IMPORTANT NOTICE

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

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

Confirmation of Your Representation: In order to be eligible to view the attached supplemental information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")) or (ii) located within the United States ("**U.S.**"). The attached supplemental information memorandum is being sent at your request and by accepting this e-mail and accessing the attached supplemental information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the U.S. nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached supplemental information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached supplemental information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached supplemental information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

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

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

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

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

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

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

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

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

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

SUPPLEMENTAL INFORMATION MEMORANDUM DATED 22 APRIL 2022 TO THE INFORMATION MEMORANDUM DATED 19 OCTOBER 2020

A MEMBER OF THE TECITY GROUP

135 Years New

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

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

This supplemental information memorandum ("**Supplemental Information Memorandum**") is a supplement to, and is to be read together with, the Information Memorandum dated 19 October 2020 (the "**Information Memorandum**") relating to the Programme.

Words and expressions defined in the Information Memorandum shall have the same meanings when used in this Supplemental Information Memorandum unless otherwise specified herein. References in the Information Memorandum and this Supplemental Information Memorandum to "this Information Memorandum" mean the Information Memorandum as supplemented by this Supplemental Information Memorandum.

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

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

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

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

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

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

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

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

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

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

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

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

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

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

Arranger

DBS

TABLE OF CONTENTS

NOTICE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

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

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The applicable Pricing Supplement in respect of any Notes may include a legend titled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to UK Retail Investors**", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (c) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

AMENDMENTS TO THE INFORMATION MEMORANDUM

The Information Memorandum shall be amended as follows:

1. by deleting the sections "Markets in Financial Instruments Directive II" and "PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS" appearing on page 4 of the Information Memorandum in its entirety and substituting therefor the following:

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

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

   UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The applicable Pricing Supplement in respect of any Notes may include a legend titled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

   A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to UK Retail Investors**", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (c) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.";

2. by deleting the section "Singapore Taxation" appearing on pages 107 to 110 of the Information Memorandum in its entirety and substituting therefor the following:

"**SINGAPORE TAXATION**

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

1. Interest and Other Payments

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

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

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

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%, and is proposed to be increased to 24% from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

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

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

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

(iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

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

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

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

(iii) subject to:

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

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

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

Notwithstanding the foregoing:

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

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

(I) any related party of the Issuer; or

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

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

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

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

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

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

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

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

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

2. Capital Gains

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

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

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

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

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

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

4. Estate Duty

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

3. by deleting the section "Subscription, Purchase and Distribution" appearing on pages 111 to 114 of the Information Memorandum in its entirety and substituting therefor the following:

"**SUBSCRIPTION, PURCHASE AND DISTRIBUTION**

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

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

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

In connection with the issue of any Tranche of Notes, such Notes, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer that they intend to make a market in such Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Notes.

The Arranger, the Dealers or any of their respective affiliates may purchase Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Notes.

The Arranger, Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer and/or its subsidiaries, jointly controlled entities or associated companies from time to time. The Arranger, the Dealers or any of their respective affiliates have received, or may in the future receive, customary fees and/or commissions for these transactions. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arranger, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. The Arranger, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

United States

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

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

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

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

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

Prohibition of Sales to EEA Retail Investors

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

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

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

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

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

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

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

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

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

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

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

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

United Kingdom

Prohibition of Sales to UK Retail Investors

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

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

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**");

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

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

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

(i) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "Public Offer"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (i) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer will be required to represent and agree that:

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

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

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

Hong Kong

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

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

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

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

Any reference to the "**SFA**" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

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

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

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.".

RECENT DEVELOPMENTS

(i) Share Placement Exercise of Straits Trading Company Limited

On 25 January 2022, the Issuer issued 26,000,000 new shares, which raised gross proceeds of S$80.86 million (the "**Share Placement Exercise**"). The proceeds of the Share Placement Exercise are intended for use in potential acquisitions and/or business opportunities available from time to time.

(ii) ARA Asset Management Limited

<u>Disposal of shareholding in ARA by associated company, ARA Investment (Cayman) Limited</u>

On 4 August 2021, the Issuer's associate, ARA Investment (Cayman) Limited as seller, entered into an agreement with ARA Asset Management Limited ("**ARA**"), ESR Cayman Limited ("**ESR**") as purchaser, and certain other sellers, pursuant to which ESR would purchase the shares in ARA. As at 4 August 2021, the Issuer through its 100% owned subsidiary Straits Equities Holdings (One) Pte. Ltd. ("**SE1**"), had approximately 18.97% indirect economic interest in ARA through the Issuer's indirectly-owned 22.06% associate ARA Asset Management Holdings Pte. Ltd.

With ESR's completion of its acquisition of ARA on 20 January 2022, the Issuer, through SE1, received S$134.8 million in cash and 214.7 million ESR shares valued at S$1,140.4 million[1], which, as at 20 January 2022, represents approximately 4.8% of equity interest in ESR.

ESR is the largest real estate and assets manager in the Asia Pacific (**"APAC"**) region with US$140 billion in gross assets under management following the acquisition of ARA, and the third largest listed real estate investment manager globally with significant exposure to new economy real estate and extended reach across key Asia Pacific markets including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia (representing over 95% of gross domestic product in APAC) as well as an expanding presence in Europe and the United States. The Issuer believes that the enlarged ESR platform with 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 of the Issuer.

(iii) Straits Real Estate Pte. Ltd.

(a) <u>Asset enhancement to 320 Pitt Street Sydney</u>

The asset enhancement works completed at the end of 2020 included the provision of end-of-trip facilities and the upgrading of the building lobby, amongst other works. The Issuer, through its 100% owned subsidiary, SRE, secured a 10-year lease term with the Commonwealth Government of Australia pursuant to which the Commonwealth Government of Australia took up 18,000 sqm of space (approximately 62% of lettable area) at 320 Pitt Street. With the 10-year lease term contract, which is one of the largest contracted for a Sydney office building in recent years, 320 Pitt Street is now 100% leased after completion of the asset enhancement works, a testament to its prime location.

(b) <u>Increase in shareholding in SRE</u>

On 9 April 2021 the Issuer's 100% owned subsidiary, STC Capital Pte. Ltd., completed its acquisition of the remaining 10.5% equity stake in SRE for an aggregate consideration of

[1] Based on the Issuer's announcement as at 5 August 2021.

S$105,000,000. Following the acquisition, the Issuer holds (through STC Capital Pte. Ltd.) 100% of the issued share capital of SRE.

(c) Subscription into Savills IM UK Value Boxes Fund FCP-RAIF

SRE continued its pursuit of sustainable income yielding opportunities in 2021, expanding to include investments in the new asset class of warehouse retail parks in the United Kingdom ("**UK**"). Warehouse retail parks are open-air retail format stores commonly found in city-fringe and out-of-town locations around strong residential catchments and major arterial roads across the UK. The parks are designed to cater to the everyday needs of the neighbourhood population, providing essential services such as homeware and food stores. This niche retail property format has proven to be highly defensive with its attractive investment potential and active tenant market, delivering strong performance throughout the pandemic. They have remained in demand during the pandemic and remained an integral part of the retail landscape.

On 5 October 2021, the Issuer announced that SRE, through its 100% owned subsidiary, SRE Venture 18 Pte. Ltd. ("**SRE Venture 18**"), entered into a subscription agreement for the subscription into Savills IM UK Value Boxes Fund FCP-RAIF. SRE Venture 18, as one of the investors in the Fund, will commit up to GBP 60.0 million, to invest and grow a portfolio of geographically diversified warehouse retail parks in the UK. SRE's venture has completed one acquisition in Cardiff, Wales, and transacted on two others in England and Scotland. Altogether, the three properties with a combined consideration of approximately GBP 55.3 million (S$100.1 million), have a total net lettable area of approximately 347,000 square feet and weighted average lease expiry of 8.5 years. In this regard, SRE expects healthy yields from its investments in the warehouse retail parks, which will be consistent with its emphasis on investing in income generating properties.

(d) Expansion of Logistics Portfolio

Sustained growth in e-commerce and higher demand for warehousing space arising from supply chain stress in 2021 continued to fuel demand for logistics facilities. This led to the diversification of SRE's portfolio of assets, in terms of income streams, tenant composition and geographical footprint.

In South Korea, construction of the Arenas Yeongjong (Sky Logis) logistics facility in Incheon was completed during the first quarter of 2021. The six-storey state-of-the-art logistics facility, located near the Incheon International Airport's air cargo terminal, includes Coupang, CJ Korea Express, QExpress and Thermofisher as major tenants and received strong leasing interest from other e-commerce operators and third-party logistics service providers.

In 2021, SRE completed the acquisition of a parcel of land in Anseong, South Korea slated for development of approximately 127,000 square meter GFA mixed-use cold/dry logistics facility.

In Australia, SRE has committed to providing new logistics facilities at Bayswater Victoria, for the MotorOne Group and EVO Power; and for Noumed Pharmaceuticals and Telstra, at Nexus Logistics Park, in South Australia.

In 2021, SRE's Korean and Australian logistics properties continued to perform strongly, reaffirming the fundamental strengths of the logistics sector and resilience of SRE's portfolio.

(e) Acquisition of properties in Victoria, Australia

On 11 February 2022, the Issuer announced that its 100% owned subsidiary, SRE, had, through its indirect subsidiary, CH Holdings Unit Trust, entered into agreements with Digital Harbour Holdings to acquire 1010 La Trobe Street ("**1010 La Trobe**") and 192

Harbour Esplanade ("**Innovation Building**") together with 163 parking bays (collectively the "**Victoria Properties**"), located at Docklands, Victoria, Australia for a total consideration of approximately SGD143.9 million.

1010 La Trobe is a 9-storey freehold Grade A office building with net lettable area totalling 15,354 square metres and is currently 100% occupied, with the Department of Home Affairs and Victoria Rail Track as its key tenants. Innovation Building is a 5-storey freehold Grade A office building with net lettable area totalling 5,779 square metres located adjacent to 1010 La Trobe and a majority of it is occupied by the National Broadband Network Company, Australia's wholesale broadband network provider. The 163 parking bays are located in a newly building property at 1000 La Trobe Street, adjacent to the Victoria Properties.

The Victoria Properties, located in Docklands adjacent to the Melbourne central business district, are supported by strong transport nodes with a tram station at its doorstep providing convenient and quick access to the central business district. The Victoria Properties are also a short walk to the Southern Cross Station, Melbourne's hub for regional rail lines and the second busiest station in the city, and have convenient access to the area's highway network with Melbourne Airport a 20-minutes' drive away via the M2 highway.

Upon the completion of the acquisitions, the Properties will add recurring income to SRE, and the operating yields will improve further.

(iv) **<u>Malaysia Smelting Corporation Berhad</u>**

The Issuer's 52.0%-owned resources subsidiary, Malaysia Smelting Corporate Berhad ("**MSC**") is one of the largest refined tin producers in the world. In 2021, the COVID-19 pandemic continued to impact livelihoods and businesses alike. The prolonged containment measures to curb the virus spread by governments worldwide impacted the tin supply chain, contributing to a shortage of tin supply. Concurrently, global consumption for tin remains robust due to higher consumer demand for electronic goods and the increased use of electric vehicle and photovoltaic installation globally. The surge in demand coupled with the shortage of tin supply pushed tin prices to a record high of US$41,000 per tonne in 2021.

MSC's tin smelting operations are currently undertaken at two smelters, located in Butterworth, Penang and Pulau Indah, Port Klang respectively. MSC is in the midst of phasing out its smelting activities at the Butterworth smelter which has been using the ageing reverberatory furnaces for its operations since 1902. The new Pulau Indah smelting facility is equipped with a highly efficient cutting edge top submerged lance furnace, which enables MSC to achieve higher extraction yields with lower operating and manpower costs through a single-stage smelting process. The smelter has already been commissioned and is currently operating at 75% of its designed capacity. It currently has a total production capacity of 40,000 tonnes of tin ore, with the option of scaling up to 60,000 tonnes using oxygen enrichment.

With the full commissioning of the Pulau Indah smelter in mid-2022, which will optimise production output, the Group expects strong tin demand to continue to drive growth for MSC.

In its financial year ended 31 December 2021, the consolidated revenue of MSC and its subsidiaries ("**MSC Group**") increased 32.4% year-on-year to RM1,076.6 million, while its pre-tax profit and net profit rose to an all-time high of RM158.4 million and RM118.1 million respectively. The strong financial performance was primarily driven by record-high tin prices, which averaged 83% higher at US$31,509/tonne from US$17,217/tonne in the MSC Group's financial year ended 31 December 2020.

In light of the financial performance of the MSC Group in 2021, the board of directors of MSC proposed a first and final single-tier dividend of 7 sen per share in respect of the financial year ended 31 December 2021, compared to 1 sen per share in the prevailing financial year. The total dividend payout of RM29.4 million translates to approximately 25% of the MSC Group's net profit in the financial year ended 31 December 2021.

The MSC Group's tin mining business recorded a net profit of RM109.4 million for FY2021, a five-fold increase from RM20.6 million achieved a year ago. The rise in earnings is due mainly to higher tin prices and the increase in volume of tin-in concentrates produced during the year.

The MSC Group remains focused on increasing mining productivity at the RHT tin mine through the exploration of new tin deposits and implementation of new technologies and processes. To position itself as a long-life, sustainable tin producer, the MSC Group is also planning to acquire new mine leases and exploring joint venture mining arrangements to enhance mining activities.

(v) <u>Far East Hospitality Holdings Pte Ltd</u>

In 2021, the Issuer's 30%-owned joint venture, Far East Hospitality Holdings Pte Ltd ("**FEHH**"), grew its hospitality management portfolio with the opening of eight hotels, comprising approximately 1,600 rooms in Singapore, Japan, Australia and Germany. These new hotel openings are Far East Village Hotel Yokohama, A by Adina Canberra, A by Adina Sydney, Adina Apartment Hotel Wiesbaden, Quincy Hotel Melbourne, Adina Apartment Hotel Munich, The Clan Hotel and the Oasia Resort Sentosa, which marked its foray into the spa resort segment.

Despite the continued challenges arising from COVID-19 resurgences which the travel and tourism industry faced in 2021, contracted businesses from governments and corporates for isolation and quarantines facilities, as well as accommodations for foreign workers in Singapore continued to sustain FEHH's business. In Singapore, domestic consumption has been strong with staycations during the year-end festive season boosting demand for hotel rooms locally as the travel and tourism sector pivoted to create new and innovative experiences for the local market.

FINANCIAL SUMMARY AND OVERVIEW

The following tables present the Group's selected consolidated financial data as at or for FY2019, FY2020 and FY2021, extracted where applicable, from the consolidated financial statements. The Group's consolidated financial statements are prepared in accordance with the financial reporting standards in Singapore. The consolidated financial statements for FY2019, FY2020 and FY2021 are audited by Ernst & Young LLP.

Consolidated Income Statement

	Audited		
	FY2019 (S$'000)	**FY2020 (S$'000)**	**FY2021 (S$'000)**
Revenue			
Tin mining and smelting revenue	324,062	266,784	348,480
Property revenue	39,575	42,107	48,079
Total revenue	363,637	308,891	396,559
Other items of income			
Dividend income	11,178	8,633	8,188
Interest income	43,071	11,522	74,013
Fair value changes in investment properties	26,887	37,361	133,390
Other income	15,498	20,280	26,561
	460,271	386,687	638,711
Other items of expense			
Employee benefits expense	(37,610)	(31,760)	(36,597)
Depreciation expense	(7,410)	(7,693)	(6,457)
Amortisation expense	(666)	(429)	(412)
Impairment losses	(15)	(902)	(9,005)
Costs of tin mining and smelting	(271,738)	(222,944)	(255,694)
Finance costs	(27,685)	(29,769)	(32,106)
Other expenses	(31,325)	(5,967)	(36,273)
Total expenses	(376,449)	(299,464)	(376,544)
Share of results of associates and joint ventures	45,498	8,734	99,903
Profit before tax	129,320	95,957	362,070
Income tax expense	(28,966)	(24,780)	(76,379)
Profit after tax	100,354	71,177	285,691
Profit attributable to:			
Owners of the Company	84,371	51,483	234,254
Non-controlling interests	15,983	19,694	51,437
	100,354	71,177	285,691
Earnings per Share (cents per Share)			
Basic	20.7	12.7	57.6
Dividend per Share (cents)	6.0	6.0	8.0
EBITDA	165,081	133,848	401,045

Consolidated Balance Sheet

	Audited		
	As at 31 December		
	2019 (S$'000)	**2020 (S$'000)**	**2021 (S$'000)**
Assets			
Non-current assets			
Property, plant and equipment	43,612	53,936	51,860
Land under development	67,444	72,634	79,208
Investment properties	863,936	932,199	1,039,646
Goodwill	17,540	17,516	17,366
Other intangible assets	5,863	5,217	5,616
Associates and joint ventures	791,628	984,924	1,205,964
Deferred tax assets	3,119	6,871	5,376
Other non-current receivables	-	1	-
Derivative financial instruments	1,547	1,494	895
Investment securities	210,919	180,603	198,048
Other non-current assets	1,201	4,951	-
Total non-current assets	2,006,809	2,260,346	2,603,979
Current assets			
Inventories	153,092	197,818	256,018
Income tax receivables	7,311	5,836	5,719
Prepayments and accrued income	1,930	4,506	2,106
Trade related prepayments	1,847	3,357	11,832
Trade receivables	5,529	11,364	5,368
Other receivables	74,123	79,939	81,692
Investment securities	65,869	65,842	78,092
Derivative financial instruments	886	606	1,485
Cash and cash equivalents	310,487	456,332	141,615
	621,074	825,600	583,927
Assets classified as held for sale	21,311	-	-
Total current assets	642,385	825,600	583,927
Total assets	2,649,194	3,085,946	3,187,906
Equity and Liabilities			
Equity			
Share capital	568,968	568,968	568,968
Treasury shares	(2,055)	(2,682)	(2,682)
Retained earnings	932,861	961,506	1,163,514
Other reserves	19,347	10,206	41,582
Equity attributable to owners of the Company	1,519,121	1,537,998	1,771,382
Non-controlling interests	150,195	188,940	163,468
Total equity	1,669,316	1,726,938	1,934,850

(The rest of this page has been intentionally left blank)

Consolidated Balance Sheet (Cont'd)

	Audited		
	As at 31 December		
	2019 (S$'000)	2020 (S$'000)	2021 (S$'000)
<u>Non-current liabilities</u>			
Provisions	9,061	11,947	17,004
Deferred tax liabilities	23,696	35,142	91,178
Borrowings	660,035	613,277	505,249
Derivative financial instruments	311	2,884	651
Other non-current liabilities	10,846	16,704	6,167
Lease liabilities	1,700	4,836	2,298
Total non-current liabilities	705,649	684,790	622,547
<u>Current liabilities</u>			
Provisions	5,065	4,512	-
Income tax payable	6,098	13,487	14,236
Trade and other payables	49,715	70,153	70,629
Borrowings	210,030	575,264	540,747
Derivative financial instruments	1,048	7,850	2,294
Lease liabilities	2,273	2,952	2,603
Total current liabilities	274,229	674,218	630,509
Total liabilities	979,878	1,359,008	1,253,056
Total equity and liabilities	2,649,194	3,085,946	3,187,906
Number of Shares (excluding treasury shares)	407,165,772	406,819,572	406,819,572
Net assets attributable to owners of the Company (S$'000)	1,519,121	1,537,998	1,771,382
Net asset value per Share (S$)	3.73	3.78	4.35

(The rest of this page has been intentionally left blank)

Cash Flows and Other Selected Data

	Audited		
	FY2019 (S$'000)	**FY2020 (S$'000)**	**FY2021 (S$'000)**
<u>**Cash flows from operating activities**</u>			
Profit before tax	129,320	95,957	362,070
<u>Adjustments</u>			
Depreciation of property, plant and equipment	7,410	7,693	6,457
Amortisation of other intangible assets	666	429	412
Dividend income	(11,178)	(8,633)	(8,188)
Interest income	(43,071)	(11,522)	(74,013)
Finance costs	27,685	29,769	32,106
Other income	-	-	(5,912)
Currency realignment	5,525	(16,604)	10,425
Fair value changes in investment properties and financial assets	(32,059)	(35,224)	(148,915)
Net gain on disposal of property, plant and equipment, investment properties and other investments	(1,921)	(16,082)	(10,821)
Other intangible assets written off	-	4	-
Write down/(Reversal of write down) of inventories	10,191	(2,355)	(7,822)
Provision for impairment losses of investment, property, plant and equipment, land under development and other intangible assets	15	902	9,005
Property, plant and equipment written off	106	45	4
Net gain on disposal of disposal group classified as held for sale	(21)	-	-
Share of results of associates and joint ventures	(45,498)	(8,734)	(99,903)
Operating cash flows before changes in working capital	47,170	35,645	64,905
Increase in inventories	(1,277)	(42,371)	(50,326)
Decrease/(Increase) in short-term investment securities	1,669	(22,438)	9,711
Decrease/(Increase) in trade and other receivables	6,841	(7,954)	1,432
(Decrease)/Increase in trade and other payables	(15,119)	7,532	19,785
Cash flows from/(used in) operations	39,284	(29,586)	45,507
Income taxes paid	(9,226)	(5,535)	(5,529)
Finance costs paid	(12,456)	(8,207)	(9,274)
Interest received	8,418	4,674	8,137
Dividend income from short-term investment securities	1,832	1,330	1,251
Net cash flows from/(used in) operating activities	27,852	(37,324)	40,092

(The rest of this page has been intentionally left blank)

Cash Flows and Other Selected Data (Cont'd)

	Audited		
	FY2019 (S$'000)	**FY2020 (S$'000)**	**FY2021 (S$'000)**
<u>Cash flows from investing activities</u>			
Proceeds from disposal of property, plant and equipment and investment properties	108,150	283,861	96,208
Proceeds from redemption of debt instrument	1,380	22,200	4,250
Proceeds from disposal of investment securities	11,116	26,421	-
Cost incurred on property, plant and equipment	(5,182)	(5,783)	(4,328)
Cost incurred on investment properties	(55,966)	(233,780)	(59,153)
Rebate from vendor on acquisition of investment property	-	-	5,912
Cost incurred on land under development	(4,782)	(5,341)	(14,841)
Purchase of investment securities	-	(1,000)	(17,712)
Initial payment on properties	-	(3,470)	-
Investment in associates and joint ventures	(30,017)	(153,508)	(106,014)
Subscription of debt instruments	(29,910)	(19,631)	-
Return of capital from associates	40,928	10,792	33,222
Repayment from an associate	-	-	1,500
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(283)	(435)	(270)
Payment for acquisition of a subsidiary from non-controlling shareholder	-	-	(86,556)
Dividend income from investment securities and associates	35,131	6,892	13,175
Interest received	1,938	469	118
Income taxes paid	(3,340)	(1,180)	(9,661)
Net cash flows from/(used in) investing activities	69,163	(73,493)	(144,150)

(The rest of this page has been intentionally left blank)

Cash Flows and Other Selected Data (Cont'd)

	Audited		
	FY2019 (S$'000)	**FY2020 (S$'000)**	**FY2021 (S$'000)**
<u>Cash flows from financing activities</u>			
Dividend paid to shareholders	(24,463)	(24,416)	(24,409)
Carried interest paid to General Partner of a subsidiary	-	(2,123)	(146)
Dividend paid to non-controlling shareholders of subsidiaries	(4,799)	(4,241)	(4,537)
Purchase of treasury shares	(1,457)	(627)	-
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	10,087	22,641	17,885
Repayment of loan to non-controlling shareholders of subsidiaries	(3,224)	(1,755)	(18,469)
Return of capital to non-controlling shareholders	(1,305)	(3,626)	(8,701)
(Repayment)/Drawdown of short-term borrowings	(13,765)	58,161	(1,070)
Drawdown of long-term borrowings	233,939	207,654	190,317
Repayment of long-term borrowings	(208,512)	(171,859)	(329,747)
Proceeds from issuance of fixed rate notes	-	198,000	-
Finance costs paid	(14,149)	(16,789)	(21,770)
Payment of lease liabilities	(3,419)	(4,609)	(3,048)
Net cash flows (used in)/from financing activities	(31,067)	256,411	(203,695)
Net increase/(decrease) in cash and cash equivalents	65,948	145,594	(307,753)
Effect of exchange rate changes on cash and cash equivalents	(323)	251	(6,964)
Cash and cash equivalents, beginning balance	244,862	310,487	456,332
Cash and cash equivalents, ending balance	310,487	456,332	141,615

(The rest of this page has been intentionally left blank)

(a) FY2021 compared with FY2020

Group

The Group reported a profit after tax and non-controlling interests ("PATNCI") of $234.3 million and $51.5 million for FY2021 and FY2020, respectively. The increase was mainly attributed to net fair value gains from investment properties, and higher contributions from Straits Real Estate Pte. Ltd., a 100% owned subsidiary of the Group since April 2021, as well as higher contributions from associates and joint ventures from the real estate segment.

Resources

The resources segment reported a PATNCI of $20.7 million for FY2021, up from $3.3 million in FY2020.

The better performance was mainly due to higher average tin prices in 2021 as compared to last year. Higher average tin prices in 2021 have negated the effect of operational disruptions during 2021 due to the enforcement of lockdowns in Malaysia.

Real Estate

The real estate segment reported a PATNCI of $232.7 million for FY2021, up from $69.8 million in FY2020.

The higher profit for FY2021 was mainly due to higher fair value gains from the logistics properties in Australia and the Singapore properties, and higher contribution from an associate, as well as the increased shareholding in Straits Real Estate Pte. Ltd., a 100% owned subsidiary of the Group, following completion of acquisition of the remaining 10.5% equity stake in April 2021. This was partially offset by fair value losses from the retail malls in Malaysia.

Hospitality

The hospitality segment reported a loss after tax and non-controlling interests of $12.6 million for FY2021, up from a loss of $11.8 million in FY2020.

The segment continued to be adversely impacted by the COVID-19 pandemic as the ongoing lockdowns and border closures impeded international travel and tourism. Compared to last year, the adverse impact of the pandemic only started accelerating towards end of March 2020.

Others

Net expenses for FY2021 were lower at $6.6 million, down from $9.8 million in FY2020, mainly due to higher mark-to-market gains from short-term investment securities, partially offset by higher interest expense.

(b) FY2020 compared with FY2019

Group

The Group reported a PATNCI of $51.5 million and $84.4 million for FY2020 and FY2019, respectively. The Group's full-year performance was impacted by the COVID-19 pandemic, affecting the hospitality and resources segments and resulting in other one-off charges.

Resources

The resources segment reported a PATNCI of $3.3 million for FY2020, compared with $6.7 million in FY2019, mainly dragged by weaker average tin prices and lower sales quantity of refined tin due to the COVID-19 pandemic and its resultant containment measures.

Real Estate

The Group's real estate segment reported a PATNCI of $69.8 million for FY2020, compared with $77.6 million in FY2019.

The lower profit for FY2020 were mainly due to lower interest income from the notes issued by a joint venture and fair value losses from the retail malls in China and Malaysia. The decrease was mitigated by fair value gains from the logistics properties in Australia and South Korea and contribution from a new joint venture in China.

Hospitality

The hospitality segment reported a loss after tax and non-controlling interests of $11.8 million for FY2020, compared with a PATNCI of $1.6 million in FY2019. The hospitality associate was adversely impacted by the COVID-19 pandemic, including revaluation losses on certain hotel properties and impairment charges.

Others

The net expenses for FY2020 were higher at $9.8 million, up from $1.7 million in FY2019, mainly due to lower mark-to-market gains from short-term investment securities, partially offset by higher interest expenses.

The diagrams below set out (i) the Group's total assets by business segment as at 31 December 2021, (ii) the breakdown of the Group's real estate assets as at 31 December 2021, (iii) the breakdown of the Group's earnings before interest, tax, depreciation and amortisation ("**EBITDA**") for the financial years ended 31 December 2020 and 31 December 2021, (iv) the breakdown of the Group's profit after tax and non-controlling interests ("**PATNCI**") for the financial years ended 31 December 2020 and 31 December 2021 and (v) the breakdown of Straits Real Estate Pte Ltd's property portfolio as at 31 December 2021.

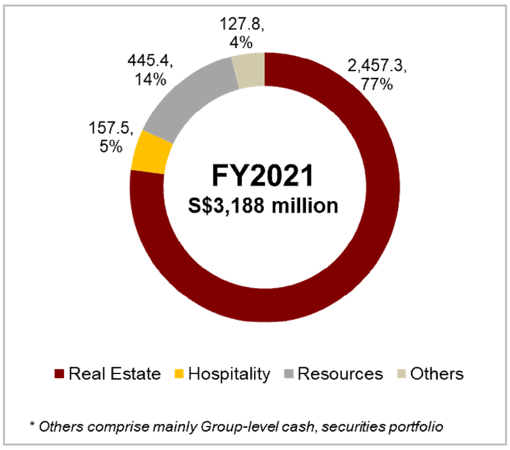

Figure 1: Total Assets (S$M) as at 31 December 2021

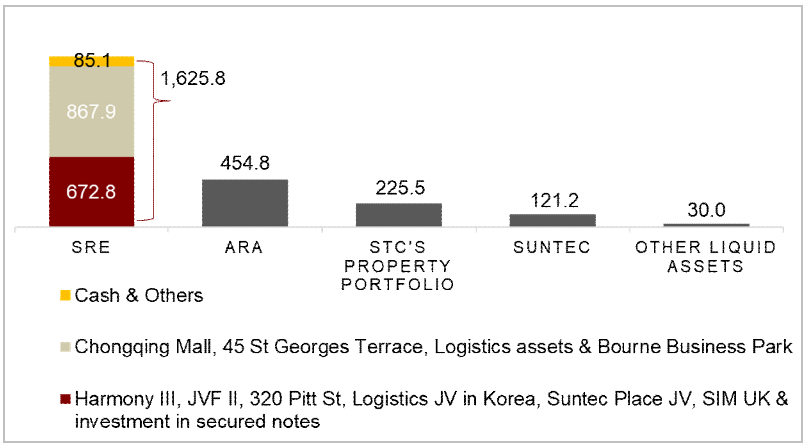

Figure 2: Real Estate Assets Breakdown (S$M) as at 31 December 2021

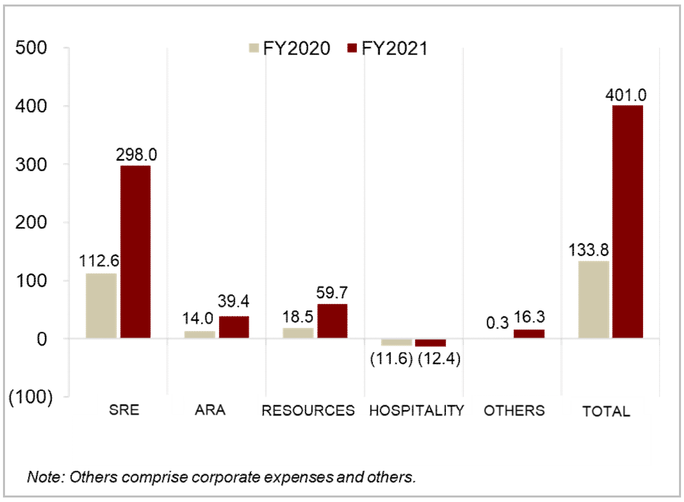

Figure 3: Full Year EBITDA* (S$M)

* EBITDA = Profit/(loss) before tax + Finance costs + Depreciation expense + Amortisation expense

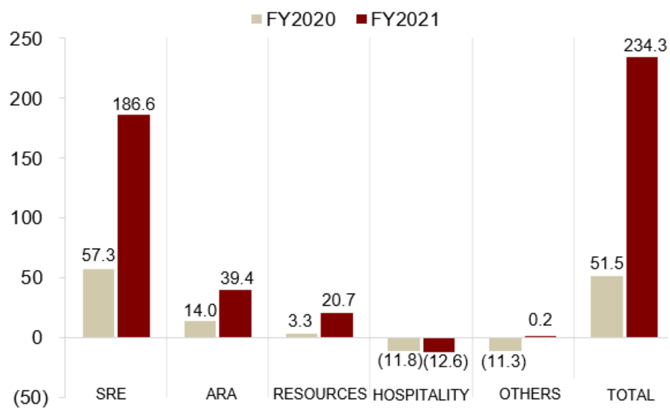

Figure 4: Full Year PATNCI# (S$M)

PATNCI = Profit/(loss) after tax – Profit/(loss) attributable to non-controlling interests

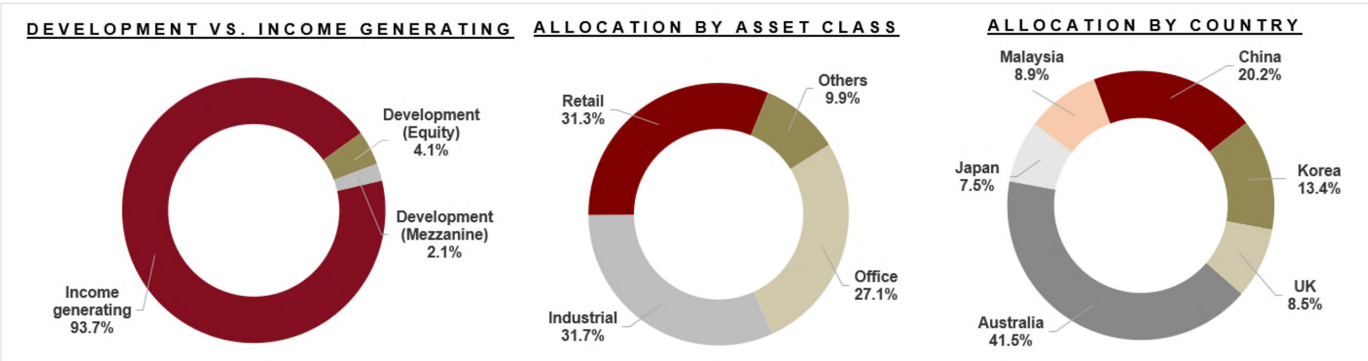

Figure 5: SRE: Property Portfolio as at 31 December 2021

(The rest of this page has been intentionally left blank)

EXCHANGE RATES

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

Period	Average	As at the end of
FY2019	RM1.00 = SGD 0.3293	RM1.00 = SGD 0.3277
FY2020	RM1.00 = SGD 0.3281	RM1.00 = SGD 0.3271
FY2021	RM1.00 = SGD 0.3238	RM1.00 = SGD 0.3241
14 April 2022	-	RM1.00 = SGD 0.3201

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	AUD1.00 = SGD 0.9489	AUD1.00 = SGD 0.9377
FY2020	AUD1.00 = SGD 0.9447	AUD1.00 = SGD 1.0089
FY2021	AUD1.00 = SGD 1.0122	AUD1.00 = SGD 0.9843
14 April 2022	-	AUD1.00 = SGD 1.0075

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	US$1.00 = SGD 1.3654	US$1.00 = SGD 1.3553
FY2020	US$1.00 = SGD 1.3856	US$1.00 = SGD 1.3281
FY2021	US$1.00 = SGD 1.3410	US$1.00 = SGD 1.3591
14 April 2022	-	US$1.00 = SGD 1.3541

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	JPY1.00 = SGD 0.01251	JPY1.00 = SGD 0.01239
FY2020	JPY1.00 = SGD 0.01289	JPY1.00 = SGD 0.01282
FY2021	JPY1.00 = SGD 0.01230	JPY1.00 = SGD 0.01189
14 April 2022	-	JPY1.00 = SGD 0.01081

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	KRW1.00 = SGD 0.001175	KRW1.00 = SGD 0.001166
FY2020	KRW1.00 = SGD 0.001167	KRW1.00 = SGD 0.001205
FY2021	KRW1.00 = SGD 0.001178	KRW1.00 = SGD 0.001145
14 April 2022	-	KRW1.00 = SGD 0.001103

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	RMB1.00 = SGD 0.1980	RMB1.00 = SGD 0.1934
FY2020	RMB1.00 = SGD 0.1996	RMB1.00 = SGD 0.2034
FY2021	RMB1.00 = SGD 0.2075	RMB1.00 = SGD 0.2134
14 April 2022	-	RMB1.00 = SGD 0.2125

Source: Bloomberg

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

Period	Average	As at the end of
FY2019	GBP1.00 = SGD 1.7418	GBP1.00 = SGD 1.7538
FY2020	GBP1.00 = SGD 1.7636	GBP1.00 = SGD 1.8071
FY2021	GBP1.00 = SGD 1.8479	GBP1.00 = SGD 1.8235
14 April 2022	-	GBP1.00 = SGD 1.7784

Source: Bloomberg

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

AUDITED CONSOLIDATED ACCOUNTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The information in this Appendix I has been reproduced from the annual report of The Straits Trading Company Limited and its subsidiaries for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum.

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

1. Fair value of investment properties, land and buildings

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

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

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

For the financial year ended 31 December 2020

Key Audit Matters (cont'd)

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

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

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

2. Impairment testing for goodwill

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

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

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

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

3. Provision for mine restoration costs

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

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

For the financial year ended 31 December 2020

Key Audit Matters (cont'd)

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

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

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

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

4. Inventories

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

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

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

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

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

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

Independent Auditor's Report

to the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2020

Key Audit Matters (cont'd)

4. Inventories (cont'd)

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

For the financial year ended 31 December 2020

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

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

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

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

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

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

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

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

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

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

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

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

For the financial year ended 31 December 2020

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

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

Consolidated Income Statement

For the financial year ended 31 December 2020

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

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

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

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

Balance Sheets

As at 31 December 2020

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

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

Balance Sheets

As at 31 December 2020

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

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

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

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

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

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

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

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

1. CORPORATE INFORMATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.3 *Standards issued but not yet effective*

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

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

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

<u>Goodwill</u>

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

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

(b) *Consolidated financial statements*

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

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

2.7 *Subsidiaries*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.8 *Joint ventures and associates*

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.9 *Property, plant and equipment*

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.10 *Depreciation and residual values*

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

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

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

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

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

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

2.11 *Land under development*

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

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

2.12 *Investment properties*

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.12 *Investment properties (cont'd)*

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

2.13 *Intangible assets*

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

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

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

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

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

(a) *Mining rights*

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.13 *Intangible assets (cont'd)*

(b) *Deferred mine exploration and evaluation expenditure*

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

Exploration and evaluation activity includes:

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

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

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

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

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

(c) *Mine properties*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.13 *Intangible assets (cont'd)*

(c) *Mine properties (cont'd)*

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

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

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

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

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

(d) *Mine restoration expenditure*

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

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

(e) *Club memberships*

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

2.14 *Financial instruments*

(a) *Financial assets*

(i) *Initial recognition and measurement*

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.14 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

(ii) *Subsequent measurement*

<u>Debt instruments</u>

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.

<u>Equity instruments</u>

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.

<u>Derivatives</u>

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

(iii) *Impairment*

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.14 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

(iv) *Derecognition*

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

(b) *Financial liabilities*

(i) *Initial recognition and measurement*

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

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

2.15 *Financial guarantee*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.16 *Non-current assets held for sale*

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

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

2.17 *Cash and cash equivalents*

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

2.18 *Inventories*

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

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

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

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

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

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

2.19 *Impairment of non-financial assets*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

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

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

2.20 *Borrowing costs*

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

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

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

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

2.22 *Employee benefits*

(a) *Defined contribution plan*

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

(b) *Employee leave entitlement*

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.22 *Employee benefits (cont'd)*

(c) *Termination benefits*

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

2.23 *Leases*

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

The Group as lessee

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

Right-of-use assets

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

Lease liabilities

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.23 *Leases (cont'd)*

Short-term leases and leases of low-value assets

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

The Group as lessor

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

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

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

2.24 *Revenue and other income recognition*

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

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

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

(i) *Sale of tin*

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

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

(ii) *Smelting revenue*

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.24 Revenue and other income recognition (cont'd)

(iii) *Sale of by-products*

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

(iv) *Rental income*

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

(v) *Profit from sale of completed properties*

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

(vi) *Other income*

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

2.25 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.25 *Taxes (cont'd)*

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.25 *Taxes (cont'd)*

(c) *Goods and services tax*

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

– Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of goods and services tax included.

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

2.26 *Derivative financial instruments and hedging*

Initial recognition and subsequent measurement

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

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

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

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

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

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

– Hedges of a net investment in a foreign operation

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

Initial recognition and subsequent measurement (cont'd)

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

Hedges directly affected by interest rate benchmark reform

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

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

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

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

(a) *Fair value hedges*

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

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

(b) *Cash flow hedges*

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

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

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

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

(c) *Hedges of a net investment*

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

2.27 *Share capital and share issuance expenses*

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

2.28 *Treasury shares*

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.29 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.30 *Government grants*

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

4. DIVIDEND INCOME

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

5. INTEREST INCOME

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

6. OTHER INCOME

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

7. EMPLOYEE BENEFITS EXPENSE

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

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

8. IMPAIRMENT LOSSES

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

9. FINANCE COSTS

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. OTHER EXPENSES

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

11. PROFIT BEFORE TAX

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit

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

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

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

13. EARNINGS PER SHARE (CENTS PER SHARE)

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

There are no dilutive potential shares of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

	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 2020	141	9,798	7,085	47,308	3,315	7,472	6,696	195	82,010
Additions	–	–	–	822	4,793	2,407	8,758	–	16,780
Disposals	–	–	–	(2,388)	–	–	(2,004)	–	(4,392)
Transfer	–	–	1,494	3,223	(4,717)	–	–	–	–
Derecognition	–	–	–	–	–	–	(486)	–	(486)
Reclassification	–	–	–	413	(413)	–	–	–	–
Revaluation surplus, net	–	982	784	–	–	–	–	–	1,766
Elimination of accumulated depreciation on revaluation	–	(127)	(344)	–	–	–	–	–	(471)
Exchange adjustment	–	(23)	(21)	(51)	2	(24)	(3)	–	(120)
At 31 December 2020	141	10,630	8,998	49,327	2,980	9,855	12,961	195	95,087
Accumulated depreciation									
At 1 January 2020	–	–	–	31,403	–	4,117	2,878	–	38,398
Depreciation charge for the year	–	127	343	2,346	–	627	4,224	26	7,693
Disposals	–	–	–	(2,322)	–	–	(2,004)	–	(4,326)
Derecognition	–	–	–	–	–	–	(91)	–	(91)
Elimination of accumulated depreciation on revaluation	–	(127)	(344)	–	–	–	–	–	(471)
Exchange adjustment	–	–	1	(31)	–	(11)	(11)	–	(52)
At 31 December 2020	–	–	–	31,396	–	4,733	4,996	26	41,151
Net carrying amount									
At 31 December 2020	141	10,630	8,998	17,931	2,980	5,122	7,965	169	53,936

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

(a) Land and buildings are stated at fair value, which have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. LAND UNDER DEVELOPMENT

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES

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

	Group	
	2020	2019
	$'000	$'000
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**42,107**	39,575
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(17,550)**	(19,980)
– Non-rental generating properties	**(1,277)**	(10)
	(18,827)	(19,990)

(a) Except as disclosed in note 16(c), the Group has no restrictions on the realisability of its investment properties.

(b) Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.

(c) Certain investment properties are mortgaged to secure bank facilities (note 31).

(d) During the financial year, interest capitalised as cost of investment properties amounted to $244,000 (2019: $301,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. INVESTMENT PROPERTIES (CONT'D)

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

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

The carrying amount of goodwill is allocated to resources segment.

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

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

(ii) Sensitivity to changes in assumptions

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) Other intangible assets

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

(i) Mining rights and corporate club memberships

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) Other intangible assets (cont'd)

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) Other intangible assets (cont'd)

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

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

The remaining amortisation periods are as follows:

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

18. SUBSIDIARIES

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

Details of subsidiaries are included in note 44.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

18. SUBSIDIARIES (CONT'D)

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

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

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

Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

18. SUBSIDIARIES (CONT'D)

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

Summarised statements of comprehensive income

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

Other summarised information

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

19. ASSOCIATES AND JOINT VENTURES

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates

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

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

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

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

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

(e) Movement in the allowance account:

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

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

Summarised balance sheets

	ARAH $'000	FEHH $'000	H3 $'000	JVF2 $'000	GTOF $'000
As at 31 December 2020					
Current assets	**731,390**	**113,524**	**23,170**	**34,379**	**–**
Non-current assets	**4,064,856**	**590,372**	**568,642**	**357,822**	**–**
Total assets	**4,796,246**	**703,896**	**591,812**	**392,201**	**–**
Current liabilities	**(212,735)**	**(371,898)**	**(11,563)**	**(11,168)**	**–**
Non-current liabilities	**(1,471,666)**	**(270,035)**	**(404,698)**	**(195,352)**	**–**
Total liabilities	**(1,684,401)**	**(641,933)**	**(416,261)**	**(206,520)**	**–**
Net assets	**3,111,845**	**61,963**	**175,551**	**185,681**	**–**
Perpetual securities holders	**(960,071)**	**–**	**–**	**–**	**–**
Non-controlling interests	**(352,669)**	**–**	**–**	**(18,493)**	**–**
	1,799,105	**61,963**	**175,551**	**167,188**	**–**
As at 31 December 2019					
Current assets	396,799	80,867	13,545	48,763	3,795
Non-current assets	3,443,586	596,559	593,474	358,123	–
Total assets	3,840,385	677,426	607,019	406,886	3,795
Current liabilities	(98,808)	(332,942)	(18,957)	(28,703)	(1,444)
Non-current liabilities	(1,026,050)	(270,632)	(391,750)	(199,261)	–
Total liabilities	(1,124,858)	(603,574)	(410,707)	(227,964)	(1,444)
Net assets	2,715,527	73,852	196,312	178,922	2,351
Perpetual securities holders	(959,978)	–	–	–	–
Non-controlling interests	(10,702)	–	–	(15,241)	–
	1,744,847	73,852	196,312	163,681	2,351

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

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

Summarised statements of comprehensive income

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures

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

(a) Details of joint ventures are included in note 44.

(b) During the year, Straits Real Estate Pte. Ltd. ("SREPL"), has through its wholly-owned subsidiary, SRE Venture 16 Pte. Ltd. ("SREV16"), entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARAH and ICBC International Investment Management Limited to form a joint venture, Ivory SL Joint Venture Limited ("ISL"), to acquire a retail mall in Shanghai, People's Republic of China. Total investment cost injected into ISL is USD63.5 million ($87.4 million).

(c) In 2019, SREPL, through its subsidiary, IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company ("KLIP"), acquired 50% interest in Sky Logis Private Real Estate Investment Company ("SLRE"). Total investment cost injected into SLRE is KRW16,550 million ($19.3 million).

(d) In 2017, SREPL, through its wholly owned subsidiary, SRE Australia 2 Pte. Ltd. ("SRE Australia 2"), invested A$119.2 million ($125.0 million) in notes issued by 320P Trust. The notes are unsecured, repayable by 2027 and entitles SRE Australia 2 to the higher of a fixed interest per annum or a percentage of profits in 320P Trust. As unanimous approval is required for key operating, investing and financing matters, the Group has accounted for 320P Trust as a joint venture.

(e) Impairment assessment

An impairment loss of $265,000 (2019: $15,000) was recognised in profit or loss of the Group in respect of the Group's investment in KMR Resources, Inc.. The recoverable amount was derived based on management's estimate of fair value less costs to sell.

(f) Movement in the allowance account:

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

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

Summarised balance sheets

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

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

Summarised balance sheets (cont'd)

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

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

Summarised statements of comprehensive income

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

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

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

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

(h) Aggregate information about the Group's joint ventures that are not individually material are as follows:

	Group **2020** **$'000**	 2019 $'000
Loss after tax	**(5,230)**	(773)
Other comprehensive income	**(308)**	165
Total comprehensive income	**(5,538)**	(608)

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2020

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**6,871**	3,119	**–**	–
Deferred tax liabilities	**(35,142)**	(23,696)	**(702)**	(704)
	(28,271)	(20,577)	**(702)**	(704)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Provisions	**3,120**	1,290	**(1,793)**	2,452	**–**	–
Unutilised tax losses	**21**	932	**988**	4,754	**–**	–
Fair value changes on forward currency contracts and interest rate swap contracts	**35**	(22)	**(63)**	(22)	**–**	–
Revaluation of property, plant and equipment	**(1,321)**	(903)	**–**	(148)	**(155)**	(155)
Difference in depreciation	**(925)**	(366)	**562**	697	**1**	1
Fair value changes on investment properties	**(15,829)**	(10,535)	**10,108**	5,403	**(548)**	(550)
Fair value changes on investment securities at FVOCI	**–**	(1,183)	**–**	–	**–**	–
Unremitted foreign income and profits	**(13,990)**	(11,131)	**2,329**	5,225	**–**	–
Others	**618**	1,341	**596**	(251)	**–**	–
	(28,271)	(20,577)			**(702)**	(704)
Deferred tax expense (note 12)			**12,727**	18,110		

As at 31 December 2020, certain subsidiaries have unutilised tax losses amounting to $2,775,000 (2019: $2,775,000) available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current:				
Trade receivables	**14,575**	8,708	**5**	6
Amount due from a subsidiary	**–**	–	**2**	1
Impairment of doubtful receivables	**(3,211)**	(3,179)	**–**	–
	11,364	5,529	**7**	7
Other receivables				
Deposits	**1,139**	2,226	**10**	10
Non-trade receivables	**7,243**	3,247	**197**	152
Amounts due from subsidiaries	**–**	–	**1,202,289**	1,091,696
Amounts due from associates	**68,056**	68,020	**4**	4
Amount due from a joint venture	**3,486**	630	**–**	–
Amount due from a related party	**11**	–	**–**	–
Amounts due from non-controlling shareholders of subsidiaries	**4**	–	**–**	–
	79,939	74,123	**1,202,500**	1,091,862
Trade and other receivables (current)	**91,303**	79,652	**1,202,507**	1,091,869
Non-current:				
Amounts due from third parties	**1**	–	**–**	–
Amounts due from subsidiaries	**–**	–	**128,475**	103,935
	1	–	**128,475**	103,935
Total trade and other receivables (current and non-current)	**91,304**	79,652	**1,330,982**	1,195,804
Add: Cash and cash equivalents (note 26)	**456,332**	310,487	**249,431**	113,946
Unquoted financial assets at amortised cost (note 22)	**52,431**	46,321	**–**	–
Quoted financial assets at amortised cost (note 22)	**6,261**	12,326	**–**	–
Shareholder notes (note 19.2)	**202,803**	169,684	**–**	–
Total financial assets at amortised cost	**809,131**	618,470	**1,580,413**	1,309,750

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on cash payment to 90-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

The current amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand except for amounts of $58,961,000 (2019: $58,961,000) due from a subsidiary which bears interest at the range from 3.10% to 3.73% (2019: 3.10% to 3.73%) per annum.

The non-current amounts due from subsidiaries are non-trade related, unsecured and repayable in 2022 to 2024. Interest is charged at the range from 2.00% to 4.20% (2019: 3.35% to 4.20%) per annum.

Amounts due from associates

The current amounts due from associates under other receivables are non-trade related, unsecured and repayable on demand.

No interest is charged except for amounts receivable of $66,348,000 from Far East Hospitality Holdings Pte. Ltd. which bear interest at 2.0% per annum.

Amount due from a joint venture

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

Certain other receivables are pledged to secure bank facilities (note 31).

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

	Group	
	2020	2019
	$'000	$'000
Australian Dollar	**9,160**	858
United States Dollar	**8,339**	4,480
Japanese Yen	**4**	637

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group					
	2020 $'000			2019 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**89,048**	**–**	**89,048**	79,450	–	79,450
• Past due:						
Less than 30 days	**1,805**	**–**	**1,805**	93	–	93
30 to 60 days	**87**	**–**	**87**	32	–	32
61 to 90 days	**67**	**(1)**	**66**	5	–	5
91 to 120 days	**293**	**(2)**	**291**	–	–	–
More than 120 days	**3,214**	**(3,208)**	**6**	3,251	(3,179)	72
	5,466	**(3,211)**	**2,255**	3,381	(3,179)	202
Total	**94,514**	**(3,211)**	**91,303**	82,831	(3,179)	79,652

	Company					
	2020 $'000			2019 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**1,202,500**	**–**	**1,202,500**	1,091,862	–	1,091,862
• Past due:						
Less than 30 days	**6**	**–**	**6**	7	–	7
30 to 60 days	**1**	**–**	**1**	–	–	–
61 to 90 days	**–**	**–**	**–**	–	–	–
91 to 120 days	**–**	**–**	**–**	–	–	–
More than 120 days	**–**	**–**	**–**	–	–	–
	7	**–**	**7**	7	–	7
Total	**1,202,507**	**–**	**1,202,507**	1,091,869	–	1,091,869

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	2020	2019
	$'000	$'000
Trade and other receivables -nominal amounts	**3,211**	3,179
Less: Allowance for impairment	**(3,211)**	(3,179)
	–	–

Expected credit losses

The movement in the allowance for expected credit losses ("ECLs") of trade receivables computed based on lifetime ECLs are as follows:

	Group	
	2020	2019
	$'000	$'000
At 1 January	**(3,179)**	(3,193)
Impairment (note 10)	**(42)**	–
Exchange adjustment	**10**	14
At 31 December	**(3,211)**	(3,179)

Notes to the Financial Statements

For the financial year ended 31 December 2020

22. INVESTMENT SECURITIES

(a) Investment securities (non-current)

	Group	
	2020	2019
	$'000	$'000
At fair value through other comprehensive income		
– quoted, equity securities	**128,172**	180,911
Total financial assets at fair value through other comprehensive income	**128,172**	180,911
At amortised cost		
– unquoted	**52,431**	30,008
	180,603	210,919

(b) Investment securities (current)

	Group	
	2020	2019
	$'000	$'000
At fair value through profit or loss		
– quoted, at fair value	**59,581**	37,230
At amortised cost		
– quoted bonds	**6,261**	12,326
– unquoted	**–**	16,313
	65,842	65,869

Information on the Group's investment securities by country can be found in note 39(e).

The shares are mainly quoted in Singapore, United States, Japan, Australia and Hong Kong. Please refer to note 39(e) for information on equity price risk.

The unquoted investment securities at amortised cost are:

	2020			2019		
	Million	**Coupon rate**	**Maturity**	Million	Coupon rate	Maturity
Credit linked notes	**$16.2**	**3.48%**	**2 years**	$16.2	4.18%	1 year
Secured note	**A$36.0**	**14.5%**	**2 to 6 years**	A$32.3	14.5%	3 to 7 years

Certain investment securities are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2020

23. Derivative financial instruments

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

	Group				Company			
	2020		2019		**2020**		2019	
	Assets	**Liabilities**	Assets	Liabilities	**Assets**	**Liabilities**	Assets	Liabilities
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Forward currency contracts	**2,100**	**9,603**	1,763	663	**–**	**–**	–	–
Cross currency swap contracts	**–**	**779**	670	159	**–**	**779**	399	–
Interest rate swap contracts	**–**	**–**	–	276	**–**	**–**	–	–
Forward commodity contracts	**–**	**352**	–	261	**–**	**–**	–	–
	2,100	**10,734**	2,433	1,359	**–**	**779**	399	–
Current	**606**	**7,850**	886	1,048	**–**	**779**	–	–
Non-current	**1,494**	**2,884**	1,547	311	**–**	**–**	399	–

These represent the fair values of the following financial instruments:

(a) forward currency and cross currency swap contracts are entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective or in profit or loss. These contracts mature between April 2021 to December 2023.

(b) the interest rate swap contracts are entered into for the purpose of managing interest rate risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

(c) forward commodity contracts are entered into for tin trading, arbitraging for profit and to manage tin price risk. The fair value changes of these contracts are recognised in profit or loss. During the financial year, there were no contracts designated as cash flow or fair value hedge.

Further details of the derivative financial instruments are disclosed in note 40 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

24. OTHER NON-CURRENT ASSETS

	Group	
	2020	2019
	$'000	$'000
Initial payments for a warehouse, land parcel and mixed-use office and industrial building	**4,951**	1,201

As at 31 December 2020, the initial payments were related to the acquisition of a warehouse in Adelaide, Australia and a land parcel in Anseong, South Korea. The acquisitions were completed in February 2021 and May 2021 respectively.

As at 31 December 2019, the initial payment was related to mixed-use office and industrial property in Melbourne, Australia for A$24.0 million (approximately $22.5 million). The acquisition was completed in February 2020.

25. INVENTORIES

	Group	
	2020	2019
	$'000	$'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**6,818**	16,867
– Tin-in-process	**179,279**	114,512
– Refined tin metal	**8,204**	18,233
Other inventories (stores, spares, fuels, coal and saleable by-products)	**3,517**	3,480
	197,818	153,092
Income statement:		
Inventories recognised as an expense in cost of sales	**222,944**	271,738
Inclusive of the following charge:		
(Reversal of write down)/Write down of inventories	**(2,355)**	10,191

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**366,918**	139,878	**188,174**	11,939
Short-term deposits	**89,414**	170,609	**61,257**	102,007
	456,332	310,487	**249,431**	113,946

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at the reporting date for the Group and the Company were 0.9% (2019: 1.6%) per annum and 0.8% (2019: 1.8%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (note 31).

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

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
United States Dollar	**3,055**	40,297	**–**	–
Japanese Yen	**95,697**	16,851	**–**	–
Australian Dollar	**2,151**	6,420	**–**	–
Singapore Dollar	**4,736**	4,789	**–**	–

27. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2020	2019
	$'000	$'000
Asset:		
Investment property (note 16)	**–**	21,311

For the financial year ended 31 December 2019, an investment property in Osaka, Japan was reclassified as held for sale. The property was mortgaged to secure a bank facility (note 31). The sale was completed in February 2020.

Notes to the Financial Statements

For the financial year ended 31 December 2020

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2020		2019	
	Number of shares	**$'000**	Number of shares	$'000
Ordinary shares issued and fully paid (excluding treasury shares)				
At 1 January	**407,165,772**	**568,968**	407,804,572	568,968
Purchase of treasury shares	**(346,200)**	**–**	(638,800)	–
At 31 December	**406,819,572**	**568,968**	407,165,772	568,968

(b) Treasury shares

	Group and Company			
	2020		2019	
	Number of shares	**$'000**	Number of shares	$'000
At 1 January	**(930,000)**	**(2,055)**	(291,200)	(598)
Repurchased during the year	**(346,200)**	**(627)**	(638,800)	(1,457)
At 31 December	**(1,276,200)**	**(2,682)**	(930,000)	(2,055)

As at 31 December 2020, the Company held 1,276,200 treasury shares (2019: 930,000) which represents 0.3% of the total number of issued shares (excluding treasury shares).

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

The Company acquired 346,200 (2019: 638,800) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $627,000 (2019: $1,457,000) and this was presented as a component within the shareholders' equity.

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Retained earnings [(a)]	**961,506**	932,861	**39,885**	45,088
FVOCI reserve [(b)]	**(36,601)**	12,270	**–**	–
Hedging reserve [(c)]	**(3,973)**	(1,466)	**(779)**	399
Revaluation reserve [(d)]	**32,390**	29,797	**561**	559
Translation reserve [(e)]	**13,849**	(25,102)	**245**	463
Other reserve [(f)]	**4,541**	3,848	**–**	–
Other reserves	**10,206**	19,347	**27**	1,421

(a) Retained earnings

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**932,861**	871,175	**45,088**	45,240
Net changes in the reserve	**28,645**	61,686	**(5,203)**	(152)
At 31 December	**961,506**	932,861	**39,885**	45,088
Net changes in the reserve:				
– Profit for the year	**51,483**	84,371	**19,213**	24,311
– Dividend on ordinary shares (note 35)	**(24,416)**	(24,463)	**(24,416)**	(24,463)
– Share of associate's realisation of FVOCI reserve	**1,818**	(92)	**–**	–
– Realisation of FVOCI reserve	**2,567**	1,427	**–**	–
– Transfer of reserves of assets classified as held for sale	**–**	360	**–**	–
– Share of transfer of statutory reserve of an associate	**(684)**	(9)	**–**	–
– Share of other changes in equity of an associate	**–**	92	**–**	–
– Others	**(2,123)**	–	**–**	–
	28,645	61,686	**(5,203)**	(152)

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(b) FVOCI reserve

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

	Group	
	2020	2019
	$'000	$'000
At 1 January	**12,270**	8,358
Net changes in the reserve	**(48,871)**	3,912
At 31 December	**(36,601)**	12,270
Net changes in the reserve:		
– Net fair value changes during the year	**(25,622)**	7,510
– Share of associate's realisation of FVOCI reserve	**(1,818)**	92
– Share of reserve of associates	**(18,864)**	(2,263)
– Realisation of FVOCI reserve	**(2,567)**	(1,427)
	(48,871)	3,912

(c) Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge. The movements in the hedging reserve are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**(1,466)**	(947)	**399**	–
Net changes in the reserve	**(2,507)**	(519)	**(1,178)**	399
At 31 December	**(3,973)**	(1,466)	**(779)**	399
Net changes in the reserve:				
– Net fair value changes during the year	**(1,056)**	506	**(1,178)**	399
– Share of reserve of associates	**(1,451)**	(1,025)	**–**	–
	(2,507)	(519)	**(1,178)**	399

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(d) Revaluation reserve

Revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the revaluation reserve are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**29,797**	27,525	**559**	555
Net changes in the reserve	**2,593**	2,272	**2**	4
At 31 December	**32,390**	29,797	**561**	559
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**734**	487	**2**	4
– Share of reserve of associates	**1,859**	1,785	**–**	–
	2,593	2,272	**2**	4

(e) Translation reserve

Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and Company's presentation currency. It is also used to record the effect of exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the translation reserve are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**(25,102)**	(16,331)	**463**	890
Net effect of exchange adjustments	**38,951**	(8,771)	**(218)**	(427)
At 31 December	**13,849**	(25,102)	**245**	463

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. RESERVES (CONT'D)

(e) Translation reserve (cont'd)

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net effect of exchange adjustments:				
– Translation of foreign operations	**16,524**	(5,848)	**(218)**	(427)
– Net investments in foreign operations	**(4,595)**	9	**–**	–
– Realisation of foreign currency translation reserve to profit or loss	**(2,427)**	1,386	**–**	–
– Share of reserve of associates and joint ventures	**29,449**	(4,318)	**–**	–
	38,951	(8,771)	**(218)**	(427)

(f) Other reserve

Other reserve is used to record reserve in relation to issuance of ordinary share pursuant to bonus issue and share of other reserve recorded by associates. The movements in the other reserve are as follows:

	Group	
	2020	2019
	$'000	$'000
At 1 January	**3,848**	3,839
Net changes in the reserve	**693**	9
At 31 December	**4,541**	3,848
Net changes in the reserve:		
– Share of other changes in equity of associates	**9**	–
– Share of transfer of statutory reserve of an associate	**684**	9
	693	9

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. PROVISIONS

	Provision for mine restoration	Provision for environmental waste removal	Provision for voluntary separation compensation (note 7)	Total
	$'000	$'000	$'000	$'000
Group				
At 1 January 2020	**9,211**	**–**	**4,915**	**14,126**
Provision made during the year	**2,408**	**–**	**90**	**2,498**
Utilised during the year	**–**	**–**	**(662)**	**(662)**
Discount adjustment on provision (note 9)	**534**	**–**	**–**	**534**
Exchange adjustment	**(30)**	**–**	**(7)**	**(37)**
At 31 December 2020	**12,123**	**–**	**4,336**	**16,459**
Non-current	**11,947**	**–**	**–**	**11,947**
Current	**176**	**–**	**4,336**	**4,512**
	12,123	**–**	**4,336**	**16,459**

	Provision for mine restoration	Provision for environmental waste removal	Provision for voluntary separation compensation (note 7)	Total
	$'000	$'000	$'000	$'000
Group				
At 1 January 2019	8,725	790	–	9,515
Provision/(Reversal) made during the year	134	(275)	4,899	4,758
Utilised during the year	–	(513)	–	(513)
Discount adjustment on provision (note 9)	394	–	–	394
Exchange adjustment	(42)	(2)	16	(28)
At 31 December 2019	9,211	–	4,915	14,126
Non-current	9,061	–	–	9,061
Current	150	–	4,915	5,065
	9,211	–	4,915	14,126

The Group's tin mining activity is conducted principally through its subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"). RHT is obliged to restore and rehabilitate the mine subsequent to the cessation of production. Mine restoration costs will be substantially incurred subsequent to the cessation of production of the mine property. The provision for mine restoration costs is based on the present value of the estimated cash outflows to be incurred to restore and rehabilitate the mine. During the year, additional provision for mine restoration cost was made to the adjoining western side of the current mine pit of RHT.

The Group has engaged an external consultant specialising in mine rehabilitation to carry out an assessment on the mine restoration plan ("MRP 2017") which was resubmitted to the relevant authorities in year 2017. Subsequently, the Group received a letter dated 7 June 2018 from the authority which indicated that the mine restoration plan was rejected, however no specific reason was indicated in the rejection letter.

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. PROVISIONS (CONT'D)

In January 2019, the Group applied for the extension of mining leases by surrendering the existing mining leases and applying for new mining leases. In November 2019, approval was obtained from the authority to extend the mining leases to year 2034.

The Group is required to prepare and submit a new mine restoration plan under the newly issued and approved mining leases obtained in November 2019. In September 2020, the Group has re-submitted its initial mine restoration plan to the relevant authorities. On the date the financial statements were authorised for issue, there were no further developments or feedback from the relevant authorities in relation to the submitted mine restoration plan.

The provision for voluntary separation compensation mainly comprises employee termination costs and other related costs. It is provided based on the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah.

31. BORROWINGS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Non-current				
Secured bank loans	**369,256**	460,554	**33,180**	–
Unsecured bank loans	**45,951**	49,615	**29,808**	49,615
Unsecured notes	**198,070**	149,866	**198,071**	149,866
	613,277	660,035	**261,059**	199,481
Current				
Secured bank loans	**234,176**	122,808	**25,000**	–
Unsecured bank loans*	**191,135**	87,222	**74,952**	–
Unsecured notes	**149,953**	–	**149,953**	–
	575,264	210,030	**249,905**	–
Total borrowings	**1,188,541**	870,065	**510,964**	199,481

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Interest rates and maturity of loans

	Group		Company	
	2020	2019	**2020**	2019
	%	%	**%**	%
Floating rate loans	**0.8 to 5.2**	0.5 to 5.3	**1.6**	–
Fixed rate loans	**0.9 to 5.3**	0.9 to 4.2	**1.4 to 3.4**	3.4
Fixed rate notes	**3.7 to 3.8**	3.7	**3.7 to 3.8**	3.7

The interest rates of the bank loans are repriced at intervals of 3 months to 12 months (2019: 1 month to 12 months).

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**575,264**	210,030	**249,905**	–
Later than 1 year but not later than 5 years	**613,277**	660,035	**261,059**	199,481
	1,188,541	870,065	**510,964**	199,481

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

	Group	
	2020	2019
	$'000	$'000
Japanese Yen	**36,905**	41,251
Australian Dollar	**27,731**	25,786
Singapore Dollar	**16,142**	16,142
United States Dollar	**116,183**	580

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Secured

The secured bank loans are collaterised by the following assets:

	Group	
	2020	2019
	$'000	$'000
Investment properties (note 16(c) and 27)	**924,846**	866,910
Joint venture (note 19.2)	**202,803**	169,684
Investment securities (non-current) (note 22(a))	**62,580**	107,376
Investment securities (current) (note 22(b))	**39,996**	47,561
Cash and cash equivalents (note 26)	**39,692**	68,193
Other current assets	**433**	295
	1,270,350	1,260,019

Certain secured bank loans are 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			
	2019	**Cash flows**	**Reclassifica-tion**	**Foreign exchange movement**	**Others**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Bank loans and notes						
- current	**210,030**	**58,161**	**298,397**	**7,453**	**1,223**	**575,264**
- non-current	**660,035**	**233,795**	**(298,397)**	**16,752**	**1,092**	**613,277**
Total	**870,065**	**291,956**	**–**	**24,205**	**2,315**	**1,188,541**

			Non-cash changes			
	2018	Cash flows	Reclassifica-tion	Foreign exchange movement	Others	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and notes						
- current	247,152	(173,062)	135,948	(218)	210	210,030
- non-current	617,311	184,724	(135,948)	(6,254)	202	660,035
Total	864,463	11,662	–	(6,472)	412	870,065

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

31. BORROWINGS (CONT'D)

Secured (cont'd)

On 19 July 2017, the Company issued $150 million of unsecured fixed rate notes under its $500 million multicurrency debt issuance programme which was established on 13 October 2011 and updated on 3 July 2017. The notes will mature in July 2021 and bear an interest of 3.73% per annum payable semi-annually in arrears.

32. OTHER NON-CURRENT LIABILITIES

	Group	
	2020	2019
	$'000	$'000
Amounts due to non-controlling shareholders of subsidiaries	**12,991**	10,050
Other liabilities	**3,713**	796
	16,704	10,846

The amounts due to non-controlling shareholders of subsidiaries are unsecured, bears interests ranging from 2.00% to 12.00% (2019: 3.35% to 12.00%) per annum and are repayable from 2021 to 2030.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current:				
Trade payables	**9,717**	7,933	**10**	10
Advance receipts and billings	**2,825**	1,114	**9**	19
	12,542	9,047	**19**	29
Other payables				
Amounts due to subsidiaries	**–**	–	**614,367**	650,867
Amounts due to non-controlling shareholders of subsidiaries	**6,406**	6,223	**–**	–
Accrual for other charges	**47,921**	31,819	**7,327**	5,613
Other deposits	**3,124**	2,626	**67**	68
Amount due to a related party	**160**	–	**–**	–
	57,611	40,668	**621,761**	656,548
Trade and other payables	**70,153**	49,715	**621,780**	656,577
Trade and other payables	**70,153**	49,715	**621,780**	656,577
Less: Advance receipts and billings	**(2,825)**	(1,114)	**(9)**	(19)
	67,328	48,601	**621,771**	656,558
Add: Other non-current liabilities (note 32)	**16,704**	10,846	**–**	–
Loans and borrowings (note 31)	**1,188,541**	870,065	**510,964**	199,481
Total financial liabilities carried at amortised cost	**1,272,573**	929,512	**1,132,735**	856,039

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables

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

Amounts due to subsidiaries

The amounts payable to subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries are share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at range from 2.80% to 3.75% (2019: 2.80% to 3.75%) per annum and repayable on demand.

Amount due to a related party

The amount payable to a related party included in other payables is non-trade related, non-interest bearing and repayable on demand.

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

	Group	
	2020	2019
	$'000	$'000
United States Dollar	**22,012**	3,131
Australian Dollar	**463**	327
Japanese Yen	**320**	241

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. LEASE LIABILITIES

	Group	
	2020	2019
	$'000	$'000
At 1 January	**3,973**	2,286
Additions	**8,500**	4,833
Accretion of interests (note 9)	**316**	263
Payments	**(4,609)**	(3,419)
Reclassification	**(401)**	–
Exchange adjustment	**9**	10
At 31 December	**7,788**	3,973
Current	**2,952**	2,273
Non-current	**4,836**	1,700
	7,788	3,973

35. DIVIDENDS

	Group and Company	
	2020	2019
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2019 Interim dividend paid in 2020: 6 cents per share tax exempt (one-tier tax) (2018 Interim dividend paid in 2019: 6 cents per share tax exempt (one-tier tax))	**24,416**	24,463
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2020: 6 cents per share tax exempt (one-tier tax) (Interim dividend for 2019: 6 cents per share tax exempt (one-tier tax))	**24,409**	24,426

There is no taxation consequence arising from the dividends declared by the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2020	2019
	$'000	$'000
Property, plant and equipment	**5,068**	5,361
Investment properties*	**20**	27,441
Land under development	**38,196**	13,746
Investee companies	**10,708**	66,994
Associate	**62,058**	66,007
Share of joint venture's capital commitment in respect of investment properties	**3,776**	22,648
	119,826	202,197

* For 2019, the amount was related mainly to the mixed-use office and industrial property in Melbourne, Australia (note 24).

37. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments for lessor

The Group and Company have entered into property lease agreements on their investment properties. These non-cancellable leases have remaining non-cancellable lease terms of up to 16 years. Contingent lease receipts are subject to the revenue exceeding certain levels stated in the respective agreements. Certain property lease agreements have renewal options; and restrict any assignment and subletting of the lease properties.

There were no contingent lease receipts recognised in profit or loss in 2020 and 2019.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**36,138**	28,059	**86**	81
Later than 1 year but not later than 5 years	**130,737**	66,287	**52**	3
Later than 5 years	**123,026**	75,517	**–**	–
	289,901	169,863	**138**	84

(b) Operating lease commitments for lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 5 years. Certain property lease agreements have renewal options. The lessee shall not assign, mortgage or charge the lease property without prior consent of the landlord. There is no restriction imposed by lease arrangements, such as those concerning dividends and additional debt.

Notes to the Financial Statements

For the financial year ended 31 December 2020

37. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating lease commitments for lessee (cont'd)

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2020	2019
	$'000	$'000
Minimum lease payments	**1,074**	602

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2020	2019
	$'000	$'000
Not later than 1 year	**2**	2
Later than 1 year but not later than 5 years	**7**	9
	9	11

(c) Other commitments

The Company has committed to provide continuing financial support to certain subsidiaries to enable their continuing operations.

(d) Legal claim in Malaysia Smelting Corporation Berhad ("MSC")

A subsidiary of MSC defended a legal action brought about by two companies ("Plantiffs") for the payment of tributes. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in the subsidiary's favour. The Plaintiffs have filed their Memorandum of Appeal to the Court of Appeal on 25 October 2019 and the hearing is fixed for 24 August 2020. However, the Court of Appeal subsequently vacated the hearing and has rescheduled the hearing to 25 August 2021. As at 31 December 2020, the estimated liability, should the Plaintiffs' action be successful, is approximately RM54,600,000 ($17,892,000).

Based on legal advice, no provision for liability is required to be made in the financial statements as the Plaintiff's appeal is unlikely (i.e. possible, but not probable) to succeed.

In connection with the abovementioned case, the subsidiary has separately instituted legal action against two former executive officers, the Plaintiffs and certain persons connected with the Plaintiffs ("Defendants"), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance. The Defendants have applied to the Court to strike out the subsidiary's claim. The hearing for the striking out applications was held on 7 October 2020 whereby the learned judge decided that the applications will be decided based on written submission. The decision on the applications is scheduled to be handed down on 5 November 2020. However, the decision on the striking out applications was deferred to 17 December 2020. In this regard, the High Court has dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants have filed an appeal against the High Court's decision to dismiss their striking out application. The same Defendants have also applied for a stay of proceedings at the High Court pending the resolution of their appeal. In respect of the Defendant that did not appeal against the decision of the High Court, the deadline to file an appeal against this decision has passed.

Disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2020

38. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2020	2019
	$'000	$'000
Associates/joint ventures		
Sales of goods	**9,161**	13,134
Interest income	**3,910**	36,130
Director		
Sale of property	**–**	7,638
Other related parties		
Office leases	**687**	604
Accounting and other service fees	**353**	138

Please refer to notes 21 and 33 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2020	2019
	$'000	$'000
Directors' fees	**653**	677
Short-term employee benefits	**4,773**	4,580
Defined contribution plans	**153**	167
	5,579	5,424

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities.

There has been no change to the Group's exposure to these risks or the manner in which it manages the risks.

The policies for managing these risks are summarised below.

(a) Foreign exchange risk

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of sales or purchase transactions that are denominated in a currency other than the functional currencies of the respective Group entities. These foreign exchange risk exposures are mainly in United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the exchange rates of the United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen against the functional currencies of the respective Group entities, with all other variables held constant.

		Group			
		2020		2019	
		Profit after tax	**Equity**	Profit after tax	Equity
		$'000	**$'000**	$'000	$'000
Australian Dollar	strengthened 5% (2019: 5%)	**7,924**	**–**	6,427	–
	weakened 5% (2019: 5%)	**(7,924)**	**–**	(6,427)	–
United States Dollar	strengthened 5% (2019: 5%)	**4,547**	**–**	1,297	–
	weakened 5% (2019: 5%)	**(4,547)**	**–**	(1,297)	–
Japanese Yen	strengthened 5% (2019: 5%)	**3,205**	**(799)**	671	(1,778)
	weakened 5% (2019: 5%)	**(3,205)**	**799**	(671)	1,778
Singapore Dollar	strengthened 5% (2019: 5%)	**259**	**(837)**	261	(837)
	weakened 5% (2019: 5%)	**(259)**	**837**	(261)	837

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

At the end of the reporting period, approximately:

(i) 18% (2019: 8%) of the Group's trade and other receivables as well as 34% (2019: 7%) of the Group's trade and other payables are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Australian Dollar (2019: United States Dollar, Australian Dollar and Japanese Yen).

(ii) 23% (2019: 23%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Japanese Yen (2019: United States Dollar, Japanese Yen, Australian Dollar and Singapore Dollar).

(iii) 10% (2019: 10%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar, Japanese Yen, Singapore Dollar and Australian Dollar (2019: Japanese Yen, Australian Dollar and Singapore Dollar).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swaps and cross currency swaps to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ decrease in basis point	**Effect on profit after tax**
		$'000
31 December 2020		
– Singapore Dollar	**+25**	**(384)**
	–25	**384**
– Malaysian Ringgit	**+25**	**(189)**
	–25	**189**
– Great Britain Pound	**+25**	**(181)**
	–25	**181**
– Chinese Renminbi	**+25**	**(147)**
	–25	**147**
– Australian Dollar	**+25**	**(340)**
	–25	**340**
– United States Dollar	**+25**	**(12)**
	–25	**12**

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Group	
	Increase/ decrease in basis point	Effect on profit after tax $'000
31 December 2019		
– Singapore Dollar	+25	(19)
	–25	19
– Malaysian Ringgit	+25	(117)
	–25	117
– Japanese Yen	+25	(190)
	–25	190
– Chinese Renminbi	+25	(140)
	–25	140
– Australian Dollar	+25	(206)
	–25	206

At the end of the reporting period, for the increase/decrease in the various basis points on interest rates for the various currencies, the effects associated with such changes on the Group's profit after tax are as illustrated above.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks, or the risks of counterparties defaulting are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The Group's debt securities at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which include the following indicators:

– Internal credit rating
– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
– Actual or expected significant changes in the operating results of the debtor
– Significant increases in credit risk on other financial instruments of the same debtor
– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days due in making contractual payment.

The Group and the Company determine that its financial assets are credit-impaired when:

– There is significant financial difficulty of the debtor
– A breach of contract, such as a default or past due event
– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
– There is disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to meet a repayment plan with the Group and the Company. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade and other receivables:

– The Group and the Company provide for 12-month expected credit losses for all trade and other receivables (excluding deposits and GST recoverable). The 12-month expected credit losses have taken into consideration historical loss rate statistics for debts with similar credit profile and the country risk of the debtors.
– For receivables which are lower risk, the probability of default ("PD") is minimal.
– For receivables which are higher risk, the PD rates ranging from 2.5% to 50% are applied if a receivable is more than 90 days to 360 days.
– The Group and the Company do not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

The Group's debt securities at amortised cost have low risk of default and a strong capacity to meet contractual cash flows. Hence the loss allowance is determined at an amount equal to 12-month ECL.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The loss allowance provision as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Group Trade receivables $'000
As at 1 January 2019	3,193
Exchange adjustments	(14)
As at 31 December 2019 and 1 January 2020	**3,179**
Impairment	**42**
Exchange adjustments	**(10)**
As at 31 December 2020	**3,211**

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group				**Company**			
	2020		2019		**2020**		2019	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**75,356**	**83**	68,055	85	**1,163,239**	**97**	1,057,035	97
Japan	**4,147**	**4**	2,856	4	**39,268**	**3**	34,834	3
China, including Hong Kong and Taiwan	**4,201**	**5**	2,411	3	**–**	**–**	–	–
Australia	**4,249**	**5**	1,982	3	**–**	**–**	–	–
Malaysia	**464**	**–**	1,974	2	**–**	**–**	–	–
Europe	**2,394**	**3**	1,487	2	**–**	**–**	–	–
Korea	**491**	**–**	883	1	**–**	**–**	–	–
Other countries	**1**	**–**	4	–	**–**	**–**	–	–
	91,303	**100**	79,652	100	**1,202,507**	**100**	1,091,869	100

Approximately 73% (2019: 83%) of the Group's trade and other receivables were due from an associate located in Singapore.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2020 $'000				2019 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Investment securities	**63,858**	**65,433**	**–**	**129,291**	67,003	45,445	–	112,448
Trade and other receivables	**85,053**	**5,676**	**–**	**90,729**	78,556	–	–	78,556
Derivatives	**1,494**	**606**	**–**	**2,100**	886	1,547	–	2,433
Cash and cash equivalents	**456,332**	**–**	**–**	**456,332**	310,487	–	–	310,487
Total undiscounted financial assets	**606,737**	**71,715**	**–**	**678,452**	456,932	46,992	–	503,924
Financial liabilities:								
Trade and other payables	**65,628**	**17,056**	**–**	**82,684**	48,792	–	–	48,792
Other non-current liabilities	**–**	**482**	**–**	**482**	570	10,615	–	11,185
Lease liabilities	**3,128**	**3,961**	**1,970**	**9,059**	2,908	988	55	3,951
Loans and borrowings	**593,176**	**580,310**	**–**	**1,173,486**	227,656	758,414	–	986,070
Derivatives	**7,850**	**2,884**	**–**	**10,734**	1,048	311	–	1,359
Total undiscounted financial liabilities	**669,782**	**604,693**	**1,970**	**1,276,445**	280,974	770,328	55	1,051,357
Total net undiscounted financial assets/ (liabilities)	**(63,045)**	**(532,978)**	**(1,970)**	**(597,993)**	175,958	(723,336)	(55)	(547,433)

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2020 $'000				2019 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Trade and other receivables	**1,202,507**	**128,475**	**–**	**1,330,982**	1,097,885	107,435	–	1,205,320
Derivatives	**–**	**–**	**–**	**–**	–	399	–	399
Cash and cash equivalents	**249,431**	**–**	**–**	**249,431**	113,946	–	–	113,946
Total undiscounted financial assets	**1,451,938**	**128,475**	**–**	**1,580,413**	1,211,831	107,834	–	1,319,665
Financial liabilities:								
Trade and other payables	**621,780**	**–**	**–**	**621,780**	656,578	–	–	656,578
Derivatives	**779**	**–**	**–**	**779**	–	–	–	–
Loans and borrowings	**237,350**	**318,468**	**–**	**555,818**	7,390	204,196	–	211,586
Total undiscounted financial liabilities	**859,909**	**318,468**	**–**	**1,178,377**	663,968	204,196	–	868,164
Total net undiscounted financial assets/ (liabilities)	**592,029**	**(189,993)**	**–**	**402,036**	547,863	(96,362)	–	451,501

Investment securities at FVOCI, shareholder loans to an associate and shareholder notes to a joint venture under non-current assets are excluded from the tables above.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2020 $'000				2019 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**1,610**	**2**	**–**	**1,612**	1,423	–	–	1,423
Company								
Financial guarantees	**–**	**150,000**	**–**	**150,000**	32,215	150,000	–	182,215

(e) Equity price risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by prudent review of the investments before investing and continuous monitoring of their performance and risk profiles.

The investment securities that are subject to equity price risk are classified as either FVTPL or FVOCI financial assets.

At the end of the reporting period, the Group's equity portfolio classified as FVTPL consists of shares of companies in Singapore of 40% (2019: 41%), United States 42% (2019: 24%), Japan 5% (2019: 12%), Australia 8% (2019: 12%), Hong Kong 3% (2019: 6%) and 2% (2019: 5%) in other countries. If the equity prices had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been $2,473,000 (2019: $1,545,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 94% (2019: 98%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 6% (2019: 2%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's other comprehensive income or FVOCI reserve in equity would have been $5,699,000 (2019: $8,034,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts.

A net loss of $352,000 (2019: $262,000) with a deferred tax benefit of $84,000 (2019: $63,000) in respect of the forward tin contracts were recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2020

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital management

Capital includes debt and equity items as disclosed in the following table.

The Group's objective is to provide a reasonable return to shareholders by investing into businesses that are commensurate with the level of risks. This also takes into account synergies with other operations and activities, the availability of management and other resources, and the fit of the activities with the Group's longer strategic objectives.

The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the various core businesses. The Group allocates the amount of capital in proportion to risk, manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group monitors the return of capital, which is defined as total shareholders' equity (excluding non-controlling interests), gearing ratio, which is defined as borrowings net of cash over total equity and the level of dividends to shareholders. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group's subsidiaries in The People's Republic of China (PRC) are subject to foreign exchange rules and regulations promulgated by the PRC government which may impact how the Group manages capital. These subsidiaries have complied with the applicable capital requirements throughout the year.

	Group	
	2020	2019
	$'000	$'000
Equity attributable to owners of the Company	**1,537,998**	1,519,121
Non-controlling interests	**188,940**	150,195
Total equity	**1,726,938**	1,669,316
Net borrowings	**732,209**	559,578
Gearing ratio	**42.4%**	33.5%

Notes to the Financial Statements

For the financial year ended 31 December 2020

40. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) Derivative financial instruments

The Group has the following derivative financial instruments at the reporting date:

At 31 December 2020:

	Notional Amount		**Fair Value**	
	Asset	**Liability**	**Asset**	**Liability**
	$'000	**$'000**	**$'000**	**$'000**
Forward currency contracts	**63,043**	**212,599**	**2,100**	**9,603**
Cross currency swap contracts	**–**	**50,000**	**–**	**779**
Forward commodity contracts	**–**	**10,936**	**–**	**352**
	63,043	**273,535**	**2,100**	**10,734**

At 31 December 2019:

	Notional Amount		Fair Value	
	Asset	Liability	Asset	Liability
	$'000	$'000	$'000	$'000
Forward currency contracts	78,447	54,207	1,763	663
Cross currency swap contracts	50,000	30,000	670	159
Interest rate swap contracts	–	45,786	–	276
Forward commodity contracts	–	9,844	–	261
	128,447	139,837	2,433	1,359

Please refer to note 23 for detailed information relating to the risk being hedged.

(b) Hedge of net investments in foreign operations

To hedge the Group's exposure to foreign currency risk on the foreign investments:

(i) Loans amounting to Japanese Yen 1.2 billion (2019: Japanese Yen 2.9 billion) have been designated as a hedge against the net investment denominated in Japanese Yen. Gains or losses on the retranslation of the borrowings are taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment. The loans are included in borrowings (note 31).

(ii) Three (2019: Two) Japanese Yen, four (2019: one) Australian Dollar, three (2019: one) Korean Won and one (2019: nil) United States Dollars foreign currency forward contracts were designated as hedges against the net investment denominated in their respective currencies. Fair value gain or loss on the foreign currency forward contracts were taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

Notes to the Financial Statements

For the financial year ended 31 December 2020

41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Estimation uncertainty

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

(i) Impairment of goodwill

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

(ii) Depreciation of property, plant and equipment

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

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 8 to 40 years. These are common life expectancies applied in such industry. Changes in the expected level of usage and timing of relocation to Pulau Indah could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

In the tin mining subsidiaries, plant and equipment, including mine restoration assets, used in mining are depreciated using the unit-of-production method based on economically recoverable ore except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in estimated economically recoverable ore resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amounts to $46,040,000 (2019: $41,381,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Estimation uncertainty (cont'd)

(iii) Revaluation of properties

The Group carries its investment properties, land and buildings at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of land and buildings are recognised in other comprehensive income respectively.

The fair values of properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise comparison method, direct capitalisation method, discounted cash flow method, investment valuation method and depreciated replacement cost method.

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

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

(iv) Inventories

Significant management judgement and estimation are required in applying: (i) valuation techniques to determine the valuation of tin-in-concentrates, tin-in-process and refined tin metal; and (ii) the timing of recognition of tin-in-concentrates based on the terms of the contracts.

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

Estimates of net realisable value by the Group and the Company are based on tin price forecasts, ranging from USD18,270 per tonne to USD19,388 per tonne (2019: ranging from USD18,053 per tonne to USD18,280 per tonne), from several independent research houses after taking into consideration fluctuations of price or cost and conditions existing as of the reporting date. Due to favourable tin prices, the Group wrote back $2,355,000 of its tin-bearing inventories to their net realisable value during the year. The carrying amount of inventories at the reporting date is disclosed in note 25.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Estimation uncertainty (cont'd)

(v) Provision for mine restoration costs

Provision for mine restoration costs is provided based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the future expenditure, the cessation date of production and the discount rate.

The subsidiary has engaged an external consultant specialising in mine restoration to carry out assessment on the mine restoration plan. The mine restoration plan was resubmitted by the subsidiary to the relevant authorities during the year ended 31 December 2017. The carrying amount of provision for mine restoration costs is disclosed in note 30. The provision for mine restoration costs, based on the methodology proposed by the external consultant and adopted by the subsidiary in its mine restoration plan, represents the current best estimate. Where expectations from the relevant authorities differ from the plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs.

(vi) Provision for voluntary separation compensation

Provision for voluntary separation compensation is provided based on the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah. Significant management judgement is required in assessing the past events which have occurred in triggering a present obligation for the provision.

Significant management estimate is required in determining the number of potential employees to be compensated. Where the actual compensation amount differs from the original estimates, the difference may significantly impact the carrying amount of the provision.

The provision for voluntary separation compensation at the reporting date is disclosed in note 30.

(vii) Ore reserve and mineral resource estimates

Ore reserve and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserve and mineral resource based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. The standards and guidelines used in the resource estimation are complied with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code").

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Estimation uncertainty (cont'd)

(vii) Ore reserve and mineral resource estimates (cont'd)

The change in estimates of ore reserve and mineral resource may impact the Group's reported financial position and results, in the following ways:

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using unit-of-production ("UOP") method, or where the useful life of the related assets change.
- The carrying value of mine properties and property, plant and equipment where their depreciation and amortisation charges are determined using UOP method, may be affected.
- Provision for mine restoration may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

(b) Judgements

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

(i) Income taxes

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

The carrying amounts are as follows:

	Group	
	2020	2019
	$'000	$'000
Income tax receivables	**5,836**	7,311
Income tax payable	**13,487**	6,098
Deferred tax assets	**6,871**	3,119
Deferred tax liabilities	**35,142**	23,696

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(b) Judgements (cont'd)

(ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For details of the key assumptions and inputs used, see note 39(c).

42. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group 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 2020

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

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2020 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	**–**	**–**	**19,769**	**19,769**
Investment properties (note 16)	**–**	**–**	**932,199**	**932,199**
Non-financial assets as at 31 December 2020	**–**	**–**	**951,968**	**951,968**
Financial assets:				
Financial assets at FVTPL (note 22(b))				
Equity securities				
Quoted equity securities	**59,581**	**–**	**–**	**59,581**
Financial assets at FVOCI (note 22(a))				
Equity securities				
Quoted equity securities	**128,172**	**–**	**–**	**128,172**
Derivatives (note 23)				
Forward currency contracts	**–**	**2,100**	**–**	**2,100**
Financial assets as at 31 December 2020	**187,753**	**2,100**	**–**	**189,853**

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2020 $'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	**–**	**9,603**	**–**	**9,603**
Cross currency swap contracts	**–**	**779**	**–**	**779**
Forward commodity contracts	**–**	**352**	**–**	**352**
Total derivatives	**–**	**10,734**	**–**	**10,734**
Financial liabilities as at 31 December 2020	**–**	**10,734**	**–**	**10,734**

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2019 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	–	–	17,024	17,024
Investment properties (note 16)	–	–	863,936	863,936
Non-current asset held for sale (note 27)	–	–	21,311	21,311
Non-financial assets as at 31 December 2019	–	–	902,271	902,271
Financial assets:				
Financial assets at FVTPL (note 22(b))				
Equity securities				
Quoted equity securities	37,230	–	–	37,230
Financial assets at FVOCI (note 22(a))				
Equity securities				
Quoted equity securities	180,911	–	–	180,911
Derivatives (note 23)				
Forward currency contracts	–	1,763	–	1,763
Cross currency swap contracts	–	670	–	670
Total derivatives	–	2,433	–	2,433
Financial assets as at 31 December 2019	218,141	2,433	–	220,574

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2019 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	663	–	663
Cross currency swap contracts	–	159	–	159
Interest rate swap contracts	–	276	–	276
Forward commodity contracts	–	261	–	261
Total derivatives	–	1,359	–	1,359
Financial liabilities as at 31 December 2019	–	1,359	–	1,359

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Company 2020 $'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Non-financial assets:				
Land and buildings (note 14)	**–**	**–**	**595**	**595**
Investment properties (note 16)	**–**	**–**	**5,534**	**5,534**
Non-financial assets as at 31 December 2020	**–**	**–**	**6,129**	**6,129**

	Company 2019 $'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 14)	–	–	599	599
Investment properties (note 16)	–	–	5,545	5,545
Non-financial assets as at 31 December 2019	–	–	6,144	6,144

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

C. Level 2 fair value measurements

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

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

D. Level 3 fair value measurements

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

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	- Comparable prices: $212 to $399 per square meter (2019: $188 to $392 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, China, Japan, Australia and United Kingdom	Direct capitalisation method	- Capitalisation rates: 5.50% to 7.00% (2019: 3.45% to 8.25%)	The estimated fair value varies inversely against the capitalisation rate
		- Rental rates: $5.21 to $43.95 per square meter (2019: $27.42 to $66.85 per square meter)	The estimated fair value increases with higher rental rate

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

D. Level 3 fair value measurements (cont'd)

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Investment properties in Singapore, Malaysia, China, Japan, Australia and United Kingdom	Discounted cashflow method	- Discount rates: 6.50% to 8.75% (2019: 3.2% to 9.0%)	The estimated fair value varies inversely against the discount rate
		- Terminal yield rates: 5.50% to 7.25% (2019: 3.55% to 8.00%)	The estimated fair value varies inversely against the terminal yield rate
		- Net rental growth rates: 1.2% to 10.0% (2019: 1.6% to 15.0%)	The estimated fair value increases with higher net rental growth rate
	Comparison method	- Comparable prices: $62 to $19,922 per square meter (2019: $65 to $19,922 per square meter)	The estimated fair value increases with higher comparable price
	Residual value method	- Gross development value: $14.9 million (2019: $44.9 million) - Costs to complete: $Nil million (2019: $32.7 million)	The estimated fair value increases with higher gross development value and lower costs to complete
	Investment valuation method	- Equivalent yield rate: 6.62% (2019: Nil)	The estimated fair value varies inversely against the equivalent yield rate

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2020 $'000 Fair value measurement using significant unobservable inputs (Level 3)	
	Land and buildings	**Investment properties**
At 1 January	**17,024**	**863,936**
Total gains for the year	**1,766**	**37,361**
Depreciation	**(470)**	**–**
Additions	**1,494**	**235,709**
Disposals	**–**	**(249,337)**
Exchange adjustment	**(45)**	**44,530**
At 31 December	**19,769**	**932,199**
Total gains or losses for the year included in other comprehensive income		
– Net surplus on revaluation of land and buildings	**1,766**	**–**

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2019 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	Investment properties	Non-current assets held for sale
At 1 January	16,407	910,356	1,535
Total gains for the year	1,170	26,887	–
Depreciation	(404)	–	–
Additions	80	56,827	–
Disposals	–	(98,824)	(1,535)
Reclassification	–	(21,311)	21,311
Exchange adjustment	(229)	(9,999)	–
At 31 December	17,024	863,936	21,311
Total gains or losses for the year included in other comprehensive income			
– Net surplus on revaluation of land and buildings	1,170	–	–

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

(a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

(b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

D. Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures (cont'd)

(c) The direct capitalisation method that is based on the capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates to arrive at the capital value. The net rental income is derived after deducting expenses and property related taxes from the gross rent.

(d) The discounted cashflow method that involves the estimation of net income stream over a period and discounting the net income stream; taking into consideration a range of assumptions such as terminal yield rate, discount rate and rental growth.

(e) The residual method that is based on gross development value of the project less estimated cost of development, deferred over the period of time required to complete the project to arrive at the market value.

E. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following tables show an analysis of the assets and liabilities not measured at fair value as at 31 December but for which fair value is disclosed:

	Group 2020 $'000				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Liabilities					
Fixed rate bank loans	**–**	**–**	**104,564**	**104,564**	**100,710**
Fixed rate notes	**361,480**	**–**	**–**	**361,480**	**348,023**
	361,480	**–**	**104,564**	**466,044**	**448,733**

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

E. Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

	Group 2019 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Liabilities					
Fixed rate bank loans	–	–	153,059	153,059	150,092
Fixed rate notes	152,528	–	–	152,528	149,866
	152,528	–	153,059	305,587	299,958

Determination of fair value

Fixed rate notes

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

Fixed rate bank loans

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

43. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment chief executives responsible for the performance of the respective segments under their charge. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The four reportable operating segments are as follows:

(a) The Resources segment's principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 22.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd..

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

(c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate and investment in Far East Hospitality Trust ("FEHT"). The entire investment in FEHT was disposed of in 2019.

(d) The segment for Others comprises Group-level corporate and treasury services.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit, as explained in the table below.

Transactions between operating segments are based on terms agreed between the parties.

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

2020 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	249,674	–	–	–	–	249,674
Smelting revenue, at a point in time	12,019	–	–	–	–	12,019
Sale of by-product, at a point in time	4,198	–	–	–	–	4,198
Other resources revenue, at a point in time	893	–	–	–	–	893
Rental and related income, over time	–	42,107	–	–	–	42,107
Inter-segment revenue	–	12	–	–	(12)	–
Total revenue	266,784	42,119	–	–	(12)	308,891
Segment results						
Operating profit	15,433	62,977	1,331	792	–	80,533
Fair value changes in investment properties	–	37,361	–	–	–	37,361
Impairment losses	(902)	–	–	–	–	(902)
Finance costs	(4,279)	(15,182)	–	(10,308)	–	(29,769)
Share of results of associates and joint ventures	(1,806)	23,420	(12,902)	22	–	8,734
Profit/(Loss) before tax	8,446	108,576	(11,571)	(9,494)	–	95,957
Income tax expense	(3,367)	(20,854)	(227)	(332)	–	(24,780)
Profit/(Loss) after tax	5,079	87,722	(11,798)	(9,826)	–	71,177
Profit/(Loss) attributable to:						
Owners of the Company	3,258	69,849	(11,798)	(9,826)	–	51,483
Non-controlling interests	1,821	17,873	–	–	–	19,694
	5,079	87,722	(11,798)	(9,826)	–	71,177
Segment Assets	331,996	2,240,107	167,444	346,399	–	3,085,946
Segment Liabilities	174,265	647,377	–	537,366	–	1,359,008
Other information:						
Dividend income	–	6,026	–	2,607	–	8,633
Interest income	275	8,924	1,331	992	–	11,522
Depreciation	5,333	2,355	–	5	–	7,693
Amortisation	429	–	–	–	–	429
Other material non-cash items:						
Impairment of a joint venture	265	–	–	–	–	265
Impairment of mining rights	145	–	–	–	–	145
Impairment of corporate club membership	16	–	–	–	–	16
Impairment of mine properties	476	–	–	–	–	476
Associates and joint ventures	8,227	875,783	100,892	22	–	984,924
Additions to non-current assets[(1)]	9,188	252,820	–	6	–	262,014
Provision for voluntary separation compensation	90	–	–	–	–	90
Inventories written back	(2,355)	–	–	–	–	(2,355)

(1) Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

2019 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	304,936	–	–	–	–	304,936
Smelting revenue, at a point in time	9,604	–	–	–	–	9,604
Sale of by-product, at a point in time	8,348	–	–	–	–	8,348
Other resources revenue, at a point in time	1,174	–	–	–	–	1,174
Rental and related income, over time	–	39,575	–	–	–	39,575
Inter-segment revenue	–	12	–	–	(12)	–
Total revenue	324,062	39,587	–	–	(12)	363,637
Segment results						
Operating profit	22,619	52,728	2,463	6,825	–	84,635
Fair value changes in investment properties	–	26,887	–	–	–	26,887
Impairment losses	(15)	–	–	–	–	(15)
Finance costs	(4,471)	(16,223)	–	(6,991)	–	(27,685)
Share of results of associates and joint ventures	(362)	46,452	(592)	–	–	45,498
Profit/(Loss) before tax	17,771	109,844	1,871	(166)	–	129,320
Income tax expense	(6,122)	(21,122)	(226)	(1,496)	–	(28,966)
Profit/(Loss) after tax	11,649	88,722	1,645	(1,662)	–	100,354
Profit/(Loss) attributable to:						
Owners of the Company	6,746	77,642	1,645	(1,662)	–	84,371
Non-controlling interests	4,903	11,080	–	–	–	15,983
	11,649	88,722	1,645	(1,662)	–	100,354
Segment Assets	287,447	1,951,756	173,421	236,570	–	2,649,194
Segment Liabilities	124,443	643,223	–	212,212	–	979,878
Other information:						
Dividend income	–	8,048	326	2,804	–	11,178
Interest income	380	38,597	1,328	2,766	–	43,071
Depreciation	5,242	2,164	–	4	–	7,410
Amortisation	666	–	–	–	–	666
Other material non-cash items:						
Impairment of a joint venture	15	–	–	–	–	15
Associates and joint ventures	10,334	674,380	106,914	–	–	791,628
Additions to non-current assets[1]	9,421	63,220	–	–	–	72,641
Provision for voluntary separation compensation	4,899	–	–	–	–	4,899
Inventories written down	10,191	–	–	–	–	10,191
Reversal of provision for tribute no longer required	(16,010)	–	–	–	–	(16,010)

(1) Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2020

43. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenues attributable to geographic areas are based on the location for which the revenue is earned or where the business is transacted. Geographical assets are based on the location or operation of the Group's assets. Investments in the associates ARAH and FEHH are presented in the Singapore segment.

2020 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Japan $'000	China $'000	Korea $'000	United Kingdom $'000	Consolidated $'000
Segment revenue								
Revenue from external parties	**2,542**	**266,951**	**21,274**	**9,632**	**6,050**	**–**	**2,442**	**308,891**
Non-current assets	**761,226**	**228,334**	**577,619**	**30,933**	**274,562**	**58,969**	**139,734**	**2,071,377**

2019 Geographical information

	Singapore $'000	Malaysia $'000	Japan $'000	Australia $'000	China $'000	Korea $'000	Consolidated $'000
Segment revenue							
Revenue from external parties	2,537	324,243	14,326	16,710	5,821	–	363,637
Non-current assets	726,693	229,664	238,736	406,899	163,659	25,573	1,791,224

Non-current assets information presented above consists of property, plant and equipment, investment properties, land under development, goodwill, other intangible assets, associates and joint ventures and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from one major customer amount to $41,992,000 (2019: two major customers amount to $84,975,000), arising from sales by the Resources segment.

Notes to the Financial Statements

For the financial year ended 31 December 2020

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2020 %	Effective Shareholding 2019 %	
Subsidiaries					
Held by the Company:					
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malaysia Smelting Corporation Berhad [(1)]	Malaysia	Tin mining & smelting	**28**	28	(a)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC Realty (Butterworth) Sendirian Berhad [(1)]	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Property	**100**	100	
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Investment Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	**100**	100	
Sword Investments Private Limited	Singapore	Investment	**100**	100	
Sword Private Limited	Singapore	Investment	**100**	100	
STC Management Holdings Limited [+]	British Virgin Islands ("BVI")	Investment	**100**	100	
Held through subsidiaries:					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad [(1)]	Malaysia	Investment	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**89**	89	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**89**	89	
SRE Venture 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 4 Pte. Ltd. [ø]	Singapore	Investment	**89**	89	
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE China 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Capital Pte. Ltd. [ø]	Singapore	Investment	**89**	89	

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

	Country of Incorporation	Business	Effective Shareholding 2020 %	2019 %	
Subsidiaries					
Held through subsidiaries:					
ARA Summit Development Fund I, L.P. ØØ	Cayman Islands	Investment	**–**	89	
SDF R.E. Holdings Limited ØØ	BVI	Investment	**–**	89	(b)
SDF R.E. Services Limited ØØ	BVI	Investment	**–**	89	(b)
SDF R.E. Holdings IV Limited ØØ	BVI	Investment	**–**	89	(b)
SDF Canberra Investments IV-I Limited ØØ	BVI	Investment	**–**	89	(b)
SDF Canberra Investments IV-II Limited ØØ	BVI	Investment	**–**	89	(b)
Chongqing Xinchuang Mall Management Co., Ltd. [1]	People's Republic of China	Real estate investment & management	**89**	89	
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 8 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Australia 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 9 Pte. Ltd.	Singapore	Investment	**89**	89	
Straits Real Estate (Beijing) Business Consulting Co., Ltd [8]	People's Republic of China	Consulting	**89**	89	
SRE Venture 10 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Japan 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Luxe 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Luxe 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE JHT TMK ØØ	Japan	Property	**–**	89	
SRE Japan 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Luxe 3 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Luxe 4 Pte. Ltd.	Singapore	Investment	**89**	89	
Tokutei Mokuteki Kaisha JP 2 ØØ	Japan	Property	**–**	89	
SRE Australia 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 11 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Japan 11 Pte. Ltd.	Singapore	Investment	**89**	89	

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

	Country of Incorporation	Business	Effective Shareholding 2020 %	Effective Shareholding 2019 %	
Subsidiaries					
Held through subsidiaries:					
Savills IM Japan Residential Fund, LP	Singapore	Investment	**89**	89	
JPN Residential Holdings Pte. Ltd.	Singapore	Investment	**89**	89	(c)
JPN Residential TK Holdings Pte. Ltd.	Singapore	Investment	**89**	89	(c)
SIM Residence One GK [(1)]	Japan	Property	**88**	88	(c)
SIM Residence 2 GK [(1)]	Japan	Property	**78**	78	(c)
Residence 4 GK [(1)]	Japan	Property	**89**	89	(c)
Residence 5 GK [(1)]	Japan	Property	**89**	89	(c)
SRE Venture 12 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Australia 3 Pte. Ltd.	Singapore	Investment	**89**	89	
45SGT Unit Trust [(1)]	Australia	Property	**85**	85	
SRE Venture 13 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Australia 11 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Australia Industrial 1 Pte. Ltd.	Singapore	Investment	**89**	89	
ILP No.1 Trust [(1)]	Australia	Investment	**72**	72	
C&G Australia Industrial Trust [(1)]	Australia	Investment	**72**	72	(d)
Dockside Industrial Trust No.1 [(1)]	Australia	Property	**72**	72	(d)
C&G Salisbury South Trust No.1 [(1)]	Australia	Property	**72**	72	(d)
C&G Salisbury South Trust No.2 [(1)]	Australia	Property	**72**	72	(d)
C&G Baywater Trust [(1)]	Australia	Property	**72**	72	(d)
C&G Kilkenny Trust [(1)]	Australia	Property	**72**	72	(d)
C&G Mawson Lakes Trust [(1)]	Australia	Property	**72**	72	(d)
ILP Mulgrave Trust [(1)]	Australia	Property	**72**	–	(d)
Dockside Industrial Trust #2 [(1)]	Australia	Property	**72**	–	(d)
SRE Australia 12 Pte. Ltd.	Singapore	Investment	**89**	89	

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

	Country of Incorporation	Business	Effective Shareholding 2020 %	2019 %	
Subsidiaries					
Held through subsidiaries:					
SL Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited ß	Singapore	Investment holding	**55**	55	
M Smelt (C) Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
PT SRM Indonesia (7) ß	Indonesia	Dormant	**54**	54	
STC Property Management Sdn. Bhd. (formerly known as STC Property Management Services Sdn. Bhd.) (1)	Malaysia	Property	**100**	100	
Straits Investment Management Pte. Ltd.	Singapore	Investment	**100**	100	(e)
SRE Venture 14 Pte. Ltd.	Singapore	Investment	**89**	89	
IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company (5)	Korea	Investment	**85**	84	(f)
IGIS Arenas KLIP 1-1 Private Placement Real Estate Feeder Investment Company (5)	Korea	Investment	**85**	84	
IGIS Arenas KLIP 1-2 Private Placement Real Estate Master Investment Company (5)	Korea	Investment	**85**	–	
SRE Venture 15 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 16 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 17 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Bourne Limited (3)	England	Property	**89**	–	(g)

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

	Country of Incorporation	Business	Effective Shareholding 2020 %	2019 %	
Associates					
Held by the Company:					
Taiko-Straits Developments Sdn. Bhd. [(6)] *(Accounting year ended 30 September)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Redring Solder (M) Sdn. Bhd. [(1) ß] *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products and letting of properties	**22**	22	
ARA Asset Management Holdings Pte. Ltd. [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**22**	21	(h)
Far East Hospitality Holdings Pte. Ltd. [(4)] *(Accounting year ended 31 December)*	Singapore	Owner, operator and manager of hospitality properties	**30**	30	
ARA Harmony Fund III, L.P. [(2)] *(Accounting year ended 31 December)*	Cayman Islands	Investment	**36**	36	(i)
Greater Tokyo Office Fund (Jersey) L.P. [ØØ] *(Accounting year ended 31 December)*	Jersey	Investment	**–**	34	
Savills Investment Management Japan Value Fund II, LP [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**17**	37	(j)
SME Help Fund Pte. Ltd. [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**30**	–	

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

	Country of Incorporation	Business	Effective Shareholding 2020 %	Effective Shareholding 2019 %	
Joint Ventures					
Held through subsidiaries:					
KM Resources, Inc. [(1) ß] *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(k)
320P Trust [(5)] *(Accounting year ended 31 December)*	Cayman Islands	Property	**23**	23	(l)
ILP Managers Pty Ltd [(1)] *(Accounting year ended 31 December)*	Australia	Management	**45**	45	
Sky Logis Private Real Estate Investment Company [(5)] *(Accounting year ended 31 December)*	Korea	Property	**42**	42	
Ivory SL Joint Venture Limited [(2)] *(Accounting year ended 31 December)*	Cayman Islands	Investment	**34**	–	

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by Mazars UK.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(9) Audited by Messrs Folks DFK & Co.
(6) Audited by Herman Dody Tanumihardja & Rekan.
(8) Audited by SBA Stone Forest.

ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
ø Voluntary liquidation/de-registration in progress and no statutory audit is required for 2019.
øø Voluntarily liquidated/de-registered in 2020.
\+ Statutory audit is not required and they are not significant subsidiaries.

Note:

(a) Malaysia Smelting Corporation Berhad ("MSC") is listed on the Main Market of the Bursa Malaysia Securities Berhad and is secondarily listed on the SGX-ST. The Company's combined interest in MSC held jointly with other subsidiaries and an associate is 55% (2019: 55%).

(b) These are subsidiaries of ARA Summit Development Fund I, L.P..

(c) These are subsidiaries of Savills IM Japan Residential Fund, L.P..

(d) These are subsidiaries of ILP No.1 Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(e) Straits Investment Management Pte. Ltd. ("SIM") is a Registered Fund Management Company and is regulated by the Monetary Authority of Singapore. SIM obtains mandates from both internal and external parties to manage funds that focus on global real estate, particularly REITs.

(f) KLIP focuses on acquiring, developing and managing logistics properties in the Greater Seoul area. The platform holds SLRE as a joint venture.

(g) SRE Bourne Limited holds a business park in Surrey, United Kingdom.

(h) On completion of the privatisation and delisting of ARA Asset Management Limited ("ARA") in April 2017, the Group holds its investment in ARA through a 22.06% stake in ARA Asset Management Holdings Pte. Ltd..

(i) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(j) Savills Investment Management Japan Value Fund II, LP focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.

(k) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

(l) 320P Trust holds a commercial property in Sydney, Australia.

AUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The information in this Appendix II has been reproduced from the annual report of The Straits Trading Company Limited and its subsidiaries for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum.

Independent Auditor's Report
To the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2021

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 2021, 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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

1. Fair value of investment properties, land and buildings

At 31 December 2021, the Group's investment properties, land and buildings are carried at $1,039.6 million and $19.9 million respectively, representing 40.7% of the Group's total non-current assets and 54.8% of equity in aggregate.

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

Independent Auditor's Report
To the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2021

Key Audit Matters (cont'd)

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

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

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

2. Impairment testing for goodwill

At 31 December 2021, the Group's goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad ("MSC") is carried at \$17.4 million, representing 0.7% of the Group's total non-current assets and 0.9% of equity. We considered impairment assessment of goodwill to be a key audit matter as this involved significant management's judgement about cash flows arising from future results of the Group's business. Based on the latest annual impairment testing, the estimated recoverable amount is in excess of the carrying value. Accordingly, management is satisfied that no goodwill impairment is required as at 31 December 2021.

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

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

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

3. Provision for mine restoration costs

As disclosed in note 30 to the financial statements, the Group recorded a provision for mine restoration costs of \$13.2 million in respect of restoration obligations of its subsidiary as at 31 December 2021. 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 timing of the cash outflow can only be confirmed by uncertain future events not wholly within the control of the Group and may develop in ways not initially expected. Therefore, the Group continually assesses the timing and development of the discussion with the relevant authorities. Such assessment required management to make significant judgement and estimates. Accordingly, we consider this to be an area of audit focus.

Independent Auditor's Report
To the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2021

Key Audit Matters (cont'd)

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

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 also 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. In addition, 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 also evaluated the adequacy of the Group's disclosure about the significant judgements and estimates involved in determining the provision.

4. Inventories

As disclosed in note 25 to the financial statements, the Group's inventories are carried at $256.0 million as at 31 December 2021, representing 43.8% of the Group's total current assets and 13.2% of equity. During the year, the Group made a reversal on the write-down allowance of $7.8 million of tin-bearing inventories previously written-down to their net realisable value.

The Group contracts with various suppliers on different terms and conditions for the purchases of tin-in-concentrates. Given the high number of different purchase contracts and with different terms and conditions, we identified accuracy and timing of recognition of tin-in-concentrates to be an area of focus in view of the magnitude of amount and voluminous quantity.

We also identified valuation of tin-in-concentrates, tin-in-process and refined tin metal as an area of focus due to the magnitude of the balances. Moreover, as the tin inventories are stated at the lower of cost and net realisable value, the determination of whether the tin inventories will be realised for a value less than cost (where the tin inventories are forecasted to be sold below cost) required management to make significant judgements and estimates.

In addressing the area of focus in respect of the existence of physical quantities, accuracy and timing of recognition of tin-in-concentrates, we, amongst other procedures, read the significant purchase contracts to obtain an understanding of the terms and conditions to establish the Group's rights and obligations over tin-in-concentrates purchased. We tested the relevant internal controls over the accuracy and timing of recognition of tin-in-concentrates. We inspected, on a sample basis, documents which evidenced the receipt of tin-in-concentrates from suppliers. We also focused on testing purchase transactions close to the year end to establish whether the transactions were recorded in the correct accounting period. We attended and observed the physical stock counts and obtained an understanding of the tin content 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. We inspected, on a sample basis, roll-forward of tin inventories from physical stock count cut-off date to the reporting date, which consists of documents evidenced the receipt of tin-in-concentrates from suppliers and documents evidenced the delivery of refined tin metal to customers. We evaluated management's assessment of allowance for tin loss.

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 also obtained an understanding of the internal controls over the recording of tin-in-concentrates consumed and the valuation of different stages of tin-in-process. We inspected, on a sample basis, documents which evidenced the cost of purchase of tin-in-concentrates from suppliers and cost of production. We tested, 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 costing of tin inventories.

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

For the financial year ended 31 December 2021

Key Audit Matters (cont’d)

4. Inventories (cont’d)

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.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditor's Report
To the Members of The Straits Trading Company Limited

For the financial year ended 31 December 2021

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2022

Consolidated Income Statement

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue			
Tin mining and smelting revenue		**348,480**	266,784
Property revenue		**48,079**	42,107
Total revenue		**396,559**	308,891
Other items of income			
Dividend income	4	**8,188**	8,633
Interest income	5	**74,013**	11,522
Fair value changes in investment properties	16	**133,390**	37,361
Other income	6	**26,561**	20,280
		638,711	386,687
Other items of expense			
Employee benefits expense	7	**(36,597)**	(31,760)
Depreciation expense	14	**(6,457)**	(7,693)
Amortisation expense	17	**(412)**	(429)
Impairment losses	8	**(9,005)**	(902)
Costs of tin mining and smelting	25	**(255,694)**	(222,944)
Finance costs	9	**(32,106)**	(29,769)
Other expenses	10	**(36,273)**	(5,967)
Total expenses		**(376,544)**	(299,464)
Share of results of associates and joint ventures		**99,903**	8,734
Profit before tax	11	**362,070**	95,957
Income tax expense	12	**(76,379)**	(24,780)
Profit after tax		**285,691**	71,177
Profit attributable to:			
Owners of the Company		**234,254**	51,483
Non-controlling interests		**51,437**	19,694
		285,691	71,177
Earnings per share (cents per share)	13		
Basic		**57.6**	12.7
Diluted		**57.6**	12.7

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

	2021 $'000	2020 $'000
Profit after tax	**285,691**	71,177
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")	**16,856**	(26,110)
Share of net fair value changes in equity securities carried at FVOCI of associates	**26,734**	(18,864)
Net revaluation surplus on property, plant and equipment	**190**	1,345
Share of net revaluation surplus on property, plant and equipment of associates	**6,971**	1,859
	50,751	(41,770)
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**959**	(1,029)
Currency translation reserve	**(9,045)**	22,507
Share of reserves of associates and joint ventures	**(13,550)**	21,560
Realisation of foreign currency translation reserve to profit or loss	**(717)**	(2,427)
	(22,353)	40,611
Other comprehensive income after tax for the year	**28,398**	(1,159)
Total comprehensive income for the year	**314,089**	70,018
Attributable to:		
Owners of the Company	**258,746**	46,047
Non-controlling interests	**55,343**	23,971
Total comprehensive income for the year	**314,089**	70,018

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

Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Assets					
Non-current assets					
Property, plant and equipment	14	**51,860**	53,936	**600**	595
Land under development	15	**79,208**	72,634	**29,982**	30,254
Investment properties	16	**1,039,646**	932,199	**5,622**	5,534
Goodwill	17(a)	**17,366**	17,516	**–**	–
Other intangible assets	17(b)	**5,616**	5,217	**–**	–
Subsidiaries	18	**–**	–	**123,535**	123,535
Associates and joint ventures	19	**1,205,964**	984,924	**144**	144
Deferred tax assets	20	**5,376**	6,871	**–**	–
Other non-current receivables	21	**–**	1	**107,013**	128,475
Derivative financial instruments	23	**895**	1,494	**180**	–
Investment securities	22(a)	**198,048**	180,603	**–**	–
Other non-current assets	24	**–**	4,951	**–**	–
Total non-current assets		**2,603,979**	2,260,346	**267,076**	288,537
Current assets					
Inventories	25	**256,018**	197,818	**–**	–
Income tax receivables		**5,719**	5,836	**25**	80
Prepayments and accrued income		**2,106**	4,506	**62**	24
Trade related prepayments		**11,832**	3,357	**–**	–
Trade receivables	21	**5,368**	11,364	**7**	7
Other receivables	21	**81,692**	79,939	**1,382,714**	1,202,500
Investment securities	22(b)	**78,092**	65,842	**–**	–
Derivative financial instruments	23	**1,485**	606	**–**	–
Cash and cash equivalents	26	**141,615**	456,332	**17,205**	249,431
Total current assets		**583,927**	825,600	**1,400,013**	1,452,042
Total assets		**3,187,906**	3,085,946	**1,667,089**	1,740,579

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

Balance Sheets

As at 31 December 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Equity and liabilities					
Equity					
Share capital	27	**568,968**	568,968	**568,968**	568,968
Treasury shares	28	**(2,682)**	(2,682)	**(2,682)**	(2,682)
Retained earnings	29	**1,163,514**	961,506	**38,107**	39,885
Other reserves	29	**41,582**	10,206	**52**	27
Equity attributable to owners of the Company		**1,771,382**	1,537,998	**604,445**	606,198
Non-controlling interests		**163,468**	188,940	**–**	–
Total equity		**1,934,850**	1,726,938	**604,445**	606,198
Non-current liabilities					
Provisions	30	**17,004**	11,947	**–**	–
Deferred tax liabilities	20	**91,178**	35,142	**713**	702
Borrowings	31	**505,249**	613,277	**336,287**	261,059
Derivative financial instruments	23	**651**	2,884	**–**	–
Other non-current liabilities	32	**6,167**	16,704	**–**	–
Lease liabilities	34	**2,298**	4,836	**–**	–
Total non-current liabilities		**622,547**	684,790	**337,000**	261,761
Current liabilities					
Provisions	30	**–**	4,512	**–**	–
Income tax payable		**14,236**	13,487	**206**	156
Trade and other payables	33	**70,629**	70,153	**645,717**	621,780
Borrowings	31	**540,747**	575,264	**79,721**	249,905
Derivative financial instruments	23	**2,294**	7,850	**–**	779
Lease liabilities	34	**2,603**	2,952	**–**	–
Total current liabilities		**630,509**	674,218	**725,644**	872,620
Total liabilities		**1,253,056**	1,359,008	**1,062,644**	1,134,381
Total equity and liabilities		**3,187,906**	3,085,946	**1,667,089**	1,740,579

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 2021

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserves	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 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
Contributions by and distributions to owners											
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
Changes in ownership interests in subsidiaries											
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)
Others											
Share of associate's realisation 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 Statement of Changes in Equity

For the financial year ended 31 December 2021

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

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2021

	2021 **$'000**	2020 $'000
Cash flows from operating activities		
Profit before tax	**362,070**	95,957
Adjustments		
Depreciation of property, plant and equipment	**6,457**	7,693
Amortisation of other intangible assets	**412**	429
Dividend income	**(8,188)**	(8,633)
Interest income	**(74,013)**	(11,522)
Finance costs	**32,106**	29,769
Other income	**(5,912)**	–
Currency realignment	**10,425**	(16,604)
Fair value changes in investment properties and financial assets	**(148,915)**	(35,224)
Net gain on disposal of property, plant and equipment, investment properties and other investments	**(10,821)**	(16,082)
Other intangible assets written off	**–**	4
Reversal of write down of inventories	**(7,822)**	(2,355)
Provision for impairment losses of land under development and other intangible assets	**9,005**	902
Property, plant and equipment written off	**4**	45
Share of results of associates and joint ventures	**(99,903)**	(8,734)
Operating cash flows before changes in working capital	**64,905**	35,645
Increase in inventories	**(50,326)**	(42,371)
Decrease/(Increase) in short-term investment securities	**9,711**	(22,438)
Decrease/(Increase) in trade and other receivables	**1,432**	(7,954)
Increase in trade and other payables	**19,785**	7,532
Cash flows from/(used in) operations	**45,507**	(29,586)
Income taxes paid	**(5,529)**	(5,535)
Finance costs paid	**(9,274)**	(8,207)
Interest received	**8,137**	4,674
Dividend income from short-term investment securities	**1,251**	1,330
Net cash flows from/(used in) operating activities	**40,092**	(37,324)

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 2021

	2021 $'000	2020 $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**96,208**	283,861
Proceeds from redemption of debt instrument	**4,250**	22,200
Proceeds from disposal of investment securities	**–**	26,421
Cost incurred on property, plant and equipment	**(4,328)**	(5,783)
Cost incurred on investment properties	**(59,153)**	(233,780)
Rebate from vendor on acquisition of investment property	**5,912**	–
Cost incurred on land under development	**(14,841)**	(5,341)
Purchase of investment securities	**(17,712)**	(1,000)
Initial payment on properties	**–**	(3,470)
Investment in associates and joint ventures	**(106,014)**	(153,508)
Subscription of debt instruments	**–**	(19,631)
Return of capital from associates	**33,222**	10,792
Repayment from an associate	**1,500**	–
Payment for deferred mine exploration and evaluation expenditure and mine properties	**(270)**	(435)
Payment for acquisition of a subsidiary from non-controlling shareholder	**(86,556)**	–
Dividend income from investment securities and associates	**13,175**	6,892
Interest received	**118**	469
Income taxes paid	**(9,661)**	(1,180)
Net cash flows used in investing activities	**(144,150)**	(73,493)
Cash flows from financing activities		
Dividend paid to shareholders (note 35)	**(24,409)**	(24,416)
Carried interest paid to General Partner of a subsidiary	**(146)**	(2,123)
Dividend paid to non-controlling shareholders of subsidiaries	**(4,537)**	(4,241)
Purchase of treasury shares (note 28)	**–**	(627)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**17,885**	22,641
Repayment of loan to non-controlling shareholder of a subsidiary	**(18,469)**	(1,755)
Return of capital to non-controlling shareholders	**(8,701)**	(3,626)
(Repayment)/Drawdown of short-term borrowings	**(1,070)**	58,161
Drawdown of long-term borrowings	**190,317**	207,654
Repayment of long-term borrowings	**(329,747)**	(171,859)
Proceeds from issuance of fixed rate notes	**–**	198,000
Finance costs paid	**(21,770)**	(16,789)
Payment of lease liabilities	**(3,048)**	(4,609)
Net cash flows (used in)/from financing activities	**(203,695)**	256,411
Net (decrease)/increase in cash and cash equivalents	**(307,753)**	145,594
Effect of exchange rate changes on cash and cash equivalents	**(6,964)**	251
Cash and cash equivalents, beginning balance	**456,332**	310,487
Cash and cash equivalents, ending balance (note 26)	**141,615**	456,332

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 2021

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 31 March 2022.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

As at 31 December 2021, the Group's current liabilities exceed its current assets by $46.6 million. Notwithstanding the net current liability position, the Directors are of the opinion that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.

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 2021.

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 2021:

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*: Interest Rate Benchmark Reform - Phase 2*

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 2021

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
Amendment to SFRS(I) 16: *Leases - COVID-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *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 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The financial statements of the Company 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;

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(b) *Business combinations and goodwill*

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

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

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

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

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

Goodwill

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

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

(b) *Consolidated financial statements*

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

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

2.7 *Subsidiaries*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.8 *Joint ventures and associates*

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

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

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

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

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.9 *Property, plant and equipment (cont'd)*

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	–	2 to 10 years

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.11 *Land under development*

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

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

2.12 *Investment properties*

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

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

2.13 *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 2021

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

Exploration and evaluation activity includes:

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.13 *Intangible assets (cont'd)*

(c) *Mine properties*

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

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

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

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.14 *Financial instruments*

(a) *Financial assets*

(i) *Initial recognition and measurement*

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

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

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

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.14 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

(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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.15 *Financial guarantee*

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

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

2.16 *Non-current assets held for sale*

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

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

2.17 *Cash and cash equivalents*

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

2.18 *Inventories*

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.19 *Impairment of non-financial assets*

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

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

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

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

2.20 *Borrowing costs*

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

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.22 *Employee benefits*

(a) *Defined contribution plan*

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

(b) *Employee leave entitlement*

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

(c) *Termination benefits*

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

2.23 *Leases*

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

The Group as lessee

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

Right-of-use assets

The Group 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.23 Leases (cont'd)

The Group as lessee (cont'd)

Lease liabilities

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.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.24 Revenue and other income recognition (cont'd)

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

(i) Sale of tin

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

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

(ii) Smelting revenue

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

(iii) Sale of by-products

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

(iv) Rental income

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

(v) Profit from sale of completed properties

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

(vi) Other income

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

2.25 Taxes

(a) *Current income tax*

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.25 *Taxes (cont'd)*

(a) *Current income tax (cont'd)*

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

(b) *Deferred tax*

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.25 *Taxes (cont'd)*

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

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

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

(c) *Goods and services tax*

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

– Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of goods and services tax included.

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

2.26 *Derivative financial instruments and hedging*

Initial recognition and subsequent measurement

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

Initial recognition and subsequent measurement (cont'd)

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.

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 2021

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.

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

(a) *Fair value hedges*

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

(a) *Fair value hedges (cont'd)*

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

(b) *Cash flow hedges*

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

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

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

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

(c) *Hedges of a net investment*

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

2.27 *Share capital and share issuance expenses*

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

2.28 *Treasury shares*

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.29 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.30 *Government grants*

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

4. DIVIDEND INCOME

	Group	
	2021	2020
	$'000	$'000
Dividend income from:		
- Investment securities at fair value through profit or loss ("FVTPL")	**1,251**	1,330
- Investment securities at FVOCI	**6,937**	7,303
	8,188	8,633

5. INTEREST INCOME

	Group	
	2021	2020
	$'000	$'000
Interest income from:		
- Financial assets	**828**	1,047
- Deposits	**6,945**	6,453
- Receivables from associates and joint ventures	**66,228**	3,910
- Receivables	**12**	112
	74,013	11,522

6. OTHER INCOME

	Group	
	2021	2020
	$'000	$'000
Net gain on disposal of investment properties	**8,772**	13,719
Net (loss)/gain on disposal of property, plant and equipment	**(3)**	42
Net gain/(loss) on disposal of subsidiaries, associates and joint ventures:		
- Foreign exchange impact on capital reduction	**726**	2,683
- Others	**(2)**	–
Net gain/(loss) on disposal of equity securities at FVTPL	**1,328**	(368)
Net loss from settlement of forward tin contracts	**(10,124)**	(1,507)
Fair value changes in financial assets:		
- Held-for-trading equity securities at FVTPL	**11,268**	1,040
- Derivatives at FVTPL	**182**	(92)
- Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**4,075**	(3,085)
Fund related fees	**2,152**	2,400
Other operating income	**8,187**	5,448
	26,561	20,280

Notes to the Financial Statements

For the financial year ended 31 December 2021

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	2020
	$'000	$'000
Wages, salaries and other allowances	**34,184**	29,215
Defined contribution plans	**2,878**	2,455
(Reversal of)/Provision for voluntary separation/retrenchment compensation* (note 30)	**(465)**	90
	36,597	31,760

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

8. IMPAIRMENT LOSSES

	Group	
	2021	2020
	$'000	$'000
Impairment of a joint venture (note 19.2(e))	**–**	265
(Reversal of impairment)/Impairment of mining rights (note 17(b)(i))	**(142)**	145
Impairment of corporate club membership (note 17(b)(i))	**–**	16
(Reversal of impairment)/Impairment of mine properties (note 17(b)(ii))	**(468)**	476
Impairment of land under development (note 15)	**9,615**	–
	9,005	902

9. FINANCE COSTS

	Group	
	2021	2020
	$'000	$'000
Interest on bank loans	**18,100**	18,728
Interest on notes	**10,554**	6,931
Fees incurred for credit facilities	**2,736**	2,909
Interest on loan from a non-controlling shareholder of a subsidiary	**231**	595
Discount adjustment on provision (note 30)	**368**	534
Interest on lease liabilities (note 34)	**175**	316
	32,164	30,013
Less: interest expense capitalised in investment properties (note 16(d))	**(58)**	(244)
	32,106	29,769

Notes to the Financial Statements

For the financial year ended 31 December 2021

10. OTHER EXPENSES

	Group	
	2021	2020
	$'000	$'000
Administrative expenses	**8,193**	6,239
Marketing and distribution expenses	**1,385**	2,370
Property related management fees	**2,865**	3,563
Upkeep and maintenance expenses of properties	**7,810**	7,414
Property related taxes	**2,406**	2,590
Operating lease expenses	**4**	17
Brokerage fees	**100**	124
(Reversal of impairment)/Impairment of trade receivables (note 21)	**(1)**	42
Exchange losses/(gains)	**11,414**	(19,007)
Other expenses	**2,097**	2,615
	36,273	5,967

11. PROFIT BEFORE TAX

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

	Group	
	2021	2020
	$'000	$'000
Audit fees paid/payable:		
- Auditor of the Company	**441**	512
- Overseas affiliates of the auditor of the Company	**467**	458
- Other auditors	**84**	99
Non-audit fees paid/payable:		
- Auditor of the Company	**124**	86
- Overseas affiliates of the auditor of the Company	**18**	15
- Other auditors	**773**	658
	1,907	1,828
Net loss/(gain) on disposal of property, plant and equipment	**3**	(42)
Property, plant and equipment written off	**4**	45

Notes to the Financial Statements

For the financial year ended 31 December 2021

12. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	2020
	$'000	$'000
(i) Consolidated income statement		
Income tax		
- Current income tax	**18,131**	12,044
- Adjustments to provisions in respect of prior years	**(26)**	9
	18,105	12,053
Deferred tax (note 20)		
- Originating and reversal of temporary differences	**58,099**	13,036
- Adjustments to provisions in respect of prior years	**175**	(309)
	58,274	12,727
Income tax expense recognised in profit or loss	**76,379**	24,780
(ii) Statement of comprehensive income		
Deferred tax related to other comprehensive income		
- Net change on revaluation of property, plant and equipment	**105**	735
- Net change in investment securities at FVOCI	**–**	1,183
	105	1,918

Notes to the Financial Statements

For the financial year ended 31 December 2021

12. INCOME TAX EXPENSE (CONT'D)

(b) *Relationship between tax expense and accounting profit*

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable statutory tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021	2020
	$'000	$'000
Profit before tax	**362,070**	95,957
Less: Share of results of associates and joint ventures *	**(99,903)**	(8,734)
	262,167	87,223
Tax at statutory rate of 17% (2020: 17%)	**44,568**	14,828
Effect of different tax rates in other countries	**18,757**	5,408
Adjustments to provision in respect of prior years	**(26)**	9
Adjustments to deferred tax in respect of prior years	**175**	(309)
Expenses/Losses not claimable	**9,443**	5,376
Income not subject to tax	**(7,818)**	(4,644)
Effect of partial tax exemption	**(222)**	(269)
Deferred tax assets not recognised	**46**	3
Utilisation of previously unrecognised tax losses	**–**	(1)
Withholding tax expenses	**12,155**	4,469
Others	**(699)**	(90)
	76,379	24,780

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

13. EARNINGS PER SHARE (CENTS PER SHARE)

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of $234,254,000 (2020: $51,483,000) and on 406,910,353 (2020: 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 2021

14. PROPERTY, PLANT AND EQUIPMENT

	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)
Reclassification	–	–	–	333	(307)	–	–	–	26
Revaluation surplus, net	5	(5)	248	–	–	–	–	–	248
Elimination of accumulated depreciation on revaluation	–	(136)	(357)	–	–	–	–	–	(493)
Exchange adjustment	–	(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 adjustment	–	–	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 2021

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 2020	141	9,798	7,085	47,308	3,315	7,472	6,696	195	82,010
Additions	–	–	–	822	4,793	2,407	8,758	–	16,780
Disposals	–	–	–	(2,388)	–	–	(2,004)	–	(4,392)
Transfer	–	–	1,494	3,223	(4,717)	–	–	–	–
Derecognition	–	–	–	–	–	–	(486)	–	(486)
Reclassification	–	–	–	413	(413)	–	–	–	–
Revaluation surplus, net	–	982	784	–	–	–	–	–	1,766
Elimination of accumulated depreciation on revaluation	–	(127)	(344)	–	–	–	–	–	(471)
Exchange adjustment	–	(23)	(21)	(51)	2	(24)	(3)	–	(120)
At 31 December 2020	141	10,630	8,998	49,327	2,980	9,855	12,961	195	95,087
Accumulated depreciation									
At 1 January 2020	–	–	–	31,403	–	4,117	2,878	–	38,398
Depreciation charge for the year	–	127	343	2,346	–	627	4,224	26	7,693
Disposals	–	–	–	(2,322)	–	–	(2,004)	–	(4,326)
Derecognition	–	–	–	–	–	–	(91)	–	(91)
Elimination of accumulated depreciation on revaluation	–	(127)	(344)	–	–	–	–	–	(471)
Exchange adjustment	–	–	1	(31)	–	(11)	(11)	–	(52)
At 31 December 2020	–	–	–	31,396	–	4,733	4,996	26	41,151
Net carrying amount									
At 31 December 2020	141	10,630	8,998	17,931	2,980	5,122	7,965	169	53,936

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 adjustment	–	(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 adjustment	–	(2)	(1)	(3)
At 31 December 2021	–	–	106	106
Net carrying amount				
At 31 December 2021	49	551	–	600

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2020	41	558	107	706
Revaluation surplus	3	–	–	3
At 31 December 2020	44	558	107	709
Accumulated depreciation				
At 1 January 2020	–	–	107	107
Depreciation charge for the year	–	7	–	7
At 31 December 2020	–	7	107	114
Net carrying amount				
At 31 December 2020	44	551	–	595

(a) Land and buildings are stated at fair value, which have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.

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

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Freehold land	**35**	35	**1**	1
Leasehold land	**7,817**	7,649	**–**	–
Buildings	**6,136**	6,270	**48**	48

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(c) Details of properties included in property, plant and equipment as at 31 December 2021 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia					
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	96	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang	Freehold	–	Agricultural	C H Williams Talhar & Wong Sdn Bhd	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam, Penang	Freehold	–	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:					
(i) Land and buildings at Lot 344 and 348	Freehold	–	Dam and residential	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Land at Lot 1886	Freehold	–	Agricultural	Knight Frank Malaysia Sdn Bhd	Comparison method
(iii) Land and buildings at PT 725, 726 and 727	Leasehold	29	Dam and power station	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	87	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(c) Details of properties included in property, plant and equipment as at 31 December 2021 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Existing use	Professional valuers	Valuation method
Malaysia (cont'd)					
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak (cont'd):					
(v) 2 units of single-storey semi-detached house at PT 55671 and 55675	Freehold	–	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(vi) Lot 6, 8 & 9 Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park, West Port, 42920 Port Klang Selangor	Leasehold	75	Office and factory	Khong & Jaafar Sdn Bhd	Depreciated replacement cost method

(d) Details of properties included in right-of-use assets as at 31 December 2021 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Group's effective interest in property	Existing use
Malaysia				
Land at Lot 2071, 55502, 55503 & 55504, PT 3934, PT 4338, 4522 & 4523	Leasehold	Up to 91	52%	Mining complex and residential
No. 27 Jalan Pantai, 12000 Butterworth, Penang – Seabed leases with main wharf at PT 686	Leasehold	48	52%	Main wharf
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%	Mining
Singapore				
1 Wallich Street #15-01, Guoco Tower, Singapore 078881	Leasehold	2	100%	Office

Notes to the Financial Statements

For the financial year ended 31 December 2021

15. LAND UNDER DEVELOPMENT

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At cost				
At 1 January	**72,634**	67,444	**30,254**	30,311
Additions	**16,901**	5,341	**–**	–
Exchange adjustment	**(587)**	(151)	**(272)**	(57)
At 31 December	**88,948**	72,634	**29,982**	30,254
Accumulated impairment				
At 1 January	**–**	–	**–**	–
Allowance for impairment loss [(1)]	**9,615**	–	**–**	–
Exchange adjustment	**125**	–	**–**	–
At 31 December	**9,740**	–	**–**	–
Net carrying amount				
At 31 December	**79,208**	72,634	**29,982**	30,254

(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 2021 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)]	Commercial/ Carpark/Car showroom

(2) At as 31 December 2021, the freehold land is pledged to secure bank facilities (note 31).

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. INVESTMENT PROPERTIES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance sheets				
At fair value				
Balance as at 1 January	**932,199**	863,936	**5,534**	5,545
Fair value changes recognised in profit or loss	**133,390**	37,361	**137**	–
Addition to properties	**64,508**	235,709	**–**	–
Disposal during the year	**(87,400)**	(249,337)	**–**	–
Exchange adjustment	**(3,051)**	44,530	**(49)**	(11)
Balance as at 31 December	**1,039,646**	932,199	**5,622**	5,534

	Group	
	2021	2020
	$'000	$'000
Income statement		
Rental income from investment properties		
– Minimum lease payments	**48,079**	42,107
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(19,372)**	(17,550)
– Non-rental generating properties	**(2,029)**	(1,277)
	(21,401)	(18,827)

(a) Except as disclosed in note 16(c), the Group has no restrictions on the realisability of its investment properties.

(b) Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 42D.

(c) Certain investment properties are mortgaged to secure bank facilities (note 31).

(d) During the financial year, interest capitalised as cost of investment properties amounted to $58,000 (2020: $244,000).

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2021 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 2021

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2021 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	29	15,774	38,009	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	999 years Leasehold	873	11,255	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
A parcel of residential land, Lot No. 34612 Town of Ipoh(S), District of Kinta, Perak	999 years Leasehold	872	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold	–	3,826	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, 12000 Butterworth, Penang	Freehold	–	1,322	2,587	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2021 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, 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	28,960	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	140,400	–	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	46,469	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method and discounted cash flow method
867-885 Mountain Highway, Bayswater, Melbourne, VIC	Freehold	104,200	39,731	Warehouse/ Office	CBRE Valuations Pty Limited	Direct capitalisation method and discounted cash flow method

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. INVESTMENT PROPERTIES (CONT'D)

(e) Details of investment properties as at 31 December 2021 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)						
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 Steamers Road, Port Adelaide, SA	Freehold	28,960	15,133	Warehouse/ Office	Jones Lang LaSalle Advisory Services Pty Ltd	Direct capitalisation method and discounted cash flow method
United Kingdom						
Dashwood Lang Road, Addlestone, Surrey, KT15 2NX	Freehold	62,400	17,539	Business Park	Colliers International Valuation UK LLP	Investment valuation method
Korea						
Land at San 11-4, Sanjeong-Ri, Yangseong-Myeon, Anseong-Si, Gyeonggi-Do, Korea	Freehold	71,316	–	Industrial Land	Jones Lang LaSalle Co., Ltd.	Direct capitalisation method, discounted cash flow method and direct comparison method

Notes to the Financial Statements

For the financial year ended 31 December 2021

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) *Goodwill arising on consolidation*

	Group	
	2021	2020
	$'000	$'000
At cost		
At 1 January	**17,516**	17,540
Exchange adjustment	**(150)**	(24)
At 31 December	**17,366**	17,516

The carrying amount of goodwill is allocated to resources segment.

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

The recoverable amount of the resource subsidiary in Malaysia is determined based on value in use calculations using 5-year cash flow projections based on finance forecasts. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The 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 key assumptions made reflect past experience. The pre-tax discount rates applied to the cash flow projections at 11.0% (2020: 11.0%) and 9.0% (2020: 9.0%) for Mining and Smelting segments respectively, were based on the estimated weighted average cost of capital. There is no impairment in the carrying amount of goodwill arising from this review.

(ii) Sensitivity to changes in assumptions

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

(b) *Other intangible assets*

		Group	
		2021	2020
		$'000	$'000
(i)	Mining rights	**1,022**	937
	Corporate club memberships	**143**	147
		1,165	1,084
(ii)	Deferred mine exploration and evaluation expenditure	**342**	159
	Mine properties	**4,109**	3,974
		4,451	4,133
		5,616	5,217

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2021	**3,890**	**187**	**4,077**
Exchange adjustment	**(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 allowance for impairment loss (note 8)	**(142)**	**–**	**(142)**
Exchange adjustment	**(27)**	**–**	**(27)**
At 31 December 2021	**2,833**	**43**	**2,876**
Net carrying amount			
At 31 December 2021	**1,022**	**143**	**1,165**
At cost			
At 1 January 2020	3,897	187	4,084
Exchange adjustment	(7)	–	(7)
At 31 December 2020	3,890	187	4,077
Accumulated amortisation and impairment			
At 1 January 2020	2,733	20	2,753
Amortisation charge for the year	82	4	86
Allowance for impairment loss (note 8)	145	16	161
Exchange adjustment	(7)	–	(7)
At 31 December 2020	2,953	40	2,993
Net carrying amount			
At 31 December 2020	937	147	1,084

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 1 January 2021	**159**	**3,974**	**4,133**
Additions	**185**	**85**	**270**
Amortisation charge for the year	**–**	**(360)**	**(360)**
Reversal of allowance for impairment loss (note 8)	**–**	**468**	**468**
Reclassification	**–**	**(26)**	**(26)**
Exchange adjustment	**(2)**	**(32)**	**(34)**
At 31 December 2021	**342**	**4,109**	**4,451**
At 1 January 2020	3,642	890	4,532
Additions	362	73	435
Transfer	(3,850)	3,850	–
Written-off	(4)	–	(4)
Amortisation charge for the year	–	(343)	(343)
Allowance for impairment loss (note 8)	–	(476)	(476)
Exchange adjustment	9	(20)	(11)
At 31 December 2020	159	3,974	4,133

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

The remaining amortisation periods are as follows:

	Group Number of years 2021	2020
Mining rights	**4 to 10**	4 to 10
Corporate club memberships	**61 to 66**	66 to 70
Mine properties	**4 to 10**	4 to 10

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. SUBSIDIARIES

	Company 2021 $'000	Company 2020 $'000
Quoted shares, at cost	25,402	25,402
Unquoted shares, at cost	55,356	55,356
Redeemable preference shares, at cost	48,900	48,900
	129,658	129,658
Impairment losses	(6,123)	(6,123)
	123,535	123,535

Details of subsidiaries are included in note 44.

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

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. SUBSIDIARIES (CONT'D)

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

31 December 2020

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	45%	1,821	62,718
Straits Real Estate Pte. Ltd. [2]	Singapore	11%	11,135	126,222

[2] On 9 April 2021, STC Capital Pte. Ltd., a wholly-owned subsidiary of the Group, purchased 41,630,000 issued ordinary shares in the share capital of Straits Real Estate Pte. Ltd. ("SREPL") for a consideration of $56,351,918. Following the acquisition, SREPL has become a wholly-owned subsidiary of the Group on 9 April 2021.

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 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)	119,924	(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

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. SUBSIDIARIES (CONT'D)

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

31 December 2021

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

31 December 2020

Summarised balance sheets

	Malaysia Smelting Corporation Berhad $'000	Straits Real Estate Pte. Ltd. $'000
Current		
Assets	228,270	189,607
Liabilities	(140,821)	(303,220)
Net current assets/(liabilities)	87,449	(113,613)
Non-current		
Assets	99,208	1,292,939
Liabilities	(57,139)	(339,739)
Net non-current assets	42,069	953,200
Net assets	129,518	839,587

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. SUBSIDIARIES (CONT'D)

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

31 December 2020

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad $'000	Straits Real Estate Pte. Ltd. $'000
Revenue	266,784	39,398
Profit before tax	7,455	95,633
Income tax expense	(3,298)	(20,506)
Profit after tax	4,157	75,127
Other comprehensive income	5,595	(4,364)
Total comprehensive income	9,752	70,763

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Associates	**696,881**	621,702	**144**	144
Joint ventures	**509,083**	363,222	**–**	–
	1,205,964	984,924	**144**	144

19.1 Associates

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Unquoted shares, at cost	**523,805**	441,624	**609**	609
Shareholder loans (e)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**110,919**	112,523	**–**	–
Exchange adjustment	**(6,254)**	(2,800)	**–**	–
	700,380	623,257	**609**	609
Impairment losses	**(3,499)**	(1,555)	**(465)**	(465)
	696,881	621,702	**144**	144

Notes to the Financial Statements

For the financial year ended 31 December 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 Associates (cont'd)

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

(b) During the financial year, the Group carried out a review of the recoverable amount of its investment in Far East Hospitality Holdings Pte. Ltd. ("FEHH"). An impairment of $1,944,000 (2020: $1,555,000) was recognised in profit or loss. The recoverable amount was based on value in use calculations using 5-year cash flow projections based on finance forecasts.

(c) During the financial year, 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"). Total investment cost injected into SIMUK is GBP16.7 million ($30.4 million). SIMUK is managed by Savills Investment Management (Luxembourg) S.À R.L. as the Management Company.

(d) During the financial year, Sword Private Limited ("SPL"), through its wholly-owned subsidiary, STC Fintech Holdings Pte. Ltd. ("STCFH"), acquired 14.28% interest in SDAX Financial Pte. Ltd. ("SDAX"). Total investment cost injected into SDAX is $13.6 million.

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

(f) Movement in the allowance account:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**(1,555)**	–	**(465)**	(465)
Impairment for the year	**(1,944)**	(1,555)	**–**	–
At 31 December	**(3,499)**	(1,555)	**(465)**	(465)

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

	Group	
	2021	2020
	$'000	$'000
(Loss)/Profit after tax	**(1,852)**	145
Other comprehensive income	**8**	6
Total comprehensive income	**(1,844)**	151

Notes to the Financial Statements

For the financial year ended 31 December 2021

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"), 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

	ARAH $'000	FEHH $'000	H3* $'000	JVF2 $'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)**
	1,994,447	**38,556**	**62,760**	**407,810**
As at 31 December 2020				
Current assets	731,390	113,524	23,170	34,379
Non-current assets	4,064,856	590,372	568,642	357,822
Total assets	4,796,246	703,896	591,812	392,201
Current liabilities	(212,735)	(371,898)	(11,563)	(11,168)
Non-current liabilities	(1,471,666)	(270,035)	(404,698)	(195,352)
Total liabilities	(1,684,401)	(641,933)	(416,261)	(206,520)
Net assets	3,111,845	61,963	175,551	185,681
Perpetual securities holders	(960,071)	–	–	–
Non-controlling interests	(352,669)	–	–	(18,493)
	1,799,105	61,963	175,551	167,188

* 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 2021

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"), 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

	ARAH $'000	FEHH $'000	H3 $'000	JVF2 $'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**
2020				
Revenue	387,779	45,014	38,486	16,350
Profit/(Loss) after tax	149,433	(34,823)	(20,499)	7,659
Other comprehensive income	(14,963)	22,934	(432)	–
Total comprehensive income	134,470	(11,889)	(20,931)	7,659

Notes to the Financial Statements

For the financial year ended 31 December 2021

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"), 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):

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

	ARAH $'000	FEHH $'000	H3 $'000	JVF2 $'000
Net assets 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**
Net assets at 31 December 2020	1,799,105	61,963	175,551	167,188
Interest in associates	22.06%	30.0%	40.0%	18.5%
Group's share of net assets	396,883	18,589	70,220	30,930
Goodwill on acquisition	133,181	–	–	–
Intangible assets	106,846	11,948	–	–
Step acquisition adjustment	(180,222)	–	–	–
Capital return arising from privatisation	(48,211)	–	–	–
Other adjustments	2,445	(1,555)	–	–
Carrying value of the Group's interest in associates	410,922	28,982	70,220	30,930

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 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures

	Group	
	2021	2020
	$'000	$'000
Unquoted shares, at cost	**140,880**	131,795
Shareholder notes (c)	**226,997**	202,803
Share of post-acquisition reserves	**156,292**	30,178
Exchange adjustment	**(12,425)**	1,107
	511,744	365,883
Impairment losses	**(2,661)**	(2,661)
	509,083	363,222

(a) Details of joint ventures are included in note 44.

(b) In 2020, Straits Real Estate Pte. Ltd. ("SREPL"), through its wholly-owned subsidiary, SRE Venture 16 Pte. Ltd. ("SREV16"), entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARAH and ICBC International Investment Management Limited to form a joint venture, Ivory SL Joint Venture Limited ("ISL"), to acquire a retail mall in Shanghai, People's Republic of China. Total investment cost injected into ISL is US$63.5 million ($87.4 million).

(c) In 2017, SREPL, through its wholly-owned subsidiary, SRE Australia 2 Pte. Ltd. ("SRE Australia 2"), invested A$119.2 million ($125.0 million) in notes issued by 320P Trust. The notes are unsecured, repayable by 2027 and entitles SRE Australia 2 to the higher of a fixed interest per annum or a percentage of profits in 320P Trust. As unanimous approval is required for key operating, investing and financing matters, the Group has accounted for 320P Trust as a joint venture.

(d) Impairment assessment

An impairment loss of $Nil (2020: $265,000) was recognised in profit or loss of the Group in respect of the Group's investment in KMR Resources, Inc.. The recoverable amount was derived based on management's estimate of fair value less costs to sell.

(e) Movement in the allowance account:

	Group	
	2021	2020
	$'000	$'000
At 1 January	**(2,661)**	(2,396)
Provision for impairment for the year (note 8)	**–**	(265)
At 31 December	**(2,661)**	(2,661)

Notes to the Financial Statements

For the financial year ended 31 December 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(f) 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:

Summarised balance sheets

	ISL $'000	320P $'000	SLRE $'000
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 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(f) 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):

Summarised balance sheets (cont'd)

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(f) 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):

Summarised statements of comprehensive income

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 Joint ventures (cont'd)

(f) 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 venture:

	ISL $'000	320P $'000	SLRE $'000
Net assets at 31 December 2021	**247,747**	**–**	**338,245**
Interest in joint venture	**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 venture	**139,832**	**–**	**142,251**
Net assets at 31 December 2020	185,733	–	110,880
Interest in joint venture	56.52%	26%	50%
Carrying value of the Group's interest in joint venture	104,976	–	55,440

Certain shares and shareholder notes in a joint venture are pledged to secure bank facilities (note 31).

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Deferred tax assets	**5,376**	6,871	**–**	–
Deferred tax liabilities	**(91,178)**	(35,142)	**(713)**	(702)
	(85,802)	(28,271)	**(713)**	(702)

Notes to the Financial Statements

For the financial year ended 31 December 2021

20. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Provisions	**2,083**	3,120	**1,337**	(1,793)	**–**	–
Unutilised tax losses	**–**	21	**31**	988	**–**	–
Fair value changes on forward currency contracts and interest rate swap contracts	**–**	35	**23**	(63)	**–**	–
Revaluation of property, plant and equipment	**(1,876)**	(1,321)	**–**	–	**(157)**	(155)
Difference in depreciation	**(1,896)**	(925)	**774**	562	**1**	1
Fair value changes on investment properties	**(42,907)**	(15,829)	**27,916**	10,108	**(557)**	(548)
Unremitted foreign income and profits	**(42,535)**	(13,990)	**28,483**	2,329	**–**	–
Others	**1,329**	618	**(290)**	596	**–**	–
	(85,802)	(28,271)			**(713)**	(702)
Deferred tax expense (note 12)			**58,274**	12,727		

As at 31 December 2021, certain subsidiaries have unutilised tax losses amounting to $2,775,000 (2020: $2,775,000) available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2021

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**8,557**	14,575	**5**	5
Amount due from a subsidiary	**–**	–	**2**	2
Impairment of doubtful receivables	**(3,189)**	(3,211)	**–**	–
	5,368	11,364	**7**	7
Other receivables				
Deposits	**927**	1,139	**10**	10
Non-trade receivables	**12,455**	7,243	**33**	197
Amounts due from subsidiaries	**–**	–	**1,382,667**	1,202,289
Amounts due from associates	**66,556**	68,056	**4**	4
Amount due from a joint venture	**1,754**	3,486	**–**	–
Amount due from a related party	**–**	11	**–**	–
Amounts due from non-controlling shareholders of subsidiaries	**–**	4	**–**	–
	81,692	79,939	**1,382,714**	1,202,500
Trade and other receivables (current)	**87,060**	91,303	**1,382,721**	1,202,507
Non-current				
Amounts due from third parties	**–**	1	**–**	–
Amounts due from subsidiaries	**–**	–	**107,013**	128,475
	–	1	**107,013**	128,475
Total trade and other receivables (current and non-current)	**87,060**	91,304	**1,489,734**	1,330,982
Add: Cash and cash equivalents (note 26)	**141,615**	456,332	**17,205**	249,431
Unquoted financial assets at amortised cost (note 22)	**51,638**	52,431	**–**	–
Quoted financial assets at amortised cost (note 22)	**1,996**	6,261	**–**	–
Shareholder notes (note 19.2)	**226,997**	202,803	**–**	–
Total financial assets at amortised cost	**509,306**	809,131	**1,506,939**	1,580,413

Notes to the Financial Statements

For the financial year ended 31 December 2021

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on cash payment to 90-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries

The current amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand except for amounts of $110,151,000 (2020: $58,961,000) due from a subsidiary which bears interest at the range from 3.10% to 4.20% (2020: 3.10% to 3.73%) per annum.

The non-current amounts due from subsidiaries are non-trade related, unsecured and repayable in 2023 to 2025. Interest is charged at the range from 2.00% to 3.75% (2020: 2.00% to 4.20%) per annum.

Amounts due from associates

The current amounts due from associates under other receivables are non-trade related, unsecured and repayable on demand.

No interest is charged except for amounts receivable of $66,348,000 (2020: $66,348,000) from Far East Hospitality Holdings Pte. Ltd. which bear interest at 2.00% (2020: 2.00%) per annum.

Amount due from a joint venture

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

Certain other receivables are pledged to secure bank facilities (note 31).

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

	Group	
	2021	2020
	$'000	$'000
Australian Dollar	**13,675**	9,160
United States Dollar	**3,656**	8,339
Japanese Yen	**43**	4

Notes to the Financial Statements

For the financial year ended 31 December 2021

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group					
	2021			2020		
	$'000			$'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**86,391**	**–**	**86,391**	89,048	–	89,048
• Past due:						
Less than 30 days	**494**	**–**	**494**	1,805	–	1,805
30 to 60 days	**90**	**–**	**90**	87	–	87
61 to 90 days	**38**	**–**	**38**	67	(1)	66
91 to 120 days	**74**	**(27)**	**47**	293	(2)	291
More than 120 days	**3,162**	**(3,162)**	**–**	3,214	(3,208)	6
	3,858	**(3,189)**	**669**	5,466	(3,211)	2,255
Total	**90,249**	**(3,189)**	**87,060**	94,514	(3,211)	91,303

	Company					
	2021			2020		
	$'000			$'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**1,358,903**	**–**	**1,358,903**	1,202,500	–	1,202,500
• Past due:						
Less than 30 days	**6**	**–**	**6**	6	–	6
30 to 60 days	**1**	**–**	**1**	1	–	1
	7	**–**	**7**	7	–	7
Total	**1,358,910**	**–**	**1,358,910**	1,202,507	–	1,202,507

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

Notes to the Financial Statements

For the financial year ended 31 December 2021

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	2021	2020
	$'000	$'000
Trade and other receivables - nominal amounts	**3,189**	3,211
Less: Allowance for impairment	**(3,189)**	(3,211)
	–	–

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	
	2021	2020
	$'000	$'000
At 1 January	**(3,211)**	(3,179)
Reversal of impairment/(Impairment) (note 10)	**1**	(42)
Exchange adjustment	**21**	10
At 31 December	**(3,189)**	(3,211)

Notes to the Financial Statements

For the financial year ended 31 December 2021

22. INVESTMENT SECURITIES

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

	Group	
	2021	2020
	$'000	$'000
At fair value through other comprehensive income		
– quoted, equity securities	**162,720**	128,172
Total financial assets at fair value through other comprehensive income	**162,720**	128,172
At amortised cost		
– unquoted	**35,328**	52,431
	198,048	180,603

(b) *Investment securities (current)*

	Group	
	2021	2020
	$'000	$'000
At fair value through profit or loss		
– quoted, at fair value	**59,786**	59,581
At amortised cost		
– quoted bonds	**1,996**	6,261
– unquoted	**16,310**	–
	78,092	65,842

Information on the Group's investment securities by country can be found in note 39(e).

The shares are mainly quoted in Singapore, the United States of America, the United Kingdom, Japan, Australia and Hong Kong. Please refer to note 39(e) for information on equity price risk.

The unquoted investment securities at amortised cost are as follows:

	2021			2020		
	Million	**Coupon rate**	**Maturity**	Million	Coupon rate	Maturity
Credit linked notes	**$16.2**	**3.48%**	**1 year**	$16.2	3.48%	2 years
Secured note	**A$36.0**	**14.5%**	**1 to 5 years**	A$36.0	14.5%	2 to 6 years

Certain investment securities are pledged to secure bank facilities (note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2021

23. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Group				Company			
	2021		2020		**2021**		2020	
	Assets	**Liabilities**	Assets	Liabilities	**Assets**	**Liabilities**	Assets	Liabilities
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Forward currency contracts	**2,200**	**2,945**	2,100	9,603	**–**	**–**	–	–
Cross currency swap contracts	**–**	**–**	–	779	**–**	**–**	–	779
Interest rate swap contracts	**180**	**–**	–	–	**180**	**–**	–	–
Forward commodity contracts	**–**	**–**	–	352	**–**	**–**	–	–
	2,380	**2,945**	2,100	10,734	**180**	**–**	–	779
Current	**1,485**	**2,294**	606	7,850	**–**	**–**	–	779
Non-current	**895**	**651**	1,494	2,884	**180**	**–**	–	–

These represent the fair values of the following financial instruments:

(a) forward currency and cross currency swap contracts are entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective or in profit or loss. These contracts mature between January 2022 to December 2023.

(b) the interest rate swap contracts are entered into for the purpose of managing interest rate risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

(c) forward commodity contracts are entered into for tin trading, arbitraging for profit and to manage tin price risk. The fair value changes of these contracts are recognised in profit or loss. During the financial year, there were no contracts designated as cash flow or fair value hedge.

Further details of the derivative financial instruments are disclosed in note 40 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2021

24. OTHER NON-CURRENT ASSETS

	Group	
	2021	2020
	$'000	$'000
Initial payments for a warehouse, land parcel and mixed-use office and industrial building	**–**	4,951

As at 31 December 2020, the initial payments were related to the acquisition of a warehouse in Adelaide, Australia and a land parcel in Anseong, South Korea. The acquisitions were completed in February 2021 and May 2021 respectively.

25. INVENTORIES

	Group	
	2021	2020
	$'000	$'000
Balance sheet		
At lower of cost or net realisable value		
Inventories of:		
– Tin-in-concentrates	**5,792**	6,818
– Tin-in-process	**171,114**	179,279
– Refined tin metal	**74,275**	8,204
Other inventories (stores, spares, fuels, coal and saleable by-products)	**4,837**	3,517
	256,018	197,818
Income statement		
Inventories recognised as an expense in cost of sales	**255,694**	222,944
Inclusive of the following charge:		
Reversal of write down of inventories	**(7,822)**	(2,355)

Notes to the Financial Statements

For the financial year ended 31 December 2021

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**108,704**	366,918	**15,983**	188,174
Short-term deposits	**32,911**	89,414	**1,222**	61,257
	141,615	456,332	**17,205**	249,431

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at the reporting date for the Group and the Company were 1.4% (2020: 0.9%) per annum and 0.4% (2020: 0.8%) per annum respectively.

Certain cash balances are pledged to secure bank facilities (note 31).

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

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**16,774**	3,055	**–**	–
Japanese Yen	**3,421**	95,697	**1,498**	–
Australian Dollar	**18,682**	2,151	**–**	–
Singapore Dollar	**2,503**	4,736	**–**	–

27. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	**$'000**	Number of shares	$'000
Ordinary shares issued and fully paid (excluding treasury shares)				
At 1 January	**406,819,572**	**568,968**	407,165,772	568,968
Purchase of treasury shares	**–**	**–**	(346,200)	–
At 31 December	**406,819,572**	**568,968**	406,819,572	568,968

Notes to the Financial Statements

For the financial year ended 31 December 2021

28. TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of shares	**$'000**	Number of shares	$'000
At 1 January	**(1,276,200)**	**(2,682)**	(930,000)	(2,055)
Repurchased during the year	**–**	**–**	(346,200)	(627)
At 31 December	**(1,276,200)**	**(2,682)**	(1,276,200)	(2,682)

As at 31 December 2021, the Company held 1,276,200 treasury shares (2020: 1,276,200) which represents 0.3% (2020: 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.

In 2020, the Company acquired 346,200 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $627,000 and this was presented as a component within the shareholders' equity.

29. RESERVES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Retained earnings [(a)]	**1,163,514**	961,506	**38,107**	39,885
FVOCI reserve [(b)]	**9,516**	(36,601)	**–**	–
Hedging reserve [(c)]	**60**	(3,973)	**180**	(779)
Revaluation reserve [(d)]	**39,466**	32,390	**574**	561
Translation reserve [(e)]	**(10,598)**	13,849	**(702)**	245
Other reserve [(f)]	**3,138**	4,541	**–**	–
Other reserves	**41,582**	10,206	**52**	27

Notes to the Financial Statements

For the financial year ended 31 December 2021

29. RESERVES (CONT'D)

(a) *Retained earnings*

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**961,506**	932,861	**39,885**	45,088
Net changes in the reserve	**202,008**	28,645	**(1,778)**	(5,203)
At 31 December	**1,163,514**	961,506	**38,107**	39,885
Net changes in the reserve:				
– Profit for the year	**234,254**	51,483	**22,631**	19,213
– Dividend on ordinary shares (note 35)	**(24,409)**	(24,416)	**(24,409)**	(24,416)
– Share of associate's realisation of FVOCI reserve	**(8,287)**	1,818	**–**	–
– Realisation of FVOCI reserve	**–**	2,567	**–**	–
– Share of transfer of statutory reserve of an associate	**596**	(684)	**–**	–
– Others	**(146)**	(2,123)	**–**	–
	202,008	28,645	**(1,778)**	(5,203)

(b) *FVOCI reserve*

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

	Group	
	2021	2020
	$'000	$'000
At 1 January	**(36,601)**	12,270
Net changes in the reserve	**46,117**	(48,871)
At 31 December	**9,516**	(36,601)
Net changes in the reserve:		
– Net fair value changes during the year	**11,096**	(25,622)
– Share of associate's realisation of FVOCI reserve	**8,287**	(1,818)
– Share of reserve of associates	**26,734**	(18,864)
– Realisation of FVOCI reserve	**–**	(2,567)
	46,117	(48,871)

Notes to the Financial Statements

For the financial year ended 31 December 2021

29. RESERVES (CONT'D)

(c) *Hedging reserve*

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge. The movements in the hedging reserve are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**(3,973)**	(1,466)	**(779)**	399
Net changes in the reserve	**4,033**	(2,507)	**959**	(1,178)
At 31 December	**60**	(3,973)	**180**	(779)
Net changes in the reserve:				
– Net fair value changes during the year	**959**	(1,056)	**959**	(1,178)
– Share of reserve of associates	**3,074**	(1,451)	**–**	–
	4,033	(2,507)	**959**	(1,178)

(d) *Revaluation reserve*

Revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the revaluation reserve are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**32,390**	29,797	**561**	559
Net changes in the reserve	**7,076**	2,593	**13**	2
At 31 December	**39,466**	32,390	**574**	561
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**105**	734	**13**	2
– Share of reserve of associates	**6,971**	1,859	**–**	–
	7,076	2,593	**13**	2

Notes to the Financial Statements

For the financial year ended 31 December 2021

29. RESERVES (CONT'D)

(e) *Translation reserve*

Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and Company's presentation currency. It is also used to record the effect of exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the translation reserve are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**13,849**	(25,102)	**245**	463
Net effect of exchange adjustments	**(24,447)**	38,951	**(947)**	(218)
At 31 December	**(10,598)**	13,849	**(702)**	245
Net effect of exchange adjustments:				
– Translation of foreign operations	**(7,876)**	16,524	**(947)**	(218)
– Net investments in foreign operations	**3,085**	(4,595)	**–**	–
– Realisation of foreign currency translation reserve to profit or loss	**(717)**	(2,427)	**–**	–
– Share of reserve of associates and joint ventures	**(18,939)**	29,449	**–**	–
	(24,447)	38,951	**(947)**	(218)

(f) *Other reserve*

Other reserve is used to record reserve in relation to issuance of ordinary share pursuant to bonus issue and share of other reserve recorded by associates. The movements in the other reserve are as follows:

	Group	
	2021	2020
	$'000	$'000
At 1 January	**4,541**	3,848
Net changes in the reserve	**(1,403)**	693
At 31 December	**3,138**	4,541
Net changes in the reserve:		
– Share of other changes in equity of associates	**288**	9
– Share of transfer of statutory reserve of an associate	**(596)**	684
– Change in ownership interests in subsidiaries	**(1,095)**	–
	(1,403)	693

Notes to the Financial Statements

For the financial year ended 31 December 2021

30. PROVISIONS

	Provision for mine restoration $'000	Provision for voluntary separation/ retrenchment compensation (note 7) $'000	Total $'000
Group			
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 adjustment	**(114)**	**(40)**	**(154)**
At 31 December 2021	**13,173**	**3,831**	**17,004**
Non-current	**13,173**	**3,831**	**17,004**
At 1 January 2020	9,211	4,915	14,126
Provision made during the year	2,408	90	2,498
Utilised during the year	–	(662)	(662)
Discount adjustment on provision (note 9)	534	–	534
Exchange adjustment	(30)	(7)	(37)
At 31 December 2020	12,123	4,336	16,459
Non-current	11,947	–	11,947
Current	176	4,336	4,512
	12,123	4,336	16,459

(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 production of the mine property. The provision for mine restoration costs is based on the present value of the estimated cash outflows to be incurred to restore and rehabilitate the mine.

In January 2019, the Group applied for the extension of mining leases by surrendering the existing mining leases and applying for new mining leases.

In November 2019, approval was obtained from the authority to extend the mining leases to year 2034.

In September 2020, the Group has re-submitted its initial mine restoration plan to the relevant authorities.

Notes to the Financial Statements

For the financial year ended 31 December 2021

30. PROVISIONS (CONT'D)

(a) *Provision for mine restoration (cont'd)*

The new mine restoration plan (including the enlarged disturbed area) is expected to be submitted to the relevant authorities in year 2022.

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.

(b) *Provision for voluntary separation/retrenchment compensation*

The provision for voluntary separation/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.

31. BORROWINGS

	Group		**Company**	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Non-current				
Secured bank loans	**201,547**	369,256	**33,284**	33,180
Unsecured bank loans	**104,533**	45,951	**104,533**	29,808
Unsecured notes	**199,169**	198,070	**198,470**	198,071
	505,249	613,277	**336,287**	261,059
Current				
Secured bank loans	**361,088**	234,176	**35,000**	25,000
Unsecured bank loans*	**179,659**	191,135	**44,721**	74,952
Unsecured notes	**–**	149,953	**–**	149,953
	540,747	575,264	**79,721**	249,905
Total borrowings	**1,045,996**	1,188,541	**416,008**	510,964

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

31. BORROWINGS (CONT'D)

Interest rates and maturity of loans

	Group		Company	
	2021	2020	**2021**	2020
	%	%	**%**	%
Floating rate loans	**1.0 to 5.3**	0.8 to 5.2	**1.4 to 1.8**	1.6
Floating rate notes	**3.0**	–	**–**	–
Fixed rate loans	**1.0 to 3.7**	0.9 to 5.3	**–**	1.4 to 3.4
Fixed rate notes	**3.8**	3.7 to 3.8	**3.8**	3.7 to 3.8

The interest rates of the bank loans are repriced at intervals of 1 month to 12 months (2020: 3 months to 12 months).

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**540,747**	575,264	**79,721**	249,905
Later than 1 year but not later than 5 years	**505,249**	613,277	**336,287**	261,059
	1,045,996	1,188,541	**416,008**	510,964

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

	Group	
	2021	2020
	$'000	$'000
Japanese Yen	**2,070**	36,905
Australian Dollar	**27,002**	27,731
Singapore Dollar	**16,209**	16,142
United States Dollar	**134,937**	116,183

Notes to the Financial Statements

For the financial year ended 31 December 2021

31. BORROWINGS (CONT'D)

Secured

The secured bank loans are collaterised by the following assets:

	Group	
	2021	2020
	$'000	$'000
Investment properties (note 16(c))	**995,952**	924,846
Land under development (note 15)	**25,494**	–
Joint venture (note 19.2)	**226,997**	202,803
Investment securities (non-current) (note 22(a))	**–**	62,580
Investment securities (current) (note 22(b))	**39,360**	39,996
Cash and cash equivalents (note 26)	**7,799**	39,692
Other current assets	**206**	433
	1,295,808	1,270,350

Notes to the Financial Statements

For the financial year ended 31 December 2021

31. BORROWINGS (CONT'D)

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			
	2020	**Cash flows**	**Reclassification**	**Foreign exchange movement**	**Others**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Bank loans and notes						
- 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**

			Non-cash changes			
	2019	Cash flows	Reclassification	Foreign exchange movement	Others	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and notes						
- current	210,030	58,161	298,397	7,453	1,223	575,264
- non-current	660,035	233,795	(298,397)	16,752	1,092	613,277
Total	870,065	291,956	–	24,205	2,315	1,188,541

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

32. OTHER NON-CURRENT LIABILITIES

	Group	
	2021	2020
	$'000	$'000
Amounts due to non-controlling shareholders of subsidiaries	**686**	12,991
Other liabilities	**5,481**	3,713
	6,167	16,704

The amounts due to non-controlling shareholders of subsidiaries are unsecured, bears interests of 12% (2020: ranging from 2% to 12%) per annum and are repayable in 2030.

Notes to the Financial Statements

For the financial year ended 31 December 2021

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**24,514**	9,717	**10**	10
Advance receipts and billings	**2,180**	2,825	**9**	9
	26,694	12,542	**19**	19
Other payables				
Amounts due to subsidiaries	**–**	–	**640,270**	614,367
Amounts due to non-controlling shareholders of subsidiaries	**21**	6,406	**–**	–
Accrual for other charges	**40,048**	47,921	**5,362**	7,327
Other deposits	**3,798**	3,124	**66**	67
Amount due to a related party	**68**	160	**–**	–
	43,935	57,611	**645,698**	621,761
Trade and other payables	**70,629**	70,153	**645,717**	621,780
Trade and other payables	**70,629**	70,153	**645,717**	621,780
Less: Advance receipts and billings	**(2,180)**	(2,825)	**(9)**	(9)
	68,449	67,328	**645,708**	621,771
Add: Other non-current liabilities (note 32)	**6,167**	16,704	**–**	–
Loans and borrowings (note 31)	**1,045,996**	1,188,541	**416,008**	510,964
Total financial liabilities carried at amortised cost	**1,120,612**	1,272,573	**1,061,716**	1,132,735

Trade payables

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

Amounts due to subsidiaries

The amounts payable to subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries are share of funding to the Group's subsidiary, Straits Real Estate Pte. Ltd.. In 2021, the amounts are unsecured, non-interest bearing and repayable on demand. In 2020, included in the amounts were payables of $6,181,000 which bore interest at range from 2.80% to 3.75% per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2021

33. TRADE AND OTHER PAYABLES (CONT'D)

Amount due to a related party

The amount payable to a related party included in other payables is non-trade related, non-interest bearing and repayable on demand.

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

	Group	
	2021	2020
	$'000	$'000
United States Dollar	**18,874**	22,012
Australian Dollar	**783**	463
Japanese Yen	**113**	320

34. LEASE LIABILITIES

	Group	
	2021	2020
	$'000	$'000
At 1 January	**7,788**	3,973
Additions	**–**	8,500
Accretion of interests (note 9)	**175**	316
Payments	**(3,048)**	(4,609)
Reclassification	**–**	(401)
Exchange adjustment	**(14)**	9
At 31 December	**4,901**	7,788
Current	**2,603**	2,952
Non-current	**2,298**	4,836
	4,901	7,788

Notes to the Financial Statements

For the financial year ended 31 December 2021

35. DIVIDENDS

	Group and Company	
	2021	2020
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares		
- 2020 Interim dividend paid in 2021: 6 cents per share tax exempt (one-tier tax) (2019 Interim dividend paid in 2020: 6 cents per share tax exempt (one-tier tax))	**24,409**	24,416
Declared but not recognised as a liability as at 31 December		
Dividends on ordinary shares		
- Interim dividend for 2021: 8 cents per share tax exempt (one-tier tax) (Interim dividend for 2020: 6 cents per share tax exempt (one-tier tax))	**32,546**	24,409

There is no taxation consequence arising from the dividends declared by the Company.

36. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2021	2020
	$'000	$'000
Property, plant and equipment	**1,348**	5,068
Investment properties	**4,453**	20
Land under development	**41,818**	38,196
Investee companies	**50,249**	10,708
Associate	**105,405**	62,058
Share of joint venture's capital commitment in respect of investment properties	**23,833**	3,776
	227,106	119,826

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. COMMITMENTS AND CONTINGENCIES

(a) *Operating lease commitments for lessor*

The Group and Company have entered into property lease agreements on their investment properties. These non-cancellable leases have remaining non-cancellable lease terms of up to 15 years. Contingent lease receipts are subject to the revenue exceeding certain levels stated in the respective agreements. Certain property lease agreements have renewal options; and restrict any assignment and subletting of the lease properties.

There were no contingent lease receipts recognised in profit or loss in 2021 and 2020.

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**39,386**	36,138	**94**	86
Later than 1 year but not later than 5 years	**133,650**	130,737	**52**	52
Later than 5 years	**110,950**	123,026	**–**	–
	283,986	289,901	**146**	138

(b) *Operating lease commitments for lessee*

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 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	
	2021	2020
	$'000	$'000
Minimum lease payments	**1,509**	1,074

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2021	2020
	$'000	$'000
Not later than 1 year	**3**	2
Later than 1 year but not later than 5 years	**4**	7
	7	9

Notes to the Financial Statements

For the financial year ended 31 December 2021

37. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) *Other commitments*

The Company has committed to provide continuing financial support to certain subsidiaries to enable their continuing operations.

(d) *Legal claim in Malaysia Smelting Corporation Berhad ("MSC")*

(i) A subsidiary of MSC defended a legal action brought about by two companies ("Plaintiffs") for the payment of tributes. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in the subsidiary's favour. The Plaintiffs have filed their Memorandum of Appeal to the Court of Appeal ("COA"). The hearing of the Appeal was conducted on 25 August 2021 and 11 October 2021. The COA's decision was handed down on 25 November 2021 whereby the COA dismissed the appeal in favour of the subsidiary. The Plaintiffs have since applied for leave to appeal to the Federal Court ("FC") against the decision of the COA. The hearing for the Plaintiff's application for leave has been fixed on 11 April 2022. The subsidiary's legal counsel is of the opinion that the Plaintiff's appeal is unlikely (i.e. possible, but not probable) to succeed and accordingly no provision for liability is required to be made in the financial statements.

In connection with the abovementioned case, the subsidiary has separately instituted legal action against two former executive officers, the Plaintiffs and certain persons connected with the Plaintiffs ("Defendants"), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance. Initially, the Defendants applied to the High Court ("HC") to strike out the subsidiary's claim. On 17 December 2020, the HC dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants had filed an appeal to the COA against the HC's decision to dismiss their striking out application. On 23 August 2021, the COA dismissed 1st Defendant's and 2nd to 5th Defendants' appeals in favour of the subsidiary.

On 23 September 2021, the 1st Defendant and 2nd to 5th Defendants, via their respective solicitors, submitted their applications to the FC for leave to appeal against the decision of the COA to dismiss their application to strike out the case. The hearings for their applications were initially fixed on 21 February 2022. However, based on the application by the solicitor for the 2nd to 5th Defendants, the hearing has been vacated and re-scheduled to 6 April 2022.

The solicitor for the 1st Defendant has recently applied for the hearing on 6 April 2022 to be vacated and a Case Management ("CM") was held on 23 March 2022 to fix the new hearing date. At the CM, the new hearing date has been fixed for 14 June 2022.

In respect of the Defendant that did not appeal against the decision of the HC, the deadline to file an appeal against this decision has passed.

Notwithstanding the above, the trial dates were initially fixed for 18 April 2022 to 22 April 2022. However, the case has recently been transferred to a different court and the trial can no longer proceed on these dates. A CM will be held on 6 April 2022 to update the Court on the status of the 1st Defendant and 2nd to 5th Defendants leave applications and for the Court to give further directions on trial dates and the filing of witness statements.

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 has 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").

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 has recently sent an official response to the third party's solicitor denying that there has been any breach of the Agreement. At present, neither the third party nor their solicitors have responded.

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. RELATED PARTY DISCLOSURES

(a) *Sale and purchase of goods and services*

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2021	2020
	$'000	$'000
Associates/Joint ventures		
Sales of goods	**2,319**	9,161
Interest income	**66,228**	3,910
Other related parties		
Office leases	**821**	687
Accounting and other service income	**355**	353
Accounting and other service expense	**(739)**	–

Please refer to notes 21 and 33 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) *Key management personnel compensation*

The key management personnel compensation are as follows:

	Group	
	2021	2020
	$'000	$'000
Directors' fees	**690**	653
Short-term employee benefits	**6,164**	4,773
Defined contribution plans	**131**	153
	6,985	5,579

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities.

There has been no change to the Group's exposure to these risks or the manner in which it manages the risks.

The policies for managing these risks are summarised below.

(a) *Foreign exchange risk*

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of sales or purchase transactions that are denominated in a currency other than the functional currencies of the respective Group entities. These foreign exchange risk exposures are mainly in United States Dollar, Australian Dollar, Great Britain Pound, Singapore Dollar and Japanese Yen. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the exchange rates of the United States Dollar, Australian Dollar, Great Britain Pound, Singapore Dollar and Japanese Yen against the functional currencies of the respective Group entities, with all other variables held constant.

		Group			
		2021		2020	
		Profit after tax	**Equity**	Profit after tax	Equity
		$'000	**$'000**	$'000	$'000
Australian Dollar	strengthened 5% (2020: 5%)	**9,843**	**–**	7,924	–
	weakened 5% (2020: 5%)	**(9,843)**	**–**	(7,924)	–
United States Dollar	strengthened 5% (2020: 5%)	**852**	**–**	4,547	–
	weakened 5% (2020: 5%)	**(852)**	**–**	(4,547)	–
Japanese Yen	strengthened 5% (2020: 5%)	**179**	**–**	3,205	(799)
	weakened 5% (2020: 5%)	**(179)**	**–**	(3,205)	799
Great Britain Pound	strengthened 5% (2020: 5%)	**72**	**–**	34	–
	weakened 5% (2020: 5%)	**(72)**	**–**	(34)	–
Singapore Dollar	strengthened 5% (2020: 5%)	**173**	**(837)**	259	(837)
	weakened 5% (2020: 5%)	**(173)**	**837**	(259)	837

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Foreign exchange risk (cont'd)*

Sensitivity analysis for foreign currency risk (cont'd)

At the end of the reporting period, approximately:

(i) 20% (2020: 18%) of the Group's trade and other receivables as well as 28% (2020: 34%) of the Group's trade and other payables are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Australian Dollar (2020: United States Dollar and Australian Dollar).

(ii) 30% (2020: 23%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Japanese Yen (2020: Japanese Yen).

(iii) 5% (2020: 10%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar, Japanese Yen, Singapore Dollar and Australian Dollar (2020: 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 swaps and cross currency swaps 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 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Interest rate risk (cont'd)*

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ Decrease in basis point	**Effect on profit after tax $'000**
31 December 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)**

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Interest rate risk (cont'd)*

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings (cont'd):

	Group	
	Increase/ Decrease in basis point	Effect on profit after tax $'000
31 December 2020		
Singapore Dollar	+25	(384)
	–25	384
Malaysian Ringgit	+25	(189)
	–25	189
Great Britain Pound	+25	(181)
	–25	181
Chinese Renminbi	+25	(147)
	–25	147
Australian Dollar	+25	(340)
	–25	340
United States Dollar	+25	(12)
	–25	12

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 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks, or the risks of counterparties defaulting are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group and the Company place the cash deposits with reputable banks and financial institutions.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

The Group's debt securities at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which include the following indicators:

– Internal credit rating
– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
– Actual or expected significant changes in the operating results of the debtor
– Significant increases in credit risk on other financial instruments of the same debtor
– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days due in making contractual payment.

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

For the financial year ended 31 December 2021

39. 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 GST recoverable). The 12-month expected credit losses have taken into consideration historical loss rate statistics for debts with similar credit profile and the country risk of the debtors.

– For receivables which are lower risk, the probability of default ("PD") is minimal.

– For receivables which are higher risk, the PD rates ranging from 2.5% to 50% are applied if a receivable is more than 90 days to 360 days.

– The Group and the Company do not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

The Group's debt securities at amortised cost have low risk of default and a strong capacity to meet contractual cash flows. Hence the loss allowance is determined at an amount equal to 12-month ECL.

The loss allowance provision as at 31 December 2021 reconciles to the opening loss allowance for that provision as follows:

	Group Trade receivables $'000
As at 1 January 2020	3,179
Impairment	42
Exchange adjustments	(10)
As at 31 December 2020 and 1 January 2021	**3,211**
Reversal of impairment	**(1)**
Exchange adjustments	**(21)**
As at 31 December 2021	**3,189**

<u>Financial assets that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk (cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group				**Company**			
	2021		2020		**2021**		2020	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**67,803**	**78**	75,356	83	**1,307,700**	**95**	1,163,239	97
Japan	**560**	**1**	4,147	4	**–**	**–**	–	–
China, including Hong Kong and Taiwan	**429**	**–**	4,201	5	**–**	**–**	–	–
Australia	**14,656**	**17**	4,249	5	**–**	**–**	–	–
Malaysia	**274**	**–**	464	–	**75,021**	**5**	39,268	3
United Kingdom	**447**	**1**	–	–	**–**	**–**	–	–
Europe	**131**	**–**	2,394	3	**–**	**–**	–	–
Korea	**2,743**	**3**	491	–	**–**	**–**	–	–
Other countries	**17**	**–**	1	–	**–**	**–**	–	–
	87,060	**100**	91,303	100	**1,382,721**	**100**	1,202,507	100

Approximately 76% (2020: 73%) of the Group's trade and other receivables were due from an associate located in Singapore.

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk (cont'd)*

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2021 $'000				2020 $'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	**77,182**	**49,143**	**–**	**126,325**	63,858	65,433	–	129,291
Trade and other receivables	**75,531**	**11,889**	**–**	**87,420**	85,053	5,676	–	90,729
Derivatives	**1,485**	**895**	**–**	**2,380**	1,494	606	–	2,100
Cash and cash equivalents	**141,615**	**–**	**–**	**141,615**	456,332	–	–	456,332
Total undiscounted financial assets	**295,813**	**61,927**	**–**	**357,740**	606,737	71,715	–	678,452
Financial liabilities								
Trade and other payables	**70,246**	**4,373**	**–**	**74,619**	65,628	17,056	–	82,684
Other non-current liabilities	**–**	**647**	**–**	**647**	–	482	–	482
Lease liabilities	**2,716**	**1,427**	**1,843**	**5,986**	3,128	3,961	1,970	9,059
Loans and borrowings	**561,576**	**538,213**	**–**	**1,099,789**	593,176	580,310	–	1,173,486
Derivatives	**2,294**	**651**	**–**	**2,945**	7,850	2,884	–	10,734
Total undiscounted financial liabilities	**636,832**	**545,311**	**1,843**	**1,183,986**	669,782	604,693	1,970	1,276,445
Total net undiscounted financial liabilities	**(341,019)**	**(483,384)**	**(1,843)**	**(826,246)**	(63,045)	(532,978)	(1,970)	(597,993)

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk (cont'd)*

	2021 $'000			2020 $'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	**1,382,721**	**107,013**	**1,489,734**	1,202,507	128,475	1,330,982
Derivatives	**–**	**180**	**180**	–	–	–
Cash and cash equivalents	**17,205**	**–**	**17,205**	249,431	–	249,431
Total undiscounted financial assets	**1,399,926**	**107,193**	**1,507,119**	1,451,938	128,475	1,580,413
Financial liabilities						
Trade and other payables	**645,717**	**–**	**645,717**	621,780	–	621,780
Derivatives	**–**	**–**	**–**	779	–	779
Loans and borrowings	**91,070**	**363,325**	**454,395**	237,350	318,468	555,818
Total undiscounted financial liabilities	**736,787**	**363,325**	**1,100,112**	859,909	318,468	1,178,377
Total net undiscounted financial assets/(liabilities)	**663,139**	**(256,132)**	**407,007**	592,029	(189,993)	402,036

Investment securities at FVOCI, shareholder loans to an associate and shareholder notes to a joint venture under non-current assets are excluded from the tables above.

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amounts of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2021 $'000			2020 $'000		
	1 year or less	**1 to 5 years**	**Total**	1 year or less	1 to 5 years	Total
Group						
Financial guarantees	**1,582**	**–**	**1,582**	1,610	2	1,612
Company						
Financial guarantees	**150,000**	**–**	**150,000**	–	150,000	150,000

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) *Equity price risk*

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by prudent review of the investments before investing and continuous monitoring of their performance and risk profiles.

The investment securities that are subject to equity price risk are classified as either FVTPL or FVOCI financial assets.

At the end of the reporting period, the Group's equity portfolio classified as FVTPL consists of shares of companies in Singapore of 46% (2020: 40%), the United States 36% (2020: 42%), Japan 5% (2020: 5%), Australia 9% (2020: 8%), Hong Kong 2% (2020: 3%) and 2% (2020: 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 $2,481,000 (2020: $2,473,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 88% (2020: 94%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 12% (2020: 6%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's other comprehensive income or FVOCI reserve in equity would have been $7,681,000 (2020: $5,699,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) *Commodity price risk*

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts.

As at 31 December 2021, no forward tin contracts were designated as cash flow or fair value hedge. In 2020, a net loss of $352,000 with a deferred tax benefit of $84,000 in respect of the forward tin contracts were recognised in profit or loss.

(g) *Capital management*

Capital includes debt and equity items as disclosed in the following table.

The Group's objective is to provide a reasonable return to shareholders by investing into businesses that are commensurate with the level of risks. This also takes into account synergies with other operations and activities, the availability of management and other resources, and the fit of the activities with the Group's longer strategic objectives.

The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the various core businesses. The Group allocates the amount of capital in proportion to risk, manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group monitors the return of capital, which is defined as total shareholders' equity (excluding non-controlling interests), gearing ratio, which is defined as borrowings net of cash over total equity and the level of dividends to shareholders. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) *Capital management (cont'd)*

The Group's subsidiaries in The People's Republic of China ("PRC") are subject to foreign exchange rules and regulations promulgated by the PRC government which may impact how the Group manages capital. These subsidiaries have complied with the applicable capital requirements throughout the year.

	Group	
	2021	2020
	$'000	$'000
Equity attributable to owners of the Company	**1,771,382**	1,537,998
Non-controlling interests	**163,468**	188,940
Total equity	**1,934,850**	1,726,938
Net borrowings	**904,381**	732,209
Gearing ratio	**46.7%**	42.4%

40. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) *Derivative financial instruments*

The Group has the following derivative financial instruments at the reporting date:

At 31 December 2021

	Notional Amount		**Fair Value**	
	Asset	**Liability**	**Asset**	**Liability**
	$'000	**$'000**	**$'000**	**$'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**

At 31 December 2020

	Notional Amount		Fair Value	
	Asset	Liability	Asset	Liability
	$'000	$'000	$'000	$'000
Forward currency contracts	63,043	212,599	2,100	9,603
Cross currency swap contracts	–	50,000	–	779
Forward commodity contracts	–	10,936	–	352
	63,043	273,535	2,100	10,734

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 2021

40. 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) In 2020, loans amounting to Japanese Yen 1.2 billion had been designated as a hedge against the net investment denominated in Japanese Yen. Gains or losses on the retranslation of the borrowings are taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment. The loans were included in borrowings (note 31).

(ii) One (2020: Nil) Great Britain Pound, Nil (2020: three) Japanese Yen, four (2020: four) Australian Dollar, three (2020: three) Korean Won, Nil (2020: one) United States Dollar and three (2020: Nil) 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 were taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) *Estimation uncertainty*

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

(i) Impairment of goodwill

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

(ii) Depreciation of property, plant and equipment

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

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 2 to 40 years. These are common life expectancies applied in such industry. Changes in the expected level of usage and timing of relocation to Pulau Indah could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(a) *Estimation uncertainty (cont'd)*

(ii) Depreciation of property, plant and equipment (cont'd)

In the tin mining subsidiaries, plant and equipment, including mine restoration assets, used in mining are depreciated using the unit-of-production method based on economically recoverable ore except in cases of assets whose useful life is shorter than the life of mine, in which case, the straight-line method is applied. Changes in estimated economically recoverable ore resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amounts to $46,526,000 (2020: $46,040,000).

(iii) Revaluation of properties

The Group carries its investment properties, land and buildings at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of land and buildings are recognised in other comprehensive income respectively.

The fair values of properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise comparison method, direct capitalisation method, discounted cash flow method, investment valuation method and depreciated replacement cost method.

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

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

(iv) Inventories

Significant management judgement and estimation are required in applying: (i) valuation techniques to determine the valuation of tin-in-concentrates, tin-in-process and refined tin metal; and (ii) the timing of recognition of tin-in-concentrates based on the terms of the contracts.

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

Due to unfavourable tin prices forecasts, the Group wrote down $10,191,000 of its tin-bearing inventories to their net realisable value in 2019. In 2020 and 2021, due to favourable tin prices, the Group wrote back $2,355,000 and $7,822,000 of its tin-bearing inventories to their net realisable value, respectively. The carrying amount of inventories at the reporting date is disclosed in note 25.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(a) *Estimation uncertainty (cont'd)*

(v) *Provision for mine restoration costs*

Provision for mine restoration costs is provided based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the future expenditure, the cessation date of production and the discount rate.

The subsidiary has engaged an external consultant specialising in mine restoration to carry out assessment on the mine restoration plan. The mine restoration plan was resubmitted by the subsidiary to the relevant authorities during the year ended 31 December 2017. The carrying amount of provision for mine restoration costs is disclosed in note 30. The provision for mine restoration costs, based on the methodology proposed by the external consultant and adopted by the subsidiary in its mine restoration plan, represents the current best estimate. Where expectations from the relevant authorities differ from the plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs.

(vi) *Provision for voluntary separation/retrenchment compensation*

Provision for voluntary separation/retrenchment compensation is provided based on the estimated compensation amount to be paid for the affected employees at its existing Butterworth tin smelting plant, who have no intention to relocate to the new tin smelting plant in Pulau Indah. Significant management judgement is required in assessing the past events which have occurred in triggering a present obligation for the provision.

Significant management estimate is required in determining the number of potential employees to be compensated. Where the actual compensation amount differs from the original estimates, the difference may significantly impact the carrying amount of the provision.

The provision for voluntary separation/retrenchment compensation at the reporting date is disclosed in note 30.

(vii) *Ore reserve and mineral resource estimates*

Ore reserve and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserve and mineral resource based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. The standards and guidelines used in the resource estimation are complied with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code").

The change in estimates of ore reserve and mineral resource may impact the Group's reported financial position and results, in the following ways:

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using unit-of-production ("UOP") method, or where the useful life of the related assets change.
- The carrying value of mine properties and property, plant and equipment where their depreciation and amortisation charges are determined using UOP method, may be affected.
- Provision for mine restoration may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(b) *Judgements*

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

(i) Income taxes

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

The carrying amounts are as follows:

	Group	
	2021	2020
	$'000	$'000
Income tax receivables	**5,719**	5,836
Income tax payable	**14,236**	13,487
Deferred tax assets	**5,376**	6,871
Deferred tax liabilities	**91,178**	35,142

(ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For details of the key assumptions and inputs used, see note 39(c).

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 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
Non-financial assets as at 31 December 2021	–	–	1,059,569	1,059,569
Financial assets				
Financial assets at FVTPL (note 22(b))				
Equity securities				
- Quoted equity securities	39,163	20,623	–	59,786
Financial assets at FVOCI (note 22(a))				
Equity securities				
- Quoted equity securities	140,088	22,632	–	162,720
Derivatives (note 23)				
Forward currency contracts	–	2,200	–	2,200
Cross currency swap contracts	–	180	–	180
Financial assets as at 31 December 2021	179,251	45,635	–	224,886

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 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
Financial liabilities				
Derivatives (note 23)				
Forward currency contracts	–	2,945	–	2,945
Financial liabilities as at 31 December 2021	–	2,945	–	2,945

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2020 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets				
Land and buildings (note 14)	–	–	19,769	19,769
Investment properties (note 16)	–	–	932,199	932,199
Non-financial assets as at 31 December 2020	–	–	951,968	951,968
Financial assets				
Financial assets at FVTPL (note 22(b))				
Equity securities				
- Quoted equity securities	42,447	17,134	–	59,581
Financial assets at FVOCI (note 22(a))				
Equity securities				
- Quoted equity securities	127,177	995	–	128,172
Derivatives (note 23)				
Forward currency contracts	–	2,100	–	2,100
Financial assets as at 31 December 2020	169,624	20,229	–	189,853

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2020 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities				
Derivatives (note 23)				
Forward currency contracts	–	9,603	–	9,603
Cross currency swap contracts	–	779	–	779
Forward commodity contracts	–	352	–	352
Total derivatives	–	10,734	–	10,734
Financial liabilities as at 31 December 2020	–	10,734	–	10,734

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Company 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**
Non-financial assets as at 31 December 2021	**–**	**–**	**6,222**	**6,222**

	Company 2020 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets				
Land and buildings (note 14)	–	–	595	595
Investment properties (note 16)	–	–	5,534	5,534
Non-financial assets as at 31 December 2020	–	–	6,129	6,129

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

C. Level 2 fair value measurements

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

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

D. Level 3 fair value measurements

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

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	- Comparable prices: $199 to $382 per square meter (2020: $212 to $399 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: 4.25% to 6.75% (2020: 5.50% to 7.00%)	The estimated fair value varies inversely against the capitalisation rate
		- Rental rates: $5.00 to $199.96 per square meter (2020: $5.21 to $43.95 per square meter)	The estimated fair value increases with higher rental rate

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

D. Level 3 fair value measurements (cont'd)

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements (cont'd)			
Investment properties in Singapore, Malaysia, China, Australia, United Kingdom, and Korea	Discounted cashflow method	- Discount rates: 5.25% to 8.50% (2020: 6.50% to 8.75%)	The estimated fair value varies inversely against the discount rate
		- Terminal yield rates: 4.50% to 7.00% (2020: 5.50% to 7.25%)	The estimated fair value varies inversely against the terminal yield rate
		- Net rental growth rates: 1.0% to 4.5% (2020: 1.2% to 10.0%)	The estimated fair value increases with higher net rental growth rate
	Comparison method	- Comparable prices: $58 to $21,132 per square meter (2020: $62 to $19,922 per square meter)	The estimated fair value increases with higher comparable price
	Residual value method	- Gross development value: $19.1 million (2020: $14.9 million)	The estimated fair value increases with higher gross development value
	Investment valuation method	- Equivalent yield rate: 6.48% (2020: 6.62%)	The estimated fair value varies inversely against the equivalent yield rate

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2021 $'000 Fair value measurement using significant unobservable inputs (Level 3)	
	Land and buildings	**Investment properties**
At 1 January	**19,769**	**932,199**
Total gains for the year	**248**	**133,390**
Depreciation	**(487)**	**–**
Additions	**569**	**64,508**
Disposals	**–**	**(87,400)**
Exchange adjustment	**(176)**	**(3,051)**
At 31 December	**19,923**	**1,039,646**
Total gains or losses for the year included in other comprehensive income		
– Net surplus on revaluation of land and buildings	**248**	**–**

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

D. Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2020 $'000 Fair value measurement using significant unobservable inputs (Level 3)	
	Land and buildings	Investment properties
At 1 January	17,024	863,936
Total gains for the year	1,766	37,361
Depreciation	(470)	–
Additions	1,494	235,709
Disposals	–	(249,337)
Exchange adjustment	(45)	44,530
At 31 December	19,769	932,199
Total gains or losses for the year included in other comprehensive income		
– Net surplus on revaluation of land and buildings	1,766	–

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

(a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

(b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

D. Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures (cont'd)

(c) The direct capitalisation method that is based on the capitalisation of net rental income taking into consideration factors such as vacancy rates and rental growth rates to arrive at the capital value. The net rental income is derived after deducting expenses and property related taxes from the gross rent.

(d) The discounted cashflow method that involves the estimation of net income stream over a period and discounting the net income stream; taking into consideration a range of assumptions such as terminal yield rate, discount rate and rental growth.

(e) The residual method that is based on gross development value of the project less estimated cost of development, deferred over the period of time required to complete the project to arrive at the market value.

E. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following tables show an analysis of the assets and liabilities not measured at fair value as at 31 December but for which fair value is disclosed:

	Group 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

For the financial year ended 31 December 2021

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

E. Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

	Group 2020 $'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	–	–	104,564	104,564	100,710
Fixed rate notes	361,480	–	–	361,480	348,023
	361,480	–	104,564	466,044	448,733

Determination of fair value

Fixed rate notes

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

Fixed rate bank loans

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

43. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment chief executives responsible for the performance of the respective segments under their charge. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The four reportable operating segments are as follows:

(a) The Resources segment's principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 22.1% stake in ARA Asset Management Limited and 100% stake in Straits Real Estate Pte. Ltd. (89.5% up to 9 April 2021).

(c) The Hospitality business includes 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 table below.

Transactions between operating segments are based on terms agreed between the parties.

Notes to the Financial Statements

For the financial year ended 31 December 2021

43. 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 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 voluntary separation/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 2021

43. SEGMENT INFORMATION (CONT'D)

2020 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
Sale of tin, at a point in time	249,674	–	–	–	–	249,674
Smelting revenue, at a point in time	12,019	–	–	–	–	12,019
Sale of by-product, at a point in time	4,198	–	–	–	–	4,198
Other resources revenue, at a point in time	893	–	–	–	–	893
Rental and related income, over time	–	42,107	–	–	–	42,107
Inter-segment revenue	–	12	–	–	(12)	–
Total revenue	266,784	42,119	–	–	(12)	308,891
Segment results						
Operating profit	15,433	62,977	1,331	792	–	80,533
Fair value changes in investment properties	–	37,361	–	–	–	37,361
Impairment losses	(902)	–	–	–	–	(902)
Finance costs	(4,279)	(15,182)	–	(10,308)	–	(29,769)
Share of results of associates and joint ventures	(1,806)	23,420	(12,902)	22	–	8,734
Profit/(Loss) before tax	8,446	108,576	(11,571)	(9,494)	–	95,957
Income tax expense	(3,367)	(20,854)	(227)	(332)	–	(24,780)
Profit/(Loss) after tax	5,079	87,722	(11,798)	(9,826)	–	71,177
Profit/(Loss) attributable to:						
Owners of the Company	3,258	69,849	(11,798)	(9,826)	–	51,483
Non-controlling interests	1,821	17,873	–	–	–	19,694
	5,079	87,722	(11,798)	(9,826)	–	71,177
Segment Assets	331,996	2,240,107	167,444	346,399	–	3,085,946
Segment Liabilities	174,265	647,377	–	537,366	–	1,359,008
Other information						
Dividend income	–	6,026	–	2,607	–	8,633
Interest income	275	8,924	1,331	992	–	11,522
Depreciation	5,333	2,355	–	5	–	7,693
Amortisation	429	–	–	–	–	429
Other material non-cash items:						
Impairment of a joint venture	265	–	–	–	–	265
Impairment of mining rights	145	–	–	–	–	145
Impairment of corporate club membership	16	–	–	–	–	16
Impairment of mine properties	476	–	–	–	–	476
Associates and joint ventures	8,227	875,783	100,892	22	–	984,924
Additions to non-current assets[(1)]	9,188	252,820	–	6	–	262,014
Provision for voluntary separation/retrenchment compensation	90	–	–	–	–	90
Inventories written back	(2,355)	–	–	–	–	(2,355)

[(1)] Additions to non-current assets exclude associates and joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2021

43. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenues attributable to geographic areas are based on the location for which the revenue is earned or where the business is transacted. Geographical assets are based on the location or operation of the Group's assets. Investments in the associates ARAH and FEHH are presented in the Singapore segment.

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

2020 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Japan $'000	China $'000	Korea $'000	United Kingdom $'000	Consolidated $'000
Segment revenue								
Revenue from external parties	2,542	266,951	21,274	9,632	6,050	–	2,442	308,891
Non-current assets	761,226	228,334	577,619	30,933	274,562	58,969	139,734	2,071,377

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 three major customers amount to $176,931,000 (2020: one major customer amount to $41,992,000), arising from sales by the Resources segment.

Notes to the Financial Statements

For the financial year ended 31 December 2021

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %	
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**	28	(a)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC Realty (Butterworth) Sendirian Berhad (1)	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Property	**100**	100	
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Investment Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	**100**	100	
Sword Investments Private Limited	Singapore	Investment	**100**	100	
Sword Private Limited	Singapore	Investment	**100**	100	
STC Management Holdings Limited +	British Virgin Islands ("BVI")	Investment	**100**	100	
Held through subsidiaries					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad (1)	Malaysia	Investment	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**100**	89	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**100**	89	
SRE Venture 1 Pte. Ltd. ∅	Singapore	Investment	**100**	89	

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %
Subsidiaries (cont'd)				
Held through subsidiaries				
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Venture 4 Pte. Ltd. [α]	Singapore	Investment	**–**	89
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**100**	89
SRE China 1 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Capital Pte. Ltd. [α]	Singapore	Investment	**–**	89
Chongqing Xinchuang Mall Management Co., Ltd. [(1)]	People's Republic of China	Real estate investment & management	**100**	89
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Venture 8 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Australia 1 Pte. Ltd.	Singapore	Investment	**100**	89
SRE Venture 9 Pte. Ltd. [ø]	Singapore	Investment	**100**	89
Straits Real Estate (Beijing) Business Consulting Co., Ltd [α]	People's Republic of China	Consulting	**–**	89
SRE Venture 10 Pte. Ltd. [ø]	Singapore	Investment	**100**	89
SRE Japan 1 Pte. Ltd. [ø]	Singapore	Investment	**100**	89

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
SRE Luxe 1 Pte. Ltd. ∅	Singapore	Investment	**100**	89	
SRE Luxe 2 Pte. Ltd. ∅	Singapore	Investment	**100**	89	
SRE Japan 2 Pte. Ltd. ∅	Singapore	Investment	**100**	89	
SRE Luxe 3 Pte. Ltd. ∅	Singapore	Investment	**100**	89	
SRE Luxe 4 Pte. Ltd. ∅	Singapore	Investment	**100**	89	
SRE Australia 2 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Venture 11 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Japan 11 Pte. Ltd.	Singapore	Investment	**100**	89	
Savills IM Japan Residential Fund, LP ∅	Singapore	Investment	**100**	89	
JPN Residential Holdings Pte. Ltd. ∅	Singapore	Investment	**100**	89	(b)
JPN Residential TK Holdings Pte. Ltd. ∅	Singapore	Investment	**100**	89	(b)
SIM Residence One GK α	Japan	Property	**–**	88	(b)
SIM Residence 2 GK α	Japan	Property	**–**	78	(b)
Residence 4 GK α	Japan	Property	**–**	89	(b)
Residence 5 GK δ	Japan	Property	**100**	89	(b)
SRE Venture 12 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Australia 3 Pte. Ltd.	Singapore	Investment	**100**	89	
45SGT Unit Trust (1)	Australia	Property	**95**	85	
SRE Venture 13 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Australia 11 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Australia Industrial 1 Pte. Ltd.	Singapore	Investment	**100**	89	
ILP No.1 Trust (1)	Australia	Investment	**80**	72	

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
C&G Australia Industrial Trust (1)	Australia	Investment	**80**	72	(c)
Dockside Industrial Trust #1 (1)	Australia	Property	**80**	72	(c)
C&G Salisbury South Trust No.1 (1)	Australia	Property	**80**	72	(c)
C&G Salisbury South Trust No.2 (1)	Australia	Property	**80**	72	(c)
C&G Baywater Trust (1)	Australia	Property	**80**	72	(c)
C&G Kilkenny Trust (1)	Australia	Property	**80**	72	(c)
C&G Mawson Lakes Trust (1)	Australia	Property	**80**	72	(c)
ILP Mulgrave Trust (1)	Australia	Property	**80**	72	(c)
Dockside Industrial Trust #2 (1)	Australia	Property	**80**	72	(c)
SRE Australia 12 Pte. Ltd.	Singapore	Investment	**100**	89	
SL Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**42**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Tin warehousing	**52**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**52**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**52**	55	
Straits Resource Management Private Limited ß	Singapore	Investment holding	**52**	55	
M Smelt (C) Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**52**	55	
PT SRM Indonesia (7) ß	Indonesia	Dormant	**51**	54	
STC Property Management Sdn. Bhd. (formerly known as STC Property Management Services Sdn. Bhd.) (1)	Malaysia	Property	**100**	100	
Straits Investment Management Pte. Ltd.	Singapore	Investment	**100**	100	(d)
SRE Venture 14 Pte. Ltd.	Singapore	Investment	**100**	89	
IGIS Arenas KLIP 1 Private Placement Real Estate Feeder Investment Company (5)	Korea	Investment	**95**	85	(e)
IGIS Arenas KLIP 1-1 Private Placement Real Estate Master Investment Company (5)	Korea	Investment	**95**	85	
IGIS Arenas KLIP 1-2 Private Placement Real Estate Master Investment Company (5)	Korea	Investment	**95**	85	

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %	
Subsidiaries (cont'd)					
Held through subsidiaries (cont'd)					
SRE Venture 15 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Venture 16 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Venture 17 Pte. Ltd.	Singapore	Investment	**100**	89	
SRE Bourne Limited [(3)]	England	Property	**100**	89	(f)
SRE Venture 18 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Venture 19 Pte. Ltd.	Singapore	Investment	**100**	–	
SRE Australia 4 Pte. Ltd.	Singapore	Investment	**100**	–	
Straits Trading Shareholders Club Pte. Ltd.	Singapore	Providing memberships to members to access to benefits, events and privileges	**100**	–	
Straits Trading GG Pte. Ltd.	Singapore	Property	**100**	–	
Straits Trading GCB Pte. Ltd.	Singapore	Property	**100**	–	
STC Fintech Holdings Pte. Ltd.	Singapore	Investment	**100**	–	
Associates					
Held by the Company					
Taiko-Straits Developments Sdn. Bhd. [(6)] *(Accounting year ended 30 September)*	Malaysia	Property development	**30**	30	

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	2020 %	
Associates (cont'd)					
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**	22	
ARA Asset Management Holdings Pte. Ltd. [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**22**	22	(g)
Far East Hospitality Holdings Pte. Ltd. [(4)] *(Accounting year ended 31 December)*	Singapore	Owner, operator and manager of hospitality properties	**30**	30	
ARA Harmony Fund III, L.P. [(2)] *(Accounting year ended 31 December)*	Cayman Islands	Investment	**40**	36	(h)
Savills Investment Management Japan Value Fund II, LP [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**19**	17	(i)
SME Help Fund Pte. Ltd. [(2)] *(Accounting year ended 31 December)*	Singapore	Investment	**30**	30	
Savills IM UK Value Boxes Fund FCP-RAIF *(Accounting year ended 31 December)*	England	Property	**71**	–	
SDAX Financial Pte. Ltd. [(2)] *(Accounting year ended 31 December)*	Singapore	Digital financial services	**14**	–	

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	Country of Incorporation	Business	Effective Shareholding 2021 %	Effective Shareholding 2020 %	
Joint Ventures					
Held through subsidiaries					
KM Resources, Inc. [(1) ß] *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(j)
320P Trust [(5)] *(Accounting year ended 31 December)*	Cayman Islands	Property	**26**	23	(k)
ILP Managers Pty Ltd [(1)] *(Accounting year ended 31 December)*	Australia	Management	**50**	45	
Sky Logis Private Real Estate Investment Company [(5)] *(Accounting year ended 31 December)*	Korea	Property	**50**	42	
Ivory SL Joint Venture Limited [(2)] *(Accounting year ended 31 December)*	Cayman Islands	Investment	**38**	34	

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by Mazars UK.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(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 2020 and 2021.
ø Voluntary liquidation/de-registration in progress and no statutory audit is required for 2021.
α Voluntarily liquidated/de-registered in 2021.
\+ 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% (2020: 55%).

(b) These are subsidiaries of Savills IM Japan Residential Fund, L.P..

(c) These are subsidiaries of ILP No.1 Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

(d) Straits Investment Management Pte. Ltd. ("SIM") is a Registered Fund Management Company and is regulated by the Monetary Authority of Singapore. SIM obtains mandates from both internal and external parties to manage funds that focus on global real estate, particularly REITs.

(e) KLIP focuses on acquiring, developing and managing logistics properties in the Greater Seoul area. The platform holds SLRE as a joint venture.

(f) SRE Bourne Limited holds a business park in Surrey, United Kingdom.

(g) On completion of the privatisation and delisting of ARA Asset Management Limited ("ARA") in April 2017, the Group holds its investment in ARA through a 22.06% stake in ARA Asset Management Holdings Pte. Ltd..

(h) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(i) Savills Investment Management Japan Value Fund II, LP focuses on acquiring office assets in the Greater Tokyo area and other cities in Japan.

(j) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

(k) 320P Trust holds a commercial property in Sydney, Australia.

45. SUBSEQUENT EVENTS

(a) *ETF Investment*

On 17 January 2022, the Company through its subsidiary, Straits Investment Holdings Pte. Ltd., invested $30 million in – the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF representing 30,000,000 ETF shares at $1.00 per share.

(b) *Private Placement*

On 18 January 2022, the Company announced the proposed private placement of 26,000,000 new ordinary shares in the capital of the Company (the "Private Placement", and the new ordinary shares, the "Placement Shares") at an issue price of $3.11 per Placement Share (the "Placement Price") to raise gross proceeds of $80.9 million.

The Placement Price of $3.11 per Placement Share represents a discount of approximately 8.9% to the volume weighted average price of $3.4126 per ordinary share in the capital of the Company ("Share") of all trades in the Shares on the Singapore Exchange Securities Trading Limited on 13 January 2022. The Placement Shares that are expected to be issued in relation to the Private Placement will be issued pursuant to the general mandate obtained at the Company's annual general meeting held on 30 April 2021, and shall upon issue, rank pari passu in all respects with the existing Shares, except for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Private Placement.

Notes to the Financial Statements

For the financial year ended 31 December 2021

45. SUBSEQUENT EVENTS (CONT'D)

(b) *Private Placement (cont'd)*

On 25 January 2022, the Company announced the 26,000,000 Placement Shares were issued and allotted pursuant to the Private Placement, which raised proceeds of $80.9 million, marking the completion of the Private Placement. These shares were listed on 26 January 2022.

(c) *Performance Share Plan*

On 19 January 2022, the Company announced that it has 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"). The Awards will be vested upon achievement of certain performance conditions pursuant to the PSP.

(d) *Proposed merger between ARA and ESR*

On 20 January 2022, the Group announced that it has completed its previously announced disposal of shareholding in ARA Asset Management Limited ("ARA Shares") by ARA Investment (Cayman) Limited, an associated company of the Company (the "Proposed Transaction"). The Group through its subsidiary, Straits Equities Holdings (One) Pte. Ltd., has received US$845.3 million ($1,140.4 million) in a combination of US$99.9 million ($134.8 million) cash and 214,674,500 ESR Cayman Limited ordinary shares upon completion of the Proposed Transaction. Following the merger, ESR emerges as APAC's largest real asset fund management platform that is powered by New Economy assets like logistics and data centres.

(e) *Acquisition of Properties in Australia*

On 11 February 2022, the Group announced that it will acquire a 9-storey freehold Grade-A office building with net lettable area ("NLA") totalling 15,354 square metres and a 5-storey freehold Grade A office building with NLA totalling 5,779 square metres in Melbourne, Australia for approximately A$150 million (approximately $143.9 million).