interests. There are no material relationships (including immediate family relationships) between each independent Board member and the other Board members, 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 independent Board member's independent business judgement in the best interests of the Company. The independent Non-Executive Directors are Mr Chia Chee Ming, Timothy, Mr Tan Chian Khong, Mr Chua Tian Chu and Mr Lau Cheng Soon.

The independence of each independent Non-Executive Director is reviewed by the NC. Under the Listing Manual, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the current or any of the past three financial years, and whose remuneration is or was determined by the RC, or he has been a director of the Company for an aggregate period of more than nine years (whether before or after listing). As the above listing rules do not apply to any of the independent Non-Executive Directors, they are considered independent under the Listing Manual.

The Directors provided objective and independent judgement to the decision-making of the Board. The non-executive Directors 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 non-executive Directors, if require, meet regularly without the presence of the Management and provide feedback to the Board as appropriate.

The Board has adopted a board diversity policy which requires the NC to discuss and agree the relevant measurable objectives for promoting and achieving adequate diversity on the Board and make recommendations for consideration and approval by the Board. The NC will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Board, and when recommending any proposed changes to the Board. On the recommendation of the NC, the Board may set certain measurable objectives and specific diversity targets, with a view to achieving an optimal Board composition, and these objectives and specific diversity targets may be reviewed by the NC from time to time to ensure their appropriateness.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy which endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that support the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board diversity policy provides for the NC to consider a combination of factors such as skills, knowledge, professional experience, educational background, gender, age, and length of service. The skills, knowledge and experience to be considered include property, banking, finance, accounting, business acumen, management experience, foreign exchange knowledge, information technology, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls.

Report on Corporate Governance

A skills matrix is used to help identify the gaps. The skills matrix classifies the skills, knowledge and professional experience of existing Directors into several broad categories such as industry knowledge; financial markets; regulation, compliance and/or government relations; leadership; cybersecurity and technology; environmental, social and governance (ESG), and also where such skills, knowledge and professional experience were acquired or utilised geographically.

Suitable candidates will then be identified, including through external search firms. External search firms that are engaged, are instructed that diversity is a key criterion in the search and in particular, gender diversity. Female candidates are therefore required to be included for consideration.

Following its assessment of the candidates, the NC will then interview the short-listed candidates. The NC will thereafter make its recommendations to the Board including appointments to the appropriate Board committee(s) after matching the candidates' skills-set to the needs of each Board committee. The Board, taking into account the views of the NC, will consider if its Directors meet the criteria under its Board diversity policy and possess the necessary competencies to govern the Company effectively.

Following the appointment of Ms Chew Gek Khim and Ms Chew Gek Hiang as the Executive Chairman and Non-Independent and Non-Executive Director respectively, the Board's target to have at least one female represented on the Board has been met. The Board has maintained this target for the financial year ended 31 December 2022.

In terms of gender representation, the current Board consists of five men and two women, or is 71% male and 29% female.

The Board also recognises that gender diversity is only one aspect of Board diversity. In terms of qualifications and competencies, members of the Board include seasoned professionals in property, investment, financial, accounting and legal fields. The Board believes that its members' different backgrounds, experience, age, gender, tenure of service, and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The profiles of the Directors are on pages 6 to 9 of the Annual Report.

The Company remains committed to implementing its Board diversity policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

The Board, in concurrence with the NC, is of the view that the current Board comprises persons who, as a group, provide an appropriate level of independence and diversity of skills, experience and knowledge of the Company, as well as the necessary core competencies and that the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations.

Executive Chairman

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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.

Report on Corporate Governance

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 Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises 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. Candidates may be put forward or sought through contacts and recommendations. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender, age and skill sets. The Company endeavours to include female candidates in its search pool. The NC looks for candidates who possess qualities that would complement the Board's core competencies and are able to contribute to the current and mid-term needs and goals of the Group. The independence of each Director is reviewed upon appointment, and thereafter annually and if circumstances require, by the NC. Independent Directors are required to notify the NC promptly of any relationships or circumstances which arise that are likely to affect, or could appear to affect, the Director's independence.

In recommending a Director for re-election to the Board, the NC considers, his or her performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). The Company's Constitution requires that newly appointed Directors by the Board retire at the next AGM following his appointment. One-third of the Board (or if their number is not a multiple of three, the number nearest to but not less than one-third) is to retire from office by rotation at every subsequent AGM. All Directors are required to submit themselves for re-election at regular intervals and at least once every three years. The Directors to retire by rotation shall be those longest in office since their last re-election or appointment, or have been in office for at least three years, whichever is the earlier.

The key responsibilities of the NC include the evaluation of the effectiveness of the Board and Board Committees and 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 FY2022, the Board, having taken into account the views of the NC, considered Mr Chia Chee Ming, Timothy, Mr Tan Chian Khong, Mr Chua Tian Chu and Mr Lau Cheng Soon to be independent.

None of the Directors has an alternate Director. As a director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

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. The key information (includes the listed company directorships and principal commitments) of the Directors is as set out in pages 6 to 9.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC administers annually, the formal process adopted by the Board for evaluation of the Board's performance as a whole, including Board Committees and the contributions of individual directors to the effectiveness of the Board. The performance criteria include assessment of the Board's size and composition, access to information, processes and accountability and the performance of Board Committees in relation to discharging their responsibilities set out in their respective terms of reference,

Report on Corporate Governance

while individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board Committees, as appropriate.

In order to assess the effectiveness of the Board, Board Committees and each director, each Director is required to complete assessment forms to evaluate the Board, Board Committees and individual Directors. The Company Secretary collates the forms and prepares a consolidated report for the NC. The NC discusses the report and concludes the performance results during the NC meeting before tabling the same to the Board. In consultation with the NC, the Chairman of the Board will act on the results of the performance evaluation.

The Board is of the view that while financial indicators such as share price performance and return-on-equity allow for benchmarking of the Board's performance relative to that of competitors and industry peers, non-financial indicators such as feedback received from investors (institutional and/or retail) and market analysts also serve as useful qualitative analysis by external parties. For the long-term success and value creation of the Company, the Board believes that its performance and that of individual Board members are reflected in, and evidenced by, proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to the Management in steering the Company and the Group to achieve strategic goals. Having regard to its composition and mix, the Board has endeavoured through each Director's unique contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company.

For FY2022, based on the completed assessment forms submitted by all Directors, the Board is of the view that the Board, Board Committees and individual Directors have fared well against the performance criteria and is satisfied with the performance of the Board, Board Committees and individual Directors and is able to conclude that each Director is contributing to the overall effectiveness of the Board.

The NC has access to professional advice to facilitate the evaluation process whenever there is a need to consult externally. There was no necessity for external advice to be obtained during the financial year.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC comprises three non-executive Directors, the majority of whom, including the RC Chairman, are independent. The RC is chaired by Mr Lau Cheng Soon. Mr Goh Kay Yong David and Mr Chua Tian Chu 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 remuneration of the Executive Chairman and key management personnel is structured by linking 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.

Report on Corporate Governance

The Company had obtained the approval of shareholders to the adoption of the Performance Share Plan (the "**PSP**") in FY2019. The PSP aims to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding participants who have contributed to the growth of the Group.

In FY2022, the RC had engaged Aon Solutions Singapore Pte. Ltd. ("**Aon**"), an independent consultant, to review the PSP framework which was established in FY2021. Aon is not related to the Company or any of its Directors and does not otherwise have any relationship with the Company that could affect its independence and objectivity.

The principal rules of the PSP are set out in the Company's circular to shareholders dated 10 April 2019.

Further details on the share awards granted under the PSP can be found in the Directors' Statement and Notes to the Financial Statements.

Taking into account the performance of the Group and the responsibilities and performance of the Directors, Directors' fees (for the Board and 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.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The summary remuneration table for the Directors of the Company in all capacities for FY2022 is as follows:

Name of Director	Salary	Bonus	Benefits in kind	Directors' fees	Total
S$2,000,000 – S$2,500,000					
Ms Chew Gek Khim	34%	66%	–	–	100%
S$250,000 and below					
Ms Chew Gek Hiang	–	–	–	100%	100%
Mr Goh Kay Yong David	–	–	–	100%	100%
Mr Tan Tiong Cheng(1)	–	–	–	100%	100%
Mr Chia Chee Ming, Timothy	–	–	–	100%	100%
Mr Tan Chian Khong	–	–	–	100%	100%
Mr Chua Tian Chu	–	–	–	100%	100%
Mr Lau Cheng Soon(2)	–	–	–	100%	100%

Note: (1) Mr Tan Tiong Cheng retired as a Director with effect from 30 June 2022 and co-terminus with his retirement, he resigned as Chairman of the Remuneration Committee.
(2) Mr Lau Cheng Soon appointed as a Director and as Chairman of the Remuneration Committee with effect from 1 July 2022.

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.

As at 31 December 2022 and 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 Desmond Tang Kok Peng, Dato' Dr (Ir) Patrick Yong Mian Thong, Ms Tan Wei Tze, Ms Goh Yah Huay, Ms Tan Hwei Yee and Mr Manish Bhargava. The total remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2022 amounted to S$4,920,741. The profiles of the key management personnel are set out on pages 10 to 12.

Report on Corporate Governance

The Company is of the view that disclosure of the remuneration details of each Director and key management personnel (who are not Directors or the CEO) in the manner recommended by the Code will be detrimental to the Company's interests, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Group operates.

The Company has disclosed above the policies and practices adopted by the Company in arriving at the remuneration packages of Directors and key management personnel, which is a performance-based approach linking 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 Company believes that shareholders' interest will not be prejudiced as a result of non-disclosure of each Director's and key management personnel's remuneration and that the disclosures above provide sufficient insight into the remuneration paid and as such is consistent with the intent of Principle 8 of the Code.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

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 participates 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 FY2022, 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.

Report on Corporate Governance

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, internal auditors, ARC and 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 2022.

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 Board has an Audit Committee which discharges its duties objectively.

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.

The Board is of the view that the ARC members have the relevant expertise to discharge the functions of an ARC. All members of the ARC are financially literate and have accounting or related financial management expertise or experience. None of the ARC members was a former partner or director of the Company's existing external auditor, Ernst & Young LLP, within the previous two years or has any financial interest in Ernst & Young LLP.

The role of the ARC is documented in the Terms of Reference approved by the Board. At the ARC and Board meetings on 27 and 28 February 2023, the ARC and Board agreed that the ARC shall assist the Board in driving the sustainability and climate-related agenda of the Company as well as providing oversight for environmental, social and governance matters relevant to the businesses of the Company and its subsidiaries. As such, the Terms of Reference of the ARC were amended accordingly. The duties of the ARC now 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 the 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;
- 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;
- oversight responsibilities for the Company's sustainability vision, mission, strategy, policies, practices and initiatives;
- 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.

Report on Corporate Governance

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 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 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 AGM to be held on 28 April 2023. In FY2022, the ARC met the external auditors and internal auditors once without the presence of the Management.

The details of the remuneration paid to the external auditors for FY2022 are as follows:

	S$'000
Audit fees paid/payable to:	
– Auditor of the Company	551
– Overseas affiliates of the auditor of the Company	536
Non-audit fees paid/payable to:	
– Auditor of the Company	114
– Overseas affiliates of the auditor of the Company	6

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. Its personnel assigned to perform the internal audit function are expected to be suitably qualified professionals with the requisite experience and necessary skill sets. 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.

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.

For FY2022, 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.

Report on Corporate Governance

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. In the policy, it has designated an independent function to investigate whistle-blowing reports made in good faith and ensures that the identity of the whistleblower is kept confidential and the Company is committed to ensure protection of the whistleblower against reprisal.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the ARC on a quarterly basis. Under certain circumstances, the ARC will be informed of any complaint, as soon as practicable. There was one whistleblowing report received in FY2022.

Key Audit Matters

The external auditors have set out the key audit matters in respect of FY2022, which were reviewed and discussed by the ARC with the Management and the external auditors, in the Independent Auditor's Report on pages 59 to 63 of the Annual Report.

Following the review and discussions, the ARC was satisfied with the approach and appropriateness of methodologies used by the Management, as adopted and disclosed in the financial statements, and recommendation was made by the ARC to the Board to approve the financial statements.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company treats all shareholders fairly and equitably to enable them to exercise their rights and be given 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 half-yearly financial statements, media releases, annual reports, circulars to shareholders and corporate information updates through SGXNET and the Company's website.

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

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

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

Report on Corporate Governance

For FY2020 and FY2021, due to the COVID-19 outbreak, the Company's AGMs were held by way of electronic means, through "live webcast", pursuant to the First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The notice of AGM was published in the newspapers and disseminated to shareholders through publication on SGXNET and the Company's website. Shareholders participated in the AGM via electronic means, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company provided their responses to the substantial queries and relevant comments from shareholders at the AGM via electronic means.

On 15 December 2022, the Ministry of Law announced that the COVID-19 Temporary Measures Order will cease with effect from 1 July 2023. As Singapore has progressively transitioned towards living with Covid-19 and meetings can take place physically, the Company has planned for its upcoming AGM on 28 April 2023 to be held in a wholly physical format. Shareholders (themselves or through duly appointed proxies) will be able to attend the upcoming AGM in person. The upcoming AGM will be held pursuant to the COVID-19 Temporary Measures Order, to facilitate change of the AGM format if necessitated by regulatory authorities at the relevant time. The Company's usual practice for the conduct of general meetings (that is, with in-person participation by shareholders) is otherwise set out below.

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.

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

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 the SGXNET 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 does not distribute a fixed amount or fixed percentage of earnings by way of dividend in any financial year. Rather, in fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt/equity position. As a matter of policy, the Company 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 the 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.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

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 pages 26 to 41.

Report on Corporate Governance

Investor Relations Practices

The Company holds briefings to present its financial results for the media and analysts on a half-yearly basis. Outside of the financial announcement periods, when necessary and appropriate, the Management will meet investors and analysts who like to seek a better understanding of the Group's business and operations. This also enables the Group to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

Enquiries and/or views from the stakeholders such as shareholders, analysts and the press are handled by the Company's Investor Relations Department together with specifically designated members of senior management.

The list of Investor Relations activities are on pages 24 to 25 of the Annual Report.

Dealings in Securities

Based on the Listing Rule 1207(19), the Group had issued internal guidelines on dealings in the securities of the Company to the Directors and employees of the Company and its subsidiaries, advising them, amongst others, not to deal in the securities of the Company on short-term considerations. The Directors and employees were advised of the prohibitions in dealings in the securities of the Company during the period commencing one month before the announcement of the Group's half-year and 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.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares. Thereafter, the Company Secretary will update the Register of Directors' Shareholdings and make the necessary announcements on SGXNET.

Material Contracts

There were no material contracts between the Company and its subsidiaries involving the interests of any Director and any controlling shareholder which are either subsisting at the end of the financial year under review or if not then subsisting, entered into since the end of the previous financial year, that is required to be disclosed under Listing Rule 1207(8).

Use of Proceeds

Private Placement

On 25 January 2022, the Company had completed the private placement of 26,000,000 new ordinary shares in the capital of the Company at an issue price of S$3.11 per share and raised gross proceeds of S$80.86 million (the "**Private Placement**").

As disclosed in the announcement in respect of the Private Placement on 18 January 2022 (the "**18 January Announcement**"), subject to relevant laws and regulations, the Company intends to use the gross proceeds of approximately S$80.86 million from the Private Placement in the following manner:

(i) approximately S$78.03 million (which is equivalent to approximately 96.5 % of the gross proceeds of the Private Placement) for potential acquisitions and/or business opportunities available from time to time; and

(ii) approximately S$2.83 million (which is equivalent to approximately 3.5 % of the gross proceeds of the Private Placement) to pay the professional and other fees and expenses incurred or to be incurred by the Company in connection with the Private Placement.

On 28 February 2023, the Company announced it had fully utilised the proceeds of the Private Placement.

Financial Report & Other Information

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 Company and its subsidiaries (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

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 2022 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 statement are:

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

Both Mr Chia Chee Ming, Timothy and Mr Chua Tian Chu will retire pursuant to Regulation 99, and Mr Lau Cheng Soon will retire pursuant to Regulation 103 of the Constitution of the Company at the upcoming annual general meeting. Mr Chia Chee Ming, Timothy will not be seeking re-election while both Mr Chua Tian Chu and Mr Lau Cheng Soon, 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 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

The following Directors, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Company

(ordinary shares)	Shareholdings in the names of Directors			Shareholdings in which Directors are deemed to have an interest		
	1.1.2022	**31.12.2022**	**21.1.2023**	**1.1.2022**	**31.12.2022**	**21.1.2023**
Ms Chew Gek Khim	741,200	741,200	741,200	–	–	–
Ms Chew Gek Hiang	23,000	23,000	23,000	–	–	–
Mr Goh Kay Yong David	156,500	156,500	156,500	–	–	–
Mr Chia Chee Ming, Timothy	3,900	4,602	4,602	–	–	–
Mr Chua Tian Chu	16,000	63,640	63,640	4,000	10,620	10,620

Subsidiary

Malaysia Smelting Corporation Berhad

(ordinary shares)	Shareholdings in the names of Directors			Shareholdings in which Directors are deemed to have an interest		
	1.1.2022	**31.12.2022**	**21.1.2023**	**1.1.2022**	**31.12.2022**	**21.1.2023**
Ms Chew Gek Khim	1,600,000	1,600,000	1,600,000	–	–	–
Mr Chia Chee Ming, Timothy	–	240,000	240,000	–	–	–

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.

SHARE OPTIONS

The Company does not have any share option scheme.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performed the functions specified in the Singapore Companies Act 1967. The functions performed are detailed in the Corporate Governance Report.

Directors' Statement

PERFORMANCE SHARE PLAN

The Company had obtained the approval of shareholders to the adoption of the Performance Share Plan (the "**Plan**") in FY2019. The Plan is administered by Remuneration Committee, comprising Mr Lau Cheng Soon, Mr Goh Kay Yong David and Mr Chua Tian Chu.

No participant has been granted awards of 5% or more of the total number of shares available under the Plan.

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 2023

Independent Auditor's Report

To the Members of The Straits Trading Company Limited
For the financial year ended 31 December 2022

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 2022, 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 1967 of Singapore (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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

1. Fair value measurement of investment properties, and land and buildings

As at 31 December 2022, the Group's investment properties, and land and buildings are carried at $1,312.9 million and $18.8 million respectively.

Management has determined the fair value of its investment properties, and land and buildings by taking into consideration prevailing market conditions in respective location and category of the properties being valued.

The valuation of the investment properties, and land and buildings is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of assumptions and estimates made by management with the assistance of accredited professional valuers. The valuations are sensitive to changes in the significant unobservable inputs, particularly those relating to capitalisation, discount and terminal yield rates, and market rents. This is aggravated by an increase in the level of estimation uncertainty and judgement required arising from the rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

Independent Auditor's Report

To the Members of The Straits Trading Company Limited
For the financial year ended 31 December 2022

Key Audit Matters (cont'd)

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

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

We reviewed the adequacy of disclosures in Notes 14, 16, 40(a)(iii) and 41 to the financial statements.

2. Impairment testing for goodwill

As at 31 December 2022, the Group's goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad ("MSC") is carried at $16.3 million.

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.

The impairment testing for goodwill is considered a key audit matter because it involves significant management's judgement about cash flows arising from future results of the Group's business.

In addressing this area of focus, we evaluated and assessed 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 valuation specialists to assist us in evaluating the reasonableness of the discount rates and terminal growth rate applied in the value-in-use calculation. We assessed management's sensitivity analysis of the estimated recoverable amount to changes in the key assumptions.

We reviewed the adequacy of the disclosures in Notes 3(a)(i) and 17 to the financial statements.

3. Provision for mine restoration costs

As at 31 December 2022, the Group recorded a provision for mine restoration costs of $15.1 million in respect of restoration obligations of its subsidiary. The Group is required to obtain approval on its mine restoration plan from the Perak State Mineral Resources Committee, under the Mineral (Perak) Enactment 2003. The Group recognises a provision for these costs at each reporting date based on the estimated costs required to fulfil this obligation according to the methodology and plan formulated by the external consultant.

The assessment of provision for mine restoration costs is considered a key audit matter because such assessment required management to make significant judgement and estimates. 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.

In addressing this area of focus, we evaluated the competence, capabilities and objectivity 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 evaluated the significant cost components through enquiries with the external consultant and, where relevant, we compared the cost components to past experience or quotations obtained from third party contractors and suppliers. We assessed whether the discount rate used in determining the net present value of the restoration costs reflects current market assessments of the time value of money to the liability. We performed verification on management's re-assessment of the estimated costs of the plan.

We reviewed the adequacy of the disclosures in Note 29 to the financial statements.

Independent Auditor's Report

To the Members of The Straits Trading Company Limited
For the financial year ended 31 December 2022

Key Audit Matters (cont'd)

4. Existence and valuation of inventories

As at 31 December 2022, the Group's inventories are carried at $173.5 million. During the year, the Group made an inventory loss allowance of $1.5 million.

The Group contracts with various suppliers on different terms and conditions for the purchases of tin-in-concentrates. The tin inventories are stated at the lower of cost and net realisable value.

The accuracy and timing of recognition of tin-in-concentrates is significant to our audit due to the magnitude of amount and voluminous quantity given the high number of different purchase contracts and with different terms and conditions. Moreover, 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) required management to make significant judgements and estimates. Accordingly, we have also identified valuation of tin-in-concentrates, tin-in-process and refined tin metal as a key audit matter due to the magnitude of the balances.

In addressing the area of focus in respect of the existence of physical quantities, accuracy and timing of recognition of tin-in-concentrates, we 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 performed testing on purchase transactions close to the year end to establish whether the transactions were recorded in the correct accounting period. We attended and observed the physical stock counts and obtained an understanding of the sampling methodology used by management. We obtained an understanding of the work performed by management's expert involved in the physical stock count. We evaluated the competence, capabilities and objectivity of the management's expert. We evaluated the appropriateness of the work performed by management's expert as audit evidence. We inspected, on a sample basis, roll-forward of tin inventories from physical stock count cut-off date to the reporting date.

In addressing the area of focus in respect of the 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 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 inspected, on a sample basis, documents which evidenced the cost of purchase of tin-in-concentrates from suppliers and cost of production of tin-in-process and refined tin metal. We inspected, on a sample basis, documents which evidenced the cost of production of tin-in-process and refined tin metal. We tested the arithmetic calculation of the valuation of tin inventories. We evaluated management's assessment on the allowance of stock loss.

In addressing the area of focus in respect of the net realisable value of tin inventories, we discussed with management to obtain an understanding on the basis and assumptions used in estimating the net realisable value of the tin inventories and assessed the reasonableness of such basis and assumptions used. We evaluated the inputs used in the assumptions such as forecasted tin prices, forecasted exchange rates and further processing costs, in deriving the net realisable value of tin inventories. We tested the arithmetic calculation of the net realisable value. We evaluated management's assessment on the valuation of tin inventories to ensure that the inventories are stated at the lower of cost and net realisable value.

We reviewed the adequacy of the disclosures in Note 24 to the financial statements.

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.

Independent Auditor's Report

To the Members of The Straits Trading Company Limited
For the financial year ended 31 December 2022

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report

To the Members of The Straits Trading Company Limited
For the financial year ended 31 December 2022

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

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 Terry Wee Hiang Bing.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2023

Consolidated Income Statement

For the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Revenue			
Tin mining and smelting revenue		**472,588**	348,480
Property revenue		**55,032**	48,079
Total revenue		**527,620**	396,559
Other items of income/(loss)			
Dividend income	4	**12,366**	8,188
Interest income	5	**15,131**	74,013
Fair value changes in investment properties	16	**(75,421)**	133,390
Other income	6	**635,373**	26,561
		1,115,069	638,711
Other items of expense			
Employee benefits expense	7	**(39,289)**	(36,597)
Depreciation expense	14	**(6,073)**	(6,457)
Amortisation expense	17	**(328)**	(412)
Impairment losses	8	**–**	(9,005)
Costs of tin mining and smelting	24	**(398,651)**	(255,694)
Finance costs	9	**(43,993)**	(32,106)
Other expenses	10	**(49,730)**	(36,273)
Total expenses		**(538,064)**	(376,544)
Share of results of associates and joint ventures		**(14,021)**	99,903
Profit before tax	11	**562,984**	362,070
Income tax credit/(expense)	12	**6,287**	(76,379)
Profit after tax		**569,271**	285,691
Profit attributable to:			
Owners of the Company		**551,259**	234,254
Non-controlling interests		**18,012**	51,437
		569,271	285,691
Earnings per share (cents per share)	13		
Basic		**127.0**	57.6
Diluted		**127.0**	57.6

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 2022

	2022 $'000	2021 $'000
Profit after tax	**569,271**	285,691
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")	**(356,563)**	16,856
Share of net fair value changes in equity securities carried at FVOCI of associates	**655**	26,734
Net revaluation surplus on property, plant and equipment	**427**	190
Share of net revaluation surplus on property, plant and equipment of associates	**2,488**	6,971
	(352,993)	50,751
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**4,824**	959
Currency translation reserve	**(92,672)**	(9,045)
Share of reserves of associates and joint ventures	**(33,005)**	(13,550)
Reclassification of foreign currency translation reserve to profit or loss	**18,191**	(717)
	(102,662)	(22,353)
Other comprehensive income after tax for the year	**(455,655)**	28,398
Total comprehensive income for the year	**113,616**	314,089
Attributable to:		
Owners of the Company	**105,741**	258,746
Non-controlling interests	**7,875**	55,343
Total comprehensive income for the year	**113,616**	314,089

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

Balance Sheets

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Assets					
Non-current assets					
Property, plant and equipment	14	**52,529**	51,860	**609**	600
Land under development	15	**95,780**	79,208	**28,127**	29,982
Investment properties	16	**1,312,915**	1,039,646	**5,274**	5,622
Goodwill	17(a)	**16,323**	17,366	**–**	–
Other intangible assets	17(b)	**47,302**	5,616	**–**	–
Subsidiaries	18	**–**	–	**123,535**	123,535
Associates and joint ventures	19	**701,212**	1,205,964	**144**	144
Deferred tax assets	20	**11,848**	5,376	**–**	–
Other non-current receivables	21	**–**	–	**30,000**	107,013
Derivative financial instruments	23	**13,203**	895	**1,863**	180
Investment securities	22(a)	**591,040**	198,048	**–**	–
Total non-current assets		**2,842,152**	2,603,979	**189,552**	267,076
Current assets					
Inventories	24	**173,541**	256,018	**–**	–
Income tax recoverable		**5,357**	5,719	**24**	25
Prepayments and accrued income		**2,102**	2,106	**8**	62
Trade related prepayments		**20,222**	11,832	**–**	–
Trade receivables	21	**13,345**	5,368	**5**	7
Other receivables	21	**94,568**	81,692	**1,695,514**	1,382,714
Investment securities	22(b)	**75,363**	78,092	**–**	–
Derivative financial instruments	23	**23,198**	1,485	**2,583**	–
Cash and cash equivalents	25	**251,688**	141,615	**129,791**	17,205
Total current assets		**659,384**	583,927	**1,827,925**	1,400,013
Total assets		**3,501,536**	3,187,906	**2,017,477**	1,667,089

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

Balance Sheets

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Equity and liabilities					
Equity					
Share capital	26	**686,317**	568,968	**686,317**	568,968
Treasury shares	27	**(4,085)**	(2,682)	**(4,085)**	(2,682)
Retained earnings	28	**1,396,875**	1,163,514	**99,378**	38,107
Other reserves	28	**(341,664)**	41,582	**(4,467)**	52
Equity attributable to owners of the Company		**1,737,443**	1,771,382	**777,143**	604,445
Non-controlling interests		**137,055**	163,468	**–**	–
Total equity		**1,874,498**	1,934,850	**777,143**	604,445
Non-current liabilities					
Provisions	29	**14,700**	17,004	**–**	–
Deferred tax liabilities	20	**70,107**	91,178	**670**	713
Borrowings	30	**1,054,071**	505,249	**442,387**	336,287
Derivative financial instruments	23	**376**	651	**–**	–
Other non-current liabilities	31	**3,317**	6,167	**–**	–
Lease liabilities	33	**1,258**	2,298	**–**	–
Total non-current liabilities		**1,143,829**	622,547	**443,057**	337,000
Current liabilities					
Provisions	29	**4,347**	–	**–**	–
Income tax payable		**3,871**	14,236	**1,023**	206
Trade and other payables	32	**135,400**	70,629	**653,052**	645,717
Borrowings	30	**336,672**	540,747	**143,202**	79,721
Derivative financial instruments	23	**1,696**	2,294	**–**	–
Lease liabilities	33	**1,223**	2,603	**–**	–
Total current liabilities		**483,209**	630,509	**797,277**	725,644
Total liabilities		**1,627,038**	1,253,056	**1,240,334**	1,062,644
Total equity and liabilities		**3,501,536**	3,187,906	**2,017,477**	1,667,089

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 2022

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Foreign currency translation reserve	Share-based compensation reserve	Other reserves	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2022	1,934,850	1,771,382	568,968	(2,682)	1,163,514	9,516	60	39,466	(10,598)	–	3,138	163,468
Total comprehensive income for the year	113,616	105,741	–	–	551,259	(356,419)	6,792	2,708	(98,599)	–	–	7,875
<u>Contributions by and distributions to owners</u>												
Issuance of ordinary shares	80,860	80,860	80,860	–	–	–	–	–	–	–	–	–
Expenses on issuance of ordinary shares	(2,599)	(2,599)	(2,599)	–	–	–	–	–	–	–	–	–
Share based payment	1,554	1,554	–	–	–	–	–	–	–	1,554	–	–
Dividend on ordinary shares	(34,626)	(34,626)	–	–	(34,626)	–	–	–	–	–	–	–
Issuance of special dividend via distribution *in-specie*	(121,339)	(121,339)	39,088	–	(160,427)	–	–	–	–	–	–	–
Writeback on unclaimed dividend	506	506	–	–	506	–	–	–	–	–	–	–
Dividend to non-controlling interests	(11,178)	–	–	–	–	–	–	–	–	–	–	(11,178)
Shares buyback	(1,403)	(1,403)	–	(1,403)	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners	(88,225)	(77,047)	117,349	(1,403)	(194,547)	–	–	–	–	1,554	–	(11,178)
<u>Changes in ownership interests in subsidiaries</u>												
Change in ownership interests in subsidiaries	(18,640)	4,470	–	–	10,558	–	–	–	–	–	(6,088)	(23,110)
Total changes in ownership interests in subsidiaries	(18,640)	4,470	–	–	10,558	–	–	–	–	–	(6,088)	(23,110)
<u>Others</u>												
Reclassification of FVOCI reserve	–	–	–	–	(84,767)	84,767	–	–	–	–	–	–
Reclassification of reserve upon disposal of an associate	–	–	–	–	(47,128)	(19,915)	(431)	–	(1,494)	–	68,968	–
Share of transfer of statutory reserve of an associate	–	–	–	–	(1,958)	1,958	–	–	–	–	–	–
Share of other changes in equity of an associate	(67,047)	(67,047)	–	–	–	–	–	–	1,508	–	(68,555)	–
Others	(56)	(56)	–	–	(56)	–	–	–	–	–	–	–
Total others	(67,103)	(67,103)	–	–	(133,909)	66,810	(431)	–	14	–	413	–
Closing balance at 31 December 2022	1,874,498	1,737,443	686,317	(4,085)	1,396,875	(280,093)	6,421	42,174	(109,183)	1,554	(2,537)	137,055

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 2022

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Foreign currency translation reserve	Other reserves	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2021	1,726,938	1,537,998	568,968	(2,682)	961,506	(36,601)	(3,973)	32,390	13,849	4,541	188,940
Total comprehensive income for the year	314,089	258,746	–	–	234,254	37,830	4,033	7,076	(24,447)	–	55,343
<u>Contributions by and distributions to owners</u>											
Dividend on ordinary shares	(24,409)	(24,409)	–	–	(24,409)	–	–	–	–	–	–
Dividend to non-controlling interests	(4,537)	–	–	–	–	–	–	–	–	–	(4,537)
Contribution of capital by non-controlling interests	17,885	–	–	–	–	–	–	–	–	–	17,885
Return of capital to non-controlling interests	(8,701)	–	–	–	–	–	–	–	–	–	(8,701)
Total contributions by and distributions to owners	(19,762)	(24,409)	–	–	(24,409)	–	–	–	–	–	4,647
<u>Changes in ownership interests in subsidiaries</u>											
Change in ownership interests in subsidiaries	(86,557)	(1,095)	–	–	–	–	–	–	–	(1,095)	(85,462)
Total changes in ownership interests in subsidiaries	(86,557)	(1,095)	–	–	–	–	–	–	–	(1,095)	(85,462)
<u>Others</u>											
Share of associate's reclassification of FVOCI reserve	–	–	–	–	(8,287)	8,287	–	–	–	–	–
Share of transfer of statutory reserve of an associate	–	–	–	–	596	–	–	–	–	(596)	–
Share of other changes in equity of an associate	288	288	–	–	–	–	–	–	–	288	–
Others	(146)	(146)	–	–	(146)	–	–	–	–	–	–
Total others	142	142	–	–	(7,837)	8,287	–	–	–	(308)	–
Closing balance at 31 December 2021	1,934,850	1,771,382	568,968	(2,682)	1,163,514	9,516	60	39,466	(10,598)	3,138	163,468

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 2022

	2022 $'000	2021 $'000
Cash flows from operating activities		
Profit before tax	**562,984**	362,070
Adjustments		
Depreciation of property, plant and equipment	**6,074**	6,457
Amortisation of other intangible assets	**327**	412
Dividend income	**(12,366)**	(8,188)
Interest income	**(15,131)**	(74,013)
Finance costs	**43,993**	32,106
Other income	**–**	(5,912)
Share based payment	**1,833**	–
Unrealised foreign currency translation	**2,672**	10,425
Fair value changes in investment properties and financial assets	**88,125**	(148,915)
Net loss/(gain) on disposal of property, plant and equipment, investment properties and other investment securities	**2,148**	(10,821)
Net gain on disposal of an associate	**(642,190)**	–
Reversal of write down of inventories	**–**	(7,822)
Impairment losses on land under development and other intangible assets	**–**	9,005
Property, plant and equipment written off	**5**	4
Share of results of associates and joint ventures	**14,021**	(99,903)
Operating cash flows before changes in working capital	**52,495**	64,905
Decrease/(increase) in inventories	**82,477**	(50,326)
(Increase)/decrease in short-term investment securities	**(4,824)**	9,711
(Increase)/decrease in trade and other receivables	**(18,190)**	1,432
(Decrease)/increase in trade and other payables	**(3,110)**	19,785
Cash flows from operations	**108,848**	45,507
Income taxes paid	**(22,988)**	(5,529)
Finance costs paid	**(24,962)**	(9,274)
Interest received	**3,307**	8,137
Dividend received from short-term investments	**1,039**	1,251
Net cash flows from operating activities	**65,244**	40,092

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 2022

	2022 $'000	2021 $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**7,088**	96,208
Proceeds from redemption of debt instrument	**17,200**	4,250
Proceeds from disposal of investment securities	**56,136**	–
Proceeds from disposal of an associate	**142,458**	–
Cost incurred on property, plant and equipment	**(6,210)**	(4,328)
Cost incurred on investment properties	**(427,948)**	(59,153)
Rebate from vendor on acquisition of investment property	**–**	5,912
Cost incurred on land under development	**(15,263)**	(14,841)
Purchase of investment securities	**(31,891)**	(17,712)
Investment in associates and joint ventures	**(60,630)**	(106,014)
Return of capital from associates	**11,688**	33,222
Repayment from an associate	**–**	1,500
Cost incurred on deferred mine exploration and evaluation expenditure and mine properties	**(188)**	(270)
Payment for acquisition of a subsidiary from non-controlling shareholder	**(61,734)**	(86,556)
Dividend received from investment securities and associates	**19,699**	13,175
Interest received	**685**	118
Income taxes paid	**(1,567)**	(9,661)
Net cash flows used in investing activities	**(350,477)**	(144,150)
Cash flows from financing activities		
Dividend paid to shareholders (Note 34)	**(34,626)**	(24,409)
Carried interest paid to General Partner of a subsidiary	**(56)**	(146)
Dividend paid to non-controlling shareholders of subsidiaries	**(11,178)**	(4,537)
Net proceeds from issuance of shares	**78,261**	–
Shares buyback (Note 27)	**(1,403)**	–
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**–**	17,885
Repayment of loan to non-controlling shareholder of a subsidiary	**–**	(18,469)
Return of capital to non-controlling shareholders	**–**	(8,701)
Repayment of short-term borrowings	**(37,237)**	(1,070)
Proceeds from long-term borrowings	**385,264**	190,317
Repayment of long-term borrowings	**(125,579)**	(329,747)
Proceeds from issuance of fixed rate notes	**168,500**	–
Finance costs paid	**(21,884)**	(21,770)
Payment of lease liabilities	**(2,578)**	(3,048)
Net cash flows from/(used in) financing activities	**397,484**	(203,695)
Net increase/(decrease) in cash and cash equivalents	**112,251**	(307,753)
Effect of exchange rate changes on cash and cash equivalents	**(2,178)**	(6,964)
Cash and cash equivalents, beginning balance	**141,615**	456,332
Cash and cash equivalents, ending balance (Note 25)	**251,688**	141,615

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 2022

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 31 March 2023.

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

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 investment holding. The principal activities of the subsidiaries are disclosed in Note 42 to the financial statements.

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.

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 2022.

The Group has applied the following SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s for the first time for the annual period beginning on or after 1 January 2022:

- Amendments to SFRS(I) 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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
SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1: *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*	1 January 2023
Amendments to SFRS(I) 1-1: *Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)*	1 January 2023
Amendments to SFRS(I) 1-8: *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 10: *Consolidated Financial Statements*	Date to be determined
Amendments to SFRS(I) 1-28: *Investments in Associates and Joint Ventures (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 include 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;

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

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

(a) Basis of consolidation (cont'd)

- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

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

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

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

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

<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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

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

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

(b) Consolidated financial statements

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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.

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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.

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 96 years
Buildings	–	10 to 99 years
Plant, equipment and vehicles	–	up to 40 years
Furniture	–	up 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.10 Depreciation and residual values (cont'd)

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 (representing long-term inventories) where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle and associated costs with the acquisition of land such as professional fees, stamp duties, commissions and other relevant levies. Such land is classified within non-current assets and is stated at cost less accumulated impairment losses, if any.

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.

2.13 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.13 Intangible assets (cont'd)

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 activities include:

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

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

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19.

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

(c) Mine properties

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.13 Intangible assets (cont'd)

(c) Mine properties (cont'd)

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

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

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

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

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

(d) Mine restoration expenditure

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

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

(e) Corporate club memberships

Club memberships acquired separately are measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Club memberships 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 and other 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 and other receivables do not contain a significant financing component at initial recognition.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement

Debt instruments

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

Debt instruments measured at amortised cost

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

Equity instruments

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

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

Derivatives

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

(iii) Impairment

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in FVOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) Financial liabilities

(i) Initial recognition and measurement

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

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

(ii) Subsequent measurement

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

(iii) Derecognition

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

2.15 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.16 Non-current assets held for sale

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

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits that are readily convertible to cash and 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 consumables 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.22 Employee benefits (cont'd)

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value at the date on which the share awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2.23 Leases

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

The Group as lessee

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

<u>Right-of-use assets</u>

The Group recognises 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. The accounting policy for impairment is disclosed in Note 2.19(iii). The Group's right-of-use assets are presented within property, plant and equipment in Note 14.

<u>Lease liabilities</u>

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.23 Leases (cont'd)

Short-term leases and leases of low-value assets

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

The Group as lessor

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

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

Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.24(iv).

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. The Group acts as an agent to provide tin smelting services on tin materials supplied by the customers. The Group does not own and has no control of the tin materials.

(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 2022

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) 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.
- Other charges are recognised upon performance of services.

2.25 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

- 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

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

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales 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 sales tax included.

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.26 Derivative financial instruments and hedging

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, cross currency swaps ("CCS"), interest rate swaps, interest rate cap and forward commodity contracts, to manage its foreign currency, interest rate and commodity price risks. 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 and fair value hedges, which is recognised in other comprehensive income.

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

– Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

– Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

– Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.26 Derivative financial instruments and hedging (cont'd)

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from the interest rate benchmark reform

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

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

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

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from the interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.26 Derivative financial instruments and hedging (cont'd)

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

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from the interest rate benchmark reform (cont'd)

For this purpose, the hedge designation is amended only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;

– updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

– updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

– the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.26 Derivative financial instruments and hedging (cont'd)

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

(a) Fair value hedges

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

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

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

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

(b) Cash flow hedges

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

The Group uses forward currency contracts and foreign currency component of CCS as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments, uses interest rate swaps, interest rate cap contracts and interest component of CCS as hedges of its exposure to interest rate risk, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

2.27 Share capital and share issuance expenses

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

2.28 Treasury shares

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

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined. Contingencies incurred relating to the business combination, entity's interests in associates and joint ventures are disclosed separately in accordance with SFRS(I) 1-37, unless the probability of loss is remote.

2.30 Government grants

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

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 below:

(a) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of the cash-generating unit is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the terminal growth rate. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 17(a).

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in Note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14.

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 $49,055,000 (2021: $46,526,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

3. 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 with the assistance of accredited professional valuers with recent experience and takes into consideration prevailing market conditions in respective location and category of the properties being valued. These techniques comprise comparison method, direct capitalisation method, discounted cash flow method, investment valuation method and depreciated replacement cost method.

The determination of the fair values of the properties requires the use of estimates such as:

- sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value;
- an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation;
- capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates;
- an estimate of total gross development costs and developer's profits.

(iv) Inventories

Significant management judgement and estimation are required in determining the valuation of tin-in-concentrates, tin-in-process and refined tin metal which is affected by the timing of realisation, foreign exchange rates and further processing costs.

Inventories are written down to its net realisable value when events or changes in circumstances indicate that the carrying amounts may not be recoverable, and the write-down is reversed when there is indication of recovery. Where actual amount differs from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of inventories at the reporting date is disclosed in Note 24.

(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 estimated restoration cost.

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 made by the Board of Directors. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation uncertainty (cont'd)

(vi) Provision for retrenchment compensation

Provision for retrenchment compensation is provided based on the present value of the estimated future employee termination benefits to be incurred subsequent to the relocation of the plant. Significant management judgement and estimation are required in determining the timing of realisation.

The provision for retrenchment compensation at the reporting date is disclosed in Note 29.

(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").

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, mining rights, property, plant and equipment where their depreciation and amortisation charges are determined using UOP method, may be affected.

(viii) Impairment of financial assets

The impairment allowance 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 38(c).

(b) Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the capital allowance, reinvestment allowance, mining allowance and group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Judgements (cont'd)

(i) Income taxes (cont'd)

The carrying amounts are as follows:

	Group	
	2022	2021
	$'000	$'000
Income tax recoverable	**5,357**	5,719
Income tax payable	**3,871**	14,236
Deferred tax assets	**11,848**	5,376
Deferred tax liabilities	**70,107**	91,178

4. DIVIDEND INCOME

	Group	
	2022	2021
	$'000	$'000
Dividend income from:		
– Investment securities at fair value through profit or loss ("FVPL")	**1,039**	1,251
– Investment securities at FVOCI	**11,327**	6,937
	12,366	8,188

5. INTEREST INCOME

	Group	
	2022	2021
	$'000	$'000
Interest income from:		
– Investment securities	**7,814**	7,358
– Cash and cash equivalents	**2,743**	415
– Due from associates, joint ventures and others	**4,574**	66,240
	15,131	74,013

Notes to the Financial Statements

For the financial year ended 31 December 2022

6. OTHER INCOME

	Group 2022 $'000	Group 2021 $'000
Net (loss)/gain on disposal of investment properties	**(223)**	8,772
Net gain/(loss) on disposal of property, plant and equipment	**19**	(3)
Net gain on disposal of subsidiaries, associates and joint ventures	**642,190**	724
Net (loss)/gain on disposal of equity securities at FVPL	**(1,943)**	1,328
Net gain/(loss) from settlement of forward tin contracts	**3,591**	(10,124)
Fair value changes in financial instruments:		
– Held-for-trading equity securities at FVPL	**(14,402)**	11,268
– Derivative financial instruments at FVPL	**1,244**	4,075
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**454**	182
Others	**4,443**	10,339
	635,373	26,561

7. EMPLOYEE BENEFITS EXPENSE

	Group 2022 $'000	Group 2021 $'000
Wages, salaries and other employee benefits	**34,089**	34,184
Defined contribution plans	**3,041**	2,878
Share-based compensation (Performance share plan)	**1,833**	–
Provision for/(reversal of) retrenchment compensation (Note 29)	**326**	(465)
	39,289	36,597

(a) Performance share plan

On 19 January 2022, the Company granted a total number of 1,830,600 share awards (the "Awards") to certain employees of the Company under the Performance Share Plan (the "PSP") as consideration for services rendered. The Awards will be vested upon achievement of certain performance conditions pursuant to the PSP.

As at 31 December 2022, the number of shares which has not yet been released in respect of contingent awards granted under the PSP is 1,830,600. Under the PSP, the final number of shares to be released will depend on the achievement of predetermined targets over a three-year performance period. The actual number of shares to be released will be decided by the Remuneration Committee ("RC"), depending on RC's satisfaction of the extent of achievement of the Performance conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2022

8. IMPAIRMENT LOSSES

	Group 2022 $'000	Group 2021 $'000
Reversal of impairment loss on mining rights (Note 17(b)(i))	**–**	(142)
Reversal of impairment loss on mine properties (Note 17(b)(ii))	**–**	(468)
Impairment loss on land under development (Note 15)	**–**	9,615
	–	9,005

9. FINANCE COSTS

	Group 2022 $'000	Group 2021 $'000
Interest on bank loans	**30,286**	18,100
Interest on notes	**12,093**	10,554
Fees incurred for credit facilities	**3,974**	2,736
Interest on loan from a non-controlling shareholder of a subsidiary	**70**	231
Discount adjustment on provision (Note 29)	**553**	368
Interest on lease liabilities (Note 33)	**114**	175
	47,090	32,164
Less: interest expense capitalised in investment properties (Note 16(d))	**(3,097)**	(58)
	43,993	32,106

10. OTHER EXPENSES

	Group 2022 $'000	Group 2021 $'000
Administrative expenses	**10,825**	8,193
Marketing and distribution expenses	**1,486**	1,385
Property related management fees	**2,869**	2,865
Property upkeep and maintenance expenses	**9,510**	7,810
Property related taxes	**4,247**	2,406
Operating lease expenses	**–**	4
Brokerage fees	**440**	100
Allowance for/(reversal of) expected credit losses (Note 21)	**218**	(1)
Net foreign exchange losses	**15,108**	11,414
Other expenses	**5,027**	2,097
	49,730	36,273

Notes to the Financial Statements

For the financial year ended 31 December 2022

11. PROFIT BEFORE TAX

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

	Group	
	2022	2021
	$'000	$'000
Audit fees paid/payable:		
– Auditor of the Company	**551**	441
– Overseas affiliates of the auditor of the Company	**536**	467
– Other auditors	**270**	84
Non-audit fees paid/payable:		
– Auditor of the Company	**114**	124
– Overseas affiliates of the auditor of the Company	**6**	18
– Other auditors	**875**	773
	2,352	1,907
Net (gain)/loss on disposal of property, plant and equipment	**(19)**	3
Property, plant and equipment written off	**5**	4

Notes to the Financial Statements

For the financial year ended 31 December 2022

12. INCOME TAX (CREDIT)/EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022	2021
	$'000	$'000
(i) Consolidated income statement		
Income tax		
– Current income tax	**17,746**	18,131
– Over provision in prior years	**(508)**	(26)
	17,238	18,105
Deferred tax (Note 20)		
– Origination and reversal of temporary differences	**(23,255)**	58,099
– (Over)/under provision in prior years	**(270)**	175
	(23,525)	58,274
Income tax (credit)/expense recognised in profit or loss	**(6,287)**	76,379
(ii) Statement of comprehensive income		
Deferred tax related to other comprehensive income		
– Net change in revaluation of property, plant and equipment	**220**	105
– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges	**(414)**	–
	(194)	105

Notes to the Financial Statements

For the financial year ended 31 December 2022

12. INCOME TAX (CREDIT)/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 2022 and 2021 are as follows:

	Group	
	2022	2021
	$'000	$'000
Profit before tax	**562,984**	362,070
Add/(less): Share of results of associates and joint ventures (net of tax)	**14,021**	(99,903)
	577,005	262,167
Tax at statutory rate of 17% (2021: 17%)	**98,091**	44,568
Effect of different tax rates in other countries	**2,718**	18,757
Over provision in prior years	**(508)**	(26)
Adjustments to deferred tax in respect of prior years	**(270)**	175
Non-deductible expenses	**14,748**	9,443
Income not subject to tax	**(116,453)**	(7,818)
Effect of partial tax exemption	**(187)**	(222)
Deferred tax assets not recognised	**3,589**	46
Withholding tax expenses	**(7,713)**	12,155
Others	**(302)**	(699)
	(6,287)	76,379

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 $551,259,000 (2021: $234,254,000) and on 434,049,035 (2021: 406,910,353) weighted average number of ordinary shares in issue.

There are no dilutive potential shares of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2022

14. PROPERTY, PLANT AND EQUIPMENT

							Right-of-use assets		
	Freehold land	Leasehold land	Buildings	Plant, equipment, vehicles and furniture	Capital work-in-progress	Mine restoration	Land and buildings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	At valuation			At cost					
Group									
At cost or valuation									
At 1 January 2022	146	10,730	9,047	50,822	3,418	10,615	12,919	195	97,892
Additions	–	–	–	809	5,726	2,253	138	–	8,926
Disposals	–	–	–	(153)	–	–	–	–	(153)
Write-offs	–	–	–	(111)	–	–	–	–	(111)
Reclassifications	–	48	–	1,358	(1,146)	–	–	–	260
Revaluation surplus, net	6	79	476	–	–	–	–	–	561
Elimination of accumulated depreciation on revaluation	–	(128)	(337)	–	–	–	–	–	(465)
Exchange differences	(9)	(664)	(561)	(2,952)	(311)	(676)	(367)	–	(5,540)
At 31 December 2022	143	10,065	8,625	49,773	7,687	12,192	12,690	195	101,370
Accumulated depreciation									
At 1 January 2022	–	–	–	32,938	–	5,159	7,881	54	46,032
Depreciation charge for the year	–	130	345	2,697	–	394	2,479	28	6,073
Disposals	–	–	–	(153)	–	–	–	–	(153)
Write-offs	–	–	–	(106)	–	–	–	–	(106)
Elimination of accumulated depreciation on revaluation	–	(128)	(337)	–	–	–	–	–	(465)
Exchange differences	–	(2)	(8)	(1,938)	–	(332)	(260)	–	(2,540)
At 31 December 2022	–	–	–	33,438	–	5,221	10,100	82	48,841
Net carrying amount At 31 December 2022	143	10,065	8,625	16,335	7,687	6,971	2,590	113	52,529

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Freehold land	Leasehold land	Buildings	Plant, equipment, vehicles and furniture	Capital work-in-progress	Mine restoration	Right-of-use assets: Land and buildings	Right-of-use assets: Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	At valuation			At cost					
Group									
At cost or valuation									
At 1 January 2021	141	10,630	8,998	49,327	2,980	9,855	12,961	195	95,087
Additions	–	–	–	453	3,284	854	11	–	4,602
Disposals	–	–	–	(154)	–	–	–	–	(154)
Write-offs	–	–	–	(672)	–	–	–	–	(672)
Transfer	–	336	233	1,887	(2,509)	–	–	–	(53)
Reclassifications	–	–	–	333	(307)	–	–	–	26
Revaluation surplus, net	5	(5)	248	–	–	–	–	–	248
Elimination of accumulated depreciation on revaluation	–	(136)	(357)	–	–	–	–	–	(493)
Exchange differences	–	(95)	(75)	(352)	(30)	(94)	(53)	–	(699)
At 31 December 2021	146	10,730	9,047	50,822	3,418	10,615	12,919	195	97,892
Accumulated depreciation									
At 1 January 2021	–	–	–	31,396	–	4,733	4,996	26	41,151
Depreciation charge for the year	–	136	351	2,554	–	468	2,920	28	6,457
Disposals	–	–	–	(116)	–	–	–	–	(116)
Write-offs	–	–	–	(668)	–	–	–	–	(668)
Elimination of accumulated depreciation on revaluation	–	(136)	(357)	–	–	–	–	–	(493)
Exchange differences	–	–	6	(228)	–	(42)	(35)	–	(299)
At 31 December 2021	–	–	–	32,938	–	5,159	7,881	54	46,032
Net carrying amount									
At 31 December 2021	146	10,730	9,047	17,884	3,418	5,456	5,038	141	51,860

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Freehold land	**Buildings**	**Plant, equipment, vehicles and furniture**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
	At valuation		**At cost**	
Company				
At cost or valuation				
At 1 January 2022	**49**	**551**	**106**	**706**
Additions	**–**	**–**	**53**	**53**
Disposals	**–**	**–**	**(55)**	**(55)**
Revaluation surplus	**–**	**5**	**–**	**5**
Elimination of accumulated depreciation on revaluation	**–**	**(5)**	**–**	**(5)**
Exchange differences	**(3)**	**(34)**	**(7)**	**(44)**
At 31 December 2022	**46**	**517**	**97**	**660**
Accumulated depreciation				
At 1 January 2022	**–**	**–**	**106**	**106**
Depreciation charge for the year	**–**	**5**	**4**	**9**
Disposals	**–**	**–**	**(54)**	**(54)**
Elimination of accumulated depreciation on revaluation	**–**	**(5)**	**–**	**(5)**
Exchange differences	**–**	**–**	**(5)**	**(5)**
At 31 December 2022	**–**	**–**	**51**	**51**
Net carrying amount				
At 31 December 2022	**46**	**517**	**46**	**609**

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Freehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Total $'000
	At valuation		At cost	
Company				
At cost or valuation				
At 1 January 2021	44	558	107	709
Revaluation surplus	5	11	–	16
Elimination of accumulated depreciation on revaluation	–	(11)	–	(11)
Exchange differences	–	(7)	(1)	(8)
At 31 December 2021	49	551	106	706
Accumulated depreciation				
At 1 January 2021	–	7	107	114
Depreciation charge for the year	–	6	–	6
Elimination of accumulated depreciation on revaluation	–	(11)	–	(11)
Exchange differences	–	(2)	(1)	(3)
At 31 December 2021	–	–	106	106
Net carrying amount				
At 31 December 2021	49	551	–	600

(a) Land and buildings are stated at fair value, which is 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 40D.

(b) If the land and buildings stated at valuation were included in the financial statements using the cost model, the net carrying amounts would be:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Freehold land	**33**	35	**1**	1
Leasehold land	**7,287**	7,817	**–**	–
Buildings	**5,461**	6,136	**48**	48

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(c) Details of properties included in property, plant and equipment as at 31 December 2022 are as follows:

Description of properties	**Tenure**	**Unexpired lease term (years)**	**Professional valuers**	**Valuation method**
Malaysia				
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	96	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd)	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang	Freehold	–	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd)	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam, Penang	Freehold	–	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	75	Khong & Jaafar Sdn Bhd	Depreciated replacement cost method
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:				
(i) Land and buildings at Lot 344 and 348	Freehold	–	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Land at Lot 1886	Freehold	–	Knight Frank Malaysia Sdn Bhd	Comparison method
(iii) Land and buildings at PT 725, 726 and 727	Leasehold	28	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(c) Details of properties included in property, plant and equipment as at 31 December 2022 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (years)	Professional valuers	Valuation method
Malaysia (cont'd)				
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak (cont'd):				
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	86	Knight Frank Malaysia Sdn Bhd	Comparison method
(v) 2 units of single-storey semi-detached house at PT 55671 and 55675	Freehold	–	Knight Frank Malaysia Sdn Bhd	Comparison method

(d) Details of properties included in right-of-use assets as at 31 December 2022 are as follows:

Description of properties	Tenure	Unexpired lease term (years)	Group's effective interest in property
Malaysia			
Land at Lot 2071, 55502, 55503 & 55504, PT 3934, PT 4338, 4522 & 4523	Leasehold	46 to 90	52%
No. 27 Jalan Pantai, 12000 Butterworth, Penang			
– Seabed leases with main wharf at PT 686	Leasehold	47	52%
9 plots of state land at Wilayah Kg Pong, Tanah Hitam and Klian Intan in Mukim Pengkalan Hulu and Belukar Semang Daerah Hulu Perak	Leasehold	28	52%
Building Q Sentral Unit 18-13A, Level 18, Q Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur	Leasehold	3	52%
Singapore			
1 Wallich Street #15-01, Guoco Tower, Singapore 078881	Leasehold	1	100%

Notes to the Financial Statements

For the financial year ended 31 December 2022

15. LAND UNDER DEVELOPMENT

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At cost				
At 1 January	**88,948**	72,634	**29,982**	30,254
Additions	**22,270**	16,901	**–**	–
Reclassifications	**(260)**	–	**–**	–
Exchange differences	**(6,040)**	(587)	**(1,855)**	(272)
At 31 December	**104,918**	88,948	**28,127**	29,982
Accumulated impairment				
At 1 January	**9,740**	–	**–**	–
Impairment loss [1]	**–**	9,615	**–**	–
Exchange differences	**(602)**	125	**–**	–
At 31 December	**9,138**	9,740	**–**	–
Net carrying amount				
At 31 December	**95,780**	79,208	**28,127**	29,982

[1] Impairment relating to Lot No. 20502, section 4 Town of Butterworth, North Seberang Perai District, Penang pursuant to the revaluation of the property under development.

Details of properties included in land under development as at 31 December 2022 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[2]	Freehold	52%	51,749	Office/Factory/ Carpark shed
Lot 20500 – Lot 20512 Section 4 Town of Butterworth North Seberang Perai District, Penang	Freehold	100%	91,944[3]	Hotel

[2] As at 31 December 2022, the land is pledged to secure bank facilities (Note 30).

[3] Included is the hotel under development in Lot No. 20502 is land with site area of 4,656 sq.m..

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance sheets				
At fair value				
At 1 January	**1,039,646**	932,199	**5,622**	5,534
Fair value changes recognised in profit or loss	**(75,421)**	133,390	**–**	137
Additions	**447,678**	64,508	**–**	–
Disposals	**(7,293)**	(87,400)	**–**	–
Exchange differences	**(91,695)**	(3,051)	**(348)**	(49)
At 31 December	**1,312,915**	1,039,646	**5,274**	5,622

	Group	
	2022	2021
	$'000	$'000
Income statement		
Rental income from investment properties		
– Minimum lease payments	**55,032**	48,079
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(20,358)**	(19,372)
– Non-rental generating properties	**(1,420)**	(2,029)
	(21,778)	(21,401)

(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 values, which is determined based on valuations at the end of the reporting period. The Group determines the fair value of investment properties with the assistance of accredited professional valuers with recent experience and takes into consideration prevailing market conditions in respective location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 40D.

(c) Certain investment properties are mortgaged to secure bank facilities (Note 30).

(d) During the year, interest capitalised as cost of investment properties was $3,097,000 (2021: $58,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2022 are as follows:

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Singapore						
1 residential unit at Gallop Green condominium	Freehold	–	394 (strata)	Residential	Knight Frank Pte Ltd	Comparison method
8/8A at Cable Road	Freehold	3,010	1,752 (gross)	Residential	Knight Frank Pte Ltd	Comparison method
10/10A/10B at Nathan Road	Freehold	4,548	2,083 (gross)	Residential	Knight Frank Pte Ltd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2022 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (years)	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	28	15,774	37,940	Retail	CBRE (Shanghai) Management Limited	Direct capitalisation method and discounted cash flow method
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	Leasehold	872	11,255	–	Residential	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as 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	Leasehold	871	12,892	–	Residential	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd)	Comparison method
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold	–	3,826	–	Retail	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as 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	CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd)	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2022 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Australia						
45 St Georges Terrace, Perth, WA	Freehold	1,826	10,120	Office/ Carpark	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
34 Share Street, Kilkenny Road, Kilkenny, SA	Freehold	50,329	37,809	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method and discounted cash flow method
14 Ocean Steamers Road, Port Adelaide, SA	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	95,790	12,258	Industrial Land	CBRE Valuations Pty Limited	Direct capitalisation method, discounted cash flow method and residual value method
33-55 Frost Road, Salisbury South, SA	Freehold	103,700	46,446	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method and discounted cash flow method
867-885 Mountain Highway Bayswater, Melbourne, VIC	Freehold	104,200	39,056	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method and discounted cash flow method
Allotment 32 Third Avenue, Mawson Lakes, SA	Freehold	37,980	14,342	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
677 Springvale Road, Mulgrave, VIC	Freehold	22,510	12,024	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
Lot 1 Ocean Streamers Road, Port Adelaide, SA	Freehold	28,960	15,536	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2022 are as follows (cont'd):

Description of properties	Tenure	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Australia (cont'd)						
1010 La Trobe Street, Docklands, VIC	Freehold	3,268	14,954	Office/ Carpark	Cushman & Wakefield (Valuation) Pty Ltd	Direct capitalisation method and discounted cash flow method
192 Harbour Esplanade, Docklands, VIC	Freehold	3,543	5,779	Office/ Carpark	Cushman & Wakefield (Valuation) Pty Ltd	Direct capitalisation method and discounted cash flow method
United Kingdom						
Dashwood Lang Road, Addlestone, Surrey, KT15 2NX	Freehold	62,400	17,539	Business Park	Colliers International Valuation UK LLP	Investment valuation method
Gloucester Business Park, GL3 4AA	Freehold	316,330	48,539	Business Park	Knight Frank LLP	Investment valuation method
Korea						
Land at San 11-4, Sanjeong-Ri, Yangseong-Myeon, Anseong-Si, Gteonggi-Do, Korea	Freehold	71,316	–	Industrial Land	Jones Lang LaSalle Co., Ltd.	Direct capitalisation method, discounted cash flow method and direct comparison method

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group 2022 $'000	Group 2021 $'000
At cost		
At 1 January	**17,366**	17,516
Exchange differences	**(1,043)**	(150)
At 31 December	**16,323**	17,366

The carrying amount of goodwill is allocated to the Group's resources segment.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(a) Goodwill arising on consolidation (cont'd)

(i) Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

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 budgets and forecasts approved by management. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The new smelting plant of the resource subsidiary in Pulau Indah, Port Klang has been fully operational. The new smelting plant and the existing plant at Butterworth, Penang will be operating in parallel until smooth operations are achieved. The Group performed its annual impairment test in December 2022.

The pre-tax discount rates applied to the cash flow projections were 13.0% (2021: 11.0%) and 11.8% (2021: 9.0%) for Mining and Smelting segments respectively, were based on the estimated weighted average cost of capital. The terminal growth rate applied to the cash flow projections was 2.2% (2021: 2.1%) for Smelting segment. 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.

(b) Other intangible assets

	Group 2022 $'000	Group 2021 $'000
(i) Mining rights	**43,062**	1,022
Corporate club memberships	**132**	143
	43,194	1,165
(ii) Deferred mine exploration and evaluation expenditure	**403**	342
Mine properties	**3,705**	4,109
	4,108	4,451
	47,302	5,616

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(b) Other intangible assets (cont'd)

(i) Mining rights and corporate club memberships

	Mining rights $'000	Corporate club memberships $'000	Total $'000
Group			
At cost			
At 1 January 2022	**3,855**	**186**	**4,041**
Additions	**21**	**–**	**21**
Acquisition of subsidiary	**42,489**	**–**	**42,489**
Exchange differences	**(598)**	**(13)**	**(611)**
At 31 December 2022	**45,767**	**173**	**45,940**
Accumulated amortisation and impairment			
At 1 January 2022	**2,833**	**43**	**2,876**
Amortisation charge for the year	**49**	**3**	**52**
Exchange differences	**(177)**	**(5)**	**(182)**
At 31 December 2022	**2,705**	**41**	**2,746**
Net carrying amount At 31 December 2022	**43,062**	**132**	**43,194**
At cost			
At 1 January 2021	3,890	187	4,077
Exchange differences	(35)	(1)	(36)
At 31 December 2021	3,855	186	4,041
Accumulated amortisation and impairment			
At 1 January 2021	2,953	40	2,993
Amortisation charge for the year	49	3	52
Reversal of impairment loss (Note 8)	(142)	–	(142)
Exchange differences	(27)	–	(27)
At 31 December 2021	2,833	43	2,876
Net carrying amount At 31 December 2021	1,022	143	1,165

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(b) Other intangible assets (cont'd)

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

	Deferred mine exploration and evaluation expenditure $'000	Mine properties $'000	Total $'000
Group			
At cost			
At 1 January 2022	**342**	**45,737**	**46,079**
Additions	**51**	**116**	**167**
Acquisition of subsidiary	**33**	**–**	**33**
Exchange differences	**(23)**	**(2,832)**	**(2,855)**
At 31 December 2022	**403**	**43,021**	**43,424**
Accumulated amortisation and impairment			
At 1 January 2022	**–**	**41,628**	**41,628**
Amortisation charge for the year	**–**	**276**	**276**
Exchange differences	**–**	**(2,588)**	**(2,588)**
At 31 December 2022	**–**	**39,316**	**39,316**
Net carrying amount At 31 December 2022	**403**	**3,705**	**4,108**
At cost			
At 1 January 2021	159	46,092	46,251
Additions	185	85	270
Acquisition of subsidiary	–	–	–
Reclassifications	–	(26)	(26)
Exchange differences	(2)	(414)	(416)
At 31 December 2021	342	45,737	46,079
Accumulated amortisation and impairment			
At 1 January 2021	–	42,118	42,118
Amortisation charge for the year	–	360	360
Reversal of impairment loss (Note 8)	–	(468)	(468)
Exchange differences	–	(382)	(382)
At 31 December 2021	–	41,628	41,628
Net carrying amount At 31 December 2021	342	4,109	4,451

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

(b) Other intangible assets (cont'd)

The remaining amortisation periods are as follows:

	Group Number of years 2022	2021
Mining rights	**6 to 10**	4 to 10
Corporate club memberships	**61 to 65**	61 to 66
Mine properties	**6 to 10**	4 to 10

18. SUBSIDIARIES

	Company 2022 $'000	2021 $'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**55,356**	55,356
Redeemable preference shares, at cost	**48,900**	48,900
	129,658	129,658
Impairment losses	**(6,123)**	(6,123)
	123,535	123,535

Details of subsidiaries are included in Note 42.

Shares of certain subsidiaries of the Group are pledged to secure bank facilities (Note 30).

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

18. SUBSIDIARIES (CONT'D)

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

31 December 2022

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
Malaysia Smelting Corporation Berhad	Malaysia	48%	16,060	126,782

31 December 2021

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
Malaysia Smelting Corporation Berhad	Malaysia	48%	18,050	94,676
ILP No. 1 Trust [(1)]	Australia	20%	24,308	56,500

(1) Indirectly held through the Group's wholly-owned subsidiary, SRE Australia Industrial 1 Pte. Ltd. ("SREA1"). On 16 September 2022, SREA1 acquired the remaining 20% stake in ILP No.1 Trust (the "Trust") for a consideration of AUD63,500,000 (approximately S$59,982,430). As a result of the transaction, the Trust has become a wholly-owned subsidiary of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2022

18. SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

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

31 December 2022

Summarised balance sheets

	Malaysia Smelting Corporation Berhad $'000
Current	
Assets	**255,706**
Liabilities	**(121,610)**
Net current assets	**134,096**
Non-current	
Assets	**143,009**
Liabilities	**(40,167)**
Net non-current assets	**102,842**
Net assets	**236,938**

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad $'000
Revenue	**472,588**
Profit before tax	**45,849**
Income tax expense	**(13,475)**
Profit after tax	**32,374**
Other comprehensive income	**(19,633)**
Total comprehensive income	**12,741**

Notes to the Financial Statements

For the financial year ended 31 December 2022

18. SUBSIDIARIES (CONT'D)

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

31 December 2021

Summarised balance sheets

	Malaysia Smelting Corporation Berhad $'000	ILP No. 1 Trust $'000
Current		
Assets	317,506	9,746
Liabilities	(205,582)	(116,618)
Net current assets/(liabilities)	111,924	(106,872)
Non-current		
Assets	111,211	437,468
Liabilities	(34,395)	(48,094)
Net non-current assets	76,816	389,374
Net assets	188,740	282,502

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad $'000	ILP No. 1 Trust $'000
Revenue	348,480	22,261
Profit before tax	50,722	121,542
Income tax expense	(12,753)	–
Profit after tax	37,969	121,542
Other comprehensive income	10,575	(6,134)
Total comprehensive income	48,544	115,408

19. ASSOCIATES AND JOINT VENTURES

	Group		**Company**	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Associates	**259,653**	696,881	**144**	144
Joint ventures	**441,559**	509,083	**–**	–
	701,212	1,205,964	**144**	144

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Unquoted shares, at cost	**260,642**	523,805	**609**	609
Shareholder loans (e)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**(42,025)**	110,919	**–**	–
Exchange differences	**(27,375)**	(6,254)	**–**	–
	263,152	700,380	**609**	609
Impairment losses	**(3,499)**	(3,499)	**(465)**	(465)
	259,653	696,881	**144**	144

(a) Details of associates are included in Note 42.

(b) During the year, the Group disposed of its interest in ARA Asset Management Limited ("ARA Shares") for a net consideration of $1,076.5 million comprising US$105.7 million ($142.5 million) in the form of cash and $934.0 million in the form of 214,674,500 ESR Group Limited (formerly known as ESR Cayman Limited) ordinary shares.

(c) During the year, the Group carried out a review of the recoverable amount of its investment in Far East Hospitality Holdings Pte. Ltd. ("FEHH") and no impairment loss was recognised in profit or loss (2021: $1,944,000). The recoverable amount was based on value in use calculations using 5-year cash flow projections based on finance forecasts.

(d) In 2021, Straits Real Estate Pte. Ltd. ("SREPL"), through its wholly-owned subsidiary, SRE Venture 18 Pte. Ltd. ("SREV18"), entered into a subscription agreement for the subscription into Savills IM UK Value Boxes Fund FCP-RAIF ("SIMUK"). During the year, the Group injected an additional investment of GBP25.7 million ($46.9 million) into SIMUK, which was offset by a return of capital of $9.4 million, bringing the net investment cost to $67.9 million.

(e) The Group's shareholder loans are extended to Far East Hospitality Holdings Pte. Ltd. and are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months.

(f) Movement in the allowance account:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At 1 January	**(3,499)**	(1,555)	**(465)**	(465)
Impairment loss	**–**	(1,944)	**–**	–
At 31 December	**(3,499)**	(3,499)	**(465)**	(465)

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

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

	Group	
	2022	2021
	$'000	$'000
Loss after tax	**(1,722)**	(1,852)
Other comprehensive income	**(3)**	8
Total comprehensive income	**(1,725)**	(1,844)

(h) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), SIMUK, FEHH, ARA Harmony Fund III, L.P. ("H3") and Savills Investment Management Japan Value Fund II, LP ("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

	SIMUK*	**FEHH**	**H3^**	**JVF2**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2022				
Current assets	**24,987**	**78,014**	**23,042**	**180,208**
Non-current assets	**124,423**	**572,297**	**423,528**	**804,638**
Total assets	**149,410**	**650,311**	**446,570**	**984,846**
Current liabilities	**(4,646)**	**(345,055)**	**(8,153)**	**(32,867)**
Non-current liabilities	**(64,652)**	**(275,540)**	**(372,741)**	**(488,571)**
Total liabilities	**(69,298)**	**(620,595)**	**(380,894)**	**(521,438)**
Net assets	**80,112**	**29,716**	**65,676**	**463,408**
Non-controlling interests	**–**	**–**	**–**	**(57,290)**
Net assets as at 31 December 2022	**80,112**	**29,716**	**65,676**	**406,118**
Interest in associates	**63.16%**	**30.0%**	**40.0%**	**18.5%**
Group's share of net assets	**50,599**	**8,915**	**26,270**	**75,132**
Intangible assets	**–**	**10,097**	**–**	**–**
Other adjustments	**(181)**	**(3,499)**	**–**	**–**
Carrying value of the Group's interest in associates	**50,418**	**15,513**	**26,270**	**75,132**

* During the financial year, the Group injected additional investment into SIMUK (Note 19.1(d)).

^ The net assets of H3 have been adjusted to reflect the Group's view of the prevailing market conditions of the investment properties.

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(h) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), SIMUK, FEHH, ARA Harmony Fund III, L.P. ("H3") and Savills Investment Management Japan Value Fund II, LP ("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 balance sheets (cont'd)

	ARAH*	FEHH	H3^	JVF2
	$'000	$'000	$'000	$'000
As at 31 December 2021				
Current assets	1,176,521	81,674	25,069	61,995
Non-current assets	4,945,526	592,151	449,982	932,421
Total assets	6,122,047	673,825	475,051	994,416
Current liabilities	(508,537)	(361,716)	(13,493)	(64,471)
Non-current liabilities	(1,434,574)	(273,553)	(398,798)	(466,542)
Total liabilities	(1,943,111)	(635,269)	(412,291)	(531,013)
Net assets	4,178,936	38,556	62,760	463,403
Preference shares and share premium	(81,444)	–	–	–
Perpetual securities holders	(959,978)	–	–	–
Non-controlling interests	(1,143,067)	–	–	(55,593)
Net assets as at 31 December 2021	1,994,447	38,556	62,760	407,810
Interest in associates	22.06%	30.0%	40.0%	18.5%
Group's share of net assets	439,975	11,567	25,104	75,445
Goodwill on acquisition	133,181	–	–	–
Intangible assets	105,969	10,955	–	–
Step acquisition adjustment	(180,222)	–	–	–
Capital return arising from privatisation#	(48,211)	–	–	–
Other adjustments	4,074	(3,499)	(1,020)	–
Carrying value of the Group's interest in associates	454,766	19,023	24,084	75,445

* During the year, the Group completed the disposal of ARA Shares (Note 19.1(b)).
^ The net assets of H3 have been adjusted to reflect the Group's view of the prevailing market conditions of the investment properties.
# Step acquisition adjustment and capital return arising from privatisation resulted from the privatisation of ARA Asset Management Limited in April 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

(h) The summarised financial information in respect of ARA Asset Management Holdings Pte. Ltd. ("ARAH"), SIMUK, FEHH, ARA Harmony Fund III, L.P. ("H3") and Savills Investment Management Japan Value Fund II, LP ("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

	SIMUK	FEHH	H3	JVF2
	$'000	$'000	$'000	$'000
2022				
Revenue	**9,854**	**65,430**	**40,097**	**35,220**
(Loss)/profit after tax	**(13,011)**	**849**	**9,332**	**47,880**
Other comprehensive income	**–**	**(9,684)**	**(4,204)**	**–**
Total comprehensive income	**(13,011)**	**(8,835)**	**5,128**	**47,880**

	ARAH	FEHH	H3	JVF2
	$'000	$'000	$'000	$'000
2021				
Revenue	806,500	42,792	36,252	23,935
Profit/(loss) after tax	325,073	(35,856)	(110,326)	61,542
Other comprehensive income	46,913	12,445	(2,464)	–
Total comprehensive income	371,986	(23,411)	(112,790)	61,542

19.2 Joint ventures

	Group	
	2022	2021
	$'000	$'000
Unquoted shares, at cost	**142,302**	140,880
Shareholder notes (b)	**163,031**	226,997
Share of post-acquisition reserves	**165,085**	156,292
Exchange differences	**(26,198)**	(12,425)
	444,220	511,744
Impairment losses	**(2,661)**	(2,661)
	441,559	509,083

(a) Details of joint ventures are included in Note 42.

(b) The Shareholder notes issued by 320P Trust ("320P") are unsecured, repayable by 2027 and entitles the Group to the higher of a fixed interest per annum or a percentage of profits in 320P. As unanimous approval is required for key operating, investing and financing matters, the Group has accounted for 320P as a joint venture.

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(c) The summarised financial information in respect of Ivory SL Joint Venture Limited ("ISL"), 320P and Sky Logis Private Real Estate Investment Company ("SLRE") based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheets

	ISL $'000	320P $'000	SLRE $'000
As at 31 December 2022			
Cash and cash equivalents	**22,279**	**11,902**	**9,544**
Other current assets	**2,569**	**883**	**7,051**
Current assets	**24,848**	**12,785**	**16,595**
Non-current assets	**561,702**	**493,020**	**476,436**
Total assets	**586,550**	**505,805**	**493,031**
Trade, other payables and provisions	**18,067**	**11,554**	**13,347**
Current liabilities (excluding trade, other payables and provisions)	**–**	**(400)**	**–**
Current liabilities	**18,067**	**11,154**	**13,347**
Non-current liabilities (excluding trade, other payables and provisions)	**354,525**	**494,651**	**164,099**
Total liabilities	**372,592**	**505,805**	**177,446**
Net assets	**213,958**	**–**	**315,585**
As at 31 December 2021			
Cash and cash equivalents	22,688	4,165	16,691
Other current assets	1,660	1,018	5,007
Current assets	24,348	5,183	21,698
Non-current assets	623,921	480,825	501,362
Total assets	648,269	486,008	523,060
Trade, other payables and provisions	23,651	4,930	7,293
Current liabilities (excluding trade, other payables and provisions)	–	(510)	–
Current liabilities	23,651	4,420	7,293
Non-current liabilities (excluding trade, other payables and provisions)	376,871	481,588	177,522
Total liabilities	400,522	486,008	184,815
Net assets	247,747	–	338,245

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(c) The summarised financial information in respect of Ivory SL Joint Venture Limited ("ISL"), 320P and Sky Logis Private Real Estate Investment Company ("SLRE") based on their financial statements, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows (cont'd):

Summarised statements of comprehensive income

	ISL $'000	320P $'000	SLRE $'000
2022			
Revenue	**28,732**	**12,338**	**20,269**
Interest income	**184**	**192**	**161**
Interest expense	**(21,278)**	**1,161**	**(6,864)**
Amortisation	**–**	**(1,538)**	**–**
(Loss)/profit before tax	**(4,697)**	**(2,430)**	**18,125**
Income tax credit/(expense)	**77**	**–**	**(427)**
(Loss)/profit after tax	**(4,620)**	**(2,430)**	**17,698**
Other comprehensive income	**(29,472)**	**2,255**	**–**
Total comprehensive income	**(34,092)**	**(175)**	**17,698**
2021			
Revenue	32,008	10,790	15,314
Interest income	248	–	29
Interest expense	(20,901)	(84,624)	(6,650)
Amortisation	–	(1,600)	(1,055)
Profit before tax	46,078	–	227,722
Income tax expense	(4,126)	–	(10,555)
Profit after tax	41,952	–	217,167
Other comprehensive income	8,548	–	–
Total comprehensive income	50,500	–	217,167

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(c) The summarised financial information in respect of ISL, 320P and Sky Logis Private Real Estate Investment Company ("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 ventures:

	ISL $'000	320P $'000	SLRE $'000
Net assets at 31 December 2022	**213,958**	**–**	**315,585**
Interest in joint ventures	**56.52%**	**26%**	**50%**
Group's share of net assets	**120,929**	**–**	**157,793**
Other adjustments	**(195)**	**–**	**–**
Carrying value of the Group's interest in joint ventures	**120,734**	**–**	**157,793**
Net assets at 31 December 2021	247,747	–	338,245
Interest in joint ventures	56.52%	26%	50%
Group's share of net assets	140,027	–	169,123
Other adjustments	(195)	–	(26,872)
Carrying value of the Group's interest in joint ventures	139,832	–	142,251

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (Note 30).

Notes to the Financial Statements

For the financial year ended 31 December 2022

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Deferred tax assets	**11,848**	5,376	**–**	–
Deferred tax liabilities	**(70,107)**	(91,178)	**(670)**	(713)
	(58,259)	(85,802)	**(670)**	(713)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Provisions	**1,693**	2,083	**275**	1,337	**–**	–
Unutilised tax losses	**–**	–	**(29)**	31	**–**	–
Fair value changes on derivative financial instruments	**–**	–	**75**	23	**–**	–
Revaluation of property, plant and equipment	**(1,893)**	(1,876)	**–**	–	**(148)**	(157)
Differences in depreciation	**(2,871)**	(1,896)	**1,147**	774	**1**	1
Fair value changes on investment properties	**(22,110)**	(42,907)	**(17,806)**	27,916	**(523)**	(557)
Unremitted foreign sourced income	**(34,051)**	(42,535)	**(7,018)**	28,483	**–**	–
Others	**973**	1,329	**(169)**	(290)	**–**	–
	(58,259)	(85,802)			**(670)**	(713)
Deferred tax expense (Note 12)			**(23,525)**	58,274		

<u>Unrecognised tax losses</u>

At the end of the reporting period, the Group has tax losses of approximately $23,144,000 (2021: $2,775,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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For the financial year ended 31 December 2022

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**16,360**	8,557	**5**	5
Amount due from a subsidiary	**–**	–	**–**	2
Less: Allowance for expected credit losses	**(3,015)**	(3,189)	**–**	–
	13,345	5,368	**5**	7
Other receivables				
Deposits	**2,285**	927	**9**	10
Non-trade receivables	**21,014**	12,455	**264**	33
Amounts due from subsidiaries	**–**	–	**1,695,237**	1,382,667
Amounts due from associates	**66,591**	66,556	**4**	4
Amount due from a joint venture	**4,675**	1,754	**–**	–
Amounts due from non-controlling shareholders of subsidiaries	**3**	–	**–**	–
	94,568	81,692	**1,695,514**	1,382,714
Trade and other receivables (current)	**107,913**	87,060	**1,695,519**	1,382,721
Non-current				
Amounts due from subsidiaries	**–**	–	**30,000**	107,013
Total trade and other receivables (current and non-current)	**107,913**	87,060	**1,725,519**	1,489,734
Cash and cash equivalents (Note 25)	**251,688**	141,615	**129,791**	17,205
Unquoted financial assets at amortised cost (Note 22)	**32,652**	51,638	**–**	–
Quoted financial assets at amortised cost (Note 22)	**999**	1,996	**–**	–
Shareholder notes (Note 19.2)	**163,031**	226,997	**–**	–
Total financial assets at amortised cost	**556,283**	509,306	**1,855,310**	1,506,939

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For the financial year ended 31 December 2022

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and generally on normal trade credit terms range from cash 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 $219,092,000 (2021: $110,151,000) which is interest bearing at rates ranging from 2.00% to 4.10% (2021: 3.10% to 4.20%) per annum.

The non-current amounts due from subsidiaries are non-trade related, unsecured, interest bearing at 2.08% (2021: range from 2.00% to 3.75%) per annum and repayable in 2024 (2021: between 2023 and 2025).

Amounts due from associates

The current amounts due from associates are non-trade related, unsecured, non-interest bearing and repayable on demand, except for amounts of $66,348,000 (2021: $66,348,000) which is interest bearing at 2.00% (2021: 2.00%) per annum.

Amount due from a joint venture

The current amount due from a joint venture is non-trade related, unsecured, non-interest bearing and repayable on demand.

Certain other receivables are pledged to secure bank facilities (Note 30).

Trade and other receivables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2022	2021
	$'000	$'000
Australian Dollar	**22,847**	13,675
United States Dollar	**9,592**	3,656
Japanese Yen	**149**	43
Great Britain Pound	**38,122**	–

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21. TRADE AND OTHER RECEIVABLES (CONT'D)

The aged analysis of trade and other receivables is as follows:

	Group					
	2022			2021		
	$'000			$'000		
	Gross	**Expected credit losses**	**Net**	Gross	Expected credit losses	Net
• Not past due	**104,736**	**–**	**104,736**	86,391	–	86,391
• Past due:						
Less than 30 days	**2,543**	**–**	**2,543**	494	–	494
30 to 60 days	**252**	**–**	**252**	90	–	90
61 to 90 days	**143**	**(20)**	**123**	38	–	38
91 to 120 days	**88**	**–**	**88**	74	(27)	47
More than 120 days	**3,166**	**(2,995)**	**171**	3,162	(3,162)	–
	6,192	**(3,015)**	**3,177**	3,858	(3,189)	669
Total	**110,928**	**(3,015)**	**107,913**	90,249	(3,189)	87,060

	Company					
	2022			2021		
	$'000			$'000		
	Gross	**Expected credit losses**	**Net**	Gross	Expected credit losses	Net
• Not past due	**1,695,514**	**–**	**1,695,514**	1,358,903	–	1,358,903
• Past due:						
Less than 30 days	**5**	**–**	**5**	6	–	6
30 to 60 days	**–**	**–**	**–**	1	–	1
	5	**–**	**5**	7	–	7
Total	**1,695,519**	**–**	**1,695,519**	1,358,910	–	1,358,910

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.

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	
	2022	2021
	$'000	$'000
Trade and other receivables – nominal amounts	**3,015**	3,189
Less: Allowance for expected credit losses	**(3,015)**	(3,189)
	–	–

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For the financial year ended 31 December 2022

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	2022	2021
	$'000	$'000
At 1 January	**(3,189)**	(3,211)
(Allowance for)/reversal of expected credit losses (Note 10)	**(218)**	1
Exchange differences	**392**	21
At 31 December	**(3,015)**	(3,189)

22. INVESTMENT SECURITIES

(a) *Investment securities (non-current)*

	Group	
	2022	2021
	$'000	$'000
At fair value through other comprehensive income		
– Quoted equity securities (i)	**591,040**	162,720
Total financial assets at fair value through other comprehensive income	**591,040**	162,720
At amortised cost		
– Unquoted debt securities (ii)	**–**	35,328
	591,040	198,048

(b) *Investment securities (current)*

	Group	
	2022	2021
	$'000	$'000
At fair value through profit or loss		
– Quoted equity securities	**41,712**	59,786
At amortised cost		
– Quoted debt securities	**999**	1,996
– Unquoted debt securities (ii)	**32,652**	16,310
	75,363	78,092

(i) The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

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For the financial year ended 31 December 2022

22. INVESTMENT SECURITIES (CONT'D)

(b) Investment securities (current) (cont'd)

(ii) The unquoted investment securities at amortised cost are as follows:

	2022			2021		
	Million	**Coupon rate**	**Maturity**	Million	Coupon rate	Maturity
Credit linked notes	**–**	**–**	**–**	$16.2	3.48%	1 year
Secured note	**A$36.0**	**14.5%**	**1 year**	A$36.0	14.5%	1 to 5 years

(iii) Certain investment securities are pledged to secure bank facilities (Note 30).

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet at the reporting date are as follows:

	Group				Company			
	2022		2021		2022		2021	
	Assets $'000	**Liabilities $'000**	Assets $'000	Liabilities $'000	**Assets $'000**	**Liabilities $'000**	Assets $'000	Liabilities $'000
Forward currency contracts	**22,748**	**156**	2,200	2,945	**2,390**	**–**	–	–
Cross currency swap contracts	**508**	**1,541**	–	–	**508**	**–**	–	–
Interest rate swap contracts	**2,695**	**375**	180	–	**1,548**	**–**	180	–
Interest rate cap contracts	**10,111**	**–**	–	–	**–**	**–**	–	–
Forward commodity contracts	**339**	**–**	–	–	**–**	**–**	–	–
	36,401	**2,072**	2,380	2,945	**4,446**	**–**	180	–
Current	**23,198**	**1,696**	1,485	2,294	**2,583**	**–**	–	–
Non-current	**13,203**	**376**	895	651	**1,863**	**–**	180	–
	36,401	**2,072**	2,380	2,945	**4,446**	**–**	180	–

(a) Forward currency and foreign exchange component of 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 foreign currency translation reserve to the extent that the hedges are effective. These contracts mature between January 2023 to May 2026 (2021: January 2022 to December 2023).

(b) Interest rate swap, interest rate cap and interest rate component of cross currency 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. These contracts mature between March 2023 to June 2026.

Notes to the Financial Statements

For the financial year ended 31 December 2022

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(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. There were no contracts designated as cash flow or fair value hedges. These contracts mature between January to March 2023.

Further details of the derivative financial instruments are disclosed in Note 39.

24. INVENTORIES

	Group	
	2022 $'000	2021 $'000
Balance sheet		
Inventories of:		
– Tin-in-concentrates	**11,614**	5,792
– Tin-in-process	**136,023**	171,114
– Refined tin metal	**19,484**	74,275
Other inventories (stores, spares, fuels, coal and saleable by-products)	**6,420**	4,837
	173,541	256,018
Income statement		
Inventories recognised as an expense in cost of sales	**398,651**	255,694
Inclusive of the following charge:		
Reversal of write down of inventories	**–**	(7,822)

The carrying amount of tin inventories include allowance for tin loss of $1,450,000 (2021: $736,000).

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For the financial year ended 31 December 2022

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**104,155**	108,704	**15,272**	15,983
Short-term deposits	**147,533**	32,911	**114,519**	1,222
	251,688	141,615	**129,791**	17,205

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 3.2% and 3.5% (2021: 1.4% and 0.4%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (Note 30).

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
United States Dollar	**20,715**	16,774	**–**	–
Japanese Yen	**251**	3,421	**10**	1,498
Australian Dollar	**2,104**	18,682	**–**	–
Singapore Dollar	**2,503**	2,503	**–**	–
Great Britain Pound	**382**	726	**–**	–

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For the financial year ended 31 December 2022

26. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	**$'000**	Number of shares	$'000
Ordinary shares issued and fully paid (including treasury shares)				
At 1 January	**408,095,772**	**568,968**	408,095,772	568,968
Issue for cash	**26,000,000**	**80,860**	–	–
Share issuance expenses	**–**	**(2,599)**	–	–
Issue for distribution *in-specie*	**17,686,975**	**39,088**	–	–
At 31 December	**451,782,747**	**686,317**	408,095,772	568,968

During the year, the Company issued 26,000,000 new ordinary shares for cash at $3.11 per ordinary share by way of private placement and incurred share issuance expenses of $2,599,000. The Company also issued 17,686,975 new ordinary shares at $2.21 per ordinary share pursuant to a special dividend via distribution *in-specie*.

27. TREASURY SHARES

	Group and Company			
	2022		**2021**	
	Number of shares	**$'000**	Number of shares	$'000
At 1 January	**(1,276,200)**	**(2,682)**	(1,276,200)	(2,682)
Share buyback	**(556,100)**	**(1,403)**	–	–
At 31 December	**(1,832,300)**	**(4,085)**	(1,276,200)	(2,682)

At 31 December 2022, the Company held 1,832,300 treasury shares (2021: 1,276,200) which represents 0.4% (2021: 0.3%) of the total number of issued shares (excluding treasury shares).

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, the Company acquired 556,100 of its own shares through purchases on the SGX-ST. The total amount paid to acquire the shares was $1,403,000 and this was presented as a component within the shareholders' equity.

Notes to the Financial Statements

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28. RESERVES

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Retained earnings [(a)]	**1,396,875**	1,163,514	**99,378**	38,107
FVOCI reserve [(b)]	**(280,093)**	9,516	**–**	–
Hedging reserve [(c)]	**6,421**	60	**1,548**	180
Revaluation reserve [(d)]	**42,174**	39,466	**579**	574
Foreign currency translation reserve [(e)]	**(109,183)**	(10,598)	**(8,148)**	(702)
Share-based compensation reserve [(f)]	**1,554**	–	**1,554**	–
Other reserve [(g)]	**(2,537)**	3,138	**–**	–
Other reserves	**(341,664)**	41,582	**(4,467)**	52

(a) Retained earnings

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
At 1 January	**1,163,514**	961,506	**38,107**	39,885
Net changes in the reserve	**233,361**	202,008	**61,271**	(1,778)
At 31 December	**1,396,875**	1,163,514	**99,378**	38,107
Net changes in the reserve:				
– Profit for the year	**551,259**	234,254	**255,818**	22,631
– Dividend on ordinary shares (Note 34)	**(34,626)**	(24,409)	**(195,053)**	(24,409)
– Issuance of distribution *in-specie* (Note 34)	**(160,427)**	–	**–**	–
– Change in ownership interests in subsidiaries	**10,558**	–	**–**	–
– Share of associate's reclassification of FVOCI reserve	**–**	(8,287)	**–**	–
– Reclassification of reserve upon disposal of investment securities	**(84,767)**	–	**–**	–
– Reclassification of reserve upon disposal of an associate	**(47,128)**	–	**–**	–
– Share of transfer of statutory reserve of an associate	**(1,958)**	596	**–**	–
– Others	**450**	(146)	**506**	–
	233,361	202,008	**61,271**	(1,778)

Notes to the Financial Statements

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28. RESERVES (CONT'D)

(b) FVOCI reserve

FVOCI reserve records the cumulative fair value changes of financial assets at FVOCI until they are derecognised. The movements in the FVOCI reserve are as follows:

	Group 2022 $'000	Group 2021 $'000
At 1 January	**9,516**	(36,601)
Net changes in the reserve	**(289,609)**	46,117
At 31 December	**(280,093)**	9,516
Net changes in the reserve:		
– Net fair value changes during the year	**(357,074)**	11,096
– Share of associate's reclassification of FVOCI reserve	**1,958**	8,287
– Share of reserve of associates	**655**	26,734
– Reclassification of reserve upon disposal of investment securities	**84,767**	–
– Reclassification of reserve upon disposal of an associate	**(19,915)**	–
	(289,609)	46,117

(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 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
At 1 January	**60**	(3,973)	**180**	(779)
Net changes in the reserve	**6,361**	4,033	**1,368**	959
At 31 December	**6,421**	60	**1,548**	180
Net changes in the reserve:				
– Net fair value changes during the year	**4,824**	959	**1,368**	959
– Share of reserve of associates	**1,968**	3,074	**–**	–
– Reclassification of reserve upon disposal of an associate	**(431)**	–	**–**	–
	6,361	4,033	**1,368**	959

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28. RESERVES (CONT'D)

(d) Revaluation reserve

Revaluation reserve records 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	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At 1 January	**39,466**	32,390	**574**	561
Net changes in the reserve	**2,708**	7,076	**5**	13
At 31 December	**42,174**	39,466	**579**	574
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**220**	105	**5**	13
– Share of reserve of an associate	**2,488**	6,971	**–**	–
	2,708	7,076	**5**	13

(e) Foreign currency translation reserve

Foreign currency translation reserve records 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, as well as exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the foreign currency translation reserve are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At 1 January	**(10,598)**	13,849	**(702)**	245
Net effect of exchange adjustments	**(98,585)**	(24,447)	**(7,446)**	(947)
At 31 December	**(109,183)**	(10,598)	**(8,148)**	(702)
Net effect of exchange adjustments:				
– Translation of foreign operations	**(97,413)**	(7,876)	**(7,446)**	(947)
– Net investments in foreign operations	**15,595**	3,085	**–**	–
– Reclassification of foreign currency translation reserve to profit or loss	**18,192**	(717)	**–**	–
– Share of reserve of associates and joint ventures	**(34,973)**	(18,939)	**–**	–
– Reclassification of reserve upon disposal of an associate	**(1,494)**	–	**–**	–
– Share of other changes in equity of an associate	**1,508**	–	**–**	–
	(98,585)	(24,447)	**(7,446)**	(947)

Notes to the Financial Statements

For the financial year ended 31 December 2022

28. RESERVES (CONT'D)

(f) Share-based compensation reserve

Share-based compensation reserve records the cumulative value of employee services rendered for shares under the share plans of the Group.

	Group	
	2022	2021
	$'000	$'000
At 1 January	**–**	–
Share based payment	**1,554**	–
At 31 December	**1,554**	–

(g) Other reserve

Other reserve records 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	
	2022	2021
	$'000	$'000
At 1 January	**3,138**	4,541
Net changes in the reserve	**(5,675)**	(1,403)
At 31 December	**(2,537)**	3,138
Net changes in the reserve:		
– Share of other changes in equity of associates	**(68,555)**	288
– Share of transfer of statutory reserve of an associate	**–**	(596)
– Change in ownership interests in subsidiaries	**(6,088)**	(1,095)
– Reclassification of reserve upon disposal of an associate	**68,968**	–
	(5,675)	(1,403)

Notes to the Financial Statements

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29. PROVISIONS

	Provision for mine restoration $'000	Provision for retrenchment compensation (Note 7) $'000	Total $'000
Group			
At 1 January 2022	**13,173**	**3,831**	**17,004**
Provision made during the year	**2,254**	**326**	**2,580**
Discount adjustment on provision (Note 9)	**473**	**80**	**553**
Exchange differences	**(848)**	**(242)**	**(1,090)**
At 31 December 2022	**15,052**	**3,995**	**19,047**
Non-current	**14,700**	**–**	**14,700**
Current	**352**	**3,995**	**4,347**
	15,052	**3,995**	**19,047**
At 1 January 2021	12,123	4,336	16,459
Provision/(reversal) made during the year	796	(465)	331
Discount adjustment on provision (Note 9)	368	–	368
Exchange differences	(114)	(40)	(154)
At 31 December 2021	13,173	3,831	17,004
Non-current	13,173	3,831	17,004

(a) *Provision for mine restoration*

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 mine production. Please refer to Note 3(a) for significant accounting estimates and judgements.

In September 2020, RHT has re-submitted its original mine restoration plan to the relevant authorities. On the date the financial statements were authorised for issue, there were no further developments or feedback from the relevant authorities in relation to the submitted mine restoration plan.

RHT has engaged Korea Mine Reclamation Corporation ("KOMIR") to prepare a revised report including the enlarged undisturbed area. The current mine restoration plan is expected to be submitted to the relevant authorities upon the approval of the mine restoration plan submitted in 2020.

(b) *Provision for retrenchment compensation*

The provision for retrenchment 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.

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30. BORROWINGS

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current				
Secured bank loans	**609,084**	201,547	**–**	33,284
Unsecured bank loans	**74,769**	104,533	**74,769**	104,533
Unsecured notes	**370,218**	199,169	**367,618**	198,470
	1,054,071	505,249	**442,387**	336,287
Current				
Secured bank loans	**148,447**	361,088	**33,388**	35,000
Unsecured bank loans*	**188,225**	179,659	**109,814**	44,721
	336,672	540,747	**143,202**	79,721
Total borrowings	**1,390,743**	1,045,996	**585,589**	416,008

* Included in the unsecured bank loans are short-term trade financing, bankers' acceptances and trust receipts.

<u>Interest rates of borrowings</u>

	Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Floating rate loans	**2.5 to 5.8**	1.0 to 5.3	**3.9 to 5.8**	1.4 to 1.8
Floating rate notes	**–**	3.0	**–**	–
Fixed rate loans	**3.5 to 4.8**	1.0 to 3.7	**–**	–
Fixed rate notes	**3.0 to 4.1**	3.8	**3.8 to 4.1**	3.8

Interest rates on the bank loans are repriced at intervals of 3 to 12 months (2021: 3 to 12 months).

Borrowings denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group 2022 $'000	Group 2021 $'000
Japanese Yen	**–**	2,070
Australian Dollar	**24,918**	27,002
Singapore Dollar	**–**	16,209
United States Dollar	**9,166**	134,937

Notes to the Financial Statements

For the financial year ended 31 December 2022

30. BORROWINGS (CONT'D)

Secured

The secured bank loans are collaterised by the following assets:

	Group	
	2022	2021
	$'000	$'000
Investment properties (Note 16(c))	**1,312,915**	995,952
Land under development (Note 15)	**23,917**	25,494
Joint ventures (Note 19.2)	**214,002**	226,997
Investment securities (current) (Note 22(b))	**–**	39,360
Cash and cash equivalents (Note 25)	**13,102**	7,799
Other current assets	**288**	206
	1,564,224	1,295,808

Certain secured bank loans are collaterised by shares of certain subsidiaries of the Group (Note 18).

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

			Non-cash changes			
	2021	**Cash flows**	**Reclass-ification**	**Exchange differences**	**Others**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings						
– current	**540,747**	**(37,237)**	**(153,704)**	**(13,448)**	**314**	**336,672**
– non-current	**505,249**	**428,185**	**153,704**	**(34,947)**	**1,880**	**1,054,071**
Total	**1,045,996**	**390,948**	**–**	**(48,395)**	**2,194**	**1,390,743**

			Non-cash changes			
	2020	Cash flows	Reclass-ification	Exchange differences	Others	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings						
– current	575,264	(1,070)	(32,197)	(1,271)	21	540,747
– non-current	613,277	(139,430)	32,197	(2,582)	1,787	505,249
Total	1,188,541	(140,500)	–	(3,853)	1,808	1,045,996

On 29 October 2020 and 4 May 2022, the Company issued $200 million and $170 million of unsecured fixed rate notes under its $500 million multicurrency debt issuance programme which was established on 13 October 2011 and updated on 3 July 2017. The notes will mature in October 2025 and May 2026 and bear an interest of 3.75% and 4.1% per annum respectively, payable semi-annually in arrears.

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For the financial year ended 31 December 2022

31. OTHER NON-CURRENT LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Amounts due to non-controlling shareholders of subsidiaries	**429**	686
Other liabilities	**2,888**	5,481
	3,317	6,167

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest bearing at 12% (2021: 12%) per annum and are repayable in 2030.

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**25,007**	24,514	**11**	10
Advance receipts and billings	**3,677**	2,180	**8**	9
Amount due to associates (trade)	**816**	–	**–**	–
	29,500	26,694	**19**	19
Other payables				
Amounts due to subsidiaries	**–**	–	**645,963**	640,270
Amounts due to non-controlling shareholders of subsidiaries	**2,483**	21	**–**	–
Accruals	**99,640**	40,048	**7,005**	5,362
Deposits received	**3,777**	3,798	**65**	66
Amount due to a related party	**–**	68	**–**	–
	105,900	43,935	**653,033**	645,698
Trade and other payables	**135,400**	70,629	**653,052**	645,717
Trade and other payables	**135,400**	70,629	**653,052**	645,717
Less: Advance receipts and billings	**(3,677)**	(2,180)	**(8)**	(9)
	131,723	68,449	**653,044**	645,708
Add: Other non-current liabilities (Note 31)	**3,317**	6,167	**–**	–
Borrowings (Note 30)	**1,390,743**	1,045,996	**585,589**	416,008
Total financial liabilities carried at amortised cost	**1,525,783**	1,120,612	**1,238,633**	1,061,716

Notes to the Financial Statements

For the financial year ended 31 December 2022

32. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables

The Group's normal trade credit ranges from cash payment to 90-day terms.

Amounts due to subsidiaries

The amounts due 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 unsecured, non-interest bearing and repayable on demand.

Amount due to a related party

The amount due to a related party was non-trade related, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies other than the functional currencies of the respective Group entities are mainly as follows:

	Group	
	2022	2021
	$'000	$'000
United States Dollar	**8,222**	18,874
Australian Dollar	**4,013**	783
Japanese Yen	**51**	113

33. LEASE LIABILITIES

	Group	
	2022	2021
	$'000	$'000
At 1 January	**4,901**	7,788
Additions	**138**	–
Accretion of interests (Note 9)	**114**	175
Payments	**(2,578)**	(3,048)
Exchange differences	**(94)**	(14)
At 31 December	**2,481**	4,901
Current	**1,223**	2,603
Non-current	**1,258**	2,298
	2,481	4,901

Notes to the Financial Statements

For the financial year ended 31 December 2022

34. DIVIDENDS

	Group and Company	
	2022	2021
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares		
– 2022 Special dividend via distribution *in-specie* comprising 17,686,975 ordinary shares of the Company and 48,510,280 ordinary shares of ESR Group Limited	**160,427**	–
– 2021 Interim dividend paid in 2022: 8 cents per share tax exempt (one-tier tax) (2020 Interim dividend paid in 2021: 6 cents per share tax exempt (one-tier tax))	**34,626**	24,409
Declared but not recognised as a liability as at 31 December		
Dividends on ordinary shares		
– Interim dividend for 2022: 8 cents per share tax exempt (one-tier tax) (Interim dividend for 2021: 8 cents per share tax exempt (one-tier tax))	**35,996**	32,546

There is no taxation consequence arising from the dividends declared by the Company.

35. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements:

	Group	
	2022	2021
	$'000	$'000
Property, plant and equipment	**2,468**	1,348
Investment properties	**146,036**	4,453
Land under development	**22,889**	41,818
Investee companies	**46,449**	50,249
Associates	**37,818**	105,405
Share of joint venture's capital commitment in respect of investment properties	**7,134**	23,833
	262,794	227,106

Notes to the Financial Statements

For the financial year ended 31 December 2022

36. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments as lessor

The Group and Company have entered into property lease agreements on their investment properties. These non-cancellable leases have remaining terms of up to 22 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 2022 and 2021.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**44,108**	39,386	**69**	94
Later than 1 year but not later than 5 years	**124,964**	133,650	**77**	52
Later than 5 years	**66,740**	110,950	**–**	–
	235,812	283,986	**146**	146

(b) Operating lease commitments as lessee

The Group has entered into operating lease agreements for properties and office equipment used in its operations. These non-cancellable operating leases have remaining terms of up to 3 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	
	2022	2021
	$'000	$'000
Minimum lease payments	**1,935**	1,509

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2022	2021
	$'000	$'000
Not later than 1 year	**2,238**	3
Later than 1 year but not later than 5 years	**6,431**	4
	8,669	7

(c) Other commitments

The Company has committed to provide continuing financial support to certain subsidiaries to enable their continuing operations.

Notes to the Financial Statements

For the financial year ended 31 December 2022

36. COMMITMENTS AND CONTINGENCIES (CONT'D)

(d) Legal claims in Malaysia Smelting Corporation Berhad ("MSC")

(i) A subsidiary of MSC had instituted legal action against two former executive officers of MSC and other relevant parties (collectively known as the "Defendants"), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance.

Based on the settlement agreement entered into with the other relevant parties in respect of a separate case, the subsidiary has discontinued its claim against the other relevant parties who have also discontinued their counterclaim against the subsidiary. Both are without liberty to file afresh and with no order as to costs. However, the suit is ongoing against the two former executives of MSC and pre-trial matters are ongoing.

In view of the above events, all trial dates fixed thus far have been vacated until further notice. In MSC's Board of Directors' opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

(ii) On 23 December 2021, MSC received a letter of demand from a third party claiming MSC has breached a sales and purchase agreement entered into between MSC and the third party dated 8 July 2019, that MSC agreed to supply 60,000 MT of tin slag at the price of RM50.00 per MT within 12 months from the date of the agreement (the "Agreement").

On 27 April 2022, the third party's (hereinafter referred to as the "Plaintiff") solicitors served a copy of the Plaintiff's Writ of Summons dated 26 April 2022 and Statement of Claim dated 20 April 2022 to MSC's legal counsel. MSC entered its appearance on 29 April 2022 and filed its defence on 25 May 2022.

Before the Case Management ("CM") on 5 August 2022, MSC's legal counsel received the amended Writ and Statement of Claim whereby the Plaintiff's proposed to reduce their claim as they are no longer claiming for certain items as per their original writ and Statement of Claim. Pre-trial matters are ongoing for this case. Next CM is fixed on 14 March 2023 and no trial dates have been fixed yet.

MSC's legal counsel is of the view that MSC has an arguable case to contend that it did not breach the Agreement and a sufficiently reliable estimate of the financial effect cannot be made due to the lack of particulars and evidence in respect of the claim. Pursuant to this, MSC's legal counsel had sent an official response to the third party's solicitor denying that there has been any breach of the Agreement.

(iii) A Plaintiff who is representing a supplier of foreign workers, has commenced legal proceedings against MSC. The Plaintiff's cause of action is premised upon a purported breach of contract. MSC denies any breach of contract as alleged. The trial proceeded on 15 and 16 August 2022 wherein the Plaintiff concluded their case. At the hearing on 20 January 2023, after MSC closed its case, the Court directed parties to file written submission on/or before 29 March 2023. The matter has been fixed for oral submission on 13 April 2023. MSC's Board of Directors, having obtained advice from its legal counsel, is of the opinion that MSC has a good chance of winning the case.

Notes to the Financial Statements

For the financial year ended 31 December 2022

37. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, the significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2022	2021
	$'000	$'000
Associates/Joint ventures		
Sales of goods	**2,991**	2,319
Interest income	**4,571**	66,228
Other related parties		
Rental income	**815**	821
Accounting and other service income	**353**	355
Accounting and other service expense	**(41)**	(739)

Please refer to Notes 21 and 32 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2022	2021
	$'000	$'000
Directors' fees	**724**	690
Short-term employee benefits	**7,303**	6,164
Defined contribution plans	**197**	131
	8,224	6,985

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38. 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 and interest rates.

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 the Asia Pacific region and has exposure to foreign exchange risk as a result of sale 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, Great Britain Pound, Singapore Dollar and Japanese Yen. The Group uses forward currency and cross currency swap 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.

<u>Sensitivity analysis for foreign currency risk</u>

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 Australian Dollar, United States Dollar, Japanese Yen, Great Britain Pound, and Singapore Dollar against the functional currencies of the respective Group entities, with all other variables held constant.

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For the financial year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

		Group			
		2022		2021	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
Australian Dollar	strengthened 5% (2021: 5%)	**3,854**	**–**	9,843	–
	weakened 5% (2021: 5%)	**(3,854)**	**–**	(9,843)	–
United States Dollar	strengthened 5% (2021: 5%)	**1,240**	**–**	852	–
	weakened 5% (2021: 5%)	**(1,240)**	**–**	(852)	–
Japanese Yen	strengthened 5% (2021: 5%)	**65**	**–**	179	–
	weakened 5% (2021: 5%)	**(65)**	**–**	(179)	–
Great Britain Pound	strengthened 5% (2021: 5%)	**1,584**	**–**	72	–
	weakened 5% (2021: 5%)	**(1,584)**	**–**	(72)	–
Singapore Dollar	strengthened 5% (2021: 5%)	**788**	**(837)**	173	(837)
	weakened 5% (2021: 5%)	**(788)**	**837**	(173)	837

At the end of the reporting period, approximately:

(i) 49% (2021: 20%) of the Group's trade and other receivables as well as 9% (2021: 28%) 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 Great Britain Pound, United States Dollar and Australian Dollar (2021: United States Dollar and Australian Dollar).

(ii) 10% (2021: 30%) 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 (2021: Japanese Yen).

(iii) 3% (2021: 5%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Australian Dollar (2021: United States Dollar, Japanese Yen, Singapore Dollar and Australian Dollar).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swap, interest rate cap and cross currency swap contracts to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ Decrease in basis point	**Effect on profit after tax $'000**
31 December 2022		
Singapore Dollar	**+25**	**(252)**
	–25	**252**
Malaysian Ringgit	**+25**	**(50)**
	–25	**50**
Great Britain Pound	**+25**	**(479)**
	–25	**479**
Chinese Renminbi	**+25**	**(55)**
	–25	**55**
Australian Dollar	**+25**	**(295)**
	–25	**295**
United States Dollar	**+25**	**(16)**
	–25	**16**
31 December 2021		
Singapore Dollar	+25	(543)
	–25	543
Malaysian Ringgit	+25	(162)
	–25	162
Great Britain Pound	+25	(182)
	–25	182
Chinese Renminbi	+25	(62)
	–25	62
Australian Dollar	+25	(380)
	–25	380
United States Dollar	+25	7
	–25	(7)

At the end of the reporting period, for the increase/decrease in the various basis points on interest rates for the various currencies, the effects associated with such changes on the Group's profit after tax are as illustrated above.

Notes to the Financial Statements

For the financial year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks

During the year ended 31 December 2022, the Group has transitioned majority of its non-derivative financial assets, non-derivative financial liabilities and derivatives from interbank offered rates to alternative rates, and the remainder to be completed in subsequent years.

(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 financial instruments), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks, or the risks of counterparties defaulting are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

The Group's debt securities at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which include the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days due in making contractual payment.

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.

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to meet a repayment plan with the Group and the Company. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade and other receivables:

- The Group and the Company provide for 12-month expected credit losses for all trade and other receivables (excluding deposits and sales tax 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 there are 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 2022 reconciles to the opening loss allowance for that provision as follows:

	Group
	$'000
At 1 January 2021	3,211
Reversal of impairment losses on financial assets	(1)
Exchange differences	(21)
As at 31 December 2021 and 1 January 2022	**3,189**
Impairment losses on financial assets	**218**
Exchange differences	**(392)**
At 31 December 2022	**3,015**

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 derivative financial instruments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk (cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's and Company's trade and other receivables at the end of the reporting period is as follows:

	Group				Company			
	2022		2021		**2022**		2021	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**68,473**	**63**	67,803	78	**1,625,702**	**96**	1,307,700	95
Japan	**4,011**	**4**	560	1	**–**	**–**	–	–
China, including Hong Kong and Taiwan	**1,699**	**2**	429	–	**–**	**–**	–	–
Australia	**25,168**	**23**	14,656	17	**–**	**–**	–	–
Malaysia	**324**	**–**	274	–	**69,817**	**4**	75,021	5
United Kingdom	**6,276**	**6**	447	1	**–**	**–**	–	–
Europe	**–**	**–**	131	–	**–**	**–**	–	–
Korea	**1,881**	**2**	2,743	3	**–**	**–**	–	–
Other countries	**81**	**–**	17	–	**–**	**–**	–	–
	107,913	**100**	87,060	100	**1,695,519**	**100**	1,382,721	100

Approximately 62% (2021: 76%) of the Group's trade and other receivables were due from an associate located in Singapore.

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2022 $'000				2021 $'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	**100,533**	**–**	**–**	**100,533**	77,182	49,143	–	126,325
Trade and other receivables	**106,753**	**–**	**–**	**106,753**	75,531	11,889	–	87,420
Derivative financial instruments	**23,198**	**13,203**	**–**	**36,401**	1,485	895	–	2,380
Cash and cash equivalents	**251,688**	**–**	**–**	**251,688**	141,615	–	–	141,615
Total undiscounted financial assets	**482,172**	**13,203**	**–**	**495,375**	295,813	61,927	–	357,740
Financial liabilities								
Trade and other payables	**129,203**	**2,238**	**–**	**131,441**	70,246	4,373	–	74,619
Other non-current liabilities	**–**	**680**	**–**	**680**	–	647	–	647
Lease liabilities	**2,537**	**6,893**	**1,652**	**11,082**	2,716	1,427	1,843	5,986
Borrowings	**377,696**	**1,141,783**	**–**	**1,519,479**	561,576	538,213	–	1,099,789
Derivative financial instruments	**1,696**	**376**	**–**	**2,072**	2,294	651	–	2,945
Total undiscounted financial liabilities	**511,132**	**1,151,970**	**1,652**	**1,664,754**	636,832	545,311	1,843	1,183,986
Total net undiscounted financial liabilities	**(28,960)**	**(1,138,767)**	**(1,652)**	**(1,169,379)**	(341,019)	(483,384)	(1,843)	(826,246)

Notes to the Financial Statements

For the financial year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2022 $'000			2021 $'000		
	1 year or less	**1 to 5 years**	**Total**	1 year or less	1 to 5 years	Total
Company						
Financial assets						
Trade and other receivables	**1,695,519**	**30,000**	**1,725,519**	1,382,721	107,013	1,489,734
Derivative financial instruments	**2,583**	**1,863**	**4,446**	–	180	180
Cash and cash equivalents	**129,791**	**–**	**129,791**	17,205	–	17,205
Total undiscounted financial assets	**1,827,893**	**31,863**	**1,859,756**	1,399,926	107,193	1,507,119
Financial liabilities						
Trade and other payables	**653,052**	**–**	**653,052**	645,717	–	645,717
Borrowings	**165,377**	**479,928**	**645,305**	91,070	363,325	454,395
Total undiscounted financial liabilities	**818,429**	**479,928**	**1,298,357**	736,787	363,325	1,100,112
Total net undiscounted financial assets/ (liabilities)	**1,009,464**	**(448,065)**	**561,399**	663,139	(256,132)	407,007

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amounts of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2022 $'000			2021 $'000		
	1 year or less	**1 to 5 years**	**Total**	1 year or less	1 to 5 years	Total
Group						
Financial guarantees	**1,682**	**–**	**1,682**	1,582	–	1,582
Company						
Financial guarantees	**–**	**110,000**	**110,000**	150,000	–	150,000

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For the financial year ended 31 December 2022

38. 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 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 FVPL or FVOCI financial assets.

At the end of the reporting period, the Group's equity portfolio classified as FVPL consists of shares of companies in Singapore of 51% (2021: 46%), United States 41% (2021: 36%), Japan 3% (2021: 5%), Australia 4% (2021: 9%), Hong Kong 0% (2021: 2%) and 1% (2021: 2%) in other countries. If the equity prices had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been $1,731,000 (2021: $2,481,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 19% (2021: 88%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore, 79% (2021: 0%) in Hong Kong and 2% (2021: 12%) in Canada. If the Singapore, Hong Kong 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 $29,311,000 (2021: $7,681,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) 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 year ended 31 December 2022.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

	Group 2022 $'000	Group 2021 $'000
Equity attributable to owners of the Company	**1,737,443**	1,771,382
Non-controlling interests	**137,055**	163,468
Total equity	**1,874,498**	1,934,850
Net borrowings	**1,139,055**	904,381
Gearing ratio	**60.8%**	46.7%

39. 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 2022

	Notional Amount Asset $'000	Notional Amount Liability $'000	Fair Value Asset $'000	Fair Value Liability $'000
Forward currency contracts	**543,209**	**39,323**	**22,748**	**156**
Interest rate swap contracts	**89,091**	**55,000**	**2,695**	**375**
Cross currency swap contracts	**20,000**	**51,610**	**508**	**1,541**
Interest rate cap contracts	**197,390**	**–**	**10,111**	**–**
Forward commodity contracts	**1,162**	**–**	**339**	**–**
	850,852	**145,933**	**36,401**	**2,072**

At 31 December 2021

	Notional Amount Asset $'000	Notional Amount Liability $'000	Fair Value Asset $'000	Fair Value Liability $'000
Forward currency contracts	73,735	139,160	2,200	2,945
Interest rate swap contracts	50,000	–	180	–
	123,735	139,160	2,380	2,945

Please refer to Note 23 for detailed information relating to the risk being hedged.

Notes to the Financial Statements

For the financial year ended 31 December 2022

39. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONT'D)

(b) Hedge of net investments in foreign operations

To hedge the Group's exposure to foreign currency risk on the foreign investments:

(i) Six (2021: One) Great Britain Pound, one (2021: Nil) Japanese Yen, five (2021: four) Australian Dollar, three (2021: three) Korean Won, two (2021: Nil) United States Dollar, and five (2021: three) Chinese Renminbi 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 was taken to the foreign currency translation reserve to offset any exchange differences on the translation of the net foreign investment.

(ii) One JPY/SGD and two JPY/AUD cross currency swap contracts were designated as hedges against the net investment denominated in their respective currencies. Fair value gain or loss on the foreign currency component of cross currency swap contracts was taken to the foreign currency translation reserve to offset any exchange differences on the translation of the net foreign investment.

(c) Cash flow hedges

The Group enters into various swap and interest rate cap contracts in order to hedge the financial risks related to interest rate risk. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately $5,004,000 (2021: $180,000), with related deferred tax charge of approximately $109,000 (2021: Nil), is included in the hedging reserve in respect of these contracts.

(d) Fair value hedges

The Group also enters into forward currency contracts to hedge the financial risk related to the investment securities held. A net fair value gain of approximately $2,690,000 (2021: Nil) is recognised in the statement of comprehensive income.

40. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

40. 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 2022 $'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)	–	–	18,833	18,833
Investment properties (Note 16)	–	–	1,312,915	1,312,915
	–	–	1,331,748	1,331,748
Financial assets				
Financial assets at FVPL (Note 22(b))				
Quoted equity securities	26,335	15,377	–	41,712
Financial assets at FVOCI (Note 22(a))				
Quoted equity securities	571,840	19,200	–	591,040
Derivatives (Note 23)				
Derivative financial instruments	–	36,401	–	36,401
	598,175	70,978	–	669,153
Financial liabilities				
Derivatives (Note 23)				
Derivative financial instruments	–	2,072	–	2,072

Notes to the Financial Statements

For the financial year ended 31 December 2022

40. 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 2021 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets				
Land and buildings (Note 14)	–	–	19,923	19,923
Investment properties (Note 16)	–	–	1,039,646	1,039,646
	–	–	1,059,569	1,059,569
Financial assets				
Financial assets at FVPL (Note 22(b))				
Quoted equity securities	39,163	20,623	–	59,786
Financial assets at FVOCI (Note 22(a))				
Quoted equity securities	140,088	22,632	–	162,720
Derivatives (Note 23)				
Derivative financial instruments	–	2,380	–	2,380
	179,251	45,635	–	224,886
Financial liabilities				
Derivatives (Note 23)				
Derivative financial instruments	–	2,945	–	2,945

Notes to the Financial Statements

For the financial year ended 31 December 2022

40. 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 2022 $'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)	**–**	**–**	**563**	**563**
Investment properties (Note 16)	**–**	**–**	**5,274**	**5,274**
	–	**–**	**5,837**	**5,837**

	Company 2021 $'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)	–	–	600	600
Investment properties (Note 16)	–	–	5,622	5,622
	–	–	6,222	6,222

Notes to the Financial Statements

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40. 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, interest rate cap 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: $193 to $388 per square meter (2021: $199 to $382 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, China, Australia, United Kingdom, and Korea	Direct capitalisation method	– Capitalisation rates: 4.50% to 7.13% (2021: 4.25% to 6.75%)	The estimated fair value varies inversely against the capitalisation rate
		– Rental rates: $5.67 to $175.80 per square meter (2021: $5.00 to $199.96 per square meter)	The estimated fair value increases with higher rental rate
	Discounted cashflow method	– Discount rates: 5.50% to 8.50% (2021: 5.25% to 8.50%)	The estimated fair value varies inversely against the discount rate
		– Terminal yield rates: 4.75% to 7.38% (2021: 4.50% to 7.00%)	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rates: 1.00% to 6.64% (2021: 1.0% to 4.5%	The estimated fair value increases with higher net rental growth rate

Notes to the Financial Statements

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40. 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 (cont'd)			
Investment properties in Singapore, Malaysia, China, Australia, United Kingdom, and Korea	Comparison method	– Comparable prices: $62 to $21,450 per square meter (2021: $58 to $21,132 per square meter)	The estimated fair value increases with higher comparable price
	Residual value method	– Gross development value: $14.4 million (2021: $19.1 million)	The estimated fair value increases with higher gross development value
	Investment valuation method	– Equivalent yield rate: 7.44% to 8.21% (2021: 6.48%)	The estimated fair value varies inversely against the equivalent yield rate

(ii) Valuation policies and procedures

The Group determines the fair value of investment properties with the assistance of accredited professional valuers with recent experience and takes into consideration prevailing market conditions in respective location and category of the properties being valued. 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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

D. Level 3 fair value measurements (cont'd)

(ii) Valuation policies and procedures (cont'd)

(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 2022 $'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	**–**	**–**	**49,256**	**49,256**	**51,112**
Fixed rate notes	**361,414**	**–**	**–**	**361,414**	**367,618**
	361,414	**–**	**49,256**	**410,670**	**418,730**

	Group 2021 $'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	–	–	72,007	72,007	74,847
Fixed rate notes	200,180	–	–	200,180	198,470
	200,180	–	72,007	272,187	273,317

Notes to the Financial Statements

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40. 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)

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 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.

41. 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 comprise the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 22.1% stake in ARA Asset Management Limited (up to 20 January 2022), investment in ESR Group Limited (formerly known as ESR Cayman Limited), and 100% stake in Straits Real Estate Pte. Ltd. (89.5% up to 9 April 2021).

(c) The Hospitality segment comprises hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate.

(d) The segment for Others comprises Group-level corporate and treasury services, and securities and other investments, including the Group's investment in SDAX Financial Pte. Ltd. ("SDAX").

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 following table.

Transactions between operating segments are based on terms agreed between the parties.

Notes to the Financial Statements

For the financial year ended 31 December 2022

41. SEGMENT INFORMATION (CONT'D)

2022 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	461,511	–	–	–	–	461,511
Smelting revenue, at a point in time	8,283	–	–	–	–	8,283
Sale of by-product, at a point in time	2,417	–	–	–	–	2,417
Other resources revenue, at a point in time	377	–	–	–	–	377
Rental and related income, over time	–	55,032	–	–	–	55,032
Inter-segment revenue	–	11	–	–	(11)	–
Total revenue	472,588	55,043	–	–	(11)	527,620
Segment results						
Operating profit	51,502	663,162	1,365	(19,610)	–	696,419
Fair value changes in investment properties	–	(75,421)	–	–	–	(75,421)
Finance costs	(5,450)	(19,714)	–	(18,829)	–	(43,993)
Share of results of associates and joint ventures	(130)	(11,651)	(603)	(1,637)	–	(14,021)
Profit/(loss) before tax	45,922	556,376	762	(40,076)	–	562,984
Income tax expense	(13,545)	21,134	(225)	(1,077)	–	6,287
Profit/(loss) after tax	32,377	577,510	537	(41,153)	–	569,271
Profit/(loss) attributable to:						
Owners of the Company	16,317	575,558	537	(41,153)	–	551,259
Non-controlling interests	16,060	1,952	–	–	–	18,012
	32,377	577,510	537	(41,153)	–	569,271
Segment assets	413,498	2,712,074	153,974	221,990	–	3,501,536
Segment liabilities	160,145	837,811	–	629,082	–	1,627,038
Other information:						
Dividend income	977	10,349	–	1,040	–	12,366
Interest income	697	11,633	1,327	1,474	–	15,131
Depreciation	3,049	3,021	–	4	–	6,074
Amortisation	327	–	–	–	–	327
Other material non-cash items:						
Associates and joint ventures[1]	8,764	645,812	87,422	11,225	–	753,223
Additions to non-current assets[2]	8,142	469,895	–	–	–	478,037

[1] Includes the fair value loss of an investment property held by a joint venture.
[2] Additions to non-current assets exclude associates and joint ventures.

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41. SEGMENT INFORMATION (CONT'D)

2021 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	339,073	–	–	–	–	339,073
Smelting revenue, at a point in time	6,510	–	–	–	–	6,510
Sale of by-product, at a point in time	2,362	–	–	–	–	2,362
Other resources revenue, at a point in time	535	–	–	–	–	535
Rental and related income, over time	–	48,079	–	–	–	48,079
Inter-segment revenue	–	12	–	–	(12)	–
Total revenue	348,480	48,091	–	–	(12)	396,559
Segment results						
Operating profit	53,763	103,705	1,327	11,093	–	169,888
Fair value changes in investment properties	–	133,390	–	–	–	133,390
Reversal of impairment losses/ (impairment losses)	610	(9,615)	–	–	–	(9,005)
Finance costs	(4,162)	(13,462)	–	(14,482)	–	(32,106)
Share of results of associates and joint ventures	1,330	112,990	(13,694)	(723)	–	99,903
Profit/(loss) before tax	51,541	327,008	(12,367)	(4,112)	–	362,070
Income tax expense	(12,821)	(60,873)	(226)	(2,459)	–	(76,379)
Profit/(loss) after tax	38,720	266,135	(12,593)	(6,571)	–	285,691
Profit/(loss) attributable to:						
Owners of the Company	20,670	232,748	(12,593)	(6,571)	–	234,254
Non-controlling interests	18,050	33,387	–	–	–	51,437
	38,720	266,135	(12,593)	(6,571)	–	285,691
Segment assets	445,394	2,457,274	157,484	127,754	–	3,187,906
Segment liabilities	216,679	609,117	–	427,260	–	1,253,056
Other information:						
Dividend income	–	6,937	–	1,251	–	8,188
Interest income	119	72,306	1,327	261	–	74,013
Depreciation	3,543	2,908	–	6	–	6,457
Amortisation	412	–	–	–	–	412
Other material non-cash items:						
Reversal of impairment of mining rights	(142)	–	–	–	–	(142)
Reversal of impairment of mine properties	(468)	–	–	–	–	(468)
Impairment losses of land under development	–	9,615	–	–	–	9,615
Associates and joint ventures	9,505	1,092,665	90,932	12,862	–	1,205,964
Additions to non-current assets[(1)]	4,507	81,773	–	2	–	86,282
Reversal of provision for retrenchment compensation	(465)	–	–	–	–	(465)
Inventories written back	(7,822)	–	–	–	–	(7,822)

[(1)] Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2022

41. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information are based on the geographical location of the business operation.

2022 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Japan $'000	China $'000	Korea $'000	United Kingdom $'000	Consolidated $'000
Segment revenue								
Revenue from external parties	**2,509**	**472,743**	**34,302**	**–**	**8,555**	**–**	**9,511**	**527,620**
Non-current assets	**381,435**	**265,573**	**779,832**	**75,140**	**741,614**	**227,879**	**374,921**	**2,846,394**

2021 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Japan $'000	China $'000	Korea $'000	United Kingdom $'000	Consolidated $'000
Segment revenue								
Revenue from external parties	2,452	348,643	27,174	90	8,620	–	9,580	396,559
Non-current assets	871,962	214,032	767,216	75,453	319,390	178,442	177,484	2,603,979

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 $197,644,000 (2021: three major customers amount to $176,931,000), arising from sales by the Resources segment.

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2022 %	Effective Shareholding 2021 %	
Subsidiaries					
Held by the Company					
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malaysia Smelting Corporation Berhad [(1)]	Malaysia	Tin mining & smelting	**27**	27	(a)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC Realty (Butterworth) Sendirian Berhad [(1)]	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Property	**100**	100	
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Investment Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	**100**	100	
Sword Investments Private Limited	Singapore	Investment	**100**	100	
Sword Private Limited	Singapore	Investment	**100**	100	
STC Management Holdings Limited [+]	British Virgin Islands ("BVI")	Investment	**100**	100	
Held through subsidiaries					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad [(1)]	Malaysia	Investment	**100**	100	
STC Property Management Sdn. Bhd. (formerly known as STC Property Management Services Sdn. Bhd.) [(1)]	Malaysia	Property	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**100**	100	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**100**	100	
SRE Venture 1 Pte. Ltd. [α]	Singapore	Investment	**–**	100	
Straits Phoenix Pte. Ltd.	Singapore	Investment	**100**	–	
Straits Phoenix 2 Pte. Ltd. [+]	Singapore	Investment	**100**	–	
Straits Phoenix 3 Pte. Ltd. [+]	Singapore	Investment	**100**	–	
Straits Green Ventures Pte. Ltd. [+]	Singapore	Security dealings & commodity contracts brokerage	**100**	–	

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Country of Incorporation	Business	Effective Shareholding 2022 %	Effective Shareholding 2021 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE China 1 Pte. Ltd.	Singapore	Investment	**100**	100	
Chongqing Xinchuang Mall Management Co., Ltd. [(1)]	People's Republic of China	Real estate investment & management	**100**	100	
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 8 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia 1 Pte. Ltd. [Ø]	Singapore	Investment	**100**	100	
SRE Venture 9 Pte. Ltd. [α]	Singapore	Investment	**–**	100	
SRE Venture 10 Pte. Ltd. [δ]	Singapore	Investment	**100**	100	
SRE Japan 1 Pte. Ltd. [α]	Singapore	Investment	**–**	100	
SRE Luxe 1 Pte. Ltd. [α]	Singapore	Investment	**–**	100	
SRE Luxe 2 Pte. Ltd. [α]	Singapore	Investment	**–**	100	
SRE Japan 2 Pte. Ltd. [δ]	Singapore	Investment	**100**	100	
SRE Luxe 3 Pte. Ltd. [δ]	Singapore	Investment	**100**	100	
SRE Luxe 4 Pte. Ltd. [δ]	Singapore	Investment	**100**	100	
SRE Australia 2 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 11 Pte. Ltd. [Ø]	Singapore	Investment	**100**	100	
SRE Japan 11 Pte. Ltd. [Ø]	Singapore	Investment	**100**	100	
Savills IM Japan Residential Fund, LP [α]	Singapore	Investment	**–**	100	
JPN Residential Holdings Pte. Ltd. [α]	Singapore	Investment	**–**	100	(b)
JPN Residential TK Holdings Pte Ltd. [α]	Singapore	Investment	**–**	100	(b)
Residence 5 GK [α]	Japan	Property	**–**	100	(b)
SRE Venture 12 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia 3 Pte. Ltd.	Singapore	Investment	**100**	100	
45SGT Unit Trust [(1)]	Australia	Property	**95**	95	
SRE Venture 13 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 14 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia 11 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia 12 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia Industrial 1 Pte. Ltd.	Singapore	Investment	**100**	100	

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Country of Incorporation	Business	Effective Shareholding 2022 %	Effective Shareholding 2021 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
SRE Industrial No.1 Trust (formerly known as ILP No.1 Trust) [(1)]	Australia	Investment	**100**	80	
SRE Australia Industrial 2 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Industrial No. 2 Trust [(1)]	Australia	Investment	**100**	–	
SRE Australia 13 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Venture 20 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Venture 21 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Industrial No.1 Mid Trust (formerly known as C&G Australia Industrial Trust) [(1)]	Australia	Investment	**100**	80	(c)
Dockside Industrial No.1 Trust [(1)]	Australia	Property	**100**	80	(c)
Salisbury South No.1 Trust (formerly known as C&G Salisbury South No. 1 Trust) [(1)]	Australia	Property	**100**	80	(c)
Salisbury South No. 2 Trust (formerly known as C&G Salisbury South No. 2 Trust) [(1)]	Australia	Property	**100**	80	(c)
Bayswater Trust (formerly known as C&G Baywater Trust) [(1)]	Australia	Property	**100**	80	(c)
Kilkenny Trust (formerly known as C&G Kilkenny Trust) [(1)]	Australia	Property	**100**	80	(c)
Mawson Lakes Trust (formerly known as C&G Mawson Lakes Trust) [(1)]	Australia	Property	**100**	80	(c)
Mulgrave Trust (formerly known as ILP Mulgrave Trust) [(1)]	Australia	Property	**100**	80	(c)
Dockside Industrial No.2 Trust [(1)]	Australia	Property	**100**	80	(c)
SRE Industrial No.2 Mid Trust [(1)]	Australia	Investment	**100**	–	(d)
Cavan Trust [(1)]	Australia	Property	**100**	–	(d)
SL Tin Sdn. Bhd. [(1) ß]	Malaysia	Tin mining	**33**	42	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. [(1) ß]	Malaysia	Tin warehousing	**52**	52	
MSC Properties Sdn. Bhd. [(1) ß]	Malaysia	Property holding and rental	**52**	52	
Rahman Hydraulic Tin Sdn. Bhd. [(1) ß]	Malaysia	Tin mining	**42**	52	
Asas Baiduri Sdn. Bhd. [(1) ß]	Malaysia	Tin mining and investment holding	**42**	–	
Straits Resource Management Private Limited [ß]	Singapore	Investment holding	**52**	52	
M Smelt (C) Sdn. Bhd. [(1) ß]	Malaysia	Property holding and rental	**52**	52	
PT SRM Indonesia [(7) ß]	Indonesia	Dormant	**51**	51	
Alaf Tenggara Sdn. Bhd. [(1) ß]	Malaysia	Dormant	**42**	–	
Straits Investment Management Pte. Ltd.	Singapore	Investment	**100**	100	(e)

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Country of Incorporation	Business	Effective Shareholding 2022 %	Effective Shareholding 2021 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company [(5)]	Korea	Investment	**95**	95	(f)
IGIS Arenas KLIP 1-1 Private Placement Real Estate Master Investment Company [(5)]	Korea	Investment	**95**	95	
IGIS Arenas KLIP 1-2 Private Placement Real Estate Master Investment Company [(5)]	Korea	Investment	**95**	95	
SRE Venture 15 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 16 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 17 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Bourne Limited [(3)]	England	Property	**100**	100	(g)
SRE Venture 18 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Venture 19 Pte. Ltd.	Singapore	Investment	**100**	100	
SRE Australia 4 Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Shareholders Club Pte. Ltd.	Singapore	Providing memberships to members to access to benefits, events and privileges	**100**	100	
Straits Trading GG Pte. Ltd.	Singapore	Property	**100**	100	
Straits Trading GCB Pte. Ltd.	Singapore	Property	**100**	100	
STC Fintech Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Metal Ventures Pte. Ltd.	Singapore	Investment	**100**	–	
Straits Trading Metal Asia Pte. Ltd.	Singapore	Wholesale of metals & metal ores except general hardware	**100**	–	
CH Holdings Unit Trust [(1)]	Australia	Investment	**100**	–	(h)
192HE Investments Unit Trust [(1)]	Australia	Property	**100**	–	(i)
1010 LTS Investments Unit Trust [(1)]	Australia	Property	**100**	–	(i)
Gloucester BP (Holdco) Limited [(3)]	England	Investment	**100**	–	(j)
4100H Limited [(3)]	England	Property	**100**	–	(k)
Gloucester BP Investments Limited [(3)]	England	Property	**100**	–	(k)
Gloucester BP Developments Limited [(3)]	England	Property	**100**	–	(k)

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

	Country of Incorporation	Business	Effective Shareholding 2022 %	Effective Shareholding 2021 %	
Associates					
Held by the Company					
Taiko-Straits Developments Sdn. Bhd. [6] *(Accounting year ended 30 September)*	Malaysia	Property development	**30**	30	
Held through subsidiaries					
Redring Solder (M) Sdn. Bhd. [1] ß *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products and letting of properties	**21**	21	
ARA Asset Management Holdings Pte. Ltd. [2] *(Accounting year ended 31 December)*	Singapore	Investment	**–**	22	(l)
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	**40**	40	(m)
Savills Investment Management Japan Value Fund II, LP [2] *(Accounting year ended 31 December)*	Singapore	Investment	**19**	19	(n)
SME Help Fund Pte. Ltd. [2] ø *(Accounting year ended 31 December)*	Singapore	Investment	**30**	30	
Savills IM UK Value Boxes Fund FCP-RAIF *(Accounting year ended 31 December)*	England	Property	**63**	71	
SDAX Financial Pte. Ltd. [2] *(Accounting year ended 31 December)*	Singapore	Digital financial services	**14**	14	
Terre Property Partners Pty Ltd [1] *(Accounting year ended 31 December)*	Australia	Management	**40**	–	
Joint Ventures					
Held through subsidiaries					
KM Resources, Inc. [1] ß *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(o)
320P Trust [5] *(Accounting year ended 31 December)*	Cayman Islands	Property	**26**	26	(p)
ILP Managers Pty Ltd [1] *(Accounting year ended 31 December)*	Australia	Management	**50**	50	
Sky Logis Private Real Estate Investment Company [5] *(Accounting year ended 31 December)*	Korea	Property	**50**	50	
Ivory SL Joint Venture Limited [2] *(Accounting year ended 31 December)*	Cayman Islands	Investment	**38**	38	

Notes to the Financial Statements

For the financial year ended 31 December 2022

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

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by Mazars UK.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by Messrs Folks DFK & Co.
(7) Audited by Herman Dody Tanumihardja & Rekan.
(8) Audited by KPMG Luxembourg, Société coopérative.

ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
δ Voluntary liquidation/de-registration in progress and no statutory audit is required for 2021 and 2022.
ø Voluntary liquidation/de-registration in progress and no statutory audit is required for 2022.
α Voluntarily liquidated/de-registered in 2022.
+ 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 52% (2021: 52%).

(b) These are subsidiaries of Savills IM Japan Residential Fund, L.P..

(c) These are subsidiaries of SRE Industrial No.1 Trust (formerly known as ILP No.1 Trust).

(d) These are subsidiaries of SRE Industrial No. 2 Trust.

(e) Straits Investment Management Pte. Ltd. ("SIM") is an Accredited/Institutional Licensed Fund Management Company ("A/I LFMC"). SIM obtained the Capital Market Services ("CMS") License from the Monetary Authority of Singapore ("MAS") on 15 September 2021.

(f) KLIP focuses on acquiring, developing and managing logistics properties in the Greater Seoul area. The platform holds SLRE as a joint venture.

(g) SRE Bourne Limited holds a business park in Surrey, United Kingdom.

(h) CH Holdings Unit Trust holds two freehold office buildings in Docklands, Victoria, Australia.

(i) These are subsidiaries of CH Holdings Unit Trust.

(j) Gloucester BP (Holdco) Limited holds a portfolio of office and industrial buildings and several plots of development land in Gloucester Business Park in the UK.

(k) These are subsidiaries of Gloucester BP (Holdco) Limited.

(l) On 20 January 2022, the Group completed the disposal of its 22.06% shareholding of ARA Asset Management Holdings Pte. Ltd..

(m) ARA Harmony Fund III, L.P. holds a portfolio of retail properties in Malaysia.

(n) Savills Investment Management Japan Value Fund II, LP focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.

(o) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

(p) 320P Trust holds a commercial property in Sydney, Australia.

Notes to the Financial Statements

For the financial year ended 31 December 2022

43. SUBSEQUENT EVENTS

(a) Exchangeable Bonds

On 31 January 2023, the Company issued a secured exchangeable bond (the "Bonds") which bear an interest of 3.25% per annum, payable semi-annually in arrears. The Bonds representing S$370.0 million in aggregate principal amount of secured exchangeable bonds due 2028, exchangeable into ordinary shares of ESR Group Limited have been listed on SGX-ST and quoted on 14 February 2023.

(b) Profit Participation Note

On 17 January 2023, the Company through its wholly-owned subsidiary, Straits Phoenix 3 Pte. Ltd., invested in a Profit Participation Note (the "PPN") of approximately S$47.1 million issued by a third party.

(c) Scrip Dividend Scheme

On 28 March 2023, the Company announced the adoption of The Straits Trading Company Limited Scrip Dividend Scheme (the "Scrip Dividend Scheme"), which provides eligible Shareholders with the option to elect to receive fully paid Company's new shares ("New Shares") in lieu of the cash amount of any Dividend declared on their holding of the Company's shares, subject to the Terms and Conditions of the Scrip Dividend Scheme. The implementation of the Scrip Dividend Scheme is subject to and contingent upon receipt of Shareholders' approval and SGX-ST's approval for listing and quotation of New Shares.

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 during the financial year ended 31 December 2022 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)
Mr Chua Tian Chu and his spouse	Mr Chua Tian Chu is a Director of the Company	S$1,000,000.00	–
Consultants Services (Private) Limited	Associate of controlling shareholder	S$157,200.00	–
Cairnhill Rock Pte. Ltd.	Associate of controlling shareholder	S$195,600.00	–

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

Additional Information on Directors Seeking Re-election

(INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL)

	Mr Chua Tian Chu	**Mr Lau Cheng Soon**
Date of appointment	1 January 2018	1 July 2022
Date of last re-election	30 April 2020	Not applicable
Age	63	67
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	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.	The Nominating Committee, having considered Mr Lau'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
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent and Non-Executive Director and Nominating and Remuneration Committees Member	Independent and Non-Executive Director and Remuneration Committee Chairman
Professional qualifications	1. Bachelor Degree in Civil Engineering, National University of Singapore 2. Master in Business Administration, National University of Singapore 3. Advanced Management Program, Harvard Business School	1. Bachelor of Science in Chemical Engineering, Oregon State University 2. Master of Business Administration, University of Chicago – Booth School of Business
Working experience and occupation(s) during the past 10 years	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.	2006 to March 2021: Managing Director for Invesco Real Estate, Asia Pacific Mr Lau has extensive experience in senior management roles in the Asia Pacific real estate investment business and has been actively involved in planning, capital raising, developing, managing and marketing numerous real estate investment and development projects across major markets.
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 56 to 58 of this Annual Report	
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	Nil	Nil

Additional Information on Directors Seeking Re-election

INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL)

	Mr Chua Tian Chu	**Mr Lau Cheng Soon**
Conflict of interest (including any competing business)	Nil	None save in respect of Mr Lau's role as an Independent and Non-Executive Director of UOL Group Limited. Should any conflict of interest arise of which Mr Lau is reasonably aware, Mr Lau will make such conflict known to the Board as soon as he is reasonably aware so that he may recuse himself from related discussions, decisions and resolutions, as appropriate.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Nil	1. Invesco Real Estate Investment Asia Pacific Limited Singapore Branch 2. Singapore Invest Australia Koala Pte. Ltd. (Dissolved) 3. Tosca Holdings 1 Pte. Ltd. 4. Managing Director for Invesco Real Estate, Head of Asia Pacific
Present	1. AT Holdings Pte. Ltd. 2. Straits Real Estate Pte. Ltd.	1. UOL Group Limited 2. Pro-invest Australia Hospitality Fund I 3. Pro-invest Australia Hospitality Fund II 4. Pro-invest Asia Pacific Opportunity Hospitality Fund 5. Straits Real Estate Pte. Ltd. 6. Straits Investment Management Pte. Ltd.

The responses by Mr Chua Tian Chu and Mr Lau Cheng Soon 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?

Additional Information on Directors Seeking Re-election

(INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL)

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 9 MARCH 2023)

Total number of issued ordinary shares	451,782,747
Total number of issued ordinary shares excluding treasury shares	449,950,447
Total number of treasury shares	1,832,300
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	0.41%
Voting Rights	One vote per share

ISSUED ORDINARY SHARES AND SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	240	4.17	9,913	0.00
100 – 1,000	920	15.97	387,912	0.09
1,001 – 10,000	3,316	57.56	12,810,215	2.85
10,001 – 1,000,000	1,270	22.04	52,956,115	11.77
1,000,001 and above	15	0.26	383,786,292	85.29
Total	**5,761**	**100.00**	**449,950,447**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Registered Shareholders	No. of Shares	%
1.	THE CAIRNS PTE LTD	265,840,552	59.08
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	57,304,848	12.74
3.	DBS NOMINEES PTE LTD	16,185,491	3.60
4.	MELLFORD PTE LTD	15,492,100	3.44
5.	UOB KAY HIAN PTE LTD	5,626,911	1.25
6.	RAFFLES NOMINEES (PTE) LIMITED	5,213,534	1.16
7.	PHILLIP SECURITIES PTE LTD	4,209,602	0.94
8.	OCBC SECURITIES PRIVATE LTD	3,718,169	0.83
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,821,263	0.40
10.	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,743,754	0.39
11.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,552,178	0.34
12.	TAN KHENG LIAN	1,402,760	0.31
13.	DBSN SERVICES PTE LTD	1,376,614	0.31
14.	OCBC NOMINEES SINGAPORE PTE LTD	1,242,696	0.28
15.	MAYBANK SECURITIES PTE. LTD.	1,055,820	0.23
16.	IFAST FINANCIAL PTE LTD	963,579	0.21
17.	LOKE WAN YAT REALTY SDN BHD	851,252	0.19
18.	CHEW GEK KHIM	700,000	0.16
19.	UOB NOMINEES (2006) PRIVATE LIMITED	696,680	0.15
20.	MAYBANK NOMINEES (SINGAPORE) PTE LTD	691,096	0.15
		387,688,899	**86.16**

Shareholdings Information

(AS AT 9 MARCH 2023)

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
The Cairns Pte. Ltd.	285,670,552	63.49	0	0
Tan Chin Tuan Pte. Ltd.[(1)]	0	0	301,162,652	66.93
Raffles Investments Private Limited[(1)]	0	0	285,670,552	63.49
Tecity Pte. Ltd [(1)]	0	0	301,162,652	66.93
Aequitas Pte. Ltd.[(1)]	0	0	285,670,552	63.49
Dr Tan Kheng Lian[(1)]	1,402,760	0.31	301,162,652	66.93

Notes:

[1] The Cairns Pte. Ltd. ("**Cairns**") holds more than 50% of the voting rights of the Company. Each of Raffles Investments Private Limited ("**Raffles**"), Tecity Pte. Ltd ("**Tecity**") and Tan Chin Tuan Pte. Ltd. ("**TCT**") holds not less than 20% of the voting rights of Cairns. Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50% of the voting shares of Raffles. Dr Tan Kheng Lian holds more than 50% of the voting shares of TCT. By virtue of this, each of Raffles, Tecity, TCT, Aequitas and Dr Tan Kheng Lian has a deemed interest in the 285,670,552 shares in the Company which Cairns is interested in. Mellford Pte. Ltd. has a direct interest in 15,492,100 shares of the Company. Each of Tecity and TCT holds not less than 20% of the voting rights of Mellford Pte. Ltd.. Dr Tan Kheng Lian holds more than 50% of the voting rights of TCT. By virtue of the foregoing, each of Tecity, TCT and Dr Tan Kheng Lian also holds a deemed interest in the 15,492,100 shares held by Mellford Pte. Ltd. in the Company. Together with the deemed interest held through Cairns and Mellford Pte. Ltd., Tecity, TCT and Dr Tan Kheng Lian hold an aggregate deemed interest in 301,162,652 shares of the Company.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 9 March 2023, approximately 32.45% 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

CHEW GEK KHIM, PJG
Executive Chairman
Member, Nominating Committee

CHEW GEK HIANG
Non-Independent and Non-Executive Director
Member, Audit and Risk Committee

GOH KAY YONG DAVID
Non-Independent and Non-Executive Director
Member, Remuneration Committee

CHIA CHEE MING, TIMOTHY, PBM
Lead Independent Director
Chairman, Nominating Committee
Member, Audit and Risk Committee

TAN CHIAN KHONG
Independent and Non-Executive Director
Chairman, Audit and Risk Committee

CHUA TIAN CHU
Independent and Non-Executive Director
Member, Nominating Committee
Member, Remuneration Committee

LAU CHENG SOON
Independent and Non-Executive Director
Chairman, Remuneration Committee

KEY MANAGEMENT PERSONNEL

CHEW GEK KHIM, PJG
Executive Chairman

TENG HENG CHEW ERIC, BBM, PBM
Chief Executive Officer
Straits Developments Private Limited

DESMOND 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

MANISH BHARGAVA
Chief Executive Officer
Straits Investment Management Pte. Ltd.

TAN HWEI YEE
Chief Executive Officer
STC Property Management Sdn. Bhd.
Head, Property
Straits Developments Private Limited

JOYCE TAN WEI TZE
Group Financial Controller

GOH YAH HUAY
Group Treasurer
Chief Financial Officer, Straits Real Estate Pte. Ltd.

COMPANY SECRETARY

NGIAM MAY LING, LLB (HONS)

REGISTERED OFFICE

1 Wallich Street #15-01
Guoco Tower
Singapore 078881

CORPORATE OFFICE

1 Wallich Street #15-01
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Singapore 078881
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Fax : (65) 6534 7202
E-mail : contactus@stc.com.sg
Website : www.straitstrading.com.sg

INVESTOR RELATIONS

SELINA HO
Head, Investor Relations & Corporate Secretariat
E-mail: ir@stc.com.sg

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr Terry Wee Hiang Bing
(Appointed with effect from financial year ended 31 December 2022)

PRINCIPAL BANKERS

Bank of China Limited
BankSA A Division of Westpac Banking Corporation
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
Westpac Banking Corporation

The Straits Trading Company Limited
(Co. Reg. No.: 188700008D)

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