IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

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

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

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

A MEMBER OF THE TECITY GROUP

THE STRAITS TRADING COMPANY LIMITED

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

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

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by The Straits Trading Company Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, 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 (as defined in Section 239(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 defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

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

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

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

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for 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 or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on pages 96 and 97 of this Information Memorandum.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

DEFINITIONS

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

"**1Q2016**"	:	The three months ended 31 March 2016.
"**1Q2017**"	:	The three months ended 31 March 2017.
"**Agency Agreement**"	:	The Agency Agreement dated 13 October 2011 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**ARA**"	:	ARA Asset Management Limited.
"**Arranger**"	:	DBS Bank Ltd.
"**Board**"	:	Board of Directors of the Issuer.
"**business day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph

		appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest-bearing Definitive Note.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Deed of Covenant**"	:	The deed of covenant dated 13 October 2011 executed by the Issuer by way of deed poll in relation to the Notes (which are represented by Global Notes and which are deposited with the Depository), as amended, varied or supplemented from time to time.
"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"**Euro**"	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**FEHH**"	:	Far East Hospitality Holdings Pte Ltd.
"**FEHT**"	:	Far East Hospitality Trust.
"**FEOrchard**"	:	Far East Orchard Limited.
"**FY**"	:	Financial year ended or ending 31 December.
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"**Group**"	:	The Issuer and its subsidiaries.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Issue Documents**"	:	The Trust Deed, the Agency Agreement, the Master Depository Services Agreement and the Deed of Covenant.
"**Issuer**"	:	The Straits Trading Company Limited.
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.

"**Latest Practicable Date**"	:	28 June 2017.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Master Depository Services Agreement**"	:	The master depository services agreement dated 13 October 2011 made between (1) the Issuer, as issuer, and (2) the Depository, as depository, as amended, varied or supplemented from time to time.
"**MSC**"	:	Malaysia Smelting Corporation Berhad.
"**MSC Group**"	:	MSC and its subsidiaries.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The notes to be issued by the Issuer under the Programme.
"**PATNCI**"	:	Profit after tax and non-controlling interests.
"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.
"**Principal Subsidiary**"	:	Any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then: (a) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and (b) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary. Any subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the earlier of (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which shows the total assets of the

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

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

(i) MSC; and

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

"**Programme**" : The S$500,000,000 Multicurrency Debt Issuance Programme established by the Issuer pursuant to the Programme Agreement.

"**Programme Agreement**" : The Programme Agreement dated 13 October 2011 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended and restated by an amendment and restatement agreement dated 3 July 2017 and as further amended, varied or supplemented from time to time.

"**Securities Act**" : Securities Act of 1933 of the United States, as amended.

"**Series**" : (1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.

"**SFA**" : Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.

"**SGX-ST**" : Singapore Exchange Securities Trading Limited.

"**Shares**" : Ordinary shares in the capital of the Issuer.

"**SRE**" : Straits Real Estate Pte. Ltd.

"**SRE Capital**" : SRE Capital Pte. Ltd.

"**subsidiary**" : Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).

“**TARGET System**”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“**Temporary Global Note**”	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
“**TCPL**”	:	The Cairns Pte. Ltd., the controlling shareholder of the Issuer.
“**Tecity Group**”	:	Tecity Pte. Ltd and its related entities.
“**Tranche**”	:	Notes which are identical in all respects (including as to listing).
“**Trust Deed**”	:	The Trust Deed dated 13 October 2011 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement deed dated 3 July 2017 made between the same parties and as further amended, varied or supplemented from time to time.
“**Trustee**”	:	DBS Trustee Limited.
“**URA**”	:	Urban Redevelopment Authority of Singapore.
“**A$**”	:	Australian dollars, the lawful currency of Australia.
“**JPY**”	:	Japanese yen, the lawful currency of Japan.
“**RM**”	:	Malaysian ringgit, the lawful currency of Malaysia.
“**RMB**”	:	Renminbi, the lawful currency of the People’s Republic of China.
“**S$**” and “**cents**”	:	Singapore dollars and cents respectively.
“**sq ft**”	:	Square feet.
“**US$**” or “**US dollars**”	:	United States dollars, the lawful currency of the United States of America.
“**%**”	:	Per cent.

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

CORPORATE INFORMATION

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

SUMMARY OF THE PROGRAMME

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

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

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

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

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

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

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

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

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

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

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

For the purposes of these Conditions:

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

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

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

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

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

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

but after deducting therefrom any cash and cash equivalents; and

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

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

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

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

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

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

(cc) revaluation reserves;

(dd) foreign currency translation adjustments;

(ee) minority interests; and

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

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF THE NOTES

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

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

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

(b) Title

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

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or

Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

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

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

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

2. Status

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

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

(a) Negative Pledge

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

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

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

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

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

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

(b) Financial Covenants

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

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

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

(c) Non-Disposal Covenant

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

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

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

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

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

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

For the purposes of these Conditions:

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

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

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

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

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

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

but after deducting therefrom any cash and cash equivalents;

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

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

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

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

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

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

(III) revaluation reserves;

(IV) foreign currency translation adjustments;

(V) minority interests; and

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

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

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

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

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

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

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

(A) Malaysia Smelting Corporation Berhad; and

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

4. Interest and Other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

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

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

(a) Interest Payment Dates

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

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

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

(b) Rate of Interest - Floating Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Rate of Interest - Variable Rate Notes

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

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

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

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

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

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement

of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

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

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

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

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

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

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

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

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

(d) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

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

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

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

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

(c) Floating Rate Period

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

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

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

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

(IV) Zero Coupon Notes

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

(V) Calculations

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

5. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation.

The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

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

(c) Purchase at the Option of Noteholders

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

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

(d) Redemption at the Option of the Issuer

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

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

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the

Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

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

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

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

(f) Redemption for Taxation Reasons

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

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

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

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

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

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

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

For the purposes of this Condition 5(g):

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

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

(h) Purchases

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

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

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

(i) Early Redemption of Zero Coupon Notes

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

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

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

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

(j) Cancellation

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

6. Payments

(a) Principal and Interest

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

(b) Payments subject to law etc.

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

(c) Appointment of Agents

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

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

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

(d) Unmatured Coupons

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

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

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

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

(e) Non-business days

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

(f) Default Interest

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

7. Taxation

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

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

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

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

8. Prescription

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

9. Events of Default

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Enforcement of Rights

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

11. Meeting of Noteholders and Modifications

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

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

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

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

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

12. Replacement of Notes and Coupons

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

13. Further Issues

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

14. Indemnification of the Trustee

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

15. Notices

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

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

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

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

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

16. Governing Law

(a) Governing Law

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

(b) Jurisdiction

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

17. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent and Agent Bank

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

THE ISSUER

INFORMATION ON THE GROUP

BACKGROUND AND CORPORATE MILESTONES

The Issuer was incorporated in Singapore on 8 November 1887 as a limited company under the Indian Companies Act, 1866 and is one of the oldest companies listed on the Mainboard of the SGX-ST. The Group started out as a tin smelter before diversifying its business between 1962 to 2007 to include property development and hospitality. The Issuer is currently an investment company with stakes in real estate, hospitality and resources that span the Asia-Pacific region. The Issuer considers the Group to be a "capital allocator", meaning each member of the Group seeks to assess and calibrate risks and rewards in respect of the business it conducts and the assets it holds against the prevailing economic environment. To this end, the Group will, as part of its ordinary course of business, source for and pursue investment opportunities that will provide potential for future income and capital growth, and at the same time, capitalise on divestment opportunities in respect of its assets as and when the Group considers feasible in order to free up or re-allocate capital for re-deployment towards higher yielding growth opportunities. As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately S$1.0 billion.

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

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

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

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

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

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

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

The Group's hospitality business also underwent significant changes in 2013. Through a series of transactions, the Group unlocked value from its hospitality division by converting its wholly-owned portfolio of 13 hotels with almost 3,000 rooms into a 30.0% strategic investment in a scalable and sustainable hospitality platform. In August 2013, the Group completed the injection of Rendezvous Grand Hotel Singapore and Rendezvous Gallery into FEHT for S$217 million in cash and S$68 million in stapled securities of FEHT. Through refurbishments, asset enhancements and rebranding, the value of these two properties increased by S$117 million since 2009. The transaction allowed the Group to monetise these properties into cash and a stake in FEHT from which the Group is able to enjoy a steady income stream. At the same time, the Issuer entered into a joint venture implementation agreement with FEOrchard. A 30-70 joint venture was established to pursue and conduct hospitality management, hospitality-related businesses and investments in real estate used primarily for hospitality purposes. In November 2013, the Issuer's 30.0% joint venture with FEOrchard in the hospitality industry, FEHH, became fully operational.

In October 2013, the Issuer unveiled a strategic alliance with ARA and Mr John Lim (the Chief Executive Officer and substantial shareholder of ARA) to pursue growth opportunities and value-accretive investments in real estate. As part of this strategic alliance, the Issuer became the largest shareholder in ARA through its acquisition of a 20.1% stake for approximately S$294.4 million from Cheung Kong Investment Company Limited and JL Investment Group Limited. The Issuer also formed a co-investment vehicle, SRE, with Mr John Lim to undertake real estate investment activities. As at the Latest Practicable Date, the Issuer holds a 89.5% interest in SRE.

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

In December 2014, the Issuer completed the sale of Straits Trading Building at 9 Battery Road in Singapore to the Sun Venture Group for S$450 million.

Further in April 2015, the Issuer completed the sale of its wholly-owned subsidiary, Atbara Holdings Private Limited (which owned 14 units in The Holland Collection), to Haiyi Holdings for S$53.8 million. The monetisation of these two properties is in line with the Group's strategy of redeploying its capital into potentially higher returning real estate opportunities through SRE.

On 1 April 2015, SRE Capital, a wholly owned subsidiary of SRE, launched its first fund, the SRE Asian Asset Income Fund ("**SAAIF**"), for high net worth individuals, families and other sophisticated investors. SRE's initial seed capital commitment in SAAIF was S$130 million. The strategy of SAAIF is to achieve high yield and low volatility. On 1 June 2017, the Issuer announced that the Group has fully redeemed its entire investment in the Class A, Class B and Class C shares in SAAIF at net asset value as at 31 May 2017 and following such redemption, SAAIF has ceased to be a subsidiary of the Issuer.

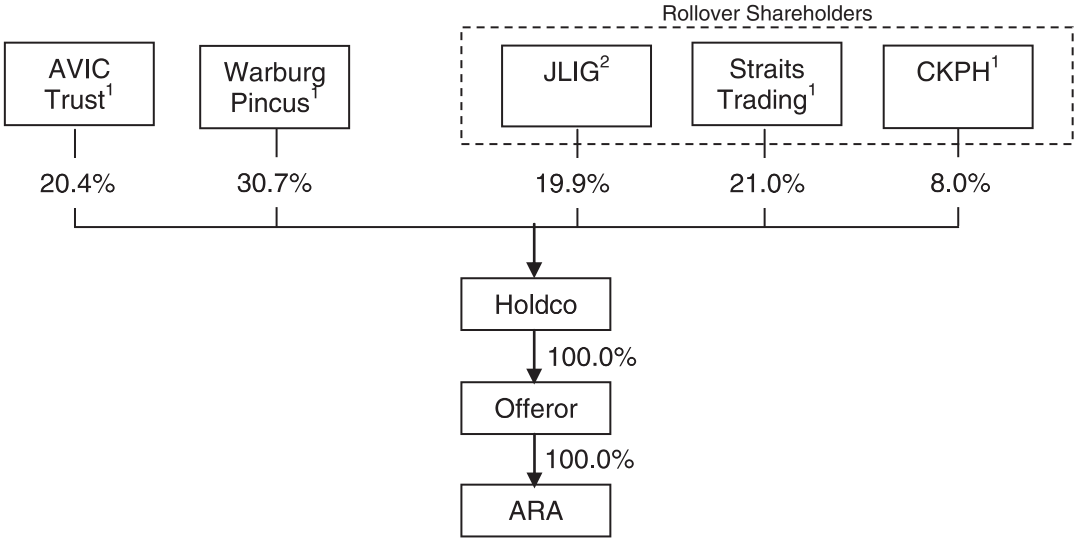
KEY RECENT DEVELOPMENTS

(i) ARA Privatisation

On 8 November 2016, the Issuer announced the Group's participation in a consortium that was seeking to privatise ARA (the "**ARA Privatisation**"). The other consortium members included JL Investment Group ("**JLIG**"), affiliates of Cheung Kong Property Holdings Limited ("**CKPH**"), Warburg Pincus LLC ("**Warburg Pincus**") and AVIC Trust Co. Ltd ("**AVIC Trust**").

On 12 April 2017, the Issuer further announced the completion of the ARA Privatisation upon which the Issuer (through two wholly-owned subsidiaries) transferred its 200,482,000 shares in ARA to Athena Investment Company (Cayman) Limited (the "**Offeror**"). In exchange, the Group received S$48.2 million in cash proceeds and approximately 21.0% of Athena Investment Company (Singapore) Pte. Limited, the holding company of the Offeror (the "**Holdco**"). The Holdco owns 100.0% of the Offeror.

The ARA Privatisation was effected by way of a scheme of arrangement. The Offeror is an entity indirectly owned by affiliates of Warburg Pincus and AVIC Trust. The shareholding structure of ARA after the completion of the ARA Privatisation is as set out below:



Notes:

(1) Affiliates of AVIC Trust, Warburg Pincus, Straits Trading and Cheung Kong Property.

(2) JLIG is an entity wholly-owned by Mr Lim Hwee Chiang, John.

Through the ARA Privatisation, ARA secured the long-term commitment of two new strategic partners, Warburg Pincus and AVIC Trust. Warburg Pincus has an established track record in the private equity business as well as a global network of business and investor relationships, which the privatised ARA will be able to gain access to, in order to raise capital for growth. AVIC Trust is also able to provide ARA with access to capital markets in China given its unique distribution capability and business opportunities in China.

ARA remains an integral part of the Group's real estate ecosystem. ARA's business networks and platforms and expertise in real estate funds management and property management have resulted in benefits to, and will continue to present synergistic opportunities for, the Issuer.

An affiliate of AVIC Trust has also undertaken to purchase a 4.0% stake in Suntec REIT units from ARA and/or the Group at S$1.71 per unit. Such purchase is conditional upon (i) the delisting of ARA from the Official List of the SGX-ST; and (ii) such affiliate of AVIC Trust having obtained a record filing notice from the National Development and Reform Commission of the People's Republic of China ("**PRC**") (or its competent local counterparts) and a certificate of outbound investment from the Ministry of Commerce of the PRC, and completed foreign exchange registration with the relevant bank in the PRC as required by the State Administration of Foreign Exchange of the PRC in relation to the sale and purchase of the Suntec REIT units. AVIC Trust has until 19 July 2017 to complete the deal. While the Group is not obliged to participate in the sale, should the Group choose to do so, it will be able to redeploy the capital that will be freed up.

(ii) Investment in an Office Building in Sydney, Australia

On 6 June 2017, the Issuer announced that SRE, through its subsidiary, SRE Australia 2 Pte. Ltd., subscribed for a 26.0% interest in the unit capital of 320P Trust (26 units at A$1.00 per unit) and approximately A$119 million (approximately S$122.7 million[1]) in notes issued by 320P Trust (collectively, the "**Transaction**").

320P Trust, through its subsidiaries, entered into a sale and purchase agreement with Propertylink Fund Management Pty Ltd as trustee of 320 Pitt Street Trust to acquire (the "**Acquisition**") an office building located in Sydney, Australia (the "**Property**"). SRE Australia 2 Pte. Ltd. will be part of a consortium,

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[1] Based on a rate of S$1.00: A$0.97 as at 5 June 2017. The conversion is provided for reference purposes only.

comprising funds managed by ARA, for the Acquisition. The completion of the Acquisition is conditional upon, amongst others, satisfactory due diligence of the Property and Australia Foreign Investment Review Board approval.

The Property is a 32-storey office building with a total net lettable area of 29,159 square metres located at 320 Pitt Street, Sydney, Australia. Strategically situated between various transport nodes, the Property is within walking distance from the Central Rail Station, the upcoming George Street light rail system and Pitt Street Metro station. The Property is also located within close proximity to Chinatown and Pitt Street Mall which offers lifestyle and food and beverage amenities. Built in 1989, the Property underwent upgrades to the mechanical and hydraulic systems in 2010 and the lift cars in 2016. The Property has the potential to be repositioned as a core investment through an asset enhancement program.

The consideration for the Transaction is approximately A$119 million (approximately S$122.7 million[2]), which will be funded by internal resources and bank borrowings.

The Transaction is in line with the Group's strategy of deploying capital from its existing property portfolio of high quality but low yielding investment properties into potentially higher return real estate opportunities via SRE.

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[2] See Note 1.

OVERVIEW

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

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

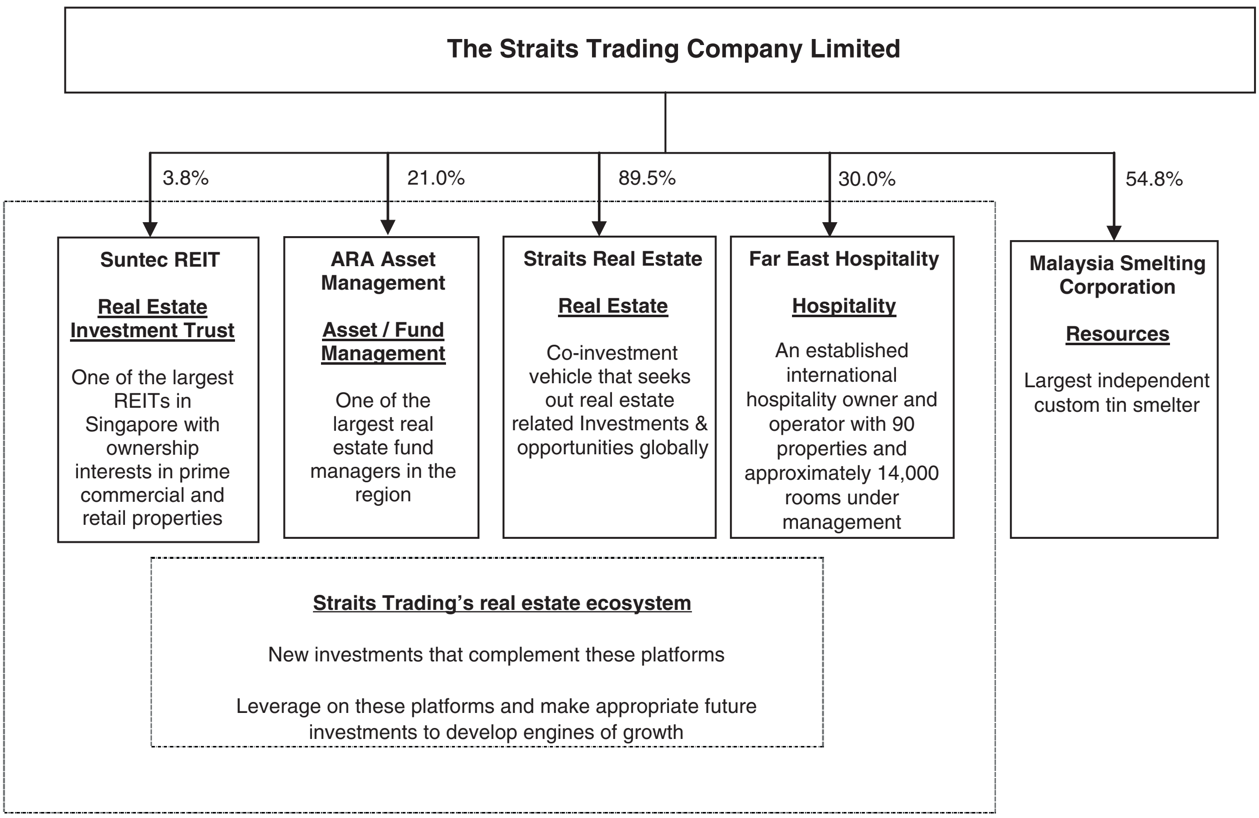
- a 21.0% indirect stake in ARA, one of the largest real estate fund managers in the region;

- a 3.8% direct interest in Suntec REIT, one of the largest REITs listed on the SGX-ST, with ownership interests in prime commercial and retail properties. As at the Latest Practicable Date, Suntec REIT has a market capitalisation of approximately S$4.9 billion;

- a 30.0% interest in FEHH, an established international hospitality owner and operator with 90 properties and approximately 14,000 rooms under management; and

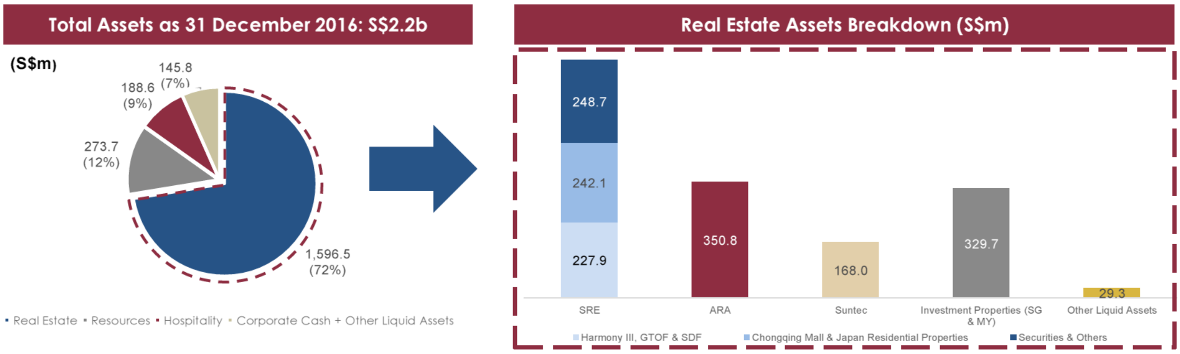
- a 54.8% stake in MSC, the largest independent custom tin smelter that is dual listed on Bursa Malaysia Bhd and the SGX-ST. MSC has a market capitalisation of approximately RM0.4 billion as at the Latest Practicable Date.

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

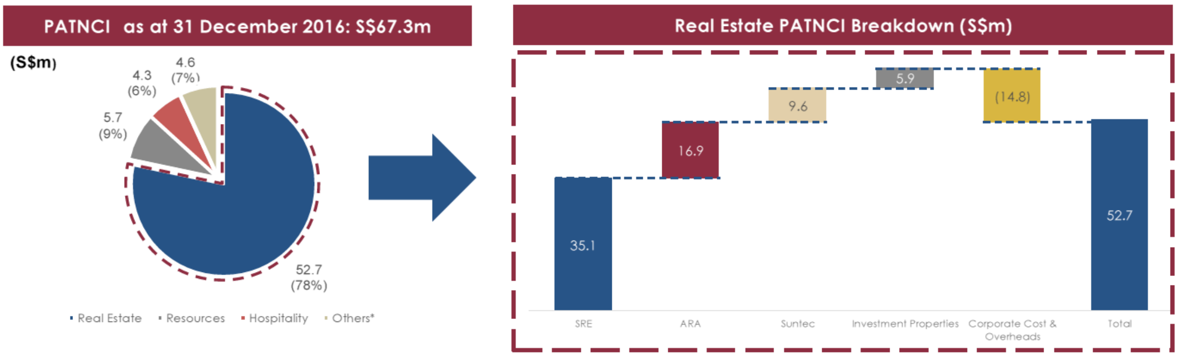


A breakdown of the Group's PATNCI and total assets by business segments is set out as follows:

(a) Total Assets by Business Segment



(b) PATNCI by Business Segment



** Others comprise Group-level corporate and treasury services*

REAL ESTATE ECOSYSTEM

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

(a) Real Estate

The Group's real estate businesses comprise:

1. SRE, its 89.5% held investment vehicle that pursues real estate opportunities globally and has a total capital commitment of S$950.0 million;

2. ARA, which has completed its privatisation in April 2017 and the Group now has a 21.0% indirect stake; and

3. Suntec REIT, which the Group has a direct interest of 3.8%.

The Group's real estate business accounted for approximately 49.4% and 78.4% of the PATNCI of the Group for FY2015 and FY2016 respectively, and 70.6% and 72.4% of the total assets of the Group as at 31 December 2015 and 31 December 2016 respectively.

(b) Hospitality

The Group's hospitality platform, a 30-70 joint venture with FEOrchard in 2013, has allowed the Group to gain scale with a larger base of assets and grow its rooms under management from 3,000 to approximately 14,000 across 90 hotels and serviced residences spanning seven countries. Through FEHH, the Group's 30.0% stake provides a large and scalable platform that the Group is able to capitalise on.

(c) Resources

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

The Group's resources business accounted for approximately (21.3%) and 8.5% of the PATNCI of the Group for FY2015 and FY2016 respectively, and 13.6% and 12.4% of the total assets of the Group as at 31 December 2015 and 31 December 2016 respectively.

INVESTMENT PROPERTIES

As of 31 December 2016, the Group holds the following investment properties:

Description of Properties	Tenure	Unexpired lease term (year)	Site area (square metres)	Net Floor Area (square metres)	Existing use	Fair value (as at 31 December 2016) (S$'000)	Effective Equity Interest (%)
Singapore							
9 residential units at Gallop Green condominium	Freehold	-	-	3,300 (strata)	Residential		
6A/8/8A/10/12 at Cable Road	Freehold	-	7,432	4,327 (gross)	Residential		
10/10A/10B at Nathan Road	Freehold	-	4,548	2,083 (gross)	Residential		
					Total	**278,360**	**100**
China							
Retail Mall at No. 186 Tongjiang Avenue Nan'an District Chongqing	Leasehold	34	24,652	35,301 (gross)	Retail		
					Total	**167,813**	**89.5**
Japan							
Residential building at 5-6 and another tract, Kujominami 2-chome, Nishiku, Osaka-shi, Osaka-fu	Freehold	-	697	1,958	Residential		
Residential building at 6-5 and another tract, Nishimiyahara 1-chome, Yodogawa-ku, Osaka-shi, Osaka-fu	Freehold	-	1,944	5,736	Residential		

Description of Properties	Tenure	Unexpired lease term (year)	Site area (square metres)	Net Floor Area (square metres)	Existing use	Fair value (as at 31 December 2016) (S$'000)	Effective Equity Interest (%)
Residential building at 45-13 and 2 other tracts, Sangenyahigashi 1-chome, Taisyoku, Osaka-shi, Osaka-fu	Freehold	-	1,098	2,825	Residential		
					Total	**74,327**	**89.5**
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	878	11,255	-	Residential		
A parcel of residential land, Lot No. 34612 Town of Ipoh(S), District of Kinta, Perak	999 years Leasehold	877	12,892	-	Residential		
Parcels of Commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold	-	3,826	-	Retail		
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold	-	7,949	-	Retail		
Lot Nos. 2569 and 2626, Section 4 Town of Butterworth, Pulau Pinang	Freehold	-	6,535	-	Carpark		
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots	10 and 14	37,196	2,921 (gross)	Residential/ Retail/ Carpark		
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/ without annex building and vacant plots	Freehold	-	55,928	3,513 (gross)	Office/ Residential/ Club house/ Storage yard/ Car showroom		
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, 12000 Butterworth, Pulau Pinang	Freehold	-	1,322	2,587	Commercial		
					Total	**33,837**	**100**

As at 31 December 2016, the Group also holds a property known as The Straits Trading Building at No. 2 Lebuh Pasar Besar, Kuala Lumpur, Malaysia. As at 31 December 2016, this property was classified as an asset held for sale and its carrying value was S$17.5 million.

In January 2017, the Group acquired a freehold residential property known as Splendid Namba II, in Naniwa-ku, Osaka, Japan, which has an asset value of S$21.7 million. Completed in March 2015, the property has a net lettable area of approximately 2,992.8 square metres comprising 120 apartment units which are individually equipped with wall-mounted air-conditioning, bathroom and kitchen amenities.

OTHER PROPERTIES

As of 31 December 2016, the Group has property, plant and equipment with a net carrying value of S$52.7 million. The details of the properties included in property, plant and equipment as at 31 December 2016 are as follows:

Description of Properties	Tenure	Unexpired lease term (year)	Existing use
Malaysia			
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	7	Holiday Bungalow
Lot 448, Mukim of Sabai, District of Bentong, Pahang Darul Makmur	Freehold	-	Agriculture
No. 27 Jalan Pantai, 12000 Butterworth:			
(i) Offices and factory buildings at Lot 142-187 and 362	Freehold	-	Office and factory
(ii) Carpark shed at Lot 268	Leasehold	12	Carpark shed
(iii) Seabed leases with main wharf at PT 686	Leasehold	53	Main wharf
Offices at unit No. B-15-6, B-15-7, B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold	-	Office
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold	-	Residential
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:			
(i) Land and buildings at Lot 344 and 348	Freehold	-	Dam and residential
(ii) Land at Lot 1886	Freehold	-	Agricultural
(iii) Land and buildings at PT 4338, 3934, 725, 726, 727, 55502, 55503, 55504, Lot 2071, 4522 and 4523	Leasehold	Up to 96	Dam, residential and power station
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	92	Residential
(v) 2 units of single-story semi-detached house at PT 5022 and 5026	Freehold	-	Residential
Lot 6, 8 & 9 Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park, West Port, 42920 Port Klang Selangor	Leasehold	80	Office and factory

REAL ESTATE BUSINESS

The Group's real estate business is anchored by its investments in the various real estate related businesses. By owning interests in a wide range of real estate related investment platforms, the Issuer creates a real estate ecosystem within the Group that leverages on the Issuer's business networks for deal flow to access investment and/or divestment opportunities such as:

1. direct investments in real estate; or

2. seeding and sponsoring real estate funds and securities.

At the same time, the Group also identifies and capitalises on divestment opportunities as and when the Group considers feasible in order to free up or re-allocate capital for re-deployment towards higher yielding growth opportunities. As the various investment platforms interact, they generate additional streams of fee income and create avenues for capital to be allocated to investments with higher returns.

As at the Latest Practicable Date, the Group's real estate business has a diversified real estate portfolio as follows:

(a) Straits Real Estate

SRE, the Group's 89.5% real estate investment arm, is organised as a real estate investment company, primarily making financial investments in direct real estate, real estate funds, and real estate operating platforms. Its core competence lies in its ability of risk pricing and correspondingly finding the most efficient use for its capital on a risk-adjusted basis. SRE is not restricted to any one geographical market or property sector. Rather, it seeks to create shareholders value by allocating its capital into an array of real estate opportunities, each with different risk profiles, and offering different levels of expected returns. This is usually done by partnering with local real estate companies or professionals who are experts in their markets and fields.

From its inception in late 2013, SRE's assets under management has grown from S$358 million at the end of 2014 to S$1.1 billion at the end of 2016; of which S$172 million was successfully divested. SRE's committed capital stands at S$950.0 million.

SRE delivered after-tax profit of S$41.4 million in 2016, achieving return on invested capital and return on equity of 6.9% and 12.5%, respectively. This was achieved through a combination of income from its various investments in Australia, Malaysia and Japan, fair value gains, as well as the successful disposal of the office building at 114 William Street in Melbourne. While the nature of SRE's business model means that its profit will always be lumpy, this is expected to smoothen out when operation stabilises. 2016 marks the first significant SRE contribution to the profit of the Group during which it successfully harvested a substantial capital gain from its investment in 114 William Street and also booked healthy income from its Japanese investments. The divestment of 114 William Street, which was acquired in August 2015 for A$125 million (approximately S$125.1 million), was completed in the last quarter of 2016 and yielded a before-tax profit of A$21.7 million, realised over an investment period of just over one year. This is a demonstration of SRE's focused approach to asset management, which includes implementing an asset enhancement plan to upgrade the building quickly, removing the vacancies with an aggressive leasing programme that allows SRE to improve the asset's passing rent to the prevailing market rate within a short period of time, as well as improving the property's weighted average lease expiry significantly.

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

Direct Real Estate Investments

(i) Residential Portfolio, Osaka

SRE owns a portfolio of four freehold residential projects in Osaka, Japan, comprising a total of 516 apartments. These four properties are Luxe Taisho, Luxe Shin Osaka, Luxe Dome Mae and Splendid Namba II. These are typically small apartments with floor area of 25 to 30 square meters, rented to young workers from out of town or small families with no children. These mid-end apartments that SRE owns are well-placed to benefit from the urbanisation trend in Japan whereby its urban population has continued to register steady annual expansion in key Japanese cities which offer better job prospects.

Driven by the continuing urbanisation trend, the portfolio occupancy was 98.4% as of March 2017.

The building age of the portfolio is relatively young, being no more than five years. Each of the projects is located near a train or a subway station, providing the accessibility that is important to the typical tenant of such apartments. Because of its sustained high occupancy, the apartments offer a steady income stream to SRE.

(ii) 悦地 My Place Mall, Chongqing

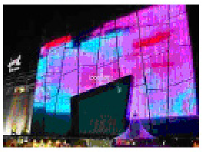
悦地 My Place is a 82,000 square meters shopping mall located in the Nan'An District of Chongqing, China. SRE took possession of the bare-shell building in September 2015 and the renovation and fit-out of the mall was completed in December 2016, with a soft-opening following immediately after. Key tenants in the mall include CGV Cinema from South Korea, Terminal One Adventure from Taiwan, Maan Coffee, Yoyuto Child Theme Entertainment, and the Singapore education group Genius R Us.

悦地 My Place is positioned to cater primarily to the middle-income families of the Nan'An District, as well as shoppers from neighbouring districts in Chongqing. The mall will be a convenient food and entertainment destination given its location on the ChaYuan subway station.

Chongqing is the best-performing city in China in 2016 in terms of gross domestic product. In 2016, Chongqing's economy expanded 10.7%, which is higher than China's national gross domestic product growth of 6.7% for the same period. According to the Development Research Center of China's State Council, Chongqing's economy is also one of the most competitive amongst provinces and municipalities, moving from a number 15 ranking in 2015 to number 11 in 2016. Chongqing's location also makes it a pivotal point that connects inland and coastal China to international markets. The municipality is also at the forefront of China's state-owned enterprise and debt reforms. The relatively buoyant macro-environment of Chongqing is expected to benefit retail sales.

<u>Fund Investments</u>

SRE has invested in the following real estate funds as at 31 March 2017:

	Fund/Country	Overview	Percentage Interest as at 31 March 2017	SRE Commitment as at 31 March 2017	SRE Contributed Capital as at 31 March 2017
	**JAPAN** Greater Tokyo Office Fund	• Speciality in identifying and acquiring distressed office properties • Currently invested in 6 office assets in the Greater Tokyo Area	37.6%	JPY 7.2 billion	JPY4.7 billion
	**MALAYSIA** ARA Harmony Fund III	• Portfolio of high quality, well-located 5 retail malls across Malaysia with total NLA of 2.8 mil sq ft; supported by strong catchment areas • High committed occupancy of 95% with steady income stream	40%	S$72.8 million	S$70.2 million
	**AUSTRALIA** Summit Development Fund	• Initial investment in mezzanine financing for 2 development projects in Sydney and Melbourne • Development progress is on track	100%	US$80.0 million	US$29.4 million

(i) Greater Tokyo Office Fund

The Greater Tokyo Office Fund, which is managed by Savills Investment Management, focuses on acquiring office buildings in Tokyo and other locations in the metropolitan Tokyo area. Such buildings are usually purchased from distressed owners, giving the fund an entry cost advantage for each asset that it acquires.

As at 31 March 2017, the fund held six properties, including Takanawa Muse Building in the Shinagawa area, Kirin Yokohama Building in Yokohama City, the Bright East Shibaura Building in the Tokyo Bay area, the Omori Park Building in the Ota area, the Sasazuka Building in the Shibuya area, and the Toyocho Building in the Koto area.

(ii) *ARA Summit Development Fund I*

The ARA Summit Development Fund I ("**SDF1**") co-invests in development projects in Australia and South East Asia. SDF1 may invest by participating as an equity partner with a local developer, or as a mezzanine loan lender to the project.

As at 31 December 2016, SDF1 has two investments in Australia. The first is a mixed use development named York & George in Sydney, in which SDF1 is a mezzanine loan lender. The second is a residential development project named Victoria One located in Melbourne, in which SDF1 is an indirect mezzanine lender through a structured instrument.

(iii) *ARA Harmony Fund III*

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

(b) ARA Asset Management Limited

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

ARA, an indirectly-owned 21.0% associate of the Issuer, is one of the largest real estate fund managers in the region. ARA manages listed REITs in Singapore, Hong Kong and Malaysia and also invests in and manages private real estate funds in the Asia Pacific region. Its real estate portfolio spans the office, retail, logistics/industrial, hospitality and residential sectors. ARA also offers real estate management services, which complements its fund management business.

In 2016, ARA's total assets under management grew 19.4% from S$29.8 billion (as at December 2015) to S$35.6 billion (as at December 2016). As a result, its recurrent management fees increased 8.0% from S$129.6 million in FY2015 to S$140.6 million in FY2016. Its net profit grew 13.6% year-on-year to S$88.6 million and adjusted net profit[3] grew 9.5% year-on-year to S$78.9 million. The Group's share of profit from ARA increased 16.0% year-on-year to S$4.1 million in 1Q2017.

The significant growth in ARA's assets under management in 2016 was underpinned by new investments and capital under various private funds. Following substantial deployment of the US$300 million capital from the California Public Employees' Retirement System in July 2016, ARA China Investment Partners, LLC obtained additional capital commitment of approximately US$500 million, further enlarging the total capital of the fund to more than US$1.3 billion as at 31 December 2016. The Peninsula Investment Partners, L.P. ("**PIP**") has also completed its acquisition of two Australian office properties worth approximately S$285 million in the second quarter of 2016.

In October 2016, ARA established ARA Harmony VI to invest in Century Link, a newly completed premium-grade commercial property located in the heart of Lujiazui Finance and Trade Zone in Pudong New District, Shanghai, China, with a property valuation of RMB 20 billion. The fund is anchored by an established insurer and has an initial term of 10 years with provision for extension. Property management for Century Link will also be carried out by ARA's real estate management services arm, APM Property Management Pte Ltd.

On 4 November 2016, Suntec REIT and PIP jointly completed the acquisition of a 50.0% interest in the Southgate complex in Melbourne for A$289 million.

Please also see "Key Recent Developments – (i) ARA Privatisation" for details on the privatisation of ARA. Post privatisation, the Issuer will continue to participate in ARA's unique growth proposition.

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[3] Adjusted for (i) acquisition, divestment and performance fees, (ii) gain/loss on fair valuation/disposal of financial assets; (iii) gain/loss on disposal of investments; (iv) impairment on available-for-sale financial assets; (v) performance-based bonuses; and (vi) any other income/expense deemed non-recurrent.

(c) SRE Capital

SRE Capital, a wholly owned subsidiary of SRE, is an asset management company set up by the Group in 2014 to form and manage funds invested in public-listed real estate and infrastructure related securities in the Asia Pacific region. It received its capital market services licence from the MAS in March 2015.

Key Fund - NIKKOAM-STRAITSTRADING Asia ex Japan REIT ETF

In February 2017, SRE Capital was appointed as the investment advisor by Nikko Asset Management Asia Limited for the NikkoAM-StraitsTrading Asia ex Japan REIT Exchange Traded Fund ("**ETF**"), which attests to the experience of the team at SRE Capital. The ETF was listed on the SGX-ST on 29 March 2017.

HOSPITALITY

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

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

FEHH is an international hospitality owner and operator managing close to 14,000 rooms across 90 hotels and serviced residences in seven countries – Australia, New Zealand, Denmark, Germany, Hungary, Malaysia and Singapore.

FEHH operates a portfolio of 10 unique and complementary hospitality brands, including Oasia, Quincy, Rendezvous, Village, Far East Collection, Adina Apartment Hotels, Medina Serviced Apartments, Travelodge Hotels, Vibe Hotels and TFE Hotels Collection.

Beyond Singapore and Malaysia, through its 50-50 joint venture with Australia's Toga Group, FEHH has a portfolio of 58 hospitality properties under management across Australia and New Zealand in 2016.

In 2016, FEHH secured a total of five new hotel management agreements, adding to its growing pipeline. FEHH also expanded its 'Oasia' footprint with the opening of three properties under management - Oasia Hotel Downtown, Singapore, Oasia Residence, Singapore and Oasia Suites, Kuala Lumpur.

FEHH also expanded its presence in Europe to nine properties under management in 2016 with the opening of two hotels in Germany – Adina Apartment Hotel Frankfurt and Adina Apartment Hotel Nuremberg.

RESOURCES

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

The Group engages in the resources business through the Issuer's 54.8% owned subsidiary, MSC, which is listed on both Bursa Malaysia Bhd and the SGX-ST. MSC is one of the world's leading integrated producers of tin metal and tin-based products and a global leader in independent custom tin smelting. In 2016, the MSC Group produced 26,800 tonnes of tin metal thus maintaining its position as the second largest supplier of tin metal in the world.

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

(a) Tin Smelting Operation

The MSC Group's smelting facility in Butterworth operates one of the most low-cost smelting plants in the world, converting primary, secondary and often complex tin ores into high purity tin metal for industrial application. The plant has a production capacity of approximately 40,000 tonnes of refined tin a year and still uses reverberatory furnace technology.

In November 2016, the MSC Group acquired a production facility in Klang, Malaysia (the "**Klang Facility**") for RM50 million. The Klang Facility, which will adopt a more advanced manufacturing technology, is intended to be more comprehensive and efficient in the smelting process compared to the existing facility. Furthermore, the property is situated in an attractive location, which is at a mature industrial area with excellent connectivity to Westport and London Metal Exchange warehouses.

In the mid-1990s, the MSC Group started a tin marketing and trading arm under the smelting division. This downstream unit provides the MSC Group with hedging, pricing and marketing linkages to the Kuala Lumpur Tin Market and London Metal Exchange as well as the end-user markets worldwide. The "MSC Straits" refined tin brand which is registered on the Kuala Lumpur Tin Market and the London Metal Exchange is accepted worldwide and has purity ranging from the standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn).

(b) Tin Mining Operation

The MSC Group's tin mining activity is conducted principally through its wholly-owned subsidiary, Rahman Hydraulic Tin Sdn. Bhd.("**RHT**").

The MSC Group will continue to explore new deposits in Malaysia.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

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

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

COMPETITIVE STRENGTHS

(a) Well-diversified portfolio

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

Similarly, its hospitality portfolio through FEHH is also diversified in that FEHH owns and manages approximately 14,000 rooms across 90 hotels and serviced residences in seven countries. This is a large and scalable platform and the Issuer's hospitality business is therefore well-positioned to benefit from any tourism growth in the Europe and Asia Pacific region.

(b) Real estate ecosystem

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

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

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

For instance, the Group recorded a gain of S$91.8 million on the disposal of its shares in WBL Corporation. The Group also monetised some of its assets such as Straits Trading Building and its units in The Holland Collection, in line with its strategy of deploying its capital into potentially higher returning real estate opportunities.

Through refurbishments, asset enhancements and rebranding of its Rendezvous brand hotels, the Group managed to increase the value of Rendezvous Grand Hotel Singapore and Rendezvous Gallery by S$117 million. This bore fruit when the Group injected these two properties into FEHT, allowing the Group to monetise the properties, receiving cash and a stake in FEHT from which the Group is able to enjoy a steady income stream.

More recently, in November 2016, SRE realised its first investment since its inception with the sale of 114 William Street in Melbourne for A$161.5 million (approximately S$171.8 million), achieving an internal rate of return of 24.6% and an equity multiple of 1.39 times. The divestment yielded a before-tax profit of A$21.7 million, realised over an investment period of just over one year. This was made possible by a very focused approach to asset management, which included implementing an asset enhancement plan to upgrade the building quickly, removing the vacancies with an aggressive leasing program that enabled SRE to improve the asset's passing rent to the prevailing market rate within a short period of time, as well as improving the property's weighted average lease expiry significantly. This transaction demonstrates the Group's ability to identify quality assets, execute value-added strategies as well as realise opportune exits for its investments.

(d) Highly experienced board and professional management team

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

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

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

(e) Continuous optimisation of capital structure to pursue growth

The Issuer believes that its strong financial position and capital structure will provide it with the financial flexibility to fund its growth and expansion and allow the Group to respond quickly and competitively to further capitalise on investment opportunities in its various businesses. Please see the section titled "Business – Future Plans and Strategy" of this Information Memorandum for more details.

FUTURE PLANS AND STRATEGY

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

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

(a) Real Estate

The Group intends to continue to seek out new and attractive investment opportunities in the Asia Pacific region. Further, the Group will leverage on the expertise and business network of its investees and business partners to source for and identify investment opportunities, execute value-added strategies as well as opportunistically consider exit options when they present themselves, which include divesting or securitising such investments.

(b) Hospitality

FEHH aims to grow its business by increasing the number of management contracts, acquiring strategic assets and divesting properties to recycle capital for redeployment towards higher yielding growth opportunities. This is a scalable platform that the Issuer will look to capitalise on when there are growth opportunities in the hospitality sector.

(c) Resources

Through the Issuer's board representation and majority shareholding in MSC, the Issuer intends to continue working with MSC and to support them in continuing to optimise operational efficiencies despite volatile commodity prices.

MANAGEMENT

DIRECTORS AND MANAGEMENT

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

BOARD OF DIRECTORS

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

Name	Date first appointed	Designation
Chew Gek Khim	20 March 2008	Executive Chairman
Chew Gek Hiang	30 April 2008	Non-Independent and Non-Executive Director
Goh Kay Yong David	30 April 2008	Non-Independent and Non-Executive Director
Yap Chee Keong	7 May 2009	Non-Independent and Non-Executive Director
Tham Kui Seng	1 October 2009	Independent and Non-Executive Director
Tan Tiong Cheng	1 July 2013	Independent and Non-Executive Director
Gary Hilton Weiss	1 June 2014	Independent and Non-Executive Director
Chia Chee Ming, Timothy	27 February 2015	Independent and Non-Executive Director and Lead Independent Director

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

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

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

She was the chairman of the National Environment Agency Board of Singapore from 2008 to 2015. Ms Chew was also previously the Deputy Chairman of ARA, a director of CapitaLand Retail China Trust (formerly CapitaRetail China Trust Management Limited) and a board member of the Singapore Totalisator Board.

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

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

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

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

Goh Kay Yong David is the Chief Investment Officer and Chief Strategist of the Tecity Group, the parent company of the Issuer.

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

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

Yap Chee Keong is a Non-Independent and Non-Executive Director of the Issuer.

Mr Yap is an Independent Non-Executive Director of Sembcorp Industries Ltd, Olam International Limited, MediaCorp Pte Ltd, Citibank Singapore Limited and Certis CISCO Security Pte Ltd. He is also a Non-Independent and Non-Executive Director of MSC.

Mr Yap was the chairman of CityNet Infrastructure Management Pte Ltd (the trustee manager of NetLink Trust), the lead independent director of Tiger Airways Holdings Limited, an independent non-executive director of InterOil Corporation, CapitaMalls Asia Limited and Hup Soon Global Limited, and a non-independent and non-executive director of ARA. He was also a board member of the Accounting & Corporate Regulatory Authority and a member of the Public Accountants Oversight Committee.

He holds a Bachelor of Accountancy from NUS and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and the Singapore Institute of Directors.

Tham Kui Seng is an Independent and Non-Executive Director of the Issuer.

Mr Tham is a Non-Executive Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, Banyan Tree Holdings Limited and Avanda Investment Management Pte. Ltd. He is also a Member of the Board of Singapore Land Authority.

Mr Tham was the former chief corporate officer of CapitaLand Limited overseeing the corporate services functions of the real estate group from 2002 to 2008. He was previously a director of Raffles Medical Group Ltd and member of the board of The Housing and Development Board.

Mr Tham graduated from University of Oxford with a Bachelor of Arts (First Class Honours) in Engineering Science.

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

Mr Tan is currently the Advisor to Knight Frank Pte Ltd and President of Knight Frank Asia Pacific Pte Ltd. He was the Executive Chairman of Knight Frank Pte Ltd's Group of Companies until 31 March 2017. He has an extensive and in-depth knowledge of real estate for more than 40 years. He is an Independent and Non-Executive Director of UOL Group Limited and a Member of its Audit Committee. Mr Tan is also an Independent Director, Chairman of the Remuneration Committee and a Member of the Audit Committee of Heeton Holdings Limited.

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

Gary Hilton Weiss was appointed as an Independent and Non-Executive Director of the Issuer on 1 June 2014.

Dr Weiss is currently the Executive Director of Ariadne Australia Limited, a diversified investment company with investments in a variety of sectors, including insurance and financial services. The Chairman of Ridley Corporation Ltd and Estia Health Ltd, Dr Weiss is also a Non-Executive Director of Premier Investments Ltd, Pro-Pac Packaging Ltd, Tag Pacific Ltd and Thorney Opportunities Ltd.

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

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

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

Chia Chee Ming, Timothy was appointed as an Independent and Non-Executive Director and Lead Independent Director of the Issuer on 27 February 2015.

Mr Chia is Chairman of Hup Soon Global Corporation Private Limited. He sits on the boards of several other private and public companies, including Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Limited, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and MSC. He is a Member of the Board of Trustees of the Singapore Management University, an Advisory Council Member of the ASEAN Business Club and a Member of the Advisory Board of the Asian Civilisations Museum.

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

KEY MANAGEMENT PERSONNEL

Chew Gek Khim Please see above.

Yeo Sock Koon Maggie joined the Issuer as Finance Director on 8 September 2014. She was appointed Chief Financial Officer in July 2015. As Chief Financial Officer, she has overall responsibility for the Issuer's finance functions, including financial reporting, corporate finance, treasury, tax, budget management, risk management and capital management of the Issuer and its group of companies. She plays a key role in working with the senior management to develop, monitor and evaluate overall corporate strategy.

Ms Yeo has more than 20 years of working experience in the finance and accounting sectors. Prior to joining the Issuer, she was the Senior Vice President for Reporting and Analytics Centre of Excellence in Sembcorp Industries Limited, the Chief Financial Officer in UMS Holdings Ltd and Director for Group Accounting Services in NOL. She was actively involved in mergers and acquisitions, financial and management reporting, budgeting and forecasting, shared services setup, tax, treasury as well as corporate governance and risk-management matters.

Ms Yeo graduated from NUS with a Bachelor of Accountancy degree. She is a graduate of Institute of Chartered Secretaries and Administrators.

Mr Desmond Tang is Chief Executive Officer at Straits Real Estate and has over 25 years of experience in real estate investment and management. Prior to joining Straits Real Estate, Mr Tang was Managing Director and partner at GrowthPath Capital Private Limited, a real estate investment management and advisory firm that he co-founded. He was also formerly Co-Head and Managing Director of Alpha Investment Partners ("**AIP**"), the real estate fund management unit of Keppel Land. Prior to AIP, Mr Tang was a Director of Fund Management with Prudential Insurance Company of America's Asia real estate arm named GRA (Singapore) Private Limited.

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

Mr Stephen Finch is the Chief Executive Officer of SRE Capital. He has over 34 years of experience in securities trading and fund management. Mr Finch's prior roles involved leading teams and setting up new business operations in several countries within Asia including Japan, Indonesia, Philippines and Thailand. Prior to joining SRE Capital, Mr Finch was CEO and Director at ARA Strategic Capital/APN Funds Management (Asia), the fund manager of ARA Asian Asset Income Fund. Mr Finch has led the team and managed the fund since its inception in August 2007.

Prior to APN Funds Management (Asia), Mr Finch led DBS Bank's REITs and Debt Capital Markets business from 2000 to 2006. Mr Finch was the Financial Adviser to 9 out of 13 REITs listed in Singapore as well as landmark REIT listings in Malaysia, Thailand and China.

Mr Finch has a Bachelor of Arts in Economics from the Texas A&M University, and a MBA from Harvard Business School.

Dato' Dr. Ir. Patrick Yong Mian Thong was appointed as Chief Executive Officer of MSC on 7 October 2016. Prior to joining MSC, he was the Chief Operating Officer of Tai Kwang Yokohama Industries Berhad from 2007 to 2010 and former Chief Executive Officer of Yokohama Industries Berhad from 2010 to 2015.

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

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

FINANCIAL SUMMARY AND OVERVIEW

The following tables present our selected consolidated financial data as at or for FY2014, FY2015 and FY2016, and as at or for 1Q2016 and 1Q2017, extracted where applicable, from the consolidated financial statements and interim consolidated financial statements. Our consolidated financial statements and interim consolidated financial statements are prepared in accordance with the financial reporting standards in Singapore. The consolidated financial statements for FY2014, FY2015 and FY2016 are audited by Ernst & Young LLP.

Consolidated Income Statement

	Audited			Unaudited	
	FY2014 (S$'000)	**FY2015 (S$'000)**	**FY2016 (S$'000)**	**1Q2016 (S$'000)**	**1Q2017 (S$'000)**
Continuing operations					
Revenue					
Tin mining and smelting revenue	743,364	528,493	495,165	136,496	130,018
Property revenue	21,392	11,456	18,310	4,037	3,456
Total revenue	764,756	539,949	513,475	140,533	133,474
Other items of income/(loss)					
Dividend income	8,193	25,407	24,684	7,725	4,441
Interest income	5,395	10,485	12,740	3,297	3,442
Fair value changes in investment properties	(4,021)	(4,819)	932	–	–
Other income/(loss)	35,093	(19,937)	32,832	4,040	4,314
	809,416	551,085	584,663	155,595	145,671
Other items of expense					
Employee benefits expense	(29,513)	(26,613)	(31,088)	(6,287)	(7,310)
Depreciation expense	(2,925)	(3,187)	(4,063)	(886)	(1,129)
Amortisation expense	(683)	(687)	(644)	(161)	(153)
Impairment losses	(1,267)	(294)	(226)	–	–
Costs of tin mining and smelting	(686,533)	(481,112)	(447,000)	(122,854)	(115,833)
Finance costs	(29,748)	(15,714)	(19,420)	(5,214)	(5,478)
Other expenses	(40,531)	(41,077)	(32,264)	104	(6,833)
Total expenses	(791,200)	(568,684)	(534,705)	(135,298)	(136,736)
Share of results of associates and joint ventures	14,866	28,475	44,980	10,506	19,848
Profit before tax from continuing operations	33,082	10,876	94,938	30,803	28,783
Income tax expense	(9,184)	(3,391)	(16,359)	(3,399)	(2,765)
Profit after tax from continuing operations	23,898	7,485	78,579	27,404	26,018
Discontinued operations					
Loss after tax from discontinued operations	(7,704)	–	–	–	–
Profit after tax	16,194	7,485	78,579	27,404	26,018

Consolidated Income Statement (cont'd)

	Audited			Unaudited	
	FY2014 (S$'000)	**FY2015 (S$'000)**	**FY2016 (S$'000)**	**1Q2016 (S$'000)**	**1Q2017 (S$'000)**
Attributable to:					
Owners of the Company					
Profit after tax from continuing operations	20,548	8,549	67,291	22,556	21,946
Loss after tax from discontinued operations	(1,962)	–	–	–	–
Profit attributable to owners of the Company	18,586	8,549	67,291	22,556	21,946
Non-controlling interests					
Profit/(loss) after tax from continuing operations	3,350	(1,064)	11,288	4,848	4,072
Loss after tax from discontinued operations	(5,742)	–	–	–	–
(Loss)/Profit after tax attributable to non-controlling interests	(2,392)	(1,064)	11,288	4,848	4,072
Earnings per share from continuing operations attributable to owners of the Company (cents per Share)					
Basic	5.0	2.1	16.5	5.5	5.4
Earnings per share (cents per Share)					
Basic	4.6	2.1	16.5	5.5	5.4
Dividend per Share (cents)	4.0	4.0	6.0	–	–
Continuing operations:					
EBITDA (S$'000)	66,438	30,464	119,065	37,064	35,543

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Consolidated Balance Sheet

	Audited			Unaudited
	As at 31 December			As at 31 March
	2014	2015	2016	2017
	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Assets				
Non-current assets				
Property, plant and equipment	35,737	34,434	52,737	50,879
Investment properties	399,763	606,010	554,337	572,983
Goodwill	20,247	17,604	17,298	16,914
Other intangible assets	7,650	6,655	7,100	6,854
Associates and joint ventures	428,192	558,616	639,379	651,811
Deferred tax assets	1,550	1,599	3,731	3,351
Other non-current receivables	2,263	1,855	–	–
Derivative financial instruments	–	–	551	709
Investment securities	202,488	201,576	256,179	303,157
Other non-current assets	75,626	987	970	1,020
Total non-current assets	1,173,516	1,429,336	1,532,282	1,607,678
Current assets				
Assets/Disposal group classified as held for sale	46,836	17,771	17,464	17,078
Development properties for sale	237	70	66	–
Inventories	96,085	88,820	119,554	102,395
Income tax receivables	1,368	3,526	3,611	3,261
Prepayments and accrued income	1,365	1,854	2,409	3,124
Trade related prepayments	7,507	34,180	13,685	15,301
Trade receivables	35,583	19,335	37,565	37,579
Other receivables	70,737	72,782	74,027	83,813
Marketable securities	78,699	178,282	112,548	106,251
Derivative financial instruments	–	200	313	48
Cash and cash equivalents	480,170	239,325	291,091	195,590
Total current assets	818,587	656,145	672,333	564,440
Total assets	1,992,103	2,085,481	2,204,615	2,172,118
Equity and liabilities				
Equity				
Share capital	568,968	568,968	568,968	568,968
Retained earnings	787,375	782,253	832,222	829,682
Other reserves	(1,596)	(54,057)	(36,682)	(22,554)
Reserve of disposal group classified as held for sale	250	–	–	–
Equity attributable to owners of the Company	1,354,997	1,297,164	1,364,508	1,376,096
Non-controlling interests	50,901	73,049	94,240	94,780
Total equity	1,405,898	1,370,213	1,458,748	1,470,876

Consolidated Balance Sheet (cont'd)

	Audited			Unaudited
	As at 31 December			As at 31 March
	2014 (S$'000)	2015 (S$'000)	2016 (S$'000)	2017 (S$'000)
Non-current liabilities				
Provisions	3,916	5,923	8,644	8,534
Deferred tax liabilities	6,051	5,654	5,672	5,911
Borrowings	243,276	373,985	185,770	328,380
Derivative financial instruments	181	24	374	859
Other non-current liabilities	320	465	1,265	1,405
Total non-current liabilities	253,744	386,051	201,725	345,089
Current liabilities				
Liabilities directly associated with disposal group classified as held for sale	27	–	–	–
Provisions	28,134	22,756	3,116	3,806
Income tax payable	1,682	2,083	13,426	14,002
Trade and other payables	77,480	122,962	92,445	76,059
Borrowings	222,996	177,682	434,041	236,322
Derivative financial instruments	2,142	3,734	1,114	1,478
Dividend payable	–	–	–	24,486
Total current liabilities	332,461	329,217	544,142	356,153
Total liabilities	586,205	715,268	745,867	701,242
Total equity and liabilities	1,992,103	2,085,481	2,204,615	2,172,118
Number of Shares	408,095,772	408,095,772	408,095,772	408,095,772
Net assets attributable to owners of the Company (S$'000)	1,354,997	1,297,164	1,364,508	1,376,096
Net assets per Share (S$)	3.32	3.18	3.34	3.37

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Cash Flows and Other Selected Data

	Audited			Unaudited	
	FY2014 (S$'000) (restated)	FY2015 (S$'000)	FY2016 (S$'000)	1Q2016 (S$'000)	1Q2017 (S$'000)
<u>**Cash flows from operating activities**</u>					
Profit before tax from continuing operations	33,082	10,876	94,938	30,803	28,783
Loss before tax from discontinued operations	(7,704)	–	–	–	–
Profit before tax	25,378	10,876	94,938	30,803	28,783
<u>Adjustments</u>					
Depreciation of property, plant and equipment	2,957	3,187	4,063	886	1,129
Amortisation of intangible assets	683	687	644	161	153
Dividend income	(8,193)	(25,407)	(24,684)	(7,725)	(4,441)
Interest income	(5,395)	(10,485)	(12,740)	(3,297)	(3,442)
Finance costs	29,748	15,714	19,420	5,214	5,478
Currency realignment	5,216	11,379	993	(5,342)	(4,124)
Fair value changes in investment properties and financial assets	5,388	20,413	(5,831)	(3,849)	(4,440)
Net (gain)/loss on disposal of property, plant and equipment, investment properties, subsidiaries, associates and joint ventures	(28,291)	(770)	(25,466)	(19)	4,521
Negative goodwill from acquisition of subsidiaries	–	–	–	–	(198)
Write down of inventories/(reversal of write down)	1,211	4,698	(5,855)	(3,369)	–
Impairment losses of investments, property, plant and equipment	1,267	294	226	–	–
Provision for liabilities/(Write back of provision)	12,087	2,444	(2,171)	–	–
Impairment of receivables	2,325	819	3,176	182	–
Share of results of associates and joint ventures	(14,866)	(28,475)	(44,980)	(10,506)	(19,848)
Operating cash flows before changes in working capital	29,515	5,374	1,733	3,139	3,571
Decrease in development properties for sale	97	156	–	–	66
Decrease/(Increase) in inventories	6,932	(9,946)	(26,414)	2,532	14,843
(Increase)/Decrease in marketable securities	(64,033)	(114,608)	70,445	15,935	10,168
Increase in trade and other receivables	(11,004)	(18,559)	(3,424)	(10,226)	(1,648)
(Decrease)/Increase in trade and other payables	(13,407)	36,347	(23,953)	(22,977)	(17,211)
Cash flows (used in)/from operations	(51,900)	(101,236)	18,387	(11,597)	9,789
Income taxes paid	(15,562)	(5,809)	(7,961)	(1,396)	(1,666)
Finance costs paid	(28,310)	(15,705)	(18,164)	(4,741)	(5,694)
Interest received	3,860	9,457	2,965	1,099	773
Dividend income from marketable securities	1,385	15,400	13,278	4,925	1,629
Net cash flows (used in)/from operating activities	(90,527)	(97,893)	8,505	(11,710)	4,831

Cash Flows and Other Selected Data (cont'd)

	Audited			Unaudited	
	FY2014 (S$'000) (restated)	FY2015 (S$'000)	FY2016 (S$'000)	1Q2016 (S$'000)	1Q2017 (S$'000)
<u>**Cash flows from investing activities**</u>					
Proceeds from disposal of property, plant and equipment and investment properties	459,362	43,046	174,927	28	58
Cost incurred on property, plant and equipment	(6,507)	(4,990)	(18,703)	(705)	(579)
Cost incurred on investment properties	(4,171)	(197,994)	(114,595)	(1,781)	(143)
Initial payment on a property	(74,285)	–	–	–	–
Proceeds from disposal of investment securities	47,287	–	–	–	–
Investment in associates	–	(114,983)	(55,902)	(7,851)	–
Purchase of investment securities	(180,887)	(38,924)	(31,199)	(14,880)	(28,400)
Return of capital from associates	1,287	–	–	–	86
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(2,024)	(678)	(1,217)	(174)	(63)
Net cash outflow on acquisition of subsidiaries	(186)	–	–	–	(2,212)
Net cash inflow from sale of subsidiaries	208	53,030	–	–	–
Shareholder's loan to an associate	(11,910)	–	–	–	–
Dividend income from investment securities, associates and joint ventures	27,834	20,379	23,003	2,800	3,602
Currency realignment	(277)	154	1,684	197	(164)
Net cash flows from/(used in) investing activities	255,731	(240,960)	(22,002)	(22,366)	(27,815)
<u>**Cash flows from financing activities**</u>					
Dividends paid to shareholders	(16,324)	(16,324)	(16,324)	–	–
Loan from a non-controlling shareholder of a subsidiary	20,950	–	–	–	–
Dividend paid to non-controlling shareholders of subsidiaries	–	–	(1,443)	(61)	(2,503)
Return of capital to non-controlling shareholders of a subsidiary	–	–	–	–	(1,161)
Drawdown/(repayment) of short-term borrowings	51,990	17,599	34,865	(10,827)	22,418
Drawdown of long-term borrowings	220,000	152,294	117,154	412	129,163
Repayment of long-term borrowings	(232,707)	(69,086)	(81,748)	(2,068)	(220,000)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	4,900	30,345	12,831	2,850	–
Currency realignment	(2,747)	(15,522)	457	1,120	(300)
Net cash flows from/(used in) financing activities	46,062	99,306	65,792	(8,574)	(72,383)
Net increase/(decrease) in cash and cash equivalents	211,266	(239,547)	52,295	(42,650)	(95,367)
Effect of exchange rate changes on cash and cash equivalents	(948)	(5,800)	(529)	1,678	(134)
Cash and cash equivalents, beginning balance	274,354	484,672	239,325	239,325	291,091
Cash and cash equivalents, ending balance	**484,672**	**239,325**	**291,091**	**198,353**	**195,590**

(a) 1Q2017 Compared with 1Q2016

Group

The Group reported a PATNCI of S$21.9 million for 1Q2017 largely contributed by its real estate segment.

Resources

The resources segment reported a PATNCI of S$2.4 million for 1Q2017. This was lower compared with 1Q2016 due to a reversal of write down of inventory in 1Q2016 and a higher foreign exchange loss in 1Q 2017.

Real Estate

The Group's real estate revenue for 1Q2017 was lower compared with 1Q2016 mainly due to the absence of rental income from the office building in Australia after completion of the sale in November 2016.

The segment reported a PATNCI of S$19.2 million for 1Q2017 mainly due to marking distressed investment properties acquired by an associate to their valuations.

Hospitality

The hospitality segment reported a profit after tax of S$1.4 million in 1Q2017. The higher profit in 1Q2016 was mainly from gain on sale of a hotel.

(b) FY2016 compared with FY2015

Group

The Group reported a PATNCI of S$67.3 million for FY2016 with improved performance across all business segments.

Resources

The resources segment reported a PATNCI of S$5.7 million for FY2016, mainly due to higher tin prices and lower foreign exchange losses.

Real Estate

The Group's real estate revenue for FY2016 was higher due to higher rental income from its overseas properties.

The segment reported a PATNCI of S$52.7 million for FY2016. The profits were lifted by higher contribution from associates and joint ventures and a net gain from the sale of a property in Australia.

Hospitality

The hospitality segment reported a profit after tax of S$4.3 million for FY2016, mainly from gain on sale of a hotel by the associate in 1Q2016.

(c) FY2015 compared with FY2014

Group

The Group reported lower revenue for FY2015 as a result of lower property revenue, lower tin prices and lower sales quantity of refined tin for the resources business.

Overall contributions from the Group's associates and joint ventures were higher in 2015. However, PATNCI was lower than 2014 principally due to the absence of one-off item arising from the disposal of Straits Trading Building.

Resources

The Group's resources revenue for FY2015 was impacted by lower tin prices and lower sales quantity of refined tin compared with FY2014.

The loss after tax and non-controlling interests of S$1.8 million for FY2015 was mainly due to the impact from exchange losses and write down of tin inventory due to lower tin price at the end of the year.

Real Estate

The Group's real estate revenue for FY2015 was lower compared with FY2014 as there was no rental revenue from the Straits Trading Building after completion of the sale in December 2014.

For FY2015, PATNCI was reduced to S$4.2 million as a result of mark-to-market losses and disposal losses from marketable securities recorded in the first nine months of 2015.

During the year in 2015, the Group acquired an office building in Melbourne, Australia, a stake in ARA Harmony Fund III, L.P. and Greater Tokyo Office Fund (Jersey) L.P.. The retail mall in Chongqing, China was undergoing asset enhancement works. Most of the Group's new business platforms have started to contribute to the Group's results.

Hospitality

Profit after tax of S$2.0 million for FY2015 was primarily from FEHH.

Others

The profit after tax of S$4.1 million was mainly due to reversal of tax provisions relating to discontinued operations no longer required.

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INVESTMENT CONSIDERATIONS

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

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

Limitations of this Information Memorandum

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

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

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

RISKS RELATING TO THE NOTES

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop.

Even if a market for the Notes does develop, there can be no assurance as to the liquidity or sustainability of such market. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes would generally have a more limited secondary market and more price volatility than conventional debt securities.

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

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

Fluctuation of the market value of Notes

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

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

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018, are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “*Singapore Taxation*” herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions for qualifying debt securities should the relevant tax laws be amended or revoked at any time.

The Notes may not be a suitable investment for all investors

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

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

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

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

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

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

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

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

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

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

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

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

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with or registered in the name of, or in the name of a nominee of, a Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing**

System"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing System.

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

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

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

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstance, be able to fulfill its obligations to the Noteholders and/or the Couponholders.

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

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

The Notes may be subject to optional redemption by the Issuer

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

Notes may be issued at a substantial discount or premium

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

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

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

Modification

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

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

Variable Rate Notes may have a multiplier or other leverage factor

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

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

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

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

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

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

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

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

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

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

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

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

There can be no assurance that the Group will be able to influence the management, operation and performance of these entities, whether through its voting rights, contractually, or as manager of some of these entities, in a manner which would be favourable to the Group, or at all. Further, disputes may occur between the Group and its joint venture partners and/or other investors regarding the business and operations of such joint ventures, and may not be resolved amicably. In addition, the Group's joint venture partners and/or other investors may (i) have economic or business interests or goals that are not aligned with those of the Group's, (ii) take actions contrary to the Group's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations (for example, they may default in making payments during capital calls or capital raising exercises), (iv) have financial difficulties, (v) experience a decline in creditworthiness, or (vi) have disputes with the Group as to the scope of their responsibilities and obligations.

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

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

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

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

The Group is subject to interest rate fluctuations

The Group faces risks in relation to interest rate movements. As at 31 March 2017, the Group has an aggregate of approximately S$565 million in short-term and long-term bank loans with interest rates ranging from 0.9% to 6.03% per annum depending on the currency in which the loans are denominated. Although the Group uses derivative financial instruments such as interest rate swaps to partially hedge its exposure to interest rate risks, there is no assurance that increases in interest rates will not affect its ability to service the interests under the short and long term bank loans.

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

The Group may be affected by foreign exchange control in Malaysia

The Group may be affected by foreign exchange control in Malaysia. There are foreign exchange policies in Malaysia that support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. Such foreign exchange policies impact both residents and non-residents of Malaysia.

Under the current Exchange Control Notices of Malaysia and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, non-residents are free to repatriate any amount of funds in Malaysia, including divestment proceeds, profits, dividends, or any income from investment in Malaysia, subject to the applicable reporting requirements, and any withholding tax. In the event Bank Negara Malaysia introduces any restrictions in the future, the Group may be affected in its ability to repatriate dividends or distributions from the Issuer and its subsidiaries in Malaysia.

The Group is subject to litigation risks

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

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

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

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

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

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

TCPL, which is part of the Tecity Group, owns 70.0% of the issued share capital of the Issuer as at the Latest Practicable Date. The Issuer believes that the Group will be able to leverage on the Tecity Group's business networks and investment expertise to strengthen its pipeline of projects and to source for strategic and financial partners that could add value to the Group's current businesses. The Tecity Group is however, not obliged to support the Issuer and there is no assurance that the Tecity Group will not reduce its stake in the Issuer in the future or that the Tecity Group will not have interests that are different from the Issuer or other shareholders.The Tecity Group currently invests in, and may in the future invest in, other assets and/or businesses which directly compete with the Group's existing businesses. Accordingly, there can be no assurance that future conflicts of interests will not arise between the Group and the Tecity Group, including in relation to the acquisition of properties and competition for tenants in the relevant markets.

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

The Group may suffer uninsured loss.

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

The Group faces risks associated with debt financing

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

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

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

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

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

The outbreak of an infectious disease such as the avian influenza or the Zika virus in Asia and elsewhere, together with any resulting restrictions on travel and/or the imposition of quarantines, could have a negative impact on economic and business activities in Asia and elsewhere and could thereby adversely impact the revenues and performance of the Group. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian influenza and the Zika virus had an adverse effect on the economies of those countries in which they were prevalent. There can be no assurance that any precautionary measures taken against infectious diseases will be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could have an adverse effect on the Group's business, financial condition and results of operations. Such an adverse effect includes, but is not limited to, a decline in demand for tourism, and in turn adversely affect the profitability of the Group's investment in the hospitality business through FEHH. Please also see "Risks Relating to the Group's Hospitality Business – FEHH's hospitality's business is subject to all of the risks common in the hospitality industry".

RISKS RELATING TO THE GROUP'S REAL ESTATE BUSINESS

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

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

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

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

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

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

In the case of the Group's investment in ARA for example, the Group's share of ARA's profits is dependent on the financial performance of ARA which in turn is dependent on factors such as (a) the continual management by ARA of the REITs and private real estate funds under its management and (b) the financial performance and value of the listed REITs and private real estate funds which ARA manages.

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

There is no assurance that the Group can realise its investments

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE GROUP'S HOSPITALITY BUSINESS

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

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

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

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

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

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

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

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

In certain countries, such as Singapore and Australia, where FEHH is operating, FEHH is faced with certain headwinds, such as an increase in the supply of new hotel rooms coming into the market and a declining average length of stay for visitors. In Singapore for example, despite seeing a 7.7% growth in international visitor arrivals in 2016, visitor days only increased 2.2%[4]. On the other hand, the number of hotel rooms in Singapore increased 4.4% year-on-year. Corporate travel has also declined in the face of a weaker macroeconomic business environment, which has contributed to the lower demand for hotel rooms.

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

The hospitality industry is competitive

The global hospitality industry is highly competitive. FEHH competes locally and internationally with existing and newly developed establishments. The hotels and/or serviced apartments owned and/or managed by FEHH experience competition primarily from other similar mid-tier hotels and/or serviced

[4] Source: Singapore Tourism Board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE GROUP'S RESOURCES BUSINESS

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

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

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

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

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

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

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

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

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

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

MSC Group has significant ongoing mine reclamation and rehabilitation obligations

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

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

MSC's mining, smelting and delivery of tin to its customers are subject to a variety of potentially severe operating risks, including disruptions in the supply of utilities such as water or electricity, accidents, labour disputes, piracy, industrial accidents such as mine and high-wall collapses, as well as environmental risks including unexpected adverse geological conditions, environmental hazards, natural disasters, adverse weather and other natural phenomena. Any of such calamities or other events beyond its control may lead to significant disruption or a cessation in processing at its processing facilities and those of its associates and may result in MSC having to incur large capital expenditures to restore its processing facilities. This may consequently have a material adverse effect on MSC's profitability and cash flows. Long-term disruptions could result in a loss of customers and a material adverse effect on MSC's business, financial condition, results of operations and prospects.

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

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

MSC Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. In Malaysia, for instance, tin operators are subject to the Environmental Quality Act 1974 and various related regulations which among other things, restricts the emission of environmentally hazardous substances and noise into the environment, and identifies areas within which such emissions are restricted or prohibited.

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

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

MSC may be affected by government regulations and policies in Malaysia

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

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

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

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

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

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

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

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

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

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

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

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

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

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

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

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

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

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

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

Clearing and Settlement under Euroclear and/or Clearstream, Luxembourg

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

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

SINGAPORE TAXATION

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

(a) 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

(b) 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 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. 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 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

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

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

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

(c) prepayment fee, redemption premium or 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 2018 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, paid by the Issuer and 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 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 paid by the Issuer and 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 10.0 per cent. (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 50.0 per cent. 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, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:-

(i) any related party of the Issuer; or

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

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

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

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

"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;

"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; and

"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.

References to "prepayment fee", "redemption premium" and "break cost" 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 shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), 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 in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:

(i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

(ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. 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 from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) 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 under the QDS Plus Scheme as described above.

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 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") 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. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

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

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

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

United States

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

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

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

The Securities 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 a dealer that is not participating in the offering of such tranche of Notes may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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

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

Singapore

Each Dealer acknowledges, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme 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 under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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, any other document or any Pricing Supplement.

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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Ms Chew Gek Khim	Executive Chairman
Ms Chew Gek Hiang	Non-Independent and Non-Executive Director
Mr Goh Kay Yong David	Non-Independent and Non-Executive Director
Mr Yap Chee Keong	Non-Independent and Non-Executive Director
Mr Tham Kui Seng	Independent and Non-Executive Director
Mr Tan Tiong Cheng	Independent and Non-Executive Director
Dr Gary Hilton Weiss	Independent and Non-Executive Director
Mr Chia Chee Ming, Timothy	Independent and Non-Executive Director and Lead Independent Director

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

   The Issuer's Non-Independent and Non-Executive Director, Chew Gek Hiang, is the sister of its Executive Chairman, Chew Gek Khim. The Issuer's substantial shareholder, Dr Tan Kheng Lian, is the mother of Chew Gek Khim and Chew Gek Hiang.

4. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group during FY2016.

5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

(a) Interests of the Directors of the Issuer in the Shares

Issued ordinary shares	Shareholdings in the names of Directors	Shareholdings in which Directors are deemed to have an interest
Ms Chew Gek Khim	41,200	-
Ms Chew Gek Hiang	23,000	-
Mr Chia Chee Ming, Timothy	3,900	-

(b) Interests of the substantial shareholders of the Issuer in the Shares

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest No. of Shares	Direct Interest %	Deemed Interest No. of Shares	Deemed Interest %
The Cairns Pte. Ltd.	285,840,552	70.04	–	–
Tan Chin Tuan Pte. Ltd. [1]	–	–	285,840,552	70.04
Raffles Investments Limited [1]	–	–	285,840,552	70.04
Siong Lim Private Limited [1]	–	–	285,840,552	70.04
Tecity Pte. Ltd. [1]	–	–	285,840,552	70.04
Aequitas Pte. Ltd. [1]	–	–	285,840,552	70.04
Kambau Pte. Ltd. [1]	–	–	285,840,552	70.04
Grange Investment Holdings Private Limited [1]	–	–	285,840,552	70.04
Dr Tan Kheng Lian [1]	4,860	n/m	285,840,552	70.04
Franklin Resources, Inc. [2]	–	–	29,296,400	7.18
Franklin Templeton Institutional, LLC [2]	–	–	29,296,400	7.18
Aberdeen Asset Management PLC [3]	–	–	22,685,011	5.56
Aberdeen Asset Management Asia Limited [3]	–	–	22,685,011	5.56

Notes:

n/m: not meaningful

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

2. Franklin Resources, Inc's deemed interest arises from the shares of the Company held by the funds and managed accounts that are managed by investment advisers which are directly or indirectly owned by Franklin Resources, Inc. Franklin Templeton Institutional, LLC is a wholly-owned subsidiary of Franklin Resources, Inc.

3. Aberdeen Asset Management PLC is the parent company of Aberdeen Asset Management Asia Limited. Aberdeen Asset Management Asia Limited acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the shares and has the power to dispose of, or control the disposal of, the shares. The registered holder(s) of the shares is the client's or fund's custodian.

SHARE CAPITAL

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

7. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary shares	408,095,772	S$568,967,826

8. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

9. No shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Issuer.

BORROWINGS

10. Save as disclosed in Appendix III, the Group had as at 31 December 2016 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges or hire purchase commitments.

WORKING CAPITAL

11. As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

12. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for FY2016.

LITIGATION

13. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

14. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2016.

CONSENTS

15. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the registered office of the Issuer at 1 Wallich Street #15-01, Guoco Tower, Singapore 078881 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed; and

    (c) the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2015, the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2016 and the unaudited financial statements of the Issuer and its subsidiaries for the three months ended 31 March 2017.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

17. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015
To the Members of The Straits Trading Company Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Straits Trading Company Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 47 to 159, which comprise the balance sheets of the Group and the Company as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015
To the Members of The Straits Trading Company Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
24 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Continuing operations			
Revenue			
Tin mining and smelting revenue		**528,493**	743,364
Property revenue	4	**11,456**	21,392
Total revenue		**539,949**	764,756
Other items of income/(loss)			
Dividend income	5	**25,407**	8,193
Interest income	6	**10,485**	5,395
Fair value changes in investment properties	16	**(4,819)**	(4,021)
Other (loss)/income	7	**(19,937)**	35,093
		551,085	809,416
Other items of expense			
Employee benefits expense	8	**(26,613)**	(29,513)
Depreciation expense	15	**(3,187)**	(2,925)
Amortisation expense	17	**(687)**	(683)
Impairment losses	9	**(294)**	(1,267)
Costs of tin mining and smelting		**(481,112)**	(686,533)
Finance costs	10	**(15,714)**	(29,748)
Other expenses	11	**(41,077)**	(40,531)
Total expenses		**(568,684)**	(791,200)
Share of results of associates and joint ventures		**28,475**	14,866
Profit before tax from continuing operations	12	**10,876**	33,082
Income tax expense	13	**(3,391)**	(9,184)
Profit after tax from continuing operations		**7,485**	23,898
Discontinued operations			
Loss after tax from discontinued operations	25	**–**	(7,704)
Profit after tax		**7,485**	16,194
Attributable to:			
Owners of the Company			
Profit after tax from continuing operations		**8,549**	20,548
Loss after tax from discontinued operations		**–**	(1,962)
Profit attributable to owners of the Company		**8,549**	18,586
Non-controlling interests			
(Loss)/Profit after tax from continuing operations		**(1,064)**	3,350
Loss after tax from discontinued operations		**–**	(5,742)
Loss after tax attributable to non-controlling interests		**(1,064)**	(2,392)
Earnings per share from continuing operations attributable to owners of the Company (cents per share)	14		
Basic		**2.1**	5.0
Diluted		**2.1**	5.0
Earnings per share (cents per share)	14		
Basic		**2.1**	4.6
Diluted		**2.1**	4.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Profit after tax	**7,485**	16,194
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net revaluation surplus on property, plant and equipment	**1,460**	1,326
Share of revaluation surplus on property, plant and equipment of associates	**6,750**	5,437
	8,210	6,763
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in available-for-sale investment securities	**(42,319)**	24,422
Net fair value changes in cash flow hedges	**(812)**	(1,273)
Currency translation reserve	**(15,296)**	8,766
Share of reserves of associates and joint ventures	**(9,573)**	1,100
Reversal of fair value changes on investment securities re-designated as marketable securities	**–**	1,050
	(68,000)	34,065
Other comprehensive income after tax for the year	**(59,790)**	40,828
Total comprehensive income for the year	**(52,305)**	57,022
Attributable to:		
Owners of the Company	**(44,162)**	54,736
Non-controlling interests	**(8,143)**	2,286
Total comprehensive income for the year	**(52,305)**	57,022
Attributable to:		
Owners of the Company		
Total comprehensive income after tax from continuing operations	**(44,162)**	50,895
Total comprehensive income after tax from discontinued operations	**–**	3,841
Total comprehensive income for the year attributable to owners of the Company	**(44,162)**	54,736

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Non-current assets					
Property, plant and equipment	15	**34,434**	35,737	**174**	244
Investment properties	16	**606,010**	399,763	**32,371**	53,135
Goodwill	17(a)	**17,604**	20,247	**–**	–
Other intangible assets	17(b)	**6,655**	7,650	**–**	–
Subsidiaries	18	**–**	–	**125,237**	209,737
Associates and joint ventures	19	**558,616**	428,192	**2,708**	2,708
Deferred tax assets	20	**1,599**	1,550	**–**	–
Other non-current receivables	21	**1,855**	2,263	**–**	–
Investment securities	22(a)	**201,576**	202,488	**–**	–
Other non-current assets	24	**987**	75,626	**–**	–
Total non-current assets		**1,429,336**	1,173,516	**160,490**	265,824
Current assets					
Assets/Disposal group classified as held for sale	25	**17,771**	46,836	**17,771**	–
Development properties for sale	26	**70**	237	**–**	–
Inventories	27	**88,820**	96,085	**–**	–
Income tax receivables		**3,526**	1,368	**–**	26
Prepayments and accrued income		**1,854**	1,365	**1**	1
Trade and other receivables	21	**126,297**	113,827	**866,263**	558,079
Marketable securities	22(b)	**178,282**	78,699	**–**	–
Derivative financial instruments	23	**200**	–	**–**	–
Cash and cash equivalents	28	**239,325**	480,170	**105,579**	387,410
Total current assets		**656,145**	818,587	**989,614**	945,516
Total assets		**2,085,481**	1,992,103	**1,150,104**	1,211,340
Equity and liabilities					
Equity					
Share capital	29	**568,968**	568,968	**568,968**	568,968
Retained earnings	30	**782,253**	787,375	**86,250**	89,069
Other reserves	30	**(54,057)**	(1,596)	**(18,079)**	(8,174)
Reserve of disposal group classified as held for sale	25	**–**	250	**–**	–
Equity attributable to owners of the Company		**1,297,164**	1,354,997	**637,139**	649,863
Non-controlling interests		**73,049**	50,901	**–**	–
Total equity		**1,370,213**	1,405,898	**637,139**	649,863
Non-current liabilities					
Provisions	31	**5,923**	3,916	**–**	–
Deferred tax liabilities	20	**5,654**	6,051	**2,806**	3,291
Borrowings	32	**373,985**	243,276	**–**	–
Derivative financial instruments	23	**24**	181	**–**	–
Other non-current liabilities	33	**465**	320	**–**	–
Total non-current liabilities		**386,051**	253,744	**2,806**	3,291

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Current liabilities					
Liabilities directly associated with disposal group classified as held for sale	25	**–**	27	**–**	–
Provisions	31	**22,756**	28,134	**19,585**	23,477
Income tax payable		**2,083**	1,682	**442**	199
Trade and other payables	34	**122,962**	77,480	**490,132**	534,510
Borrowings	32	**177,682**	222,996	**–**	–
Derivative financial instruments	23	**3,734**	2,142	**–**	–
Total current liabilities		**329,217**	332,461	**510,159**	558,186
Total liabilities		**715,268**	586,205	**512,965**	561,477
Total equity and liabilities		**2,085,481**	1,992,103	**1,150,104**	1,211,340

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 2015

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2015	1,405,898	1,354,997	568,968	787,375	19,102	(1,367)	8,034	(27,365)	250	50,901
Total comprehensive income for the year	(52,305)	(44,162)	–	8,549	(43,024)	(444)	7,544	(16,491)	(296)	(8,143)
<u>Contributions by and distributions to owners</u>										
Dividend on ordinary shares (note 35)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Dividend to non-controlling interests	(61)	–	–	–	–	–	–	–	–	(61)
Unclaimed dividends written back	2,660	2,660	–	2,660	–	–	–	–	–	–
Contribution of capital by non-controlling interests	30,345	–	–	–	–	–	–	–	–	30,345
Total contributions by and distributions to owners	16,620	(13,664)	–	(13,664)	–	–	–	–	–	30,284
<u>Changes in ownership interests in subsidiaries</u>										
Dilution of ownership interests in subsidiaries that do not result in a loss of control	–	(7)	–	(7)	–	–	–	–	–	7
Total changes in ownership interests in subsidiaries	–	(7)	–	(7)	–	–	–	–	–	7
Total transactions with owners in their capacity as owners	16,620	(13,671)	–	(13,671)	–	–	–	–	–	30,291
<u>Others</u>										
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(46)	46	–
Total others	–	–	–	–	–	–	–	(46)	46	–
Closing balance at 31 December 2015	**1,370,213**	**1,297,164**	**568,968**	**782,253**	**(23,922)**	**(1,811)**	**15,578**	**(43,902)**	**–**	**73,049**

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 2015

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2014	1,352,243	1,316,585	568,968	784,145	(6,924)	(363)	1,893	(25,901)	(5,233)	35,658
Total comprehensive income for the year	57,022	54,736	–	18,586	26,026	(1,004)	6,182	(703)	5,649	2,286
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares (note 35)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Contribution of capital by non-controlling interests	4,900	–	–	–	–	–	–	–	–	4,900
Total contributions by and distributions to owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
Total transactions with owners in their capacity as owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
<u>Others</u>										
Sale of disposal group classified as held for sale	7,940	–	–	927	–	–	–	–	(927)	7,940
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(761)	761	–
Sale of a subsidiary	–	–	–	41	–	–	(41)	–	–	–
Acquisition of a subsidiary	117	–	–	–	–	–	–	–	–	117
Total others	8,057	–	–	968	–	–	(41)	(761)	(166)	8,057
Closing balance at 31 December 2014	1,405,898	1,354,997	568,968	787,375	19,102	(1,367)	8,034	(27,365)	250	50,901

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 2015

	2015 $'000	2014 (restated) $'000
Cash flows from operating activities		
Profit before tax from continuing operations	**10,876**	33,082
Loss before tax from discontinued operations	**–**	(7,704)
Profit before tax	**10,876**	25,378
Adjustments		
Depreciation of property, plant and equipment	**3,187**	2,957
Amortisation of intangible assets	**687**	683
Dividend income	**(25,407)**	(8,193)
Interest income	**(10,485)**	(5,395)
Finance costs	**15,714**	29,748
Currency realignment	**11,379**	5,216
Fair value changes in investment properties and financial assets	**20,413**	5,388
Net gain on disposal of property, plant and equipment, investment properties and subsidiaries	**(770)**	(28,291)
Write down of inventories	**4,698**	1,211
Impairment losses of investments, property, plant and equipment	**294**	1,267
Write off/Provision for liabilities, exploration costs and other assets	**2,444**	12,087
Provision for employee benefits and receivables	**819**	2,325
Share of results of associates and joint ventures	**(28,475)**	(14,866)
Operating cash flows before changes in working capital	**5,374**	29,515
Decrease in development properties for sale	**156**	97
(Increase)/Decrease in inventories	**(9,946)**	6,932
Increase in marketable securities	**(114,608)**	(64,033)
Increase in trade and other receivables	**(18,559)**	(11,004)
Increase/(Decrease) in trade and other payables	**36,347**	(13,407)
Cash flows used in operations	**(101,236)**	(51,900)
Income taxes paid	**(5,809)**	(15,562)
Payment of finance costs	**(15,705)**	(28,310)
Interest received	**9,457**	3,860
Dividend income	**15,400**	1,385
Net cash flows used in operating activities	**(97,893)**	(90,527)

Please refer to note 44 on certain reclassifications to better reflect the cash flow presentation.

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 2015

	2015 $'000	2014 (restated) $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**43,046**	459,362
Cost incurred on property, plant and equipment	**(4,990)**	(6,507)
Cost incurred on investment properties	**(197,994)**	(4,171)
Initial payment on a property	**–**	(74,285)
Proceeds from disposal of investment securities	**–**	47,287
Investment in associates	**(114,983)**	–
Purchase of investment securities	**(38,924)**	(180,887)
Payment for deferred mine exploration and evaluation expenditure and mine properties	**(678)**	(2,024)
Net cash outflow on acquisition of a subsidiary	**–**	(186)
Net cash inflow from sale of subsidiaries (note 18 and 25)	**53,030**	208
Shareholder's loan to an associate	**–**	(11,910)
Proceeds from partial return of capital from an associate	**–**	1,287
Dividend income from investment securities, associates and joint ventures	**20,379**	27,834
Currency realignment	**154**	(277)
Net cash flows (used in)/from investing activities	**(240,960)**	255,731
Cash flows from financing activities		
Dividends paid to shareholders (note 35)	**(16,324)**	(16,324)
Loan from a non-controlling shareholder of a subsidiary	**–**	20,950
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**30,345**	4,900
Drawdown of short-term borrowings	**17,599**	51,990
Drawdown of long-term borrowings	**152,294**	220,000
Repayment of long-term borrowings	**(69,086)**	(232,707)
Currency realignment	**(15,522)**	(2,747)
Net cash flows from financing activities	**99,306**	46,062
Net (decrease)/increase in cash and cash equivalents	**(239,547)**	211,266
Effect of exchange rate changes on cash and cash equivalents	**(5,800)**	(948)
Cash and cash equivalents, beginning balance	**484,672**	274,354
Cash and cash equivalents, ending balance (note 28)	**239,325**	484,672

Please refer to note 44 on certain reclassifications to better reflect the cash flow presentation.

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 2015

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 24 March 2016.

The Straits Trading Company Limited is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at 9 Battery Road #28-01, Straits Trading Building, Singapore 049910. The Company is listed on the Singapore Exchange Securities Trading Limited.

The immediate and ultimate holding company is The Cairns Private Limited, a company incorporated in Singapore.

The principal activity of the Company is that of an investment company. The subsidiaries, associates and joint ventures of the Group are primarily engaged in real estate investment, tin mining and smelting, provision of real estate fund management services, real estate management services and corporate finance advisory services and management of hospitality and other properties as well as operation of hotels.

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 (FRS).

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

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

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except 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 2015.

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

Certain new FRS and INT FRS have been published that are mandatory for accounting periods beginning on or after 1 January 2015:

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
(a) Amendments to FRS 102 Share Based Payment
(b) Amendments to FRS 103 Business Combinations
(c) Amendments to FRS 108 Operating Segments
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets
(e) Amendments to FRS 24 Related Party Disclosures
Improvements to FRSs (February 2014)
(a) Amendments to FRS 103 Business Combinations
(b) Amendments to FRS 113 Fair Value Measurement
(c) Amendments to FRS 40 Investment Property

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

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
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
(d) Amendments to FRS 34 Interim Financial Reporting	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application, except as discussed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group is in the process of reviewing the implications of this standard.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory. The Group is in the process of reviewing the implications of this standard.

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

(a) Basis of consolidation

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

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

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

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

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(a) Basis of consolidation (cont'd)

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

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

(b) Business combinations and goodwill

<u>Business combination from 1 January 2010</u>

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(b) Business combinations and goodwill (cont'd)

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Where the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

2.6 FOREIGN CURRENCY

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

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

2.7 SUBSIDIARIES

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

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

2. 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.

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

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

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

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

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

Net assets of the associates and joint ventures are included in the consolidated financial statements under the equity method based on their latest audited financial statements. Where their financial periods do not end on 31 December, management accounts to 31 December are used. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 2.22. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.10 DEPRECIATION AND RESIDUAL VALUES

In the tin mining subsidiary, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in the estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the change arises.

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. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for these remaining assets are as follows:

Leasehold land	–	remaining lease term of 8 to 97 years
Buildings	–	8 to 40 years or the unexpired lease period or life of the mine, whichever is shorter
Plant, equipment and vehicles	–	3 to 40 years
Furniture	–	3 to 10 years
Mine restoration	–	Life of mine

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not 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 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 de-recognised 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.

For properties that are being redeveloped for continued future use as investment properties, they are stated at fair values and the associated redevelopment expenditures are stated at cost until redevelopment is completed.

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

2.12 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 de-recognition 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 de-recognised.

(a) Mining rights

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

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

2.12 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 reserves and resources. These costs also include directly attributable employee remuneration, materials used and overhead costs.

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

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

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

2.12 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 reserves and resources until commercial production are accumulated in respect of each mine property. Exploration and evaluation expenditure is also transferred to mine properties once the work completed to date for the area supports the future development of the property and such development received appropriate approvals. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area.

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

a. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
b. The entity can identify the component of an ore body for which access has been improved; and
c. 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 reserves and resources. Changes in the estimated economically recoverable ore reserves and resources are accounted for on a prospective basis from the beginning of the year in which the changes arise.

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 measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less accumulated impairment losses, if any. Club memberships are amortised on a straight-line basis over their finite useful lives. The amortisation period and amortisation method are reviewed at each financial year-end.

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

2.13 INVESTMENTS IN DEBT AND EQUITY SECURITIES

When investment securities are recognised initially, they are measured at fair value, plus, in the case of investment securities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, investment securities classified as held-for-trading are measured at fair value with any gain or loss arising from changes in fair value recognised in profit or loss. Investment securities are classified as held-for-trading if they are acquired principally for the purpose of selling in the near term.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. For investment carried at amortised cost, gains or losses are recognised in profit or loss when the investment securities are de-recognised or impaired, and through the amortisation process.

Other investment securities held by the Group, only if they are non-derivatives, are classified as available-for-sale (AFS). After initial recognition, AFS securities are subsequently measured at fair value with any gain or loss arising from changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on AFS securities that are monetary items which are recognised in profit or loss. When these AFS securities are de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

All regular way purchases and sales of investment securities are recognised or de-recognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The fair value of investment securities that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business at the end of the reporting period. For investment securities where there is no active market, fair value is estimated using a valuation technique based on certain assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values, resulting from the valuation technique which are recorded in the balance sheet are reasonable and the most appropriate, at the end of the reporting period. These investment securities shall, however, be measured at cost less impairment losses if their fair values cannot be reliably estimated.

2.14 BASE INVENTORY

Base inventory is the base recirculating inventory in the smelting process. The value represents the lower of estimated recoverable amounts and cost of 381 tonnes of metallic tin content.

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

2.15 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

2.16 DEVELOPMENT PROPERTIES

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 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 allowance 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.

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. Production cost is not allocated to by-products as it is not material.

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

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

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

2.18 TRADE AND OTHER RECEIVABLES

Trade and other receivables, include amounts due from subsidiaries, associates, joint ventures, related companies and loans to related companies. When recognised initially, they are measured at fair value. Subsequent to initial recognition, the receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the receivables are de-recognised or impaired, and through the amortisation process.

Trade and other receivables are recognised and carried at original invoice amounts less allowances for any uncollectible amounts. Allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.19 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.

2.20 IMPAIRMENT OF ASSETS

(a) Non-financial assets

An assessment is made at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the estimated recoverable amount of that asset is determined.

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 of continuing operations are recognised in the 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.

<u>Calculation of recoverable amount</u>

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. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

2.20 IMPAIRMENT OF ASSETS (CONT'D)

(a) Non-financial assets (cont'd)

Reversal of impairment

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

(b) Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the assets become uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Reversal of impairment

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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

2.20 IMPAIRMENT OF ASSETS (CONT'D)

(b) Financial assets (cont'd)

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Reversal of impairment

Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

Reversal of impairment

Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

For debt instruments, if, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

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

2.21 INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2.22 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.

2.23 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2.24 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 economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

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

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

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

2.25 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.

2.26 LEASES

(a) Where the group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as expenses in profit or loss in the periods in which they are incurred.

(b) Where the group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Assets leased out under operating leases are included in property, plant and equipment, investment properties and completed development properties for sale.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same bases as the rental income.

Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.27 INCOME RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent.

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Revenue from sale and delivery of refined tin metal and by-products is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from tin warrant and other service charges are recognised upon performance of services.

Rental income 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.

Profits from sale of marketable securities are recognised upon conclusion of the contract for sale.

Profits from sale of completed properties are recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyer.

Dividend income from investments is recognised when the Group's right to receive payment is established.

Revenue from sale of properties in the course of development

Where property is under development and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:

– A contract to construct a property; or

– A contract for sale of a completed property.

(a) Where a contract is judged to be for construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

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

2.27 INCOME RECOGNITION (CONT'D)

(b) Where the contract is judged to be for the sale of completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements ("SPAs") prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2.28 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

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

2.28 TAXES (CONT'D)

(b) Deferred tax (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in 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, 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 interests in 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 2015

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

2.28 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.

2.29 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Initial recognition and subsequent measurement

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

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

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

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

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

– Hedges of a net investment in a foreign operation

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

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

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

2.29 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

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

(a) Fair value hedges

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

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

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

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

(b) Cash flow hedges

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

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.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

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

2.30 FINANCIAL GUARANTEES

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 initially recognised 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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.31 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets

A financial asset is de-recognised where the contractual right to receive cash flows from the assets has expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.32 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.33 TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

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.

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

2.34 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.

2.35 SEGMENT REPORTING

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 Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

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. However, 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 42.

4. PROPERTY REVENUE

	Group	
	2015	2014
	$'000	$'000
Rental and related income	**10,349**	20,561
Sale of development properties	**1,107**	831
	11,456	21,392

5. DIVIDEND INCOME

	Group	
	2015	2014
	$'000	$'000
Dividend income from:		
– Held-for-trading marketable securities	**15,400**	1,731
– Available-for-sale investment securities	**10,007**	6,462
	25,407	8,193

6. INTEREST INCOME

	Group	
	2015	2014
	$'000	$'000
Interest income from:		
– Deposits	**3,253**	1,834
– Receivables	**707**	1,858
– Amounts due from associates and joint ventures	**2,618**	1,384
– Held-to-maturity financial assets	**3,408**	–
– Others	**499**	319
	10,485	5,395

7. OTHER (LOSS)/INCOME

	Group	
	2015	2014
	$'000	$'000
Net gain on sale of assets/disposal group classified as held for sale	**1,495**	–
Net loss on disposal of investment securities	**–**	(4,485)
Net (loss)/gain on disposal of marketable securities	**(10,880)**	577
Net gain on disposal of derivatives	**1,602**	–
Net gain on disposal of investment properties	**–**	39,172
Fair value changes in financial assets:		
– Held-for-trading marketable securities	**(15,048)**	(1,561)
– Derivatives	**(195)**	40
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**(351)**	154
Other operating income	**3,440**	1,196
	(19,937)	35,093

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	$'000	$'000
Wages, salaries and other allowances	**24,478**	27,309
Severance benefit	**–**	13
Defined contribution plans	**2,135**	2,206
	26,613	29,528
Less: Employee benefits expense capitalised in:		
– Investment properties undergoing development (note 16(e))	**–**	(15)
	26,613	29,513

9. IMPAIRMENT LOSSES

	Group	
	2015	2014
	$'000	$'000
Impairment of associates and joint ventures (note 19)	**192**	1,219
(Revaluation surplus)/Revaluation deficit of properties	**(7)**	11
Impairment of available-for-sale investment securities	**109**	37
	294	1,267

10. FINANCE COSTS

	Group	
	2015	2014
	$'000	$'000
Interest on bank loans	**13,855**	10,219
Interest on debt securities	**–**	5,281
Fees incurred for credit facilities/debt securities *	**1,104**	13,659
Interest on loan from a non-controlling shareholder of a subsidiary	**627**	453
Discount adjustment on provision (note 31)	**128**	136
	15,714	29,748

* The fees incurred for credit facilities/debt securities for 2014 were mainly due to early buy back of debt securities.

11. OTHER EXPENSES

	Group	
	2015	2014
	$'000	$'000
Exchange losses	**18,576**	4,880
Administrative expenses	**5,183**	4,519
Property related management fees	**4,181**	2,953
Professional fees	**2,344**	3,449
Operating lease expenses	**1,779**	1,230
Upkeep and maintenance expenses of properties	**1,422**	2,885
Marketing and distribution expenses	**1,417**	1,404
Impairment of doubtful receivables, net of reversal (note 21)	**1,266**	2,325
Property related taxes	**1,221**	2,171
Provision for repairs (note 31)	**–**	8,285
Provision for financial guarantee (note 31)	**–**	3,748
Other expenses	**3,688**	2,682
	41,077	40,531

12. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	Group	
	2015	2014
	$'000	$'000
Audit fees paid/payable:		
(a) Auditors of the Company	**406**	359
(b) Overseas affiliates of the auditors of the Company		
– Continuing operations	**250**	263
– Discontinued operations	**–**	33
(c) Other auditors	**10**	10
Non-audit fees paid/payable:		
(a) Auditors of the Company	**122**	198
(b) Overseas affiliates of the auditors of the Company	**63**	120
(c) Other auditors	**361**	332
	1,212	1,315
Loss on disposal of property, plant and equipment	**16**	14
Property, plant and equipment written off	**31**	53

13. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

			Group	
			2015	2014
			$'000	$'000
(i)	Consolidated income statement:			
	Income tax			
	– Current income tax		**5,932**	9,317
	– (Over)/Under provision in respect of prior years		**(1,948)**	351
	– Benefits from previously unrecognised tax losses and unutilised capital allowances		**(451)**	(194)
			3,533	9,474
	Deferred tax			
	– Originating and reversal of temporary differences		**254**	(326)
	– (Over)/Under provision in respect of prior years		**(396)**	36
		(note 20)	**(142)**	(290)
	Income tax expense recognised in profit or loss*		**3,391**	9,184
(ii)	Statement of comprehensive income:			
	Deferred tax related to other comprehensive income			
	– Net change on revaluation of property, plant and equipment		**209**	161
	– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges		**(246)**	(427)
	– Net change in available-for-sale investment securities		**(183)**	72
			(220)	(194)

* Includes reversal of income tax provision and deferred tax liabilities of $1.9 million and $1.2 million respectively relating to discontinued operations that were no longer required.

13. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before tax from continuing operations	**10,876**	33,082
Loss before tax from discontinued operations (note 25)	**–**	(7,704)
Less: Share of results of associates and joint ventures *	**(28,475)**	(14,866)
	(17,599)	10,512
Tax at statutory rate of 17% (2014: 17%)	**(2,992)**	1,787
Effect of different tax rates in other countries	**548**	633
(Over)/Under provision in respect of prior years	**(1,948)**	351
(Over)/Under provision of deferred tax in respect of prior years	**(396)**	36
Expenses/Losses not claimable	**7,659**	14,409
Income not subject to tax	**(144)**	(7,545)
Effect of partial tax exemption	**(478)**	(354)
Utilisation of previously unrecognised tax losses and unutilised capital allowances	**(451)**	(194)
Withholding tax expenses	**1,728**	–
Others	**(135)**	61
	3,391	9,184

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

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	2015	2014
Malaysia	**25%**	25%
Australia	**30%**	30%
China	**25%**	25%

14. EARNINGS PER SHARE (CENTS)

(a) Continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit after tax from continuing operations attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
	$'000	$'000
Profit for the year attributable to owners of the Company	**8,549**	18,586
Add back: Loss after tax from discontinued operations, attributable to owners of the Company	–	1,962
Profit after tax from continuing operations attributable to owners of the Company used in the computation of basic and diluted earnings per share	**8,549**	20,548

(b) Earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of $8,549,000 (2014: $18,586,000) and on 408,095,772 ordinary shares in issue.

There are no potential dilutive shares of the Company.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2015	9,362	318	7,632	36,261	1,567	3,532	58,672
Additions	–	–	3	453	1,798	2,411	4,665
Disposals	–	–	–	(643)	–	–	(643)
Transfer	–	–	–	2,835	(2,835)	–	–
Revaluation surplus, net	900	–	802	–	–	–	1,702
Sale of a subsidiary (note 18)	–	–	–	(98)	–	–	(98)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	(1,223)	(41)	(999)	(4,270)	(238)	(472)	(7,243)
At 31 December 2015	9,039	266	7,199	34,538	292	5,471	56,805
Accumulated depreciation and impairment							
At 1 January 2015	–	–	–	22,138	–	797	22,935
Depreciation charge for the year	–	12	257	2,574	–	344	3,187
Disposals	–	–	–	(570)	–	–	(570)
Sale of a subsidiary (note 18)	–	–	–	(26)	–	–	(26)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	–	(1)	(18)	(2,759)	–	(127)	(2,905)
At 31 December 2015	–	–	–	21,357	–	1,014	22,371
Net carrying amount							
At 31 December 2015	**9,039**	**266**	**7,199**	**13,181**	**292**	**4,457**	**34,434**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work- in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2014	8,465	468	7,833	38,764	410	3,595	59,535
Additions	–	77	40	871	3,339	–	4,327
Disposals	–	–	–	(3,448)	–	–	(3,448)
Transfer	–	–	163	1,976	(2,139)	–	–
Revaluation surplus, net	1,071	–	439	–	–	–	1,510
Sale of a subsidiary (note 18)	–	(202)	(436)	(1,313)	–	–	(1,951)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	(174)	(11)	(149)	(589)	(43)	(63)	(1,029)
At 31 December 2014	9,362	318	7,632	36,261	1,567	3,532	58,672
Accumulated depreciation and impairment							
At 1 January 2014	–	–	–	24,495	–	637	25,132
Depreciation charge for the year							
– Continuing operations	–	13	266	2,470	–	176	2,925
– Discontinued operations (note 25)	–	3	25	4	–	–	32
Disposals	–	–	–	(3,118)	–	–	(3,118)
Sale of a subsidiary (note 18)	–	–	(25)	(1,310)	–	–	(1,335)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	–	(2)	(8)	(403)	–	(16)	(429)
At 31 December 2014	–	–	–	22,138	–	797	22,935
Net carrying amount							
At 31 December 2014	9,362	318	7,632	14,123	1,567	2,735	35,737

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

	Freehold land $'000 (At valuation)	Buildings $'000 (At valuation)	Plant, equipment, vehicles and furniture $'000	Total $'000
Company				
At cost or valuation				
At 1 January 2015	32	136	256	424
Revaluation surplus	1	(9)	–	(8)
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	(4)	(18)	(33)	(55)
At 31 December 2015	29	95	223	347
Accumulated depreciation				
At 1 January 2015	–	–	180	180
Depreciation charge for the year	–	14	18	32
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	–	–	(25)	(25)
At 31 December 2015	–	–	173	173
Net carrying amount				
At 31 December 2015	**29**	**95**	**50**	**174**
At cost or valuation				
At 1 January 2014	30	150	346	526
Additions	–	–	29	29
Disposal	–	–	(117)	(117)
Revaluation surplus	3	4	–	7
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	(1)	(3)	(2)	(6)
At 31 December 2014	32	136	256	424
Accumulated depreciation				
At 1 January 2014	–	–	221	221
Depreciation charge for the year	–	15	27	42
Disposal	–	–	(66)	(66)
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	–	–	(2)	(2)
At 31 December 2014	–	–	180	180
Net carrying amount				
At 31 December 2014	32	136	76	244

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

(a) Land and buildings are stated at fair value, which have been determined based on valuations at or approximate 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 43D.

(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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Freehold land at 31 December				
– Cost, representing net carrying amount	**4,507**	5,181	**1**	1
Leasehold land at 31 December				
– Cost	**518**	595	**–**	–
– Accumulated depreciation and impairment	**(252)**	(277)	**–**	–
– Net carrying amount	**266**	318	**–**	–
Buildings at 31 December				
– Cost	**6,773**	7,782	**11**	11
– Accumulated depreciation and impairment	**(2,390)**	(2,495)	**(11)**	(11)
– Net carrying amount	**4,383**	5,287	**–**	–

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

(c) Details of properties included in property, plant and equipment as at 31 December 2015 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	8	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang Darul Makmur	Freehold		Agricultural	Jones Lang Wootton	Comparison method
No. 27 Jalan Pantai, 12000 Butterworth:					
(i) Offices and factory buildings at Lot 142 - 187 and 362	Freehold		Office and factory	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Carpark shed at Lot 268	Leasehold	13	Carpark shed	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iii) Seabed leases with main wharf at PT 686	Leasehold	54	Main wharf	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
Offices at unit No. B-15-6, B-15-7, B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold		Office	Knight Frank Malaysia Sdn Bhd	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(c) Details of properties included in property, plant and equipment as at 31 December 2015 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:					
(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 and depreciated replacement cost method
(iii) Land and buildings at PT 4338, 3934, 725, 726, 727, 55502, 55503, 55504 (formerly as PT 4440, 4441, 4442) Lot 2071, 4522 and 4523	Leasehold	up to 97	Dam, residential 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	93	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(v) 2 units of single-storey semi-detached house at PT 5022 and 5026	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

16. INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance sheets:				
At fair value:				
Balance as at 1 January	**399,763**	849,910	**53,135**	122,346
Fair value changes recognised in profit or loss	**(4,819)**	(4,021)	**4,188**	1,484
Acquisition of properties	**216,777**	–	**–**	–
Reclassify from non-current assets (note 24)	**74,491**	–	**–**	–
Redevelopment expenditure	**–**	2,173	**–**	–
Disposal of a subsidiary (note 18)	**(53,778)**	–	**–**	–
Attributable to disposal group classified as held for sale (note 25)	**(17,771)**	(42,317)	**(17,771)**	–
Disposal during the year	**–**	(405,000)	**–**	(69,741)
Exchange adjustment	**(8,653)**	(982)	**(7,181)**	(954)
Balance as at 31 December	**606,010**	399,763	**32,371**	53,135

	Group	
	2015	2014
	$'000	$'000
Income statement:		
Rental income from investment properties:		
– Minimum lease payments	**10,301**	20,086
– Contingent rent based on tenant's turnover	**–**	8
	10,301	20,094
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(5,474)**	(8,355)
– Non-rental generating properties	**(9)**	(8)
	(5,483)	(8,363)

(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 or approximate 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 43D.

(c) Certain investment properties are mortgaged to secure bank facilities (note 32).

(d) During the financial year, the loan secured on the 14 residential units at The Holland Collection, Singapore was repaid and the mortgage was discharged.

(e) During the financial year, there was no employee benefits expense capitalised in investment properties (2014: $15,000) (note 8).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2015 are as follows:

Description of Properties	Tenure	Unexpired Lease Term (year)	Site Area sq.m.	Net Floor Area sq.m.	Existing Use	Professional Valuers	Valuation Method
Singapore							
10 residential units at Gallop Green condominium	Freehold		–	3,711 (strata)	Residential	Knight Frank Pte Ltd	Comparison method
6A/8/8A/10/12 at Cable Road	Freehold		7,432	4,327 (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
Australia							
Office building at 114 - 128 William Street, Melbourne Victoria 3000	Freehold		1,858	21,017	Office	Urbis Valuations Pty Ltd	Income capitalisation/ Discounted cash flow method
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	35	24,652	35,208 (gross)	Retail	Jones Lang LaSalle Ltd	Income capitalisation/ Discounted cash flow method
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	879	11,255	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
A parcel of residential land, Lot No. 34612 Jalan Gopeng, Ipoh, Perak	999 years Leasehold	878	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

16. INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2015 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
Malaysia (cont'd)							
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold		7,949	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 2569 and 2626, Section 4 Town of Butterworth, Pulau Pinang	Freehold		6,535	–	Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots	11 and 15	37,200	3,241 (gross)	Residential/ Retail/ Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/ without annex building and vacant plots	Freehold		55,928	3,513 (gross)	Office/ Residential/ Club house/ Storage yard/ Car showroom	C H Williams Talhar & Wong Sdn Bhd	Comparison method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, Butterworth, Pulau Pinang	Freehold		1,322	2,883	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
At cost		
At 1 January	**20,247**	20,603
Exchange adjustment	**(2,643)**	(356)
At 31 December	**17,604**	20,247

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 using 5-year cash flow projections based on financial forecasts. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The key assumptions made reflect past experience. The pre-tax discount rate applied to the cash flow projections at 9.8% (2014: 8.2%) per annum was based on the estimated weighted average cost of capital. The pre-tax discount rate was adjusted upwards to reflect the current market condition. The terminal growth rate applied at 2.3% per annum was based on the Malaysia Consumer Price Index. There is no impairment in the carrying amount of goodwill arising from this review.

(ii) Sensitivity to changes in assumptions

For the financial year under review, Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The discount rate and terminal growth rate would need to change individually by 0.2% and 0.4% respectively for the estimated recoverable amount to be equal to the carrying amount. Please refer to Note 42a(i) for more details.

(b) Other intangible assets

		Group	
		2015	2014
		$'000	$'000
(i)	Mining rights	**2,367**	3,058
	Corporate club memberships	**215**	257
		2,582	3,315
(ii)	Deferred mine exploration and evaluation expenditure	**1,935**	1,500
	Mine properties	**2,138**	2,835
		4,073	4,335
		6,655	7,650

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

(b) (i) Mining Rights and Corporate Club Memberships

	Mining rights $'000	Corporate club memberships $'000	Total $'000
Group			
At cost			
At 1 January 2015	4,499	336	4,835
Exchange adjustment	(584)	(45)	(629)
At 31 December 2015	3,915	291	4,206
Accumulated amortisation			
At 1 January 2015	1,441	79	1,520
Amortisation to profit or loss	315	10	325
Exchange adjustment	(208)	(13)	(221)
At 31 December 2015	1,548	76	1,624
Net carrying amount	**2,367**	**215**	**2,582**
At cost			
At 1 January 2014	4,026	258	4,284
Additions	–	84	84
Acquisition of a subsidiary (note 18)	559	–	559
Exchange adjustment	(86)	(6)	(92)
At 31 December 2014	4,499	336	4,835
Accumulated amortisation			
At 1 January 2014	1,123	69	1,192
Amortisation to profit or loss	348	11	359
Exchange adjustment	(30)	(1)	(31)
At 31 December 2014	1,441	79	1,520
Net carrying amount	3,058	257	3,315

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

(b) (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 2015	1,500	2,835	4,335
Additions	672	6	678
Written off to profit or loss	(2)	–	(2)
Amortisation to profit or loss	–	(362)	(362)
Exchange adjustment	(235)	(341)	(576)
At 31 December 2015	**1,935**	**2,138**	**4,073**
At 1 January 2014	18	2,759	2,777
Additions	1,492	449	1,941
Acquisition of a subsidiary (note 18)	14	–	14
Amortisation to profit or loss	–	(324)	(324)
Exchange adjustment	(24)	(49)	(73)
At 31 December 2014	1,500	2,835	4,335

Note 17(b)(ii) represents deferred mine exploration and evaluation expenditures and mine properties incurred on several areas of interest. The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage that permits a reasonable assessment of the existence of the economically recoverable ore reserves and resources.

The remaining amortisation periods are as follows:

	Group Number of years 2015	2014
Mining rights	**7**	8
Corporate club memberships	**5 to 71**	6 to 72
Mine properties	**7**	8

18. SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**57,058**	63,558
Redeemable preference shares, at cost	**48,900**	126,900
	131,360	215,860
Impairment losses	**(6,123)**	(6,123)
	125,237	209,737

Details of subsidiaries are included in note 46.

Incorporation of subsidiaries

During the financial year, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd. ("Straits Real Estate"), the following subsidiaries were incorporated:

(i) SRE Venture 6 Pte. Ltd. ("SRE Venture 6") with 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. During the year, SRE Asian Asset Income Fund ("SAAIF") was incorporated, with 1 share of par value US$1 and subsequently enlarged its share capital to $132,788,000. At balance sheet date, SRE Venture 6 owned 98.3% in SAAIF;

(ii) SRE Venture 7 Pte. Ltd. with 1 ordinary share at the price of $1 per share and subsequently increased its share capital to $1,500,000;

(iii) SRE Venture 8 Pte. Ltd. ("SRE Venture 8") with 1 ordinary share at the price of $1 per share. During the year, SRE Venture 8 incorporated a subsidiary, SRE Australia 1 Pte. Ltd. ("SRE Australia 1"), with 1 ordinary share at the price of $1 per share. SRE Australia 1 incorporated a subsidiary, SRE Investment 1 (Australia) Pty Ltd ("SRE Investment 1"), with 1 ordinary share at the price of $1 and subsequently enlarged its share capital to A$57,717,000. At balance sheet date, SRE Australia 1 owned 98.0% in SRE Investment 1; and

(iv) SRE Venture 9 Pte. Ltd. with 1 ordinary share at the price of $1 per share.

In 2014, the Company incorporated a wholly-owned subsidiary, Straits Investments Holdings Pte. Ltd., with 1 ordinary share at the price of $1 per share.

In 2014, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd., the following subsidiaries were incorporated:

(i) Straits Real Estate (Management) Pte. Ltd. with 10 ordinary shares at the price of $1 per share;

(ii) SRE Venture 1 Pte. Ltd. ("SRE Venture 1") with an initial 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. In the same year, SRE Venture 1 invested in ARA Summit Development Fund I, L.P. ("Fund") and is currently the sole investor of the Fund;

(iii) SRE Venture 2 Pte. Ltd. with 1 ordinary share at the price of $1 per share;

18. SUBSIDIARIES (CONT'D)

(iv) SRE Venture 3 Pte. Ltd. ("SRE Venture 3") with 1 ordinary share at the price of $1 per share. SRE Venture 3 had incorporated a subsidiary, SRE China 1 Pte. Ltd. ("SRE China") with 1 ordinary share at the price of $1 per share. SRE China incorporated a subsidiary, Chongqing Xinchuang Mall Management Co., Ltd. with a registered capital of $100,200,000;

(v) SRE Venture 4 Pte. Ltd. ("SRE Venture 4") with 1 ordinary share at the price of $1 per share. SRE Venture 4 had incorporated a subsidiary, SRE Capital Pte. Ltd. with 1 ordinary share at the price of $1 per share; and

(vi) SRE Venture 5 Pte. Ltd. with 1 ordinary share at the price of $1 per share.

In 2014, Chongqing Xinchuang Mall Management Co., Ltd ("CXMM") acquired a retail mall in Chongqing, China (the "Acquisition"). As part of the Acquisition, SRE China 1 Pte. Ltd. ("SRE China") was given the option to sell the entire shareholdings in CXMM to the seller of the retail mall should the retail mall fail to generate a certain internal rate of return over the investments contributed by SRE China for the Acquisition, within an agreed time frame.

The effect of the option is not expected to be material to the financial statements.

Capital injection by a subsidiary

During the financial year, the Group increased its contribution in Straits Real Estate Pte. Ltd. ("Straits Real Estate") to $272,850,000 (2014: $42,500,000) increasing Straits Real Estate's share capital to $304,950,000 (2014: $47,500,000).

Voluntary liquidation of subsidiaries

During the financial year, two wholly-owned subsidiaries, STC Equities Holding Pte. Ltd. and Malayan Securities Private Limited were voluntarily liquidated.

In 2014, a wholly-owned subsidiary, Merevale Holdings Private Limited was voluntarily liquidated. An impairment provision of $40,000,000 was written off. The utilisation of the provision for impairment has no impact to the Group results.

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/(loss) allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2015	2014	**2015**	2014	**2015**	2014
				$'000	$'000	**$'000**	$'000
Malaysia Smelting Corporation Berhad	Malaysia	**45%**	45%	**(783)**	(1,964)	**40,391**	44,857
Straits Real Estate Pte. Ltd.	Singapore	**11%**	11%	**(281)**	(428)	**32,658**	6,044

18. SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2015 $'000	As at 31 December 2014 $'000	**As at 31 December 2015 $'000**	As at 31 December 2014 $'000
Current				
Assets	**192,114**	182,743	**212,721**	109,750
Liabilities	**(181,137)**	(163,957)	**(298,925)**	(260,987)
Net current assets/(liabilities)	**10,977**	18,786	**(86,204)**	(151,237)
Non-current				
Assets	**91,661**	95,365	**526,052**	208,651
Liabilities	**(6,362)**	(6,481)	**(156,029)**	–
Net non-current assets	**85,299**	88,884	**370,023**	208,651
Net assets	**96,276**	107,670	**283,819**	57,414

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Revenue	**528,493**	743,364	**3,698**	–
Profit/(loss) before income tax	**1,023**	17,013	**17**	(3,933)
Income tax expense	**(2,752)**	(8,652)	**(2,735)**	(127)
(Loss)/Profit after tax – continuing operations	**(1,729)**	8,361	**(2,718)**	(4,060)
Loss after tax – discontinued operations	**–**	(7,704)	**–**	–
Other comprehensive income	**(7,193)**	10,241	**(31,537)**	13,978
Total comprehensive income	**(8,922)**	10,898	**(34,255)**	9,918

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2015 $'000	As at 31 December 2014 $'000	**As at 31 December 2015 $'000**	As at 31 December 2014 $'000
Net cash flows from/(used in) operations	**(8,167)**	8,334	**(55,969)**	(74,239)
Net cash flows from/(used in) investing activities	**(5,904)**	8,502	**(314,574)**	(191,550)
Net cash flows from/(used in) financing activities	**17,725**	(11,477)	**407,049**	300,489

18. SUBSIDIARIES (CONT'D)

Analysis of sale of subsidiaries:

Sale in 2015

The sale of all the shares in Atbara Holdings Private Limited, a wholly owned subsidiary of the Company, to Haiyi Holdings Pte. Ltd. was completed on 22 April 2015.

The sale had the following effects on the financial position of the Group as at 31 December 2015:

	2015 Atbara Holding Private Limited $'000
Assets:	
Property, plant and equipment (note 15)	**72**
Investment properties (note 16)	**53,778**
Trade and other receivables, including prepayments	**43**
Cash and cash equivalents	**71**
	53,964
Liabilities:	
Trade and other payables	**(194)**
Net assets disposed	**53,770**
Cash consideration, net of expenses	**53,062**
Loss on sale recognised in profit or loss of the Group	**(708)**
Cash and cash equivalents of the subsidiaries disposed	**71**
Net cash inflow	**52,991**

18. SUBSIDIARIES (CONT'D)

Sale in 2014

Sale of a subsidiary classified as discontinued operation

The sale by Malaysia Smelting Corporation Berhad, the Group's listed subsidiary, of its entire interest in PT MSC Indonesia ("PT MSCI") to PT Bangka Timah Utama and Mr Eddy Dayanto for a consideration of USD1 was completed on 2 June 2014. Its results had been reclassified as discontinued operations (note 25).

The sale had the following effects on the financial position of the Group as at 31 December 2014:

	Group 2014 $'000
Assets:	
Property, plant and equipment (note 15)	616
Inventories	182
Trade and other receivables	1,317
Cash and cash equivalents	9
	2,124
Liabilities:	
Provisions (note 31)	(40)
Deferred tax liabilities	(43)
Trade and other payables	(2,120)
	(2,203)
Net liabilities disposed	(79)
Realisation of translation reserve	(61)
Gain on sale recognised in profit or loss of the Group	(140)
Realisation of revaluation reserve	(41)
Gain on sale directly charged to equity of the Group	(41)
Cash and cash equivalents of the subsidiary disposed	(9)
Net cash outflow	(9)

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Associates	**538,911**	409,622	**2,708**	2,708
Joint ventures	**19,705**	18,570	**–**	–
	558,616	428,192	**2,708**	2,708

19.1 ASSOCIATES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Quoted shares, at cost	**323,855**	293,273	**–**	–
Share of post-acquisition reserves	**15,541**	11,769	**–**	–
	339,396	305,042	**–**	–
Unquoted shares, at cost	**127,706**	43,305	**2,708**	2,708
Shareholder loans (d)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**6,783**	(4,265)	**–**	–
Exchange adjustment	**(1,901)**	(1,387)	**–**	–
	204,498	109,563	**2,708**	2,708
Impairment loss	**(4,983)**	(4,983)	**–**	–
	199,515	104,580	**2,708**	2,708
	538,911	409,622	**2,708**	2,708
Market value of quoted shares	**235,566**	288,830	**–**	–

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

(a) Details of associates are included in note 46.

(b) During the financial year, the Group subscribed to 30.6 million of new shares ("Rights Shares") in ARA Asset Management Limited ("ARA") at an issue price of S$1 each. The Group's 20.1% holding in ARA remains unchanged after subscription of the Rights Shares. The shares in ARA, excluding the Rights Shares, are mortgaged to secure bank facilities (note 32).

(c) During the financial year, the Group acquired a 47.5% stake in the Greater Tokyo Office Fund (Jersey) L.P. and 40% stake in ARA Harmony Fund III, L.P. at an aggregate cost of $84.4 million.

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

(e) Impairment assessment

In 2014, a reversal of impairment of $410,000 was recognised in profit or loss of the Group. The recoverable amount was based on fair value less costs to sell.

(f) Movements in the allowance accounts:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**(4,983)**	(5,393)
Reversal of impairment for the year (note 9)	**–**	410
At 31 December	**(4,983)**	(4,983)

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

	Group	
	2015	2014
	$'000	$'000
Profit after tax	**704**	788

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

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

Summarised balance sheets

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
2015				
Current assets	**158,078**	**61,614**	**10,654**	**33,243**
Non-current assets	**423,015**	**575,269**	**95,831**	**584,007**
Total assets	**581,093**	**636,883**	**106,485**	**617,250**
Current liabilities	**(37,420)**	**(297,567)**	**(11,269)**	**(105,363)**
Non-current liabilities	**(16,065)**	**(276,823)**	**(58,734)**	**(332,763)**
Total liabilities	**(53,485)**	**(574,390)**	**(70,003)**	**(438,126)**
Net assets	**527,608**	**62,493**	**36,482**	**179,124**
Non-controlling interest	**(7,295)**	**–**	**–**	**–**
	520,313	**62,493**	**36,482**	**179,124**

	ARA $'000	FEHH $'000
2014		
Current assets	146,351	61,638
Non-current assets	281,285	584,566
Total assets	427,636	646,204
Current liabilities	(78,023)	(324,427)
Non-current liabilities	(1,479)	(282,887)
Total liabilities	(79,502)	(607,314)
Net assets	348,134	38,890
Non-controlling interest	(6,780)	–
	341,354	38,890

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

Summarised statements of comprehensive income

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
2015				
Revenue	**156,027**	**149,285**	**1,523**	**18,696**
Profit after tax	**81,353**	**8,235**	**4,752**	**23,874**
Other comprehensive income	**(7,425)**	**15,366**	**–**	**(16,636)**
Total comprehensive income	**73,928**	**23,601**	**4,752**	**7,238**
Dividend received from the associate during the year	**8,495**	**–**	**–**	**1,423**
2014				
Revenue	173,058	164,583	–	–
Profit/(loss) after tax	90,730	(881)	–	–
Other comprehensive income	20,132	8,298	–	–
Total comprehensive income	110,862	7,417	–	–
Dividend received from the associate during the year	8,495	–	–	–

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

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
Net assets at 31 December 2015	**520,313**	**62,493**	**36,482**	**179,124**
Interest in associates	**20.1%**	**30%**	**47.5%**	**40%**
Group's share of net assets	**104,583**	**18,748**	**17,329**	**71,650**
Goodwill on acquisition	**127,232**	**–**	**–**	**–**
Intangible assets	**107,258**	**10,534**	**–**	**–**
Other adjustments	**323**	**–**	**–**	**–**
Carrying value of Group's interest in associates	**339,396**	**29,282**	**17,329**	**71,650**
Net assets at 31 December 2014	341,354	38,890	–	–
Interest in associates	20.1%	30%	–	–
Group's share of net assets	68,612	11,667	–	–
Goodwill on acquisition	127,232	–	–	–
Intangible assets	109,198	10,546	–	–
Carrying value of Group's interest in associates	305,042	22,213	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES

	Group 2015 $'000	Group 2014 $'000
Unquoted shares, at cost	**18,714**	18,714
Share of post-acquisition reserves	**10,430**	10,674
Exchange adjustment	**(7,324)**	(8,895)
	21,820	20,493
Impairment loss	**(2,115)**	(1,923)
	19,705	18,570

(a) Details of joint ventures are included in note 46.

(b) Impairment assessment

During the financial year, the Group carried out a review of the recoverable amount of its investment in KM Resources, Inc.. An impairment of $192,000 (2014: $1,629,000) was recognised in profit or loss of the Group. The recoverable amount was based on management's estimate of fair value less costs to sell.

(c) Movements in the allowance accounts:

	Group 2015 $'000	Group 2014 $'000
At 1 January	**(1,923)**	(294)
Impairment for the year (note 9)	**(192)**	(1,629)
At 31 December	**(2,115)**	(1,923)

(d) The Group has not recognised losses relating to Africa Smelting Corporation Sprl ("ASC") where its share of losses exceeds the Group's interest in the joint venture.

The Group's unrecognised share of losses at the reporting date are as follows:

	Group 2015 $'000	Group 2014 $'000
Share of losses:		
Current year	**14**	(102)
Cumulative	**(165)**	(179)

The Group has no obligation in respect of these losses.

(e) Aggregate information about the Group's joint ventures that are not individually material are insignificant.

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

(f) The summarised financial information in respect of KMR Group, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	KMR Group	
	2015	2014
	$'000	$'000
Cash and cash equivalents	**11,638**	12,970
Other current assets	**52,670**	52,353
Current assets	**64,308**	65,323
Non-current assets	**8,900**	9,183
Total assets	**73,208**	74,506
Current liabilities (excluding trade, other payables and provisions)	**–**	206
Trade, other payables and provisions	**1,141**	3,225
	1,141	3,431
Non-current liabilities (excluding trade, other payables and provisions)	**31**	5
Other non-current liabilities	**794**	4,043
Total non-current liabilities	**825**	4,048
Total liabilities	**1,966**	7,479
Net assets	**71,242**	67,027

Summarised statement of comprehensive income

	KMR Group	
	2015	2014
	$'000	$'000
Revenue	**11**	14,970
Depreciation and amortisation expenses	**(5)**	(3)
Interest income	**49**	76
Finance costs	**–**	(34)
Loss before tax	**(306)**	(5,112)
Income tax expense	**–**	(181)
Loss after tax	**(306)**	(5,293)
Other comprehensive income	**14,296**	9,981
Total comprehensive income	**13,990**	4,688
Dividend received from the joint venture during the year	**–**	11,379

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

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

	KMR Group	
	2015	2014
	$'000	$'000
Net assets at 31 December	**71,242**	67,027
Interest in joint venture	**30%**	30%
	21,373	20,108
Cumulative impairment and exchange adjustment	**(1,771)**	(1,816)
Carrying value of Group's interest in joint venture	**19,602**	18,292

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**1,599**	1,550	**–**	–
Deferred tax liabilities	**(5,654)**	(6,051)	**(2,806)**	(3,291)
	(4,055)	(4,501)	**(2,806)**	(3,291)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Provisions	**36**	1,477	**1,160**	314	**–**	–
Unutilised tax losses	**1,175**	–	**(1,314)**	–	**–**	–
Fair value changes on forward currency contracts, forward commodity contracts and interest rate swap contracts	**794**	557	**(80)**	54	**–**	–
Revaluation of property, plant and equipment	**(693)**	(604)	**–**	–	**(45)**	(55)
Difference in depreciation	**(1,796)**	(1,283)	**722**	(1)	**(672)**	(773)
Fair value changes on investment properties	**(2,280)**	(2,191)	**382**	92	**(2,089)**	(2,176)
Fair value changes on available-for-sale investment securities	**(41)**	(270)	**–**	–	**–**	–
Unremitted foreign income and profits	**(880)**	(2,276)	**(1,450)**	(726)	**–**	(287)
Others	**(370)**	89	**438**	(23)	**–**	–
	(4,055)	(4,501)			**(2,806)**	(3,291)
Deferred tax credit (note 13)			**(142)**	(290)		

As at 31 December 2015, certain subsidiaries have unutilised tax losses amounting to $5,679,000 (2014: $8,935,000) 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.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current:				
Trade receivables	**52,232**	47,349	**22**	54
Amount due from associates	**1,409**	616	**8**	–
Impairment of doubtful receivables	**(126)**	(4,875)	**–**	–
	53,515	43,090	**30**	54
Other receivables				
Deposits	**557**	648	**41**	43
Non-trade receivables	**6,333**	6,194	**159**	65
Amounts due from subsidiaries	**–**	–	**866,317**	558,191
Amounts due from associates	**66,785**	67,207	**–**	10
Amounts due from a joint venture	**19**	22	**–**	–
	73,694	74,071	**866,517**	558,309
Impairment of doubtful receivables	**(912)**	(3,334)	**(284)**	(284)
	72,782	70,737	**866,233**	558,025
Trade and other receivables (current)	**126,297**	113,827	**866,263**	558,079
Non-Current:				
Amount due from a joint venture	**2,414**	2,775	**–**	–
Impairment of doubtful receivables	**(559)**	(512)	**–**	–
	1,855	2,263	**–**	–
Total trade and other receivables (current and non-current)	**128,152**	116,090	**866,263**	558,079
Add: Cash and cash equivalents (note 28)	**239,325**	480,170	**105,579**	387,410
Total loans and receivables	**367,477**	596,260	**971,842**	945,489

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.

At the end of the reporting period, trade receivables arising from export sales amounting to $4,366,000 (2014: $3,216,000) are arranged to be settled via letters of credits issued by reputable banks in countries where customers are based.

Amounts due from subsidiaries

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

Amounts due from associates

The current amount due from associates under trade receivables is unsecured, non-interest bearing and subject to the Group's normal credit terms which range from cash term to 90 days.

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.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from a joint venture

The non-current other receivable is due from Africa Smelting Corporation Sprl. It is an unsecured term loan, currently interest free. Interest will be charged at 10% per annum from date of commencement of production. The unsecured term loan is repayable in 12-quarterly instalments commencing 12 months after date of commencement of production. The estimated date of commencement of production is 1 January 2018.

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
United States Dollar	**51,425**	37,642	**–**	–
Australian Dollar	**1,111**	–	**–**	–
Japanese Yen	**1,485**	5,226	**–**	–

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

	Group					
	2015 $'000			2014 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**126,668**	**(559)**	**126,109**	113,820	(512)	113,308
• Past due:						
Less than 30 days	**18**	**–**	**18**	105	–	105
30 to 60 days	**662**	**–**	**662**	1,517	–	1,517
61 to 90 days	**1,147**	**–**	**1,147**	439	–	439
91 to 120 days	**53**	**–**	**53**	12	–	12
More than 120 days	**1,201**	**(1,038)**	**163**	8,918	(8,209)	709
	3,081	**(1,038)**	**2,043**	10,991	(8,209)	2,782
Total	**129,749**	**(1,597)**	**128,152**	124,811	(8,721)	116,090

	Company					
	2015 $'000			2014 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**866,527**	**(284)**	**866,243**	558,343	(284)	558,059
• Past due:						
Less than 30 days	**1**	**–**	**1**	3	–	3
30 to 60 days	**6**	**–**	**6**	16	–	16
61 to 90 days	**8**	**–**	**8**	1	–	1
91 to 120 days	**3**	**–**	**3**	–	–	–
More than 120 days	**2**	**–**	**2**	–	–	–
	20	**–**	**20**	20	–	20
Total	**866,547**	**(284)**	**866,263**	558,363	(284)	558,079

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

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade and other receivables – nominal amounts	**3,452**	10,979	**288**	672
Less: Allowance for impairment	**(1,597)**	(8,721)	**(284)**	(284)
	1,855	2,258	**4**	388

Movements in the allowance accounts:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**(8,721)**	(15,764)	**(284)**	(406)
Impairment for the year (note 11)	**(1,277)**	(2,397)	**–**	–
Amounts written off	**7,290**	4,519	**–**	21
Reversal of impairment (note 11)	**11**	72	**–**	101
Sale of a subsidiary	**–**	4,275	**–**	–
Exchange adjustment	**1,100**	574	**–**	–
At 31 December	**(1,597)**	(8,721)	**(284)**	(284)

22. INVESTMENT SECURITIES/MARKETABLE SECURITIES

(a) Investment Securities

	Group	
	2015	2014
	$'000	$'000
Investment Securities:		
Available-for-sale equity securities		
– quoted, at fair value	**162,055**	202,488
Held-to-maturity financial assets		
– unquoted, at amortised cost	**39,521**	–
	201,576	202,488

Information on the Group's investment/marketable securities by country can be found in note 40(e).

The Group holds shares quoted in Singapore and Canada. Please refer to note 40(e) for information on equity price risk.

The held-to-maturity financial assets relate to investment in a mezzanine financing amounting to A$35.0 million with a coupon rate of 14.25% per annum and matures in August 2018.

Certain investment securities are pledged to secure bank facilities (note 32).

22. INVESTMENT SECURITIES/MARKETABLE SECURITIES (CONT'D)

(b) Marketable Securities

	Group	
	2015	2014
	$'000	$'000
Marketable Securities:		
Held-for-trading		
– quoted, at fair value	**178,282**	78,699

Certain marketable securities are pledged to secure bank facilities (note 32).

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Group			
	Assets	**Liabilities**	Assets	Liabilities
	2015	**2015**	2014	2014
	$'000	**$'000**	$'000	$'000
Forward currency contracts	**1**	**1,807**	–	2,142
Forward commodity contracts	**–**	**1,514**	–	160
Contract for differences	**199**	**413**	–	–
Interest rate swap contracts	**–**	**24**	–	21
	200	**3,758**	–	2,323
Current	**200**	**3,734**	–	2,142
Non-current	**–**	**24**	–	181

These represent the fair values of the following financial instruments:

(a) forward currency contracts are entered into for the purpose of managing foreign exchange risk. For the resources business, 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. Gain and losses on the forward currency contracts entered into by the fund subsidiary is recognised in profit or loss. These contracts mature between January to December 2016.

(b) forward commodity contracts are entered into for the purpose of managing commodity price 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) contract for differences ("CFDs") represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFDs may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFDs is valued at the CFDs' settlement date and is recognised in profit or loss.

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(d) 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.

Further details of the derivative financial instruments in items (a) to (d) are disclosed in note 41 to the financial statements.

24. OTHER NON-CURRENT ASSETS

	Group	
	2015	2014
	$'000	$'000
Base inventory	**987**	1,135
Initial payment for a retail development in Chongqing (note 16)	**–**	74,491
	987	75,626

(a) Base inventory is used in the smelting process and comprises a metallic tin content of 381 tonnes (2014: 381 tonnes). It is stated at lower of estimated recoverable amount and cost.

(b) In 2014, the initial payment made by the Group was related to the acquisition of a retail development in Chongqing, China. Handover of the bare-shell retail mall was completed in September 2015 and the amount was reclassified to investment properties.

25. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) During the financial year, the Straits Trading Building at No. 2 Lebuh Pasar Besar, Kuala Lumpur has been reclassified as held for sale upon an offer being received.

In 2014, three units of investment properties, at 6B Cable Road and two units at Gallop Green, have been reclassified as held for sale of which the sales were completed in 2015.

Non-current assets held for sale

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Assets:				
Investment properties (note 16)	**17,771**	42,317	**17,771**	–

(b) On 24 December 2014, the Group entered into a share transfer agreement with Baijia International Group (Hong Kong) Limited to sell all the shares in Shanghai Straits Trading Co., Ltd. for a consideration of RMB19.27 million. The sale was completed in February 2015.

(c) On 1 June 2014, the Group entered into a sale and purchase agreement with Berkeley Kensington Group Limited to dispose of its entire interest in Bemban Corporation Limited ("BCL") group for a total consideration of USD1 million. The sale was completed on 2 June 2014. Its 2014 results was disclosed in note 25(d).

25 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Balance sheet disclosures

The major classes of assets and liabilities of discontinued operations and disposal group classified as held for sale and the related reserves are as follows:

Disposal group classified as held for sale

	Group 2014 Shanghai Straits Trading Co., Ltd. $'000
Assets:	
Trade and other receivables	17
Cash and cash equivalents (note 28)	4,502
Assets of disposal group classified as held for sale	4,519
Liabilities:	
Trade and other payables	(27)
Liabilities directly associated with disposal group classified as held for sale	(27)
Net assets of disposal group classified as held for sale	4,492
Reserves:	
Translation reserve	250

The effects of the sale are as follows:

	Group	
	2015 Shanghai Straits Trading Co., Ltd. $'000	2014 BCL Group $'000
Net assets/(liabilities) disposed/disposal group classified as held for sale	**4,128**	(6,560)
Realisation of translation reserve	**(295)**	6,401
De-recognition of non-controlling interest	**–**	7,940
Total sale proceeds	**(4,194)**	(1,259)
(Gain)/loss on sale recognised in profit or loss of the Group	**(361)**	6,522
Realisation of revaluation reserves	**–**	(927)
Gain on sale directly charged to equity of the Group	**–**	(927)
The cash inflow arising on sale is as follows:		
Sale proceeds, net of expenses	**4,194**	1,259
Less: receivable	**–**	(750)
Repayment of amount due from subsidiary	**419**	–
Consideration settled in cash	**4,613**	509
Less: cash and cash equivalents of subsidiaries disposed	**(4,574)**	(292)
Net cash inflow	**39**	217

25. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(d) The discontinued operations disclosure below includes results of PT MSC Indonesia ("PT MSCI") for which the sale was completed on 2 June 2014. The effects of sale relating to this subsidiary are in note 18.

Income statement disclosures

The results of the discontinued operations for the year ended 31 December 2014 were as follows:

	Group 2014 $'000
Other items of income	
Other income	140
Other items of expense	
Employee benefits expense	(75)
Depreciation expense (note 15)	(32)
Other expenses	(7,737)
Total expenses	(7,844)
Loss from discontinued operations	(7,704)

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the year ended 31 December 2014 were as follows:

	Group 2014 $'000
Net operating cash inflows	202

Loss per share disclosures

	Group 2014 $'000
Loss per share from discontinued operations attributable to owners of the Company (cents per share)	
Basic	(0.4)
Diluted	(0.4)

The assets and liabilities classified as held for sale on the Group's balance sheet were measured at the lower of carrying amounts and fair values less costs to sell.

26. DEVELOPMENT PROPERTIES FOR SALE

	Group 2015 $'000	2014 $'000
Completed units, at cost	**70**	237

Cost of development properties sold during the year amounted to $36,000 (2014: $82,000). This is included in other expenses in profit or loss.

Details of the properties as at 31 December 2015 are as follows:

Description of properties	Group's Effective Interest in Property	Floor Area sq.m.
1 unit of 4-storey (2014: 5 units of 4-storey) shop houses at Jalan Selat, Taman Selat, Butterworth	**100%**	596 (net)

27. INVENTORIES

	Group 2015 $'000	2014 $'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**18,992**	23,306
– Tin-in-process	**50,238**	50,304
– Refined tin metal	**13,361**	17,008
Other inventories (stores, spares, fuels, coal and saleable by-products)	**6,229**	5,467
	88,820	96,085
Income statement:		
Inventories recognised as an expense in cost of sales	**481,112**	686,533
Inclusive of the following charge:		
Inventories written-down	**4,698**	1,211

28 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**61,976**	142,729	**23,256**	113,236
Short-term deposits	**177,349**	337,441	**82,323**	274,174
	239,325	480,170	**105,579**	387,410

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 1.5% (2014: 1.2%) per annum and 1.2% (2014: 0.9%) per annum respectively. Certain cash balances are pledged to secure bank facilities (note 32).

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Australian Dollar	**1,844**	1,384	**1,393**	1,384
United States Dollar	**4,591**	4,099	**–**	–
Singapore Dollar	**20,954**	10,552	**–**	–
Hongkong Dollar	**–**	829	**–**	–
Japanese Yen	**548**	633	**–**	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2015	2014
	$'000	$'000
Cash and cash equivalents of the Group	**239,325**	480,170
Disposal group classified as held for sale (note 25)	**–**	4,502
	239,325	484,672

29. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares	**Share capital $'000**	Number of shares	Share capital $'000
Ordinary shares issued and fully paid:				
At 1 January and 31 December	**408,095,772**	**568,968**	408,095,772	568,968

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

30. RESERVES

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Retained earnings [(a)]	**782,253**	787,375	**86,250**	89,069
AFS reserve [(b)]	**(23,922)**	19,102	**–**	–
Hedging reserve [(c)]	**(1,811)**	(1,367)	**–**	–
Revaluation reserve [(d)]	**15,578**	8,034	**202**	208
Translation reserve [(e)]	**(43,902)**	(27,365)	**(18,281)**	(8,382)
Other reserves	**(54,057)**	(1,596)	**(18,079)**	(8,174)

(a) Retained Earnings

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**787,375**	784,145	**89,069**	16,579
Net changes in the reserve	**(5,122)**	3,230	**(2,819)**	72,490
At 31 December	**782,253**	787,375	**86,250**	89,069
Net changes in the reserve:				
– Profit for the year	**8,549**	18,586	**10,845**	88,814
– Dividend on ordinary shares (note 35)	**(16,324)**	(16,324)	**(16,324)**	(16,324)
– Dilution of ownership interest in subsidiaries that do not result in a loss of control	**(7)**	–	**–**	–
– Unclaimed dividends written back	**2,660**	–	**2,660**	–
– Realisation of revaluation reserve upon disposal	**–**	968	**–**	–
	(5,122)	3,230	**(2,819)**	72,490

30. RESERVES (CONT'D)

(b) AFS Reserve

AFS reserve records the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired. The movements in the AFS reserve are as follows:

	Group 2015 $'000	Group 2014 $'000
At 1 January	**19,102**	(6,924)
Net changes in the reserve	**(43,024)**	26,026
At 31 December	**(23,922)**	19,102
Net changes in the reserve:		
– Net fair value changes during the year	**(39,107)**	20,561
– Recognised in profit or loss:		
– on disposal of investment securities	**–**	2,286
– Reversal of fair value changes on investment securities re-designated as marketable securities	**–**	1,050
– Share of reserve of associates	**(3,917)**	2,129
	(43,024)	26,026

(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 2015 $'000	Group 2014 $'000
At 1 January	**(1,367)**	(363)
Net changes in the reserve	**(444)**	(1,004)
At 31 December	**(1,811)**	(1,367)
Net changes in the reserve:		
– Net fair value changes during the year	**(480)**	(616)
– Recognised in profit or loss:		
– Ineffective cash flow hedge	**28**	(70)
– Share of reserve of associates	**8**	(318)
	(444)	(1,004)

30. RESERVES (CONT'D)

(d) Revaluation Reserve

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**8,034**	1,893	**208**	202
Net changes in the reserve	**7,544**	6,141	**(6)**	6
At 31 December	**15,578**	8,034	**202**	208
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**794**	745	**(6)**	6
– Sale of a subsidiary	**–**	(41)	**–**	–
– Share of reserve of an associate	**6,750**	5,437	**–**	–
	7,544	6,141	**(6)**	6

(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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At 1 January	**(27,365)**	(25,901)	**(8,382)**	(7,323)
Net effect of exchange adjustments	**(16,537)**	(1,464)	**(9,899)**	(1,059)
At 31 December	**(43,902)**	(27,365)	**(18,281)**	(8,382)
Net effect of exchange adjustments:				
– Translation of foreign operations	**(7,568)**	1,031	**(9,899)**	(1,059)
– Net investments in foreign operations	**(3,259)**	(305)	**–**	–
– Transfer to profit or loss on disposal of a subsidiary	**–**	(719)	**–**	–
– Attributable to disposal group classified as held for sale	**(46)**	(761)	**–**	–
– Share of reserve of associates	**(5,664)**	(710)	**–**	–
	(16,537)	(1,464)	**(9,899)**	(1,059)

31. PROVISIONS

	Provision for mine rehabilitation $'000	Provision for mine restoration $'000	Provision for income support $'000	Provision for repairs $'000	Provision for financial guarantee $'000	Total $'000
GROUP						
At 1 January 2015	–	3,916	683	23,477	3,974	32,050
Provision/(reversal) made during the year	–	2,411	(360)	–	–	2,051
Discount adjustment on provision (note 10)	–	128	–	–	–	128
Provision utilised	–	–	(323)	(2,337)	–	(2,660)
Exchange adjustment	–	(532)	–	(1,555)	(803)	(2,890)
At 31 December 2015	**–**	**5,923**	**–**	**19,585**	**3,171**	**28,679**
Non-current	–	5,923	–	–	–	5,923
Current	–	–	–	19,585	3,171	22,756
	–	**5,923**	**–**	**19,585**	**3,171**	**28,679**
At 1 January 2014	40	3,851	–	15,543	–	19,434
Provision made during the year	–	–	683	8,285	3,748	12,716
Discount adjustment on provision (note 10)	–	136	–	–	–	136
Sale of a subsidiary (note 18)	(40)	–	–	–	–	(40)
Provision utilised	–	–	–	(448)	–	(448)
Exchange adjustment	–	(71)	–	97	226	252
At 31 December 2014	–	3,916	683	23,477	3,974	32,050
Non-current	–	3,916	–	–	–	3,916
Current	–	–	683	23,477	3,974	28,134
	–	3,916	683	23,477	3,974	32,050

The provision for mine restoration is in respect of mine restoration costs to be incurred subsequent to the cessation of production of each mine property. It is provided based on the present value of the estimated expenditure to be incurred.

The provision for repairs recorded by the Company relates to provisions made for contractual obligations arising from discontinued operations.

32. BORROWINGS

	Group 2015 $'000	Group 2014 $'000
Non-current		
Secured bank loans	**373,985**	219,030
Unsecured bank loans	**–**	24,246
	373,985	243,276
Current		
Secured bank loans	**48,663**	80,004
Unsecured bank loans	**129,019**	142,992
	177,682	222,996
Total borrowings	**551,667**	466,272

Interest rates and maturity of loans

	Group 2015 % per annum	Group 2014 % per annum
Floating rate loans	**0.8 to 6.4**	0.8 to 5.4
Fixed rate loans	**2.2**	1.7 to 2.6

	Group 2015 $'000	Group 2014 $'000
Not later than 1 year	**177,682**	222,996
Later than 1 year but not later than 5 years	**317,153**	243,276
More than 5 years	**56,832**	–
	551,667	466,272

Secured

The secured bank loans are collaterised by the following assets:

	Group 2015 $'000	Group 2014 $'000
Investment properties (note 16(c))	**290,459**	53,778
Associate (note 19.1(b))	**308,378**	305,402
Investment securities (note 22(a))	**128,432**	112,430
Marketable securities (note 22(b))	**57,373**	67,702
Cash and cash equivalents (note 28)	**20,430**	20,119
	805,072	559,431

32. BORROWINGS (CONT'D)

Unsecured

Included in the unsecured bank loans are the following:

Short-term trade financing is denominated in US Dollar. Bankers' acceptances are denominated in Malaysian Ringgit. All these facilities were utilised for working capital requirements involving purchases and sales of tin concentrates and tin metal.

The interest rates of the bank loans are repriced at intervals of 3 months to 12 months (2014: 1 month to 3 months).

33. OTHER NON–CURRENT LIABILITIES

	Group	
	2015	2014
	$'000	$'000
Unrealised profit on sale of properties to associates	**214**	256
Other liabilities	**251**	64
	465	320

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current:				
Trade payables	**49,739**	9,311	**176**	56
Advance receipts and billings	**274**	360	**12**	14
Amounts due to associates	**91**	9	**–**	3
	50,104	9,680	**188**	73
Other payables				
Amounts due to subsidiaries	**–**	–	**487,382**	528,306
Amounts due to non-controlling shareholders of subsidiaries	**21,609**	21,403	**–**	–
Accrual for balance payment of property and other charges	**33,584**	23,850	**2,218**	4,929
Other deposits	**1,433**	2,514	**344**	370
Amounts due to associates	**570**	5,349	**–**	832
Amounts due to a joint venture	**15,662**	14,684	**–**	–
	72,858	67,800	**489,944**	534,437
Trade and other payables	**122,962**	77,480	**490,132**	534,510
Trade and other payables	**122,962**	77,480	**490,132**	534,510
Less: Advance receipts and billings	**(274)**	(360)	**(12)**	(14)
	122,688	77,120	**490,120**	534,496
Add: Other non-current liabilities (note 33)	**251**	64	**–**	–
Loans and borrowings (note 32)	**551,667**	466,272	**–**	–
Total financial liabilities carried at amortised cost	**674,606**	543,456	**490,120**	534,496

34. 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 are:

(a) share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at 2.8% per annum and repayable on demand.

(b) dividend declared by a subsidiary during the year and paid in 2016.

Amounts due to associates

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

Amounts due to a joint venture

The amount payable to a joint venture 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 as follows:

	Group	
	2015	2014
	$'000	$'000
Japanese Yen	**21,564**	–
United States Dollar	**33,084**	17,840
Australian Dollar	**14,895**	1
Hongkong Dollar	**7,344**	34

35. DIVIDENDS

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2014 Interim dividend paid in 2015: 4 cents per share tax exempt (one-tier tax) (2013 Interim dividend paid in 2014: 4 cents per share tax exempt (one-tier tax))	**16,324**	16,324
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2015: 4 cents per share tax exempt (one-tier tax) (Interim dividend for 2014: 4 cents per share tax exempt (one-tier tax))	**16,324**	16,324

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

36. CAPITAL COMMITMENTS

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

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	**500**	1,020
Investment properties *	**24,162**	96,954
	24,662	97,974

* For 2015, the amount relates to the asset enhancement works for the retail mall in Chongqing, China and office in Melbourne, Australia.

For 2014, the amount was related to the retail development in Chongqing, China (note 24(b)).

37. LEASE COMMITMENTS

Operating Lease Commitments

(a) For Lessor

The Group and Company have entered into property lease agreements on their investment properties and completed development properties for sale. These non-cancellable leases have remaining non-cancellable lease terms of up to 6 years. Contingent lease receipts are subject to the revenue exceeding a level stated in the respective agreements. Certain property lease agreements have renewal options; and restrict any assignment and subletting of the lease properties.

During the year, there were no contingent lease receipts recognised in profit or loss at Group level (2014: $8,000).

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**10,906**	6,761	**1,446**	1,637
Later than 1 year but not later than 5 years	**13,673**	4,117	**737**	1,648
Later than five years	**1,093**	–	**–**	–
	25,672	10,878	**2,183**	3,285

(b) For Lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 4 years. Contingent rents are payable subject to the related revenue exceeding a level stated in the respective agreements. 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	
	2015	2014
	$'000	$'000
Minimum lease payments	**1,779**	1,178
Contingent lease payments	**–**	52
	1,779	1,230

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

	Group	
	2015	2014
	$'000	$'000
Not later than 1 year	**1,757**	1,759
Later than 1 year but not later than 5 years	**305**	2,006
	2,062	3,765

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	
	2015	2014
	$'000	$'000
Associates/joint ventures		
Sales of goods	**17,383**	18,325
Interest income	**1,291**	1,384
Receiving of services	**2,873**	7,737
Waiver on advances received from a joint venture	**–**	3,216
Reversal of interest charged to a joint venture	**–**	268
Holding company		
Receiving of services	**–**	100
Other related parties		
Office leases	**–**	761

Please refer to notes 21 and 34 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	
	2015	2014
	$'000	$'000
Directors' fees	**908**	828
Short-term employee benefits	**1,479**	2,124
Defined contribution plans	**39**	27
	2,426	2,979

39. CONTINGENT LIABILITIES

	Company	
	2015	2014
	$'000	$'000
Financial support given to those subsidiaries having:		
– deficiencies in shareholders' funds	**84,851**	5,244
– current liabilities in excess of current assets	**130,527**	529,910

40. 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 Australian Dollar, United States 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			
		2015		2014	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
United States Dollar	strengthened 5% (2014: 5%)	**(1,509)**	**(1,794)**	(4,024)	(2,591)
	weakened 5% (2014: 5%)	**(64)**	**1,792**	839	2,591
Australian Dollar	strengthened 5% (2014: 5%)	**792**	**–**	57	–
	weakened 5% (2014: 5%)	**(792)**	**–**	(57)	–
Singapore Dollar	strengthened 5% (2014: 5%)	**764**	**(837)**	289	(837)
	weakened 5% (2014: 5%)	**(764)**	**837**	(289)	837
Japanese Yen	strengthened 5% (2014: 5%)	**35**	**(723)**	243	–
	weakened 5% (2014: 5%)	**(35)**	**723**	(243)	–

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

At the end of the reporting period, approximately:

(i) 42% (2014: 37%) of the Group's trade and other receivables as well as 63% (2014: 23%) 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, Japanese Yen and Australian Dollar.

(ii) 12% (2014: 4%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, United States Dollar and Australian Dollar.

(iii) 8% (2014: 6%) 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 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.

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 2015		
– Singapore Dollar	+25	244
	–25	(244)
– Malaysian Ringgit	+25	(154)
	–25	154
– Chinese Renminbi	+25	(107)
	–25	107
– Japanese Yen	+25	(75)
	–25	75

40. 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 2014		
– Singapore Dollar	+25	505
	–25	(505)
– Malaysian Ringgit	+25	(165)
	–25	165
– Japanese Yen	+25	(20)
	-25	20

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 obligation. The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Policies are in place to ensure on-going credit evaluation and active account monitoring.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

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/marketable securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

40. 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			
	2015		2014		**2015**		2014	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**69,672**	**54**	74,704	64	**842,516**	**97**	553,624	99
Malaysia	**6,867**	**5**	7,044	6	**23,747**	**3**	4,455	1
Indonesia	**16,351**	**13**	1,505	1	**–**	**–**	–	–
Australia	**13,089**	**10**	3,318	3	**–**	**–**	–	–
China, including Hong Kong and Taiwan	**1,790**	**1**	4,203	4	**–**	**–**	–	–
South Africa	**8,685**	**7**	5,763	5	**–**	**–**	–	–
Germany	**2,350**	**2**	3,079	3	**–**	**–**	–	–
Other countries	**9,348**	**8**	16,474	14	**–**	**–**	–	–
	128,152	**100**	116,090	100	**866,263**	**100**	558,079	100

Approximately 52% (2014: 57%) of the Group's trade and other receivables were due from an associate located in Singapore.

40. 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:

	2015 $'000				2014 $'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:								
Marketable securities	**178,282**	**–**	**–**	**178,282**	78,699	–	–	78,699
Trade and other receivables	**127,420**	**–**	**1,855**	**129,275**	114,950	994	1,269	117,213
Derivatives	**200**	**–**	**–**	**200**	–	–	–	–
Cash and cash equivalents	**239,325**	**–**	**–**	**239,325**	480,170	–	–	480,170
Total undiscounted financial assets	**545,227**	**–**	**1,855**	**547,082**	673,819	994	1,269	676,082
Financial liabilities:								
Trade and other payables	**122,688**	**–**	**–**	**122,688**	77,120	–	–	77,120
Other non-current liabilities	**–**	**251**	**–**	**251**	–	64	–	64
Loans and borrowings	**187,135**	**338,066**	**59,430**	**584,631**	229,051	251,663	–	480,714
Derivatives	**3,734**	**24**	**–**	**3,758**	2,142	181	–	2,323
Total undiscounted financial liabilities	**313,557**	**338,341**	**59,430**	**711,328**	308,313	251,908	–	560,221
Total net undiscounted financial assets/(liabilities)	**231,670**	**(338,341)**	**(57,575)**	**(164,246)**	365,506	(250,914)	1,269	115,861

40. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2015 $'000				2014 $'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	**866,263**	**–**	**–**	**866,263**	558,079	–	–	558,079
Cash and cash equivalents	**105,579**	**–**	**–**	**105,579**	387,410	–	–	387,410
Total undiscounted financial assets	**971,842**	**–**	**–**	**971,842**	945,489	–	–	945,489
Financial liabilities:								
Trade and other payables	**490,120**	**–**	**–**	**490,120**	534,496	–	–	534,496
Total undiscounted financial liabilities	**490,120**	**–**	**–**	**490,120**	534,496	–	–	534,496
Total net undiscounted financial assets	**481,722**	**–**	**–**	**481,722**	410,993	–	–	410,993

Investment securities held for strategic purpose are excluded from the tables above.

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

	2015 $'000				2014 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**3,145**	**–**	**–**	**3,145**	378	–	–	378
Company								
Financial guarantees	**–**	**300,000**	**–**	**300,000**	22,323	300,000	–	322,323

40. 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 held-for-trading or available-for-sale (AFS).

At the end of the reporting period, the Group's held-for-trading equity portfolio consists of shares of companies in Singapore of 61% (2014: 76%), Japan 13% (2014: Nil), China, Hong Kong 9% (2014: Nil) and 17% (2014: 24%) 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 $8,818,000 (2014: $3,266,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 97% (2014: 99%) of the Group's AFS equity portfolio consists of shares of companies in Singapore and 3% (2014: 1%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's AFS reserve in equity would have been $7,421,000 (2014: $9,333,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts. At the reporting date, there was no such contract outstanding.

The commodity price risk on production cost for fuel is managed through forward commodity contracts. The terms of the forward commodity contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. The ineffective contracts recognised in profit or loss for the financial year ended 31 December 2015 was $226,000 (2014: Nil). The cash flow hedges of certain contracts were assessed to be highly effective and a net unrealised loss of $1,288,000 (2014: $160,000) with a deferred tax credit of $309,000 (2014: $38,000) relating to the hedging instruments is included in other comprehensive income.

The following table demonstrates the sensitivity to a reasonably possible change in the commodity price, with all other variables held constant, of the Group's profit or loss net of tax and equity at the reporting date:

		Increase/ (Decrease) in profit net of tax		Increase/ (Decrease) in equity	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Fuel price	increased by 5%	**(13)**	(45)	**64**	78
	decreased by 5%	**23**	(201)	**(64)**	(78)

40. 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 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 investor, creditor 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 the 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 2015 and 31 December 2014.

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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

	Group	
	2015	2014
	$'000	$'000
Share capital	**568,968**	568,968
Retained earnings	**782,253**	787,375
Other reserves	**(54,057)**	(1,596)
Reserve of disposal group classified as held for sale	**–**	250
Equity attributable to owners of the Company	**1,297,164**	1,354,997
Non-controlling interests	**73,049**	50,901
Total equity	**1,370,213**	1,405,898
Net borrowings/(Net cash)	**312,342**	(18,400)
Gearing ratio	**22.8%**	–

41. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) The Group has the following derivative financial instruments at balance sheet date:

At 31 December 2015:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	648	49,965	1	1,807
Forward commodity contracts	–	3,249	–	1,514
Contract for differences	9,258	8,993	199	413
Interest rate swap contracts	–	100,327	–	24
	9,906	162,534	200	3,758

At 31 December 2014:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	–	72,395	–	2,142
Forward commodity contracts	–	2,118	–	160
Interest rate swap contracts	–	9,926	–	21
	–	84,439	–	2,323

Please refer to note 23 for detailed information relating to the risk being hedged.

(b) Hedge of net investments in foreign operations

Included in borrowings (note 32) at 31 December 2015 was a loan of Japanese Yen1.23 billion which has been designated as a hedge against the net investment denominated in Japanese Yen. It is being used to hedge the Group's exposure to foreign currency risk on this investment. Gain or loss on the retranslation of the borrowing is taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment.

42. 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. The carrying amount of goodwill at 31 December 2015 was $17,604,000 (2014: $20,247,000).

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at 31 December 2015 was $34,434,000 (2014: $35,737,000).

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 40 years. These are common life experiences applied in such industry. Changes in 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.

In the tin mining subsidiaries, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore reserves and resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amount to $32,810,000 (2014: $33,789,000).

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

(a) Estimation Uncertainty (cont'd)

(iii) *Amortisation and impairment of mining rights, deferred mine exploration and evaluation expenditures and mine properties*

These require estimates and assumptions on the quantity of economically recoverable ore reserves and resources, expected future costs and expenses to produce the metal or minerals, effective interest rates, expected future prices used in the impairment test for mining rights, deferred mine exploration and evaluation expenditures and mine properties. The estimate of the quantity of economically recoverable ore reserves and resources are also used for the amortisation of mining rights and mine properties. Actual outcomes could differ from these estimates and assumptions.

	Group	
	2015	2014
	$'000	$'000
Deferred mine exploration and evaluation expenditure	**1,935**	1,500
Mine properties	**2,138**	2,835
Mining rights	**2,367**	3,058

(iv) *Revaluation of properties*

The Group carries its properties at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of the other properties 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, income capitalisation method/ discounted cash flow method and depreciated replacement cost method.

The determination of the fair values of the properties require 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 such as vacancy rates and rental growth rates; and
- 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.

(v) *Impairment loss on investments in associates and joint ventures and unquoted investment*

MSC has associates and joint ventures and unquoted investment which are principally involved in exploration, mining and processing of various minerals and metals. The impairment assessment of the Group's investment in an associate, Guilin Hinwei Tin Co Ltd. ("Guilin"), a joint venture, KM Resources. Inc. and its unquoted investment in TMR Ltd. ("TMR") are based on estimated fair value less costs to sell. These require estimates and assumptions on the net assets, future prospect or expected commencement date for commercial production. Actual outcomes could differ from these estimates and assumptions. The carrying values of Guilin and TMR had been fully impaired.

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

(a) Estimation Uncertainty (cont'd)

(vi) Inventories

Inventories are stated at the lower of cost and net realisable value. Significant management judgement and in certain circumstances estimate on the physical stock quantity are required to determine their cost and net realisable value.

Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) Provision for mine restoration costs

Provision for mine restoration costs are 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 mine restoration plan was submitted by a subsidiary to the relevant authorities in prior year. The carrying amount of provision for mine restoration disclosed in note 31 is based on modifications proposed by the consultant appointed during the year ended 31 December 2015. As the mine restoration plan is still being reviewed by the relevant authorities, the final amount cannot be determined at this juncture. 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.

(viii) Economically recoverable ore reserves and resources

Economically recoverable ore reserves and resources are estimates of the amount of ore that can be economically and legally recoverable from the mine properties. The Group estimates its ore reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of investments in associates and joint ventures, unquoted investment, mining rights, deferred exploration and evaluation expenditures, mine properties, property, plant and equipment, goodwill, provision for mine restoration costs, recognition of deferred tax assets and deferred tax liabilities, tax recoverable and depreciation and amortisation charges.

(b) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has 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 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.

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

(b) Judgements (cont'd)

(i) Income taxes (cont'd)

The carrying amounts are as follows:

	Group	
	2015	2014
	$'000	$'000
Income tax receivables	**3,526**	1,368
Income tax payable	**2,083**	1,682
Deferred tax assets	**1,599**	1,550
Deferred tax liabilities	**5,654**	6,051

(ii) Impairment of investment securities

The Group reviews its equity investments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

43. 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.

43. 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 2015 $'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
Assets measured at fair value				
Financial assets:				
Held-for-trading financial assets (note 22)				
Equity securities				
Quoted equity securities	154,915	–	–	154,915
Quoted bonds	23,367	–	–	23,367
Available-for-sale financial assets (note 22)				
Equity securities				
Quoted equity securities	162,055	–	–	162,055
Derivatives (note 23)				
Forward currency contracts	–	1	–	1
Contract for differences	–	199	–	199
Financial assets as at 31 December 2015	340,337	200	–	340,537
Non-financial assets:				
Land and buildings (note 15)	–	–	16,504	16,504
Investment properties (note 16)	–	–	606,010	606,010
Non-current assets held for sale (note 25)	–	–	17,771	17,771
Non-financial assets as at 31 December 2015	–	–	640,285	640,285
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	1,807	–	1,807
Forward commodity contracts	–	1,514	–	1,514
Contracts for difference	–	413	–	413
Interest rate swap contracts	–	24	–	24
Total derivatives	–	3,758	–	3,758
Financial liabilities as at 31 December 2015	–	3,758	–	3,758

43. 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 2014 $'000 (Restated) 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
Assets measured at fair value				
Financial assets:				
Held-for-trading financial assets (note 22)				
Equity securities				
Quoted equity securities	54,994	–	–	54,994
Quoted bonds	23,705	–	–	23,705
Available-for-sale financial assets (note 22)				
Equity securities				
Quoted equity securities	202,488	–	–	202,488
Financial assets as at 31 December 2014	281,187	–	–	281,187
Non-financial assets:				
Land and buildings (note 15)	–	–	17,312	17,312
Investment properties (note 16)	–	–	399,763	399,763
Non-current assets held for sale (note 25)	–	–	42,317	42,317
Non-financial assets as at 31 December 2014	–	–	459,392	459,392
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	2,142	–	2,142
Forward commodity contracts	–	160	–	160
Interest rate swap contracts	–	21	–	21
Total derivatives	–	2,323	–	2,323
Financial liabilities as at 31 December 2014	–	2,323	–	2,323

43. 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 2015 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Non-financial assets:				
Land and buildings (note 15)	**–**	**–**	**124**	**124**
Investment properties (note 16)	**–**	**–**	**32,371**	**32,371**
Non-current assets held for sale (note 25)	**–**	**–**	**17,771**	**17,771**
Non-financial assets as at 31 December 2015	**–**	**–**	**50,266**	**50,266**

	Company 2014 $'000 (Restated) Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 15)	–	–	168	168
Investment properties (note 16)	–	–	53,135	53,135
Non-financial assets as at 31 December 2014	–	–	53,303	53,303

43. 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, forward commodity contracts, interest rate swap contracts and contract for differences are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

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

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	– Comparable price: $163 to $2,650 per square meter (2014: $148 to $3,022 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, Australia and China	Income capitalisation method	– Capitalisation rate: 3.75% to 6.5%	The estimated fair value varies inversely against the capitalisation rate
		– Rental rate: $9.80 to $52.20 per square meter	The estimated fair value increases with higher rental rate
		– Net rental growth rate: 3.72%	The estimated fair value increases with higher net rental growth rate

43. 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, Australia and China	Discounted cashflow method	– Discount rate: 8% to 9%	The estimated fair value varies inversely against the discount rate
		– Terminal yield rate: 4.75% to 6.63%	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rate: 3.72%	The estimated fair value increases with higher net rental growth rate
		– Net incentive rate: 15% to 27.5%	The estimated fair value varies inversely against the net incentive rate
	Direct comparison method	– Comparable price: $60 to $18,600 per square meter (2014: $70 to $19,300 per square meter)	The estimated fair value increases with higher comparable price
Asset held for sale	Direct comparison method	– Comparable price: $1,060 to $3,260 per square meter (2014: $1,180 to $3,230 per square meter)	The estimated fair value increases with higher comparable price

43. 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 2015 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	**17,312**	**399,763**	**42,317**
Total gains or losses for the period	**1,702**	**(4,819)**	**–**
Depreciation	**(269)**	**–**	**–**
Additions	**3**	**216,777**	**–**
Disposal	**–**	**–**	**(42,317)**
Reclassification	**–**	**(17,771)**	**17,771**
Sale of a subsidiary	**–**	**(53,778)**	**–**
Reclassify from non-current assets	**–**	**74,491**	**–**
Exchange adjustment	**(2,244)**	**(8,653)**	**–**
At 31 December	**16,504**	**606,010**	**17,771**
Total gains or losses for the period included in			
Other comprehensive income:			
– Net surplus on revaluation of land and buildings	**1,702**	**–**	**–**

43. 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 2014 $'000 (Restated) Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	Investment properties	Non-current assets held for sale
At 1 January	16,766	849,910	–
Total gains or losses for the period	1,510	(4,021)	–
Transfer in	163	–	–
Depreciation	(307)	–	–
Additions	117	2,173	–
Disposals	–	(405,000)	–
Reclassification	–	(42,317)	42,317
Sale of a subsidiary	(613)	–	–
Exchange adjustment	(324)	(982)	–
At 31 December	17,312	399,763	42,317
Total gains or losses for the period included in **Other comprehensive income:**			
– Net surplus on revaluation of land and buildings	1,510	–	–

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 FRS 113 fair value measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

c) The income capitalisation method is based on the capitalisation of net rental income taking into consideration such as vacancy rates, 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 cash flow method 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.

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

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 at 31 December 2015 but for which fair value is disclosed:

	Group 2015 $'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**
Assets					
Associates	**235,566**	**–**	**–**	**235,566**	**339,396**
Liabilities					
Fixed rate bank loans	**–**	**–**	**217,921**	**217,921**	**219,415**

	Group 2014 $'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
Assets					
Associates	288,830	–	–	288,830	305,042
Liabilities					
Fixed rate bank loans	–	–	221,558	221,558	219,030

<u>Determination of fair value</u>

<u>Associates</u>

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).

<u>Fixed rate bank loans</u>

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

F. Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value are as follows:

	Group			
	2015 $'000		2014 $'000	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities:				
Fixed rate bank loans	**219,415**	**217,921**	219,030	221,558

44. COMPARATIVE FIGURES

The following comparative figures in the cash flow statement have been reclassified to conform to the current year's presentation and to better reflect the nature of the transactions.

	2014	
	As previously reported $'000	**As reclassified $'000**
<u>**Consolidated Cash Flow Statement**</u>		
Cash flows from operating activities		
Currency realignment	114	5,216
Write down of inventories	–	1,211
Operating cash flows before changes in working capital	23,202	29,515
Decrease in inventories	9,839	6,932
Increase in trade and other receivables	(10,339)	(11,004)
Decrease in trade and other payables	(13,690)	(13,407)
Cash flows used in operations	(54,924)	(51,900)
Net cash flows used in operating activities	(93,551)	(90,527)
Cash flows from investing activities		
Currency realignment	–	(277)
Net cash flows from investing activities	256,008	255,731
Cash flows from financing activities		
Currency realignment	–	(2,747)
Net cash flows from financing activities	48,809	46,062

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

45. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The Resources' principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 20.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd.

(c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate and investment in Far East Hospitality Trust.

(d) The segment for Others comprises Group-level corporate and treasury services.

45. SEGMENT INFORMATION (CONT'D)

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.

2015 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	528,493	11,456	–	–	–	539,949
Inter-segment revenue	–	457	–	–	(457)	–
Total revenue	528,493	11,913	–	–	(457)	539,949
Segment results						
Operating profit	5,247	(3,154)	(63)	1,198	–	3,228
Fair value changes in investment properties	–	(4,819)	–	–	–	(4,819)
Impairment losses	(294)	–	–	–	–	(294)
Finance costs	(5,356)	(10,258)	–	(100)	–	(15,714)
Share of results of associates and joint ventures	600	25,575	2,300	–	–	28,475
Profit before tax	197	7,344	2,237	1,098	–	10,876
Income tax (expense)/credit	(2,801)	(3,398)	(225)	3,033	–	(3,391)
Profit/(loss) after tax	(2,604)	3,946	2,012	4,131	–	7,485
Profit/(loss) attributable to:						
Owners of the Company	(1,821)	4,227	2,012	4,131	–	8,549
Non-controlling interests	(783)	(281)	–	–	–	(1,064)
	(2,604)	3,946	2,012	4,131	–	7,485
Segment Assets	283,780	1,472,869	177,053	151,779		2,085,481
Segment Liabilities	187,723	500,120	–	27,425	–	715,268
Other information:						
Dividend income	–	23,757	636	1,014	–	25,407
Interest income	1,698	4,248	1,327	3,212	–	10,485
Depreciation	2,637	543	–	7	–	3,187
Amortisation	687	–	–	–	–	687
Other material non-cash items:						
Impairment of associates and joint venture	192	–	–	–	–	192
Impairment of available-for-sale investment securities	109	–	–	–	–	109
Revaluation surplus of properties	(7)	–	–	–	–	(7)
Associates and joint ventures	26,875	430,446	101,295	–	–	558,616
Additions to non-current assets	5,061	217,059	–	–	–	222,120

45. SEGMENT INFORMATION (CONT'D)

2014 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	743,364	21,392	–	–	–	764,756
Inter-segment revenue	–	57	–	–	(57)	–
Total revenue	743,364	21,449	–	–	(57)	764,756
Segment results						
Operating profit	17,166	42,311	(2,616)	(11,313)	–	45,548
Fair value changes in investment properties	–	(4,021)	–	–	–	(4,021)
Impairment losses	(1,267)	–	–	–	–	(1,267)
Finance costs	(6,915)	(4,322)	–	(18,511)	–	(29,748)
Share of results of associates and joint ventures	(970)	16,340	(504)	–	–	14,866
Profit/(loss) before tax	8,014	50,308	(3,120)	(29,824)	–	25,378
Income tax (expense)/credit	(8,679)	(442)	(623)	560	–	(9,184)
Profit/(loss) after tax	(665)	49,866	(3,743)	(29,264)	–	16,194
Profit/(loss) attributable to:						
Owners of the Company	1,299	50,294	(3,743)	(29,264)	–	18,586
Non-controlling interests	(1,964)	(428)	–	–	–	(2,392)
	(665)	49,866	(3,743)	(29,264)	–	16,194
Segment Assets	278,113	1,144,335	171,950	397,705	–	1,992,103
Segment Liabilities	192,993	355,949	–	37,263	–	586,205
Other information:						
Dividend income	–	5,859	2,334	–	–	8,193
Interest income	2,789	764	1,327	515	–	5,395
Depreciation	2,428	521	–	8	–	2,957
Amortisation	683	–	–	–	–	683
Other material non-cash items:						
Impairment of associates and joint venture	1,219	–	–	–	–	1,219
Impairment of available-for-sale investment securities	37	–	–	–	–	37
Revaluation deficit of properties	11	–	–	–	–	11
Associates and joint ventures	25,922	307,869	94,401	–	–	428,192
Additions to non-current assets	6,158	77,431	–	–	–	83,589

45. 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.

2015 Geographical Information

	Singapore $'000	Malaysia $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue					
Revenue from external parties	5,062	531,589	3,298	–	539,949
Non-current assets	283,079	92,152	136,000	154,459	665,690

2014 Geographical Information

	Singapore $'000	Malaysia $'000	Australia $'000	China $'000	Consolidated $'000
Segment revenue					
Revenue from external parties	18,615	746,141	–	–	764,756
Non-current assets	346,925	117,607	–	74,491	539,023

Non-current assets information presented above consists of property, plant and equipment, investment properties, goodwill, other intangible assets and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from two major customers amount to $176,832,000 (2014: one major customer amounted to $175,526,000), arising from sales by the Resources segment.

46. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2015 %	Effective Shareholding 2014 %	
Subsidiaries					
Held by the Company:					
Atbara Holdings Private Limited	Singapore	Property	**–**	100	(a)
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malayan Securities Private Limited ∅	Singapore	Investment	**–**	100	
Malayan Tin Smelting Company Sendirian Berhad ∅∅	Malaysia	Investment	**100**	100	
Malaysia Smelting Corporation Berhad [1]	Malaysia	Tin mining & smelting	**28**	28	(b)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC International Private Limited	Singapore	Dormant	**100**	100	
STC Realty (Butterworth) Sendirian Berhad [1]	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Property	**100**	100	
STC Equities Holding Pte. Ltd. ∅	Singapore	Investment	**–**	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 Media Private Limited	Singapore	Media advertising	**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	
Held through subsidiaries:					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
STC International (Australia) Pty Ltd [1]	Australia	Investment	**100**	100	
STC International Properties Pte. Ltd.	Singapore	Property	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad [1]	Malaysia	Investment	**100**	100	
Sword Properties Pty Ltd [1]	Australia	Trustee company	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**89**	89	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**89**	89	
SRE Venture 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**89**	89	

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

	Country of Incorporation	Business	Effective Shareholding 2015 %	Effective Shareholding 2014 %	
Subsidiaries					
Held through subsidiaries:					
SRE Venture 4 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE China 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Capital Pte. Ltd.	Singapore	Investment	**89**	89	
ARA Summit Development Fund I, L.P. (2)	Cayman Islands	Investment	**89**	89	(c)
SDF R.E. Holdings Limited	British Virgin Islands ("BVI")	Investment	**89**	89	(d)
SDF R.E. Services Limited	BVI	Investment	**89**	89	(d)
SDF Canberra Investments Limited	BVI	Investment	**89**	89	(d)
SDF R.E. Holdings II Limited	BVI	Investment	**89**	–	(d)
SDF Canberra Investments II Limited	BVI	Investment	**89**	–	(d)
Chongqing Xinchuang Mall Management Co., Ltd. (1)	People's Republic of China	Real estate investment & management	**89**	89	
SRE Venture 6 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Asian Asset Income Fund (1) (renamed from SREV6 Cayman Ltd)	Cayman Islands	Investment	**88**	–	(e)
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Venture 8 Pte. Ltd. +++	Singapore	Investment	**89**	–	
SRE Australia 1 Pte. Ltd. +++	Singapore	Investment	**89**	–	
SRE Investment 1 (Australia) Pty Ltd (1)	Australia	Property	**88**	–	
SRE Venture 9 Pte. Ltd. +++	Singapore	Investment	**89**	–	
Sword Unit Trust (1)	Australia	Property trust	**100**	100	
STC International Investment Holdings Pte. Ltd.	Singapore	Hotels & resorts management	**100**	100	
Shanghai Straits Trading Co., Ltd.	People's Republic of China	Hotels management	**–**	100	(f)
SL Tin Sdn. Bhd. (6) ß	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited ß	Singapore	Investment holding	**55**	55	
PT SRM Indonesia (7) ß	Indonesia	Dormant	**54**	54	
Tertius Development Pte. Ltd.	Singapore	Property	**100**	100	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

	Country of Incorporation	Business	Effective Shareholding 2015 %	2014 %	
Associates					
Held by the Company:					
Johan Kekal Sendirian Berhad ⌀⌀ *(Accounting year ended 31 December)*	Malaysia	Property development	**45**	45	
Taiko–Straits Developments Sdn. Bhd. (1) *(Accounting year ended 30 June)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Guilin Hinwei Tin Co Ltd. ß ++++ *(Accounting year ended 31 December)*	People's Republic of China	Dormant	**19**	19	
Redring Solder (M) Sdn. Bhd. (1) ß *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Limited (2) *(Accounting year ended 31 December)*	Bermuda	Asset/Fund management	**20**	20	(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. *(Accounting year ended 31 December)* (2)	Cayman Islands	Investment	**36**	–	(h)
Greater Tokyo Office Fund (Jersey) L.P. *(Accounting year ended 31 December)* (3)	Jersey	Investment	**42**	–	(i)
Joint Ventures					
Held through subsidiaries:					
Coastal Coffees Pty Ltd (3) *(Accounting year ended 30 June)*	Australia	Restaurant	**50**	50	
KM Resources, Inc. (1) ß + *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	
Africa Smelting Corporation Sprl (5) ß ++ *(Accounting year ended 31 December)*	Democratic Republic of Congo	Tin smelting	**22**	22	

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

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by overseas affiliates of KPMG LLP.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by AT Konsortium.
(7) Audited by Drs. R Sunaryono, MM CPA.
ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
∅ These subsidiaries were voluntarily liquidated in 2015.
∅∅ Voluntary liquidation in progress and no audit is required for 2015.
+ The subsidiaries of the joint venture in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.
++ The company is currently dormant.
+++ These companies were incorporated in second half of 2015 and hence the accounts were not audited.
++++ Audit is not required for this dormant company.

Note:

(a) This subsidiary was sold in 2015 (note 18).

(b) Malaysia Smelting Corporation Berhad ("MSC") is listed on the Main Market of the Bursa Malaysia Securities Berhad and is secondarily listed on the Singapore Exchange Securities Trading Limited. The Company's combined interest in MSC held jointly with other subsidiaries and an associate is 55% (2014: 55%).

(c) ARA Summit Development Fund I, L.P. targets investment opportunities primarily in Australia and South East Asia. SRE Venture 1 Pte. Ltd. is currently the sole investor of this fund.

(d) These are subsidiaries of ARA Summit Development Fund I, L.P..

(e) The investment activities of SRE Asian Asset Income Fund is managed by SRE Capital Pte. Ltd..

(f) This subsidiary was reclassified as held for sale as at 31 December 2014 (note 25(b)) and the sale was completed in 2015.

(g) ARA Asset Management Limited ("ARA") is incorporated as an exempted company with limited liability in Bermuda. The principal place of business is Singapore. ARA is listed on the main board of the Singapore Exchange Securities Trading Limited.

(h) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(i) Greater Tokyo Office Fund (Jersey) L.P. focuses on acquiring office assets in the Greater Tokyo area, which may include Tokyo, Kanagawa, Saitama and Chiba prefectures and selected regional cities outside of Greater Tokyo.

AUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix III has been reproduced from the annual report of The Straits Trading Company Limited and its subsidiaries for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

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 2016, 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 Financial Reporting Standards in Singapore ("FRSs") 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 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

Key Audit Matters (cont'd)

1. FAIR VALUE OF INVESTMENT PROPERTIES, LAND AND BUILDINGS

At 31 December 2016, the Group's investment properties, land and buildings are carried at $554.3 million and $27.4 million respectively, representing 38.0% of the Group's total non-current assets and 39.9% of equity in aggregate.

The Group carries 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.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external appraisers engaged by management and inquired the external appraisers on their valuation techniques. We have reviewed the valuation reports obtained from the external appraisers and considered the appropriateness of the valuation model, property related data, including estimates used by management and the external appraisers. We considered the reasonableness of the assumptions and estimates based on the current property market outlook and macroeconomic developments and corroborated inputs used in the estimates such as rental value, vacancy rates and maintenance status against our understanding of the tenancy profile and performance of the respective properties.

We reviewed the sufficiency and appropriateness of the disclosures of the properties included in notes 15, 16, 40(a)(iv) and 41 in light of the current circumstances.

2. IMPAIRMENT TESTING FOR GOODWILL

At 31 December 2016, the Group's goodwill arising from the acquisition of Malaysia Smelting Corporation Berhad ("MSC") is carried at $17.3 million representing 1.1% of the Group's total non-current assets and 1.2% of equity. 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 2016.

Management has determined the recoverable amount of MSC based on its fair value less cost to sell which is calculated using its listed share price on the Bursa Malaysia Securities Berhad adjusted for a control premium. We have identified this as a key audit matter because the determination of the control premium requires significant management judgement as the control premium is affected by expected future market and economic conditions.

In our audit of the goodwill impairment assessment, we engaged our internal valuation specialist to support us in assessing the reasonableness of the control premium applied in the impairment assessment. Amongst other audit procedures, this includes cross-checking the control premium applied to the mean control premium in historical acquisitions of targets in Malaysia. Furthermore, we assessed the sensitivity of the recoverable amount to changes in the control premium.

We reviewed the adequacy of the note disclosures to provide sufficient insight concerning those key assumptions underlying the valuation to which the outcome of the impairment test is most sensitive. The note on goodwill and related disclosures are included in notes 17(a) and 40(a)(i) to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

Key Audit Matters (cont'd)

3. PROVISION FOR MINE RESTORATION COSTS

As disclosed in note 30 to the financial statements, the Group recorded a provision for mine restoration costs of $8.6 million in respect of restoration and rehabilitation obligations of its subsidiary as at 31 December 2016 based on consultation with an expert in mine rehabilitation. The provision for mine restoration costs is significant to our audit because significant judgement and estimation are required in determining the intended method of restoration and rehabilitation pending approval of the mine rehabilitation plan by the authorities, the future estimated expenditure and the discount rate used to discount these future expenditure to net present value.

In addressing this area of focus, we considered the objectivity, independence and expertise of the mine rehabilitation expert engaged by the subsidiary. We obtained an understanding of the intended method of restoration and rehabilitation. We also obtained an understanding of the methodology adopted by the expert in estimating the restoration and rehabilitation obligations and assessed whether such methodology is consistent with those commonly used in the industry. We considered management's assessment on the adequacy of the provision for mine restoration costs. In addition, we assessed whether the discount rate used to determine the net present value of the restoration and rehabilitation obligations reflects current market assessments of the time value of money and the risks specific to the liability.

We also reviewed the adequacy of the note disclosure about the significant judgement and estimation involved in determining the provision. The note disclosures on the provision for mine restoration costs are included in notes 30 and 40(a)(vii).

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

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 Tan Seng Choon.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
27 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Revenue			
Tin mining and smelting revenue		**495,165**	528,493
Property revenue	4	**18,310**	11,456
Total revenue		**513,475**	539,949
Other items of income/(loss)			
Dividend income	5	**24,684**	25,407
Interest income	6	**12,740**	10,485
Fair value changes in investment properties	16	**932**	(4,819)
Other income/(loss)	7	**32,832**	(19,937)
		584,663	551,085
Other items of expense			
Employee benefits expense	8	**(31,088)**	(26,613)
Depreciation expense	15	**(4,063)**	(3,187)
Amortisation expense	17	**(644)**	(687)
Impairment losses	9	**(226)**	(294)
Costs of tin mining and smelting		**(447,000)**	(481,112)
Finance costs	10	**(19,420)**	(15,714)
Other expenses	11	**(32,264)**	(41,077)
Total expenses		**(534,705)**	(568,684)
Share of results of associates and joint ventures		**44,980**	28,475
Profit before tax	12	**94,938**	10,876
Income tax expense	13	**(16,359)**	(3,391)
Profit after tax		**78,579**	7,485
Profit/(Loss) attributable to:			
Owners of the Company		**67,291**	8,549
Non-controlling interests		**11,288**	(1,064)
		78,579	7,485
Earnings per share (cents per share)	14		
Basic		**16.5**	2.1
Diluted		**16.5**	2.1

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 2016

	2016 $'000	2015 $'000
Profit after tax	**78,579**	7,485
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")	**12,805**	–
Share of net fair value changes in equity securities carried at FVOCI of associates	**3,420**	–
Net revaluation surplus on property, plant and equipment	**925**	1,460
Share of revaluation surplus on property, plant and equipment of associates	**8,399**	6,750
	25,549	8,210
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in available-for-sale investment securities	**–**	(42,319)
Net fair value changes in cash flow hedges	**1,733**	(812)
Currency translation reserve	**(10,882)**	(15,296)
Share of reserves of associates and joint ventures	**(194)**	(9,573)
Realisation of foreign currency translation reserve to profit or loss	**2,295**	–
	(7,048)	(68,000)
Other comprehensive income after tax for the year	**18,501**	(59,790)
Total comprehensive income for the year	**97,080**	(52,305)
Attributable to:		
Owners of the Company	**85,677**	(44,162)
Non-controlling interests	**11,403**	(8,143)
Total comprehensive income for the year	**97,080**	(52,305)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 **$'000**	2015 $'000	**2016** **$'000**	2015 $'000
Assets					
Non-current assets					
Property, plant and equipment	15	**52,737**	34,434	**143**	174
Investment properties	16	**554,337**	606,010	**32,314**	32,371
Goodwill	17(a)	**17,298**	17,604	**–**	–
Other intangible assets	17(b)	**7,100**	6,655	**–**	–
Subsidiaries	18	**–**	–	**125,237**	125,237
Associates and joint ventures	19	**639,379**	558,616	**2,708**	2,708
Deferred tax assets	20	**3,731**	1,599	**–**	–
Other non-current receivables	21	**–**	1,855	**–**	–
Derivative financial instruments	23	**551**	–	**–**	–
Investment securities	22(a)	**256,179**	201,576	**–**	–
Other non-current assets	24	**970**	987	**–**	–
Total non-current assets		**1,532,282**	1,429,336	**160,402**	160,490
Current assets					
Assets classified as held for sale	25	**17,464**	17,771	**17,464**	17,771
Development properties for sale		**66**	70	**–**	–
Inventories	26	**119,554**	88,820	**–**	–
Income tax receivables		**3,611**	3,526	**–**	–
Prepayments and accrued income		**2,409**	1,854	**15**	1
Trade related prepayments		**13,685**	34,180	**–**	–
Trade receivables	21	**37,565**	19,335	**50**	30
Other receivables	21	**74,027**	72,782	**837,184**	866,233
Marketable securities	22(b)	**112,548**	178,282	**–**	–
Derivative financial instruments	23	**313**	200	**–**	–
Cash and cash equivalents	27	**291,091**	239,325	**99,374**	105,579
Total current assets		**672,333**	656,145	**954,087**	989,614
Total assets		**2,204,615**	2,085,481	**1,114,489**	1,150,104

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

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Equity and liabilities					
Equity					
Share capital	28	**568,968**	568,968	**568,968**	568,968
Retained earnings	29	**832,222**	782,253	**73,372**	86,250
Other reserves	29	**(36,682)**	(54,057)	**(19,404)**	(18,079)
Equity attributable to owners of the Company		**1,364,508**	1,297,164	**622,936**	637,139
Non-controlling interests		**94,240**	73,049	**–**	–
Total equity		**1,458,748**	1,370,213	**622,936**	637,139
Non-current liabilities					
Provisions	30	**8,644**	5,923	**–**	–
Deferred tax liabilities	20	**5,672**	5,654	**2,751**	2,806
Borrowings	31	**185,770**	373,985	**–**	–
Derivative financial instruments	23	**374**	24	**–**	–
Other non-current liabilities	32	**1,265**	465	**–**	–
Total non-current liabilities		**201,725**	386,051	**2,751**	2,806
Current liabilities					
Provisions	30	**3,116**	22,756	**–**	19,585
Income tax payable		**13,426**	2,083	**75**	442
Trade and other payables	33	**92,445**	122,962	**488,727**	490,132
Borrowings	31	**434,041**	177,682	**–**	–
Derivative financial instruments	23	**1,114**	3,734	**–**	–
Total current liabilities		**544,142**	329,217	**488,802**	510,159
Total liabilities		**745,867**	715,268	**491,553**	512,965
Total equity and liabilities		**2,204,615**	2,085,481	**1,114,489**	1,150,104

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 2016

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	FVOCI reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Non-controlling interests $'000
Opening balance at 1 January 2016 (As previously stated)	1,370,213	1,297,164	568,968	782,253	(23,922)	–	(1,811)	15,578	(43,902)	73,049
Effect of adoption of FRS 109	(3,409)	(1,859)	–	(1,286)	23,922	(24,495)	–	–	–	(1,550)
Opening balance at 1 January 2016 (As restated)	1,366,804	1,295,305	568,968	780,967	–	(24,495)	(1,811)	15,578	(43,902)	71,499
Total comprehensive income for the year	97,080	85,677	–	67,291	–	14,317	1,139	8,904	(5,974)	11,403
<u>Contributions by and distributions to owners</u>										
Dividend on ordinary shares (note 34)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Dividend to non-controlling interests	(1,643)	–	–	–	–	–	–	–	–	(1,643)
Contribution of capital by non-controlling interests	12,831	–	–	–	–	–	–	–	–	12,831
Total contributions by and distributions to owners	(5,136)	(16,324)	–	(16,324)	–	–	–	–	–	11,188
<u>Changes in ownership interests in subsidiaries</u>										
Dilution of ownership interests in subsidiaries that do not result in a loss of control	–	(150)	–	(150)	–	–	–	–	–	150
Total changes in ownership interests in subsidiaries	–	(150)	–	(150)	–	–	–	–	–	150
Total transactions with owners in their capacity as owners	(5,136)	(16,474)	–	(16,474)	–	–	–	–	–	11,338
<u>Others</u>										
Share of associate's realisation of revaluation reserve	–	–	–	438	–	–	–	(438)	–	–
Total others	–	–	–	438	–	–	–	(438)	–	–
Closing balance at 31 December 2016	**1,458,748**	**1,364,508**	**568,968**	**832,222**	**–**	**(10,178)**	**(672)**	**24,044**	**(49,876)**	**94,240**

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 2016

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2015	1,405,898	1,354,997	568,968	787,375	19,102	(1,367)	8,034	(27,365)	250	50,901
Total comprehensive income for the year	(52,305)	(44,162)	–	8,549	(43,024)	(444)	7,544	(16,491)	(296)	(8,143)
<u>Contributions by and distributions to owners</u>										
Dividend on ordinary shares (note 34)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Dividend to non-controlling interests	(61)	–	–	–	–	–	–	–	–	(61)
Unclaimed dividends written back	2,660	2,660	–	2,660	–	–	–	–	–	–
Contribution of capital by non-controlling interests	30,345	–	–	–	–	–	–	–	–	30,345
Total contributions by and distributions to owners	16,620	(13,664)	–	(13,664)	–	–	–	–	–	30,284
<u>Changes in ownership interests in subsidiaries</u>										
Dilution of ownership interests in subsidiaries that do not result in a loss of control	–	(7)	–	(7)	–	–	–	–	–	7
Total changes in ownership interests in subsidiaries	–	(7)	–	(7)	–	–	–	–	–	7
Total transactions with owners in their capacity as owners	16,620	(13,671)	–	(13,671)	–	–	–	–	–	30,291
<u>Others</u>										
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(46)	46	–
Total others	–	–	–	–	–	–	–	(46)	46	–
Closing balance at 31 December 2015	1,370,213	1,297,164	568,968	782,253	(23,922)	(1,811)	15,578	(43,902)	–	73,049

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 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit before tax	**94,938**	10,876
Adjustments		
Depreciation of property, plant and equipment	**4,063**	3,187
Amortisation of intangible assets	**644**	687
Dividend income	**(24,684)**	(25,407)
Interest income	**(12,740)**	(10,485)
Finance costs	**19,420**	15,714
Currency realignment	**993**	11,379
Fair value changes in investment properties and financial assets	**(5,831)**	20,413
Net gain on disposal of property, plant and equipment, investment properties, subsidiaries, associates and joint ventures	**(25,466)**	(770)
(Reversal of write down)/write down of inventories	**(5,855)**	4,698
Impairment losses of investments, property, plant and equipment	**226**	294
(Write back of provision)/provision for liabilities	**(2,171)**	2,444
Impairment of receivables	**3,176**	819
Share of results of associates and joint ventures	**(44,980)**	(28,475)
Operating cash flows before changes in working capital	**1,733**	5,374
Decrease in development properties for sale	**–**	156
Increase in inventories	**(26,414)**	(9,946)
Decrease/(Increase) in marketable securities	**70,445**	(114,608)
Increase in trade and other receivables	**(3,424)**	(18,559)
(Decrease)/Increase in trade and other payables	**(23,953)**	36,347
Cash flows from/(used in) operations	**18,387**	(101,236)
Income taxes paid	**(7,961)**	(5,809)
Payment of finance costs	**(18,164)**	(15,705)
Interest received	**2,965**	9,457
Dividend income from marketable securities	**13,278**	15,400
Net cash flows from/(used in) operating activities	**8,505**	(97,893)

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 2016

	2016 $'000	2015 $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**174,927**	43,046
Cost incurred on property, plant and equipment	**(18,703)**	(4,990)
Cost incurred on investment properties	**(114,595)**	(197,994)
Investment in associates	**(55,902)**	(114,983)
Purchase of investment securities	**(31,199)**	(38,924)
Payment for deferred mine exploration and evaluation expenditure and mine properties	**(1,217)**	(678)
Net cash inflow from sale of subsidiaries	**–**	53,030
Dividend income from investment securities, associates and joint ventures	**23,003**	20,379
Currency realignment	**1,684**	154
Net cash flows used in investing activities	**(22,002)**	(240,960)
Cash flows from financing activities		
Dividends paid to shareholders (note 34)	**(16,324)**	(16,324)
Dividend paid to non-controlling shareholders of subsidiaries	**(1,443)**	–
Drawdown of short-term borrowings	**34,865**	17,599
Drawdown of long-term borrowings	**117,154**	152,294
Repayment of long-term borrowings	**(81,748)**	(69,086)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**12,831**	30,345
Currency realignment	**457**	(15,522)
Net cash flows from financing activities	**65,792**	99,306
Net increase/(decrease) in cash and cash equivalents	**52,295**	(239,547)
Effect of exchange rate changes on cash and cash equivalents	**(529)**	(5,800)
Cash and cash equivalents, beginning balance	**239,325**	484,672
Cash and cash equivalents, ending balance (note 27)	**291,091**	239,325

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 2016

1. CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the "Company") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 27 March 2017.

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 ("FRSs").

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

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

2.2 CHANGES IN ACCOUNTING POLICIES

Except for the early adoption of FRS 109 Financial Instruments discussed below, the accounting policies adopted are consistent with those of the previous financial year except 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 2016.

Certain new FRSs have been published that are mandatory for accounting periods beginning on or after 1 January 2016:

FRS 114 Regulatory Deferral Accounts
Amendments to FRS 27 Equity Method in Separate Financial Statements
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
Improvements to FRSs (November 2014)
Amendments to FRS 1 Disclosure Initiative
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

FRS 109 Financial Instruments

On 1 January 2016, the Group has elected to early adopt FRS 109 to better reflect the Group's strategy on its financial assets. The changes in accounting policies have been applied retrospectively. The Group has elected not to restate the comparative periods in the year of initial adoption as permitted under FRS 109 transitional provision. The Group has chosen to continue to apply the existing hedge accounting requirements in FRS 39 as its policy choice on initial adoption of FRS 109.

Classification and measurement

FRS 109 requires debt instruments to be classified either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Classification under FRS 109 for debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are classified as FVOCI. Under the new model, FVTPL is the residual category – financial assets should therefore be classified as FVTPL if they do not meet the criteria of FVOCI or amortised cost. Regardless of the business model assessment, an entity can elect to classify a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

The Group holds its currently held-to-maturity debt instruments to collect contractual cash flows, and accordingly measures them at amortised cost under FRS 109. There is no significant impact arising from measurement of these instruments under FRS 109.

FRS 109 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses, on an instrument-by-instrument basis on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group continues to measure its held-for-trading equity securities at fair value through profit or loss (FVTPL). There is no significant impact arising from these changes. The Group elects to measure its quoted equity securities previously accounted for as available-for-sale at fair value through other comprehensive income.

Derivatives and hybrid contracts with financial asset hosts where contractual cash flows are not solely payments of principal and interest are required to be classified at fair value through profit or loss.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI, lease receivable and financial guarantee. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Transition

The changes in accounting policies have been applied retrospectively. The Group has elected not to adjust the comparative information as permitted under FRS 109 transitional provision. The impact arising from FRS 109 adoption were included in the opening retained earnings at the date of initial application, 1 January 2016.

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

FRS 109 Financial Instruments (cont'd)

The effects of early adoption to opening retained earnings on the financial statements are as follows:

	Group 1 January 2016 $'000
Opening retained earnings (as previously stated)	782,253
Reclassification of impairment for available-for-sale equity instruments	755
Impairment loss for receivables	(2,041)
Total adjustment to retained earnings from adoption of FRS 109	(1,286)
Opening retained earnings (as restated)	780,967

On 1 January 2016, the Group has assessed which business model apply to the financial assets held by Group at the date of initial application of FRS 109 and has classified its financial instruments into the appropriate FRS 109 categories. The main effects resulting from this reclassification are as follows:

	Group			
	FRS 39 carrying amount as at 31 December 2015 $'000	**Reclassif-ications $'000**	**Remeasure-ments $'000**	**FRS 109 carrying amount as at 1 January 2016 $'000**
Other non-current receivables	1,855	–	(1,855)	–
Trade and other receivables	92,117	–	(1,886)	90,231
Deferred tax liabilities	5,654	(332)	–	5,322
Retained earnings	782,253	755	(2,041)	780,967
AFS reserve	(23,922)	23,922	–	–
FVOCI reserve	–	(24,495)	–	(24,495)
Non-controlling interests	73,049	150	(1,700)	71,499
Fair value through profit or loss balances, quoted bonds	23,367	(23,367)	–	–

The initial application of FRS 109 does not have any reclassification effect to the Company's financial statements.

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

FRS 109 Financial Instruments (cont'd)

The qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of FRS 109 is as follows:

Reclassification of quoted equity securities from available-for-sale to fair value through other comprehensive income

The Group has elected to measure its quoted equity securities at fair value through other comprehensive income. Impairment losses previously recognised in profit or loss were reversed and recognised in opening retained earnings on 1 January 2016.

The following table summarises the reclassification and measurement effects to the Group's and the Company's financial statements as at 1 January 2016:

	Group				
	Measurement category		Carrying amount		Differences
	FRS 39	FRS 109	FRS 39	FRS 109	
	$'000	$'000	$'000	$'000	$'000
Non-current financial assets					
Associates and joint ventures					
– Shareholder loans	Loans and receivables	Amortised cost	71,910	71,910	–
Other non-current receivables					
– Amount due from a joint venture	Loans and receivables	Amortised cost	1,855	–	1,855
Investment securities					
– Available-for-sale equity securities	Available-for-sale	FVOCI	162,055	162,055	–
– Held-to-maturity financial assets	Held-to-maturity	Amortised cost	39,521	39,521	–
Current financial assets					
Trade and other receivables	Loans and receivables	Amortised cost	92,117	90,231	1,886
Marketable securities					
– Held-for-trading equity securities	FVTPL	FVTPL	154,915	154,915	–
– Held-for-trading quoted bonds	FVTPL	Amortised cost	23,367	23,367	–
Derivative financial instruments	FVTPL	FVTPL	200	200	–
Cash and cash equivalents	Loans and receivables	Amortised cost	239,325	239,325	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

FRS 109 Financial Instruments (cont'd)

	Company				
	Measurement category		Carrying amount		Differences
	FRS 39	FRS 109	FRS 39	FRS 109	
	$'000	$'000	$'000	$'000	$'000
Current financial assets					
Trade and other receivables	Loans and receivables	Amortised cost	866,263	866,263	–
Cash and cash equivalents	Loans and receivables	Amortised cost	105,579	105,579	–

Financial liabilities

There are no material changes in the classification and measurement of financial liabilities for the Group and Company.

Impairment

The Group and Company have the following types of financial assets subject to FRS 109 expected credit loss ("ECL") model:

(i) Trade receivables
(ii) Debt instruments measured at amortised cost
(iii) Loans to or amounts due from subsidiaries, associates, joint ventures and fellow subsidiaries carried at amortised cost
(iv) Other receivables at amortised cost

The Group was required to revise its impairment methodology under FRS 109 for each of these classes of assets.

(i) Trade receivables

Trade receivables are considered to be low risk. The loss allowance is determined at an amount equal to 12-month ECL.

(ii) Debt instruments measured at amortised cost

Quoted and unquoted debt instruments measured at amortised cost are considered as low risk, and thus the loss allowance is determined at an amount equal to 12-month ECL.

(iii) Loans to or amounts due from subsidiaries, associates, joint ventures and fellow subsidiaries carried at amortised cost

Loans to or amounts due from subsidiaries, associates, joint ventures and fellow subsidiaries carried at amortised cost are considered as assets with no significant increase in credit risk at transition and hence the loss allowance is determined at an amount equal to 12-month ECL.

(iv) Other receivables at amortised cost

Other receivables at amortised cost are considered as assets with no significant increase in credit risk at transition and 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 2016

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

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

FRS 109 Financial Instruments (cont'd)

Impairment (cont'd)

The reconciliation for loss allowances are as follow:

	Trade receivables $'000	Other receivables $'000	Amount due from a joint venture $'000	Total $'000
Closing loss allowance at 31 December 2015 (based on FRS 39)	126	912	559	1,597
Amount restated through opening retained earnings	–	1,886	1,855	3,741
Opening loss allowance at 1 January 2016 (based on FRS 109)	126	2,798	2,414	5,338

There is no loss allowances effect to the Company's financial statements.

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 FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
(a) Amendments to FRS 112 Disclosure of interests in other entities	1 January 2017
(b) Amendments to FRS 28 Investments in associates and joint ventures	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 104 Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The Directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application, except as discussed below:

Convergence with International Financial Reporting Standards ("IFRS")

On 29 May 2014, the Accounting Standards Council announced that all Singapore incorporated companies listed on the Singapore Exchange will be required to apply a new financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) in 2018 ("SG-IFRS").

IFRS 1, First-time Adoption of IFRS, provides transitional reliefs in the form of mandatory exceptions to, and optional exemptions from retrospective application.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. On initial adoption, a full retrospective application is required. The new standard is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is currently in the process of reviewing its contracts with customers and assessing the quantitative impact on the financial statements.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee, in particular, on its rented office premises.

Based on the preliminary assessment, the Group expects these operating leases to be recognised as right of use assets with corresponding lease liabilities under the new standard. The Group is currently assessing the quantitative impact on the financial statements.

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

(a) Basis of consolidation

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.

(b) Business combinations and goodwill

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(b) Business combinations and goodwill (cont'd)

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

2.6 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.

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

2.6 FOREIGN CURRENCY (CONT'D)

(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.

2.8 JOINT VENTURES AND ASSOCIATES

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

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

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

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

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

2.8 JOINT VENTURES AND ASSOCIATES (CONT'D)

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.

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

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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

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

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

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

2.10 DEPRECIATION AND RESIDUAL VALUES

In the tin mining subsidiary, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in the estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the change arises.

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. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for these remaining assets are as follows:

Leasehold land	–	remaining lease term of 7 to 96 years
Buildings	–	8 to 40 years or the unexpired lease period or life of the mine, whichever is shorter
Plant, equipment and vehicles	–	3 to 40 years
Furniture	–	3 to 10 years
Mine restoration	–	Life of mine

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 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.

For properties that are being redeveloped for continued future use as investment properties, they are stated at fair values and the associated redevelopment expenditures are stated at cost until redevelopment is completed.

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

2.12 INTANGIBLE ASSETS

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

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

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

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

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

(a) Mining rights

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

(b) Deferred mine exploration and evaluation expenditure

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

Exploration and evaluation activity includes:

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

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

2.12 INTANGIBLE ASSETS (CONT'D)

(b) Deferred mine exploration and evaluation expenditure (cont'd)

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

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

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

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

(c) Mine properties

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

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

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

a. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
b. The entity can identify the component of an ore body for which access has been improved; and
c. 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 reserves and resources. Changes in the estimated economically recoverable ore reserves and resources are accounted for on a prospective basis from the beginning of the year in which the changes arise.

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.

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

2.12 INTANGIBLE ASSETS (CONT'D)

(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.

2.13 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.

When financial assets are recognised initially, they are measured 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.

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

2.13 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Equity instruments

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Equity securities that are held-for-trading are classified as financial assets at fair value through profit or loss. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss.

Changes in fair value of financial assets at FVOCI are recognised in OCI.

Derivatives

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

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI.

For trade receivables only, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses.

(iv) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument 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.

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

2.13 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial liabilities (cont'd)

(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 or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 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 the impairment model under FRS 109 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.15 BASE INVENTORY

Base inventory is the base recirculating inventory in the smelting process.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 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 allowance 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.

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. Production cost is not allocated to by-products as it is not material.

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.

2.18 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.

2.19 IMPAIRMENT OF NON-FINANCIAL ASSETS

An assessment is made at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the estimated recoverable amount of that asset is determined.

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 of continuing operations are recognised in the 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.

Calculation of 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. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

2.19 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

Calculation of recoverable amount (cont'd)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Reversal of impairment

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

2.20 BORROWING COSTS

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

2.21 PROVISIONS

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

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

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

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

2.22 EMPLOYEE BENEFITS

(a) Defined contribution plan

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

(b) Employee leave entitlement

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

(c) Termination benefits

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

2.23 LEASES

(a) Where the group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents, if any, are recognised as expenses in profit or loss in the periods in which they are incurred.

(b) Where the group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Assets leased out under operating leases are included in property, plant and equipment, investment properties and completed development properties for sale.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same bases as the rental income.

Contingent rents are recognised as income in profit or loss in the periods in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.24 INCOME RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, taxes or duties. The Group assesses its revenue arrangements to determine if it is acting as principal or agent.

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Revenue from sale and delivery of refined tin metal and by-products is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from tin warrant and other service charges are recognised upon performance of services.

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.

Profits from sale of marketable securities are recognised upon conclusion of the contract for sale.

Profits from sale of completed properties are recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyer.

Dividend income from investments is recognised when the Group's right to receive payment is established.

2.25 TAXES

(a) Current income tax

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

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

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

2.25 TAXES (CONT'D)

(b) Deferred tax

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, 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.

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 FRS 39 as its policy choice on initial adoption of FRS 109.

The Group uses derivative financial instruments such as forward currency contracts, 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

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

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

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

(a) Fair value hedges

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

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

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

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.

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

2.26 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

(b) Cash flow hedges (cont'd)

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.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

(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 CONTINGENCIES

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements made by management in the application of accounting policies that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 40.

4. PROPERTY REVENUE

	Group	
	2016	2015
	$'000	$'000
Rental and related income	**18,310**	10,349
Sale of development properties	**–**	1,107
	18,310	11,456

5. DIVIDEND INCOME

	Group	
	2016	2015
	$'000	$'000
Dividend income from:		
– Held-for-trading marketable securities at FVTPL	**14,335**	15,400
– Investment securities at FVOCI	**10,349**	–
– Available-for-sale investment securities	**–**	10,007
	24,684	25,407

6. INTEREST INCOME

	Group	
	2016	2015
	$'000	$'000
Interest income from:		
– Financial assets at amortised cost	**8,936**	–
– Deposits at amortised cost	**1,903**	3,253
– Amounts due from associates at amortised cost	**1,387**	2,618
– Receivables at amortised cost	**514**	707
– Held-to-maturity financial assets	**–**	3,408
– Others	**–**	499
	12,740	10,485

7. OTHER INCOME/(LOSS)

	Group	
	2016	2015
	$'000	$'000
Net gain on disposal of investment properties	**23,887**	–
Write back of provision (note 30)	**2,195**	–
Net gain on partial disposal of a joint venture (note 19.2)	**1,727**	–
Net loss on disposal of equity securities at FVTPL	**(3,261)**	(10,880)
Net (loss)/gain on disposal of derivatives at FVTPL	**(2,183)**	1,602
Fair value changes in financial assets:		
– Held-for-trading equity securities at FVTPL	**4,710**	(15,048)
– Derivatives at FVTPL	**366**	(195)
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**(177)**	(351)
Net gain on sale of assets/disposal group classified as held for sale	**–**	1,495
Other operating income	**5,568**	3,440
	32,832	(19,937)

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	2015
	$'000	$'000
Wages, salaries and other allowances	**28,765**	24,478
Defined contribution plans	**2,323**	2,135
	31,088	26,613

9. IMPAIRMENT LOSSES

	Group	
	2016	2015
	$'000	$'000
Impairment of a joint venture (note 19.2)	**246**	192
Reversal of revaluation deficit on property	**(20)**	(7)
Impairment of available-for-sale investment securities	**–**	109
	226	294

10. FINANCE COSTS

	Group	
	2016	2015
	$'000	$'000
Interest on bank loans carried at amortised cost	**17,484**	13,855
Fees incurred for credit facilities carried at amortised cost	**1,087**	1,104
Interest on loan from a non-controlling shareholder of a subsidiary, carried at amortised cost	**610**	627
Discount adjustment on provision (note 30)	**239**	128
	19,420	15,714

11. OTHER EXPENSES

	Group	
	2016	2015
	$'000	$'000
Administrative expenses	**5,780**	5,183
Property related management fees	**5,103**	4,181
Impairment of doubtful receivables, net of reversal (note 21)	**3,176**	1,266
Upkeep and maintenance expenses of properties	**2,735**	1,422
Marketing and distribution expenses	**2,478**	1,417
Operating lease expenses	**2,302**	1,779
Property related taxes	**2,302**	1,221
Professional fees	**2,275**	2,344
Exchange losses	**2,153**	18,576
Brokerage fees	**911**	1,193
Other expenses	**3,049**	2,495
	32,264	41,077

12. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	Group	
	2016	2015
	$'000	$'000
Audit fees paid/payable:		
(a) Auditors of the Company	**438**	406
(b) Overseas affiliates of the auditors of the Company	**305**	250
(c) Other auditors	**29**	10
Non-audit fees paid/payable:		
(a) Auditors of the Company	**84**	122
(b) Overseas affiliates of the auditors of the Company	**44**	63
(c) Other auditors	**504**	361
	1,404	1,212
(Gain)/Loss on disposal of property, plant and equipment	**(19)**	16
Property, plant and equipment written off	**24**	31

13. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

			Group 2016 $'000	Group 2015 $'000
(i)	Consolidated income statement:			
	Income tax			
	– Current income tax		**19,704**	5,932
	– Under/(Over) provision in respect of prior years		**485**	(1,948)
	– Benefits from previously unrecognised tax losses and unutilised capital allowances		**(565)**	(451)
			19,624	3,533
	Deferred tax			
	– Originating and reversal of temporary differences		**(1,584)**	254
	– Over provision in respect of prior years		**(1,681)**	(396)
		(note 20)	**(3,265)**	(142)
	Income tax expense recognised in profit or loss *		**16,359**	3,391
(ii)	Statement of comprehensive income:			
	Deferred tax related to other comprehensive income			
	– Net change on revaluation of property, plant and equipment		**72**	209
	– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges		**571**	(246)
	– Net change in available-for-sale investment securities		**–**	(183)
	– Net change in investment securities at FVOCI		**838**	–
			1,481	(220)

* In 2015, income tax expenses included reversal of income tax provision and deferred tax liabilities of $1.9 million and $1.2 million respectively relating to discontinued operations that were no longer required.

13. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	2015
	$'000	$'000
Profit before tax	**94,938**	10,876
Less: Share of results of associates and joint ventures *	**(44,980)**	(28,475)
	49,958	(17,599)
Tax at statutory rate of 17% (2015: 17%)	**8,493**	(2,992)
Effect of different tax rates in other countries	**4,285**	548
Under/(Over) provision in respect of prior years	**485**	(1,948)
Over provision of deferred tax in respect of prior years	**(1,681)**	(396)
Expenses/Losses not claimable	**7,857**	7,659
Income not subject to tax	**(3,839)**	(144)
Effect of partial tax exemption	**(469)**	(478)
Deferred tax assets not recognised	**51**	–
Utilisation of previously unrecognised tax losses and unutilised capital allowances	**(565)**	(451)
Withholding tax expenses	**1,690**	1,728
Others	**52**	(135)
	16,359	3,391

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

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	2016	2015
Malaysia	**24%**	25%
Australia	**30%**	30%
China	**25%**	25%

14. EARNINGS PER SHARE (CENTS)

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of $67,291,000 (2015: $8,549,000) and on 408,095,772 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 2016

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2016	9,039	266	7,199	34,538	292	5,471	56,805
Additions	–	7,978	2,532	8,011	790	2,590	21,901
Disposals	–	–	–	(1,887)	–	–	(1,887)
Transfer	–	–	–	560	(560)	–	–
Revaluation surplus, net	871	–	145	–	–	–	1,016
Elimination of accumulated depreciation on revaluation	–	(27)	(281)	–	–	–	(308)
Exchange adjustment	(149)	(5)	(123)	(563)	(10)	(95)	(945)
At 31 December 2016	9,761	8,212	9,472	40,659	512	7,966	76,582
Accumulated depreciation							
At 1 January 2016	–	–	–	21,357	–	1,014	22,371
Depreciation charge for the year	–	27	289	3,047	–	700	4,063
Disposals	–	–	–	(1,833)	–	–	(1,833)
Elimination of accumulated depreciation on revaluation	–	(27)	(281)	–	–	–	(308)
Exchange adjustment	–	–	(8)	(405)	–	(35)	(448)
At 31 December 2016	–	–	–	22,166	–	1,679	23,845
Net carrying amount							
At 31 December 2016	**9,761**	**8,212**	**9,472**	**18,493**	**512**	**6,287**	**52,737**

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

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Capital work-in-progress $'000	Mine restoration $'000	Total $'000
	At valuation						
Group							
At cost or valuation							
At 1 January 2015	9,362	318	7,632	36,261	1,567	3,532	58,672
Additions	–	–	3	453	1,798	2,411	4,665
Disposals	–	–	–	(643)	–	–	(643)
Transfer	–	–	–	2,835	(2,835)	–	–
Revaluation surplus, net	900	–	802	–	–	–	1,702
Sale of a subsidiary (note 18)	–	–	–	(98)	–	–	(98)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	(1,223)	(41)	(999)	(4,270)	(238)	(472)	(7,243)
At 31 December 2015	9,039	266	7,199	34,538	292	5,471	56,805
Accumulated depreciation							
At 1 January 2015	–	–	–	22,138	–	797	22,935
Depreciation charge for the year	–	12	257	2,574	–	344	3,187
Disposals	–	–	–	(570)	–	–	(570)
Sale of a subsidiary (note 18)	–	–	–	(26)	–	–	(26)
Elimination of accumulated depreciation on revaluation	–	(11)	(239)	–	–	–	(250)
Exchange adjustment	–	(1)	(18)	(2,759)	–	(127)	(2,905)
At 31 December 2015	–	–	–	21,357	–	1,014	22,371
Net carrying amount							
At 31 December 2015	9,039	266	7,199	13,181	292	4,457	34,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

	Freehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Total $'000
	At valuation			
Company				
At cost or valuation				
At 1 January 2016	29	95	223	347
Additions	–	–	1	1
Revaluation deficit	–	(1)	–	(1)
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	(1)	(5)	(6)
At 31 December 2016	29	81	219	329
Accumulated depreciation				
At 1 January 2016	–	–	173	173
Depreciation charge for the year	–	12	17	29
Elimination of accumulated depreciation on revaluation	–	(12)	–	(12)
Exchange adjustment	–	–	(4)	(4)
At 31 December 2016	–	–	186	186
Net carrying amount				
At 31 December 2016	**29**	**81**	**33**	**143**

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

	Freehold land $'000	Buildings $'000	Plant, equipment, vehicles and furniture $'000	Total $'000
	At valuation			
Company				
At cost or valuation				
At 1 January 2015	32	136	256	424
Revaluation surplus/(deficit)	1	(9)	–	(8)
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	(4)	(18)	(33)	(55)
At 31 December 2015	29	95	223	347
Accumulated depreciation				
At 1 January 2015	–	–	180	180
Depreciation charge for the year	–	14	18	32
Elimination of accumulated depreciation on revaluation	–	(14)	–	(14)
Exchange adjustment	–	–	(25)	(25)
At 31 December 2015	–	–	173	173
Net carrying amount				
At 31 December 2015	29	95	50	174

(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 41D.

(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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Freehold land	**4,429**	4,507	**1**	1
Leasehold land	**8,212**	266	**–**	–
Buildings	**6,607**	4,383	**–**	–

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

(c) Details of properties included in property, plant and equipment as at 31 December 2016 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	7	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang Darul Makmur	Freehold		Agricultural	Jones Lang Wootton	Comparison method
No. 27 Jalan Pantai, 12000 Butterworth:					
(i) Offices and factory buildings at Lot 142 – 187 and 362	Freehold		Office and factory	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(ii) Carpark shed at Lot 268	Leasehold	12	Carpark shed	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
(iii) Seabed leases with main wharf at PT 686	Leasehold	53	Main wharf	Knight Frank Malaysia Sdn Bhd	Comparison method and depreciated replacement cost method
Offices at unit No. B-15-6, B-15-7, B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold		Office	Knight Frank Malaysia Sdn Bhd	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

(c) Details of properties included in property, plant and equipment as at 31 December 2016 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:					
(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 and depreciated replacement cost method
(iii) Land and buildings at PT 4338, 3934, 725, 726, 727, 55502, 55503, 55504, Lot 2071, 4522 and 4523	Leasehold	up to 96	Dam, residential 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	92	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(v) 2 units of single-storey semi-detached house at PT 5022 and 5026	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	80	Office and factory	Knight Frank Malaysia Sdn Bhd	Comparison method

16. INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Balance sheets:				
At fair value:				
Balance as at 1 January	**606,010**	399,763	**32,371**	53,135
Fair value changes recognised in profit or loss	**932**	(4,819)	**499**	4,188
Acquisition of properties	**106,020**	216,777	**–**	–
Reclassify from non-current assets	**–**	74,491	**–**	–
Disposal of a subsidiary (note 18)	**–**	(53,778)	**–**	–
Attributable to disposal group classified as held for sale (note 25)	**–**	(17,771)	**–**	(17,771)
Disposal during the year	**(150,934)**	–	**–**	–
Exchange adjustment	**(7,691)**	(8,653)	**(556)**	(7,181)
Balance as at 31 December	**554,337**	606,010	**32,314**	32,371

	Group	
	2016	2015
	$'000	$'000
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**18,202**	10,301
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(11,089)**	(5,474)
– Non-rental generating properties	**(236)**	(9)
	(11,325)	(5,483)

(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 41D.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. INVESTMENT PROPERTIES (CONT'D)

(d) Details of investment properties as at 31 December 2016 are as follows:

Description of properties	Tenure	Unexpired lease term (year)	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Singapore							
9 residential units at Gallop Green condominium	Freehold		–	3,300 (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
China							
Retail Mall at No. 186 Tongjiang Avenue, Nan'an District, Chongqing	Leasehold	34	24,652	35,301 (gross)	Retail	Jones Lang LaSalle Ltd	Income capitalisation/ Discounted cash flow/ Cost method

16. INVESTMENT PROPERTIES (CONT'D)

(d) Details of investment properties as at 31 December 2016 are as follows (cont'd):

Description of properties	Tenure	Unexpired lease term (year)	Site area sq.m.	Net floor area sq.m.	Existing use	Professional valuers	Valuation method
Japan							
Residential building at 5-6 and another tract, Kujominami 2-chome, Nishi-ku, Osaka-shi, Osaka-fu	Freehold		697	1,958	Residential	Cushman & Wakefield K.K	Income capitalisation method
Residential building at 6-5 and another tract, Nishimiyahara 1-chome, Yodogawa-ku, Osaka-shi, Osaka-fu	Freehold		1,944	5,736	Residential	Cushman & Wakefield K.K	Income capitalisation method
Residential building at 45-13 and 2 other tracts, Sangenyahigashi 1-chome, Taisyo-ku, Osaka-shi, Osaka-fu	Freehold		1,098	2,825	Residential	Cushman & Wakefield K.K	Income capitalisation method

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. INVESTMENT PROPERTIES (CONT'D)

(d) Details of investment properties as at 31 December 2016 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
Malaysia							
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	878	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	877	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
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold		7,949	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison/ investment method
Lot Nos. 2569 and 2626, Section 4 Town of Butterworth, Pulau Pinang	Freehold		6,535	–	Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison/ investment method

16. INVESTMENT PROPERTIES (CONT'D)

(d) Details of investment properties as at 31 December 2016 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
Malaysia (cont'd)							
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots	10 and 14	37,196	2,921 (gross)	Residential/ Retail/ Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison/ investment method
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/ without annex building and vacant plots	Freehold		55,928	3,513 (gross)	Office/ Residential/ Club house/ Storage yard/ Car showroom	C H Williams Talhar & Wong Sdn Bhd	Comparison/ investment method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, 12000 Butterworth, Pulau Pinang	Freehold		1,322	2,587	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

17. GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2016	2015
	$'000	$'000
At cost		
At 1 January	**17,604**	20,247
Exchange adjustment	**(306)**	(2,643)
At 31 December	**17,298**	17,604

The carrying amount of goodwill is allocated to resources segment.

(i) The recoverable amount of the resource subsidiary in Malaysia is determined based on its fair value less cost to sell. In prior years, this was determined based on value in use.

The subsidiary is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is secondarily listed on the Singapore Exchange Securities Trading Limited. The fair value is based on the closing market price traded at Bursa Malaysia adjusted for a control premium. For goodwill impairment review, management also reviews other economic factors and market conditions to assess whether the recoverable amount as determined using this method is sustainable.

Based on the last traded price on 31 December 2016, the fair value of the investment in MSC is in excess of the carrying value. As such, no impairment is required.

(ii) Sensitivity to changes in assumptions

With regard to the assessment of fair value less cost to sell 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	
		2016	2015
		$'000	$'000
(i)	Mining rights	**2,039**	2,367
	Corporate club memberships	**202**	215
		2,241	2,582
(ii)	Deferred mine exploration and evaluation expenditure	**2,973**	1,935
	Mine properties	**1,886**	2,138
		4,859	4,073
		7,100	6,655

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

(b) (i) Mining rights and corporate club memberships

	Mining rights $'000	Corporate club memberships $'000	Total $'000
Group			
At cost			
At 1 January 2016	3,915	291	4,206
Exchange adjustment	(68)	(5)	(73)
At 31 December 2016	3,847	286	4,133
Accumulated amortisation			
At 1 January 2016	1,548	76	1,624
Amortisation charge for the year	294	10	304
Exchange adjustment	(34)	(2)	(36)
At 31 December 2016	1,808	84	1,892
Net carrying amount	**2,039**	**202**	**2,241**
At cost			
At 1 January 2015	4,499	336	4,835
Exchange adjustment	(584)	(45)	(629)
At 31 December 2015	3,915	291	4,206
Accumulated amortisation			
At 1 January 2015	1,441	79	1,520
Amortisation charge for the year	315	10	325
Exchange adjustment	(208)	(13)	(221)
At 31 December 2015	1,548	76	1,624
Net carrying amount	2,367	215	2,582

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

(b) (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 2016	1,935	2,138	4,073
Additions	1,104	113	1,217
Amortisation charge for the year	–	(340)	(340)
Exchange adjustment	(66)	(25)	(91)
At 31 December 2016	**2,973**	**1,886**	**4,859**
At 1 January 2015	1,500	2,835	4,335
Additions	672	6	678
Written off to profit or loss	(2)	–	(2)
Amortisation charge for the year	–	(362)	(362)
Exchange adjustment	(235)	(341)	(576)
At 31 December 2015	1,935	2,138	4,073

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

The remaining amortisation periods are as follows:

	Group Number of years 2016	2015
Mining rights	**6**	7
Corporate club memberships	**4 to 70**	5 to 71
Mine properties	**6**	7

18. SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**57,058**	57,058
Redeemable preference shares, at cost	**48,900**	48,900
	131,360	131,360
Impairment losses	**(6,123)**	(6,123)
	125,237	125,237

Details of subsidiaries are included in note 44.

Incorporation of subsidiaries

During the financial year, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd. ("Straits Real Estate"), the following subsidiaries were incorporated:

(i) Through SRE Venture 9 Pte. Ltd., Straits Real Estate (Beijing) Business Consulting Co.,Ltd. with a paid-up capital of RMB1,300,000 and registered capital of RMB9,000,000; and

(ii) SRE Venture 10 Pte. Ltd. ("SRE Venture 10") with 1 ordinary share at the price of $1 per share. During the financial year, SRE Venture 10 incorporated two subsidiaries, SRE Japan 1 Pte. Ltd. ("SRE Japan 1") and SRE Japan 2 Pte. Ltd., each with 1 ordinary share at the price of $1 per share. SRE Japan 1 incorporated two other subsidiaries, SRE Luxe 1 Pte. Ltd. ("SRE Luxe 1") and SRE Luxe 2 Pte. Ltd. ("SRE Luxe 2") each with 1 ordinary share at the price of $1 per share.

During the financial year, SRE Luxe 1 acquired one specified share of JHT TMK, a Japanese *tokutei mokuteki kaisha* incorporated in 2015. At the date of acquisition, JHT TMK has a capital amount of JPY10,000 divided into four specified shares, all of which have been fully paid up.

Subsequently, SRE Luxe 1 and SRE Luxe 2 (through its branch in Japan), subscribed for 4,990 preferred shares at subscription amount of JPY1,147,700,000 and 5,010 preferred shares at subscription amount of JPY1,152,300,000 in JHT TMK respectively.

In 2015, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd., the following subsidiaries were incorporated:

(i) SRE Venture 6 Pte. Ltd. ("SRE Venture 6") with 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. In 2015, SRE Asian Asset Income Fund ("SAAIF") was incorporated, with 1 share of par value US$1 and subsequently enlarged its share capital to $132,788,000. At 31 December 2015, SRE Venture 6 owned 98.3% in SAAIF;

18. SUBSIDIARIES (CONT'D)

(ii) SRE Venture 7 Pte. Ltd. with 1 ordinary share at the price of $1 per share and subsequently increased its share capital to $1,500,000; and

(iii) SRE Venture 8 Pte. Ltd. ("SRE Venture 8") with 1 ordinary share at the price of $1 per share. In 2015, SRE Venture 8 incorporated a subsidiary, SRE Australia 1 Pte. Ltd. ("SRE Australia 1"), with 1 ordinary share at the price of $1 per share. SRE Australia 1 incorporated a subsidiary, SRE Investment 1 (Australia) Pty Ltd ("SRE Investment 1"), with 1 ordinary share at the price of $1 and subsequently enlarged its share capital to A$57,717,000. At 31 December 2015, SRE Australia 1 owned 98.0% in SRE Investment 1.

In 2014, Chongqing Xinchuang Mall Management Co., Ltd ("CXMM") acquired a retail mall in Chongqing, China (the "Acquisition"). As part of the Acquisition, SRE China 1 Pte. Ltd. ("SRE China") was given the option to sell the entire shareholdings in CXMM to the seller of the retail mall should the retail mall fail to generate a certain internal rate of return over the investments contributed by SRE China for the Acquisition, within an agreed time frame. The effect of the option is not expected to be material to the financial statements.

Capital injection by a subsidiary

During the financial year, the Group increased its contribution in Straits Real Estate to $333,540,000 (2015: $272,850,000) increasing Straits Real Estate's share capital to $372,780,000 (2015: $304,950,000).

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/(loss) allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period	
		2016	2015	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Malaysia Smelting Corporation Berhad	Malaysia	**45%**	45%	**6,530**	(783)	**45,631**	40,391
Straits Real Estate Pte. Ltd.	Singapore	**11%**	11%	**4,758**	(281)	**48,609**	32,658

18. SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2016 $'000	As at 31 December 2015 $'000	**As at 31 December 2016 $'000**	As at 31 December 2015 $'000
Current				
Assets	**178,059**	192,114	**247,506**	212,721
Liabilities	**(140,169)**	(181,137)	**(273,042)**	(298,925)
Net current assets/(liabilities)	**37,890**	10,977	**(25,536)**	(86,204)
Non-current				
Assets	**95,652**	91,661	**583,905**	526,052
Liabilities	**(25,797)**	(6,362)	**(171,678)**	(156,029)
Net non-current assets	**69,855**	85,299	**412,227**	370,023
Net assets	**107,745**	96,276	**386,691**	283,819

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Revenue	**495,165**	528,493	**12,566**	3,698
Profit before tax	**17,603**	1,023	**51,342**	17
Income tax expense	**(5,206)**	(2,752)	**(9,898)**	(2,735)
Profit/(Loss) after tax	**12,397**	(1,729)	**41,444**	(2,718)
Other comprehensive income	**2,665**	(7,193)	**(260)**	(31,537)
Total comprehensive income	**15,062**	(8,922)	**41,184**	(34,255)

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Net cash flows from/(used in) operations	**18,261**	(8,167)	**(12,071)**	(55,969)
Net cash flows used in investing activities	**(17,068)**	(5,904)	**(7,532)**	(314,574)
Net cash flows (used in)/from financing activities	**(17,872)**	17,725	**71,826**	407,049

18. SUBSIDIARIES (CONT'D)

Analysis of sale of a subsidiary:

Sale in 2015

The sale of all the shares in Atbara Holdings Private Limited, a wholly owned subsidiary of the Company, to Haiyi Holdings Pte. Ltd. was completed on 22 April 2015.

The sale had the following effects on the financial position of the Group as at 31 December 2015:

	$'000
Assets:	
Property, plant and equipment (note 15)	72
Investment properties (note 16)	53,778
Trade and other receivables, including prepayments	43
Cash and cash equivalents	71
	53,964
Liabilities:	
Trade and other payables	(194)
Net assets disposed	53,770
Cash consideration, net of expenses	53,062
Loss on sale recognised in profit or loss of the Group	(708)
Cash and cash equivalents of the subsidiary disposed	71
Net cash inflow	52,991

19. ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Associates	**636,283**	538,911	**2,708**	2,708
Joint ventures	**3,096**	19,705	**–**	–
	639,379	558,616	**2,708**	2,708

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Quoted shares, at cost	**323,855**	323,855	**–**	–
Share of post-acquisition reserves	**26,899**	15,541	**–**	–
	350,754	339,396	**–**	–
Unquoted shares, at cost	**183,608**	127,706	**2,708**	2,708
Shareholder loans (d)	**71,910**	71,910	**–**	–
Share of post-acquisition reserves	**39,417**	6,783	**–**	–
Exchange adjustment	**(4,423)**	(1,901)	**–**	–
	290,512	204,498	**2,708**	2,708
Impairment losses	**(4,983)**	(4,983)	**–**	–
	285,529	199,515	**2,708**	2,708
	636,283	538,911	**2,708**	2,708
Market value of quoted shares	**341,822**	235,566	**–**	–

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

(b) In 2015, the Group subscribed to 30.6 million of new shares ("Rights Shares") in ARA Asset Management Limited ("ARA") at an issue price of $1 each. The Group's 20.1% holding in ARA remains unchanged after subscription of the Rights Shares. The shares in ARA, excluding the Rights Shares, are mortgaged to secure bank facilities (note 31).

(c) In 2015, the Group acquired a 47.5% stake in the Greater Tokyo Office Fund (Jersey) L.P. ("GTOF") and 40% stake in ARA Harmony Fund III, L.P. ("H3") at an aggregate cost of $84.4 million. Following GTOF's increase in its fund's size during the year, the Group's stake has been diluted to 45.2% at 31 December 2016.

(d) This relates to the Group's shareholder loans to Far East Hospitality Holdings Pte. Ltd. ("FEHH"), a 30/70 joint venture with Far East Orchard Limited. The shareholder loans to FEHH are unsecured and non-interest bearing. The loans are not expected to be repaid within one year.

(e) Movement in the allowance account:

	Group	
	2016	2015
	$'000	$'000
At 1 January and 31 December	**(4,983)**	(4,983)

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

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

	Group 2016 $'000	Group 2015 $'000
Profit after tax	**709**	704
Other comprehensive income	**251**	–
Total comprehensive income	**960**	704

(g) The summarised financial information in respect of ARA, FEHH, GTOF and H3, 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

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
As at 31 December 2016				
Current assets	205,002	71,553	98,598	24,313
Non-current assets	556,210	612,170	205,621	611,530
Total assets	761,212	683,723	304,219	635,843
Current liabilities	(88,991)	(295,518)	(18,587)	(69,201)
Non-current liabilities	(82,747)	(282,864)	(112,560)	(358,432)
Total liabilities	(171,738)	(578,382)	(131,147)	(427,633)
Net assets	589,474	105,341	173,072	208,210
Non-controlling interests	(7,052)	–	–	–
	582,422	105,341	173,072	208,210

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

Summarised balance sheets (cont'd)

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
As at 31 December 2015				
Current assets	158,078	61,614	10,654	33,243
Non-current assets	423,015	575,269	95,831	584,007
Total assets	581,093	636,883	106,485	617,250
Current liabilities	(37,420)	(297,567)	(11,269)	(105,363)
Non-current liabilities	(16,065)	(276,823)	(58,734)	(332,763)
Total liabilities	(53,485)	(574,390)	(70,003)	(438,126)
Net assets	527,608	62,493	36,482	179,124
Non-controlling interests	(7,295)	–	–	–
	520,313	62,493	36,482	179,124

Summarised statements of comprehensive income

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
2016				
Revenue	**176,831**	**127,488**	**8,482**	**46,695**
Profit after tax	**92,117**	**11,749**	**16,526**	**43,852**
Other comprehensive income	**24,114**	**31,099**	**–**	**(5,994)**
Total comprehensive income	**116,231**	**42,848**	**16,526**	**37,858**
Dividends received from the associates during the year	**10,024**	**–**	**–**	**2,627**
2015				
Revenue	156,027	149,285	1,523	18,696
Profit after tax	81,353	8,235	4,752	23,874
Other comprehensive income	(7,425)	15,366	–	(16,636)
Total comprehensive income	73,928	23,601	4,752	7,238
Dividends received from the associates during the year	8,495	–	–	1,423

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.1 ASSOCIATES (CONT'D)

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

	ARA $'000	FEHH $'000	GTOF $'000	H3 $'000
Net assets at 31 December 2016	**582,422**	**105,341**	**173,072**	**208,210**
Interest in associates	**20.1%**	**30%**	**45.17%**	**40%**
Group's share of net assets	**117,067**	**31,602**	**78,177**	**83,284**
Goodwill on acquisition	**127,232**	**–**	**–**	**–**
Intangible assets	**106,008**	**10,441**	**–**	**–**
Other adjustments	**447**	**–**	**–**	**–**
Carrying value of the Group's interest in associates	**350,754**	**42,043**	**78,177**	**83,284**
Net assets at 31 December 2015	520,313	62,493	36,482	179,124
Interest in associates	20.1%	30%	47.5%	40%
Group's share of net assets	104,583	18,748	17,329	71,650
Goodwill on acquisition	127,232	–	–	–
Intangible assets	107,258	10,534	–	–
Other adjustments	323	–	–	–
Carrying value of the Group's interest in associates	339,396	29,282	17,329	71,650

19.2 JOINT VENTURES

	Group	
	2016 $'000	2015 $'000
Unquoted shares, at cost	**3,868**	18,714
Share of post-acquisition reserves	**9,077**	10,430
Exchange adjustment	**(7,488)**	(7,324)
	5,457	21,820
Impairment losses	**(2,361)**	(2,115)
	3,096	19,705

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

(b) During the financial year, KM Resources, Inc. ("KMR") completed a share buy-back exercise. This is accounted for as partial disposal of the Group's investment in KMR. The share buy-back exercise did not result in any change in the Group's equity interests in KMR.

(c) Impairment assessment

An impairment loss of $246,000 (2015: $192,000) was recognised in profit or loss of the Group in respect of the Group's investment in KMR due to shortfall of recoverable amount over carrying amount of investment. The recoverable amount was derived based on management's estimate of fair value less costs to sell.

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

(d) Movement in the allowance account:

	Group 2016 $'000	Group 2015 $'000
At 1 January	**(2,115)**	(1,923)
Impairment for the year (note 9)	**(246)**	(192)
At 31 December	**(2,361)**	(2,115)

(e) The Group has not recognised losses relating to Africa Smelting Corporation Sprl ("ASC") where its share of losses exceeds the Group's interest in the joint venture.

The Group's unrecognised share of losses at the reporting date are as follows:

	Group 2016 $'000	Group 2015 $'000
Share of (losses)/profit:		
Current year	**(375)**	14
Cumulative	**(540)**	(165)

The Group has no obligation in respect of these losses.

(f) The summarised financial information in respect of KMR Group, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2016 $'000	2015 $'000
Cash and cash equivalents	**10,907**	11,638
Other current assets	**332**	52,670
Current assets	**11,239**	64,308
Non-current assets	**6,787**	8,900
Total assets	**18,026**	73,208
Trade, other payables and provisions, representing total current liabilities	**674**	1,141
Trade, other payables and provisions	**275**	794
Non-current liabilities (excluding trade, other payables and provisions)	**135**	31
Total non-current liabilities	**410**	825
Total liabilities	**1,084**	1,966
Net assets	**16,942**	71,242

19. ASSOCIATES AND JOINT VENTURES (CONT'D)

19.2 JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

	2016 **$'000**	2015 $'000
Revenue	**3**	11
Depreciation and amortisation expenses	**–**	(5)
Interest income	**56**	49
Loss before tax	**(2,463)**	(306)
Income tax expense	**–**	–
Loss after tax	**(2,463)**	(306)
Other comprehensive income	**(12,044)**	14,296
Total comprehensive income	**(14,507)**	13,990

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

	2016 **$'000**	2015 $'000
Net assets at 31 December	**16,942**	71,242
Interest in joint venture	**30%**	30%
	5,083	21,373
Cumulative impairment and exchange adjustment	**(1,987)**	(1,771)
Carrying value of the Group's interest in joint venture	**3,096**	19,602

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		**Company**	
	2016 **$'000**	2015 $'000	**2016** **$'000**	2015 $'000
Deferred tax assets	**3,731**	1,599	**–**	–
Deferred tax liabilities	**(5,672)**	(5,654)	**(2,751)**	(2,806)
	(1,941)	(4,055)	**(2,751)**	(2,806)

20. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Provisions	**1,525**	36	**(1,534)**	1,160	**–**	–
Unutilised tax losses	**2,099**	1,175	**(941)**	(1,314)	**–**	–
Fair value changes on forward currency contracts, forward commodity contracts and interest rate swap contracts	**208**	794	**23**	(80)	**–**	–
Revaluation of property, plant and equipment	**(745)**	(693)	**–**	–	**(42)**	(45)
Difference in depreciation	**(1,194)**	(1,796)	**(597)**	722	**(631)**	(672)
Fair value changes on investment properties	**(1,794)**	(2,280)	**(462)**	382	**(2,078)**	(2,089)
Fair value changes on available-for-sale investment securities	**–**	(41)	**–**	–	**–**	–
Fair value changes on investment securities at FVOCI	**(528)**	–	**–**	–	**–**	–
Unremitted foreign income and profits	**(978)**	(880)	**96**	(1,450)	**–**	–
Others	**(534)**	(370)	**150**	438	**–**	–
	(1,941)	(4,055)			**(2,751)**	(2,806)
Deferred tax credit (note 13)			**(3,265)**	(142)		

As at 31 December 2016, certain subsidiaries have unutilised tax losses amounting to $4,846,000 (2015: $5,679,000) 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.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current:				
Trade receivables	**40,180**	18,052	**39**	22
Amounts due from associates	**341**	1,409	**11**	8
Amounts due from related parties	**227**	–	**–**	–
Impairment of doubtful receivables	**(3,183)**	(126)	**–**	–
	37,565	19,335	**50**	30
Other receivables				
Deposits	**1,085**	557	**35**	41
Non-trade receivables	**9,235**	6,333	**41**	159
Amounts due from subsidiaries	**–**	–	**837,310**	866,317
Amounts due from associates	**66,965**	66,785	**82**	–
Amount due from a joint venture	**19**	19	**–**	–
	77,304	73,694	**837,468**	866,517
Impairment of doubtful receivables	**(3,277)**	(912)	**(284)**	(284)
	74,027	72,782	**837,184**	866,233
Trade and other receivables (current)	**111,592**	92,117	**837,234**	866,263
Non-Current:				
Amount due from a joint venture	**2,372**	2,414	**–**	–
Impairment of doubtful receivables	**(2,372)**	(559)	**–**	–
	–	1,855	**–**	–
Total trade and other receivables (current and non-current)	**111,592**	93,972	**837,234**	866,263
Add: Cash and cash equivalents (note 27)	**291,091**	239,325	**99,374**	105,579
Unquoted financial assets at amortised cost (note 22 (a))	**80,624**	39,521	**–**	–
Quoted financial assets at amortised cost (note 22 (b))	**14,874**	–	**–**	–
Shareholder loans (note 19.1)	**71,910**	71,910	**–**	–
Total financial assets at amortised cost	**570,091**	444,728	**936,608**	971,842

Trade receivables

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

The amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

In 2015, trade receivables arising from export sales amounting to $4,366,000 were arranged to be settled via letters of credits issued by reputable banks in countries where customers are based.

Amounts due from subsidiaries

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

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from associates

The current amount due from associates under trade receivables is unsecured, non-interest bearing and subject to the Group's normal credit terms which range from cash term to 90 days.

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.

Amounts due from a joint venture

The non-current other receivable is due from Africa Smelting Corporation Sprl. Based on the impairment assessment carried out by the management, the amount due from a joint venture had been fully impaired as at 31 December 2016.

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
United States Dollar	**11,864**	17,891	**–**	–

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

	Group					
	2016			2015		
	$'000			$'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**114,080**	**(2,511)**	**111,569**	92,488	(559)	91,929
• Past due:						
Less than 30 days	**3**	**–**	**3**	18	–	18
30 to 60 days	**10**	**–**	**10**	662	–	662
61 to 90 days	**3**	**–**	**3**	1,147	–	1,147
91 to 120 days	**–**	**–**	**–**	53	–	53
More than 120 days	**6,328**	**(6,321)**	**7**	1,201	(1,038)	163
	6,344	**(6,321)**	**23**	3,081	(1,038)	2,043
Total	**120,424**	**(8,832)**	**111,592**	95,569	(1,597)	93,972

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The aged analysis of trade and other receivables is as follows (cont'd):

	Company					
	2016 $'000			2015 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**837,501**	**(284)**	**837,217**	866,527	(284)	866,243
• Past due:						
Less than 30 days	**1**	**–**	**1**	1	–	1
30 to 60 days	**8**	**–**	**8**	6	–	6
61 to 90 days	**3**	**–**	**3**	8	–	8
91 to 120 days	**–**	**–**	**–**	3	–	3
More than 120 days	**5**	**–**	**5**	2	–	2
	17	**–**	**17**	20	–	20
Total	**837,518**	**(284)**	**837,234**	866,547	(284)	866,263

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

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

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Trade and other receivables – nominal amounts	**8,832**	3,452	**289**	288
Less: Allowance for impairment	**(8,832)**	(1,597)	**(284)**	(284)
	–	1,855	**5**	4

Movement in the allowance accounts:

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
At 1 January	**(1,597)**	(8,721)	**(284)**	(284)
Effect of adoption of FRS 109	**(3,741)**	–	**–**	–
Impairment for the year (note 11)	**(3,176)**	(1,277)	**–**	–
Amounts written off	**–**	7,290	**–**	–
Reversal of impairment (note 11)	**–**	11	**–**	–
Exchange adjustment	**(318)**	1,100	**–**	–
At 31 December	**(8,832)**	(1,597)	**(284)**	(284)

22. INVESTMENT SECURITIES/MARKETABLE SECURITIES

(a) Investment Securities

	Group	
	2016	2015
	$'000	$'000
At fair value through other comprehensive income		
– quoted, equity securities	**175,555**	162,055
Total financial assets at fair value through other comprehensive income	**175,555**	162,055
At amortised cost		
– unquoted	**80,624**	39,521
	256,179	201,576

Information on the Group's investment/marketable securities by country can be found in note 38(e).

The Group holds shares quoted in Singapore and Canada. Please refer to note 38(e) for information on equity price risk.

The financial assets at amortised cost are:

(i) investment in a mezzanine financing amounting to A$35.0 million with a coupon rate of 14.25% per annum and matures in August 2018.

(ii) secured debenture notes amounting to A$15.0 million with a coupon rate of 16.5% per annum and matures in July 2018.

(iii) credit linked notes amounting to $16.2 million with a fixed interest rate of 3.98% per annum and matures in November 2018.

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

(b) Marketable securities

	Group	
	2016	2015
	$'000	$'000
At fair value through profit or loss		
– quoted, at fair value	**97,674**	178,282
At amortised cost		
– quoted bonds	**14,874**	–
	112,548	178,282

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

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Group			
	Assets 2016 $'000	**Liabilities 2016 $'000**	Assets 2015 $'000	Liabilities 2015 $'000
Forward currency contracts	**568**	**1,201**	1	1,807
Forward commodity contracts	**–**	**–**	–	1,514
Contract for differences	**296**	**187**	199	413
Interest rate swap contracts	**–**	**100**	–	24
	864	**1,488**	200	3,758
Current	**313**	**1,114**	200	3,734
Non-current	**551**	**374**	–	24

These represent the fair values of the following financial instruments:

(a) forward currency contracts are entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective. These contracts mature between January 2017 to September 2019.

(b) forward commodity contracts are entered into for the purpose of managing commodity price 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) contract for differences ("CFDs") represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFDs may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFDs is valued at the CFDs' settlement date and is recognised in profit or loss.

(d) 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.

Further details of the derivative financial instruments in items (a) to (d) are disclosed in note 39 to the financial statements.

24. OTHER NON-CURRENT ASSETS

	Group	
	2016 $'000	2015 $'000
Base inventory	**970**	987

Base inventory is used in the smelting process. It is stated at lower of estimated recoverable amount and cost.

25. NON-CURRENT ASSET HELD FOR SALE

The Straits Trading Building at No. 2 Lebuh Pasar Besar, Kuala Lumpur was accounted as asset held for sale at 31 December 2015 following a committed plan to sell the building.

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Asset:				
Investment properties (note 16)	**17,464**	17,771	**17,464**	17,771

26. INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**22,690**	18,992
– Tin-in-process	**76,381**	50,238
– Refined tin metal	**13,908**	13,361
Other inventories (stores, spares, fuels, coal and saleable by-products)	**6,575**	6,229
	119,554	88,820
Income statement:		
Inventories recognised as an expense in cost of sales	**447,000**	481,112
Inclusive of the following charge:		
(Reversal of write down)/write down of inventories	**(5,855)**	4,698

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**94,128**	61,976	**9,366**	23,256
Short-term deposits	**196,963**	177,349	**90,008**	82,323
	291,091	239,325	**99,374**	105,579

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2016 for the Group and the Company were 1.4% (2015: 1.5%) per annum and 1.5% (2015: 1.2%) per annum respectively.

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

27. CASH AND CASH EQUIVALENTS (CONT'D)

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Australian Dollar	**2,306**	1,844	**1,408**	1,393
United States Dollar	**12,687**	4,591	**–**	–
Singapore Dollar	**12,896**	20,954	**–**	–
Japanese Yen	**8,460**	548	**–**	–

28. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares	**Share capital $'000**	Number of shares	Share capital $'000
Ordinary shares issued and fully paid:				
At 1 January and 31 December	**408,095,772**	**568,968**	408,095,772	568,968

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

29. RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Retained earnings [(a)]	**832,222**	782,253	**73,372**	86,250
AFS reserve [(b)]	**–**	(23,922)	**–**	–
FVOCI reserve [(c)]	**(10,178)**	–	**–**	–
Hedging reserve [(d)]	**(672)**	(1,811)	**–**	–
Revaluation reserve [(e)]	**24,044**	15,578	**203**	202
Translation reserve [(f)]	**(49,876)**	(43,902)	**(19,607)**	(18,281)
Other reserves	**(36,682)**	(54,057)	**(19,404)**	(18,079)

29. RESERVES (CONT'D)

(a) Retained earnings

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
At 31 December (as previously stated)	**782,253**	787,375	**86,250**	89,069
Effect of adoption of FRS 109	**(1,286)**	–	**–**	–
At 1 January	**780,967**	787,375	**86,250**	89,069
Net changes in the reserve	**51,255**	(5,122)	**(12,878)**	(2,819)
At 31 December	**832,222**	782,253	**73,372**	86,250
Net changes in the reserve:				
– Profit for the year	**67,291**	8,549	**3,446**	10,845
– Dividend on ordinary shares (note 34)	**(16,324)**	(16,324)	**(16,324)**	(16,324)
– Dilution of ownership interests in subsidiaries that do not result in a loss of control	**(150)**	(7)	**–**	–
– Unclaimed dividends written back	**–**	2,660	**–**	2,660
– Realisation of share of associate's revaluation reserve upon disposal	**438**	–	**–**	–
	51,255	(5,122)	**(12,878)**	(2,819)

(b) AFS reserve

AFS reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired. The movements in the AFS reserve are as follows:

	Group	
	2016	2015
	$'000	$'000
At 31 December (as previously stated)	**(23,922)**	19,102
Effect of adoption of FRS 109	**23,922**	–
At 1 January	**–**	19,102
Net changes in the reserve	**–**	(43,024)
At 31 December	**–**	(23,922)
Net changes in the reserve:		
– Net fair value changes during the year	**–**	(39,107)
– Share of reserve of associates	**–**	(3,917)
	–	(43,024)

29. RESERVES (CONT'D)

(c) 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	
	2016	2015
	$'000	$'000
At 31 December (as previously stated)	**–**	–
Effect of adoption of FRS 109	**(24,495)**	–
At 1 January	**(24,495)**	–
Net changes in the reserve	**14,317**	–
At 31 December	**(10,178)**	–
Net changes in the reserve:		
– Net fair value changes during the year	**10,897**	–
– Share of reserve of associates	**3,420**	–
	14,317	–

(d) 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	
	2016	2015
	$'000	$'000
At 1 January	**(1,811)**	(1,367)
Net changes in the reserve	**1,139**	(444)
At 31 December	**(672)**	(1,811)
Net changes in the reserve:		
– Net fair value changes during the year	**996**	(480)
– Recognised in profit or loss:		
– Ineffective cash flow hedge	**(74)**	28
– Share of reserve of associates	**217**	8
	1,139	(444)

29. **RESERVES (CONT'D)**

(e) 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	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
At 1 January	**15,578**	8,034	**202**	208
Net changes in the reserve	**8,466**	7,544	**1**	(6)
At 31 December	**24,044**	15,578	**203**	202
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**505**	794	**1**	(6)
– Realisation of share of associate's revaluation reserve	**(438)**	–	**–**	–
– Share of reserve of an associate	**8,399**	6,750	**–**	–
	8,466	7,544	**1**	(6)

(f) 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	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
At 1 January	**(43,902)**	(27,365)	**(18,281)**	(8,382)
Net effect of exchange adjustments	**(5,974)**	(16,537)	**(1,326)**	(9,899)
At 31 December	**(49,876)**	(43,902)	**(19,607)**	(18,281)
Net effect of exchange adjustments:				
– Translation of foreign operations	**(8,530)**	(7,568)	**(1,326)**	(9,899)
– Net investments in foreign operations	**672**	(3,259)	**–**	–
– Attributable to disposal group classified as held for sale	**–**	(46)	**–**	–
– Transfer to profit or loss on disposal of associates and joint ventures	**2,295**	–	**–**	–
– Share of reserve of associates	**(411)**	(5,664)	**–**	–
	(5,974)	(16,537)	**(1,326)**	(9,899)

30. PROVISIONS

	Provision for mine restoration $'000	Provision for income support $'000	Provision for repairs $'000	Provision for financial guarantee $'000	Total $'000
GROUP					
At 1 January 2016	5,923	–	19,585	3,171	28,679
Provision/(reversal) made during the year	2,590	–	(2,195)	–	395
Discount adjustment on provision (note 10)	239	–	–	–	239
Provision utilised	–	–	(17,659)	–	(17,659)
Exchange adjustment	(108)	–	269	(55)	106
At 31 December 2016	**8,644**	**–**	**–**	**3,116**	**11,760**
Non-current	8,644	–	–	–	8,644
Current	–	–	–	3,116	3,116
	8,644	**–**	**–**	**3,116**	**11,760**
At 1 January 2015	3,916	683	23,477	3,974	32,050
Provision/(reversal) made during the year	2,411	(360)	–	–	2,051
Discount adjustment on provision (note 10)	128	–	–	–	128
Provision utilised	–	(323)	(2,337)	–	(2,660)
Exchange adjustment	(532)	–	(1,555)	(803)	(2,890)
At 31 December 2015	5,923	–	19,585	3,171	28,679
Non-current	5,923	–	–	–	5,923
Current	–	–	19,585	3,171	22,756
	5,923	–	19,585	3,171	28,679

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 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 prior years, the main features of original mine rehabilitation plan were to allow the open pit to be naturally filled up with water and encapsulate the mine tailings areas with a clay layer. The Group has engaged a South Korean consultant specialising in mine rehabilitation to carry out an assessment on the mine rehabilitation plan. Based on the assessment, the consultant has proposed a modification of the original mine rehabilitation plan to include revegetation of soil, pumping and ponding of mine pit and lime dosing. During the financial year ended 31 December 2016, the change of mine rehabilitation method has resulted in an increase in provision for mine restoration costs due to an increase in the estimated cash outflows to be incurred to restore and rehabilitate the mine. The South Korean consultant is of the view that the revised mine rehabilitation plan will address the practicality, safety and environmental concerns of Malaysian authorities and has a high probability of being approved by the Malaysian authorities.

The provision for repairs recorded by the Company relates to provisions made for contractual obligations arising from discontinued operations, which has been settled during the financial year.

31. BORROWINGS

	Group 2016 $'000	Group 2015 $'000
Non-current		
Secured bank loans	**169,509**	373,985
Unsecured bank loans	**16,261**	–
	185,770	373,985
Current		
Secured bank loans	**340,518**	48,663
Unsecured bank loans	**93,523**	129,019
	434,041	177,682
Total borrowings	**619,811**	551,667

Interest rates and maturity of loans

	Group 2016 % per annum	Group 2015 % per annum
Floating rate loans	**1.3 to 5.8**	1.1 to 6.4
Fixed rate loans	**0.8 to 4.0**	0.8 to 2.2

	Group 2016 $'000	Group 2015 $'000
Not later than 1 year	**434,041**	177,682
Later than 1 year but not later than 5 years	**88,029**	317,153
More than 5 years	**97,741**	56,832
	619,811	551,667

Secured

The secured bank loans are collaterised by the following assets:

	Group 2016 $'000	Group 2015 $'000
Investment properties (note 16(c))	**464,140**	290,459
Associate (note 19.1(b))	**318,023**	308,378
Investment securities (note 22(a))	**140,953**	128,432
Marketable securities (note 22(b))	**27,516**	57,373
Cash and cash equivalents (note 27)	**72,589**	20,430
	1,023,221	805,072

The interest rates of the bank loans are repriced at intervals of 1 month to 12 months (2015: 3 months to 12 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. OTHER NON-CURRENT LIABILITIES

	Group	
	2016	2015
	$'000	$'000
Unrealised profit on sale of properties to associates	**173**	214
Other liabilities	**1,092**	251
	1,265	465

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current:				
Trade payables	**36,163**	49,739	**84**	176
Advance receipts and billings	**584**	274	**12**	12
Amounts due to associates	**202**	91	**–**	–
	36,949	50,104	**96**	188
Other payables				
Amounts due to subsidiaries	**–**	–	**486,105**	487,382
Amounts due to non-controlling shareholders of subsidiaries	**21,359**	21,609	**–**	–
Accrual for balance payment of property and other charges	**28,885**	33,584	**2,165**	2,218
Other deposits	**1,451**	1,433	**361**	344
Amounts due to associates	**3,801**	570	**–**	–
Amount due to a joint venture	**–**	15,662	**–**	–
	55,496	72,858	**488,631**	489,944
Trade and other payables	**92,445**	122,962	**488,727**	490,132
Trade and other payables	**92,445**	122,962	**488,727**	490,132
Less: Advance receipts and billings	**(584)**	(274)	**(12)**	(12)
	91,861	122,688	**488,715**	490,120
Add: Other non-current liabilities (note 32)	**1,092**	251	**–**	–
Loans and borrowings (note 31)	**619,811**	551,667	**–**	–
Total financial liabilities carried at amortised cost	**712,764**	674,606	**488,715**	490,120

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:

(a) share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at 2.8% per annum and repayable on demand.

(b) dividend declared by a subsidiary during the year and paid in the following year.

Amounts due to associates

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

Amount due to a joint venture

For 2015, the amount payable to a joint venture was non-trade related, non-interest bearing and repayable on demand.

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

	Group	
	2016	2015
	$'000	$'000
United States Dollar	**22,333**	33,084
Australian Dollar	**20,491**	14,895
Japanese Yen	**9,028**	21,564
Hongkong Dollar	**609**	7,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. DIVIDENDS

	Group and Company	
	2016	2015
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2015 Interim dividend paid in 2016: 4 cents per share tax exempt (one-tier tax) (2014 Interim dividend paid in 2015: 4 cents per share tax exempt (one-tier tax))	**16,324**	16,324
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2016: 6 cents per share tax exempt (one-tier tax) (Interim dividend for 2015: 4 cents per share tax exempt (one-tier tax))	**24,486**	16,324

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

35. CAPITAL COMMITMENTS

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

	Group	
	2016	2015
	$'000	$'000
Property, plant and equipment	**9,503**	500
Associates	**22,717**	72,013
Investment properties	**2,309**	24,162
	34,529	96,675

36. COMMITMENTS

(a) Operating lease commitments for lessor

The Group and Company have entered into property lease agreements on their investment properties. These non-cancellable leases have remaining non-cancellable lease terms of up to 17 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 2016 and 2015.

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**6,639**	10,906	**1,501**	1,446
Later than 1 year but not later than 5 years	**7,386**	13,673	**772**	737
Later than five years	**6,725**	1,093	**–**	–
	20,750	25,672	**2,273**	2,183

(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. Contingent rents are payable subject to the related revenue exceeding certain levels stated in the respective agreements. 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	
	2016	2015
	$'000	$'000
Minimum lease payments	**2,302**	1,779

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

	Group	
	2016	2015
	$'000	$'000
Not later than 1 year	**1,116**	1,757
Later than 1 year but not later than 5 years	**4,565**	305
	5,681	2,062

(c) Other commitments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

37. 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	
	2016	2015
	$'000	$'000
Associates/joint ventures		
Sales of goods	**16,877**	17,383
Interest income	**1,387**	1,291
Receiving of services	**3,097**	3,850
Other related parties		
Office leases	**95**	–

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	
	2016	2015
	$'000	$'000
Directors' fees	**815**	908
Short-term employee benefits	**1,724**	1,479
Defined contribution plans	**33**	39
	2,572	2,426

38. FINANCIAL RISK MANAGEMENT

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

38. FINANCIAL RISK MANAGEMENT (CONT'D)

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			
		2016		2015	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
United States Dollar	strengthened 5% (2015: 5%)	**(2,402)**	**(1,569)**	(2,766)	(1,794)
	weakened 5% (2015: 5%)	**2,132**	**2,411**	1,194	1,792
Australian Dollar	strengthened 5% (2015: 5%)	**1,921**	**–**	792	–
	weakened 5% (2015: 5%)	**(1,921)**	**–**	(792)	–
Singapore Dollar	strengthened 5% (2015: 5%)	**470**	**(837)**	764	(837)
	weakened 5% (2015: 5%)	**(470)**	**837**	(764)	837
Japanese Yen	strengthened 5% (2015: 5%)	**195**	**2,022**	35	144
	weakened 5% (2015: 5%)	**(195)**	**(2,022)**	(35)	(144)

At the end of the reporting period, approximately:

(i) 12% (2015: 22%) of the Group's trade and other receivables as well as 56% (2015: 63%) 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, Japanese Yen, Australian Dollar and Hong Kong Dollar.

(ii) 13% (2015: 12%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, United States Dollar, Japanese Yen and Australian Dollar.

(iii) 17% (2015: 8%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, United States Dollar, Japanese Yen and Australian Dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk

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

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

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

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

	Group	
	Increase/ decrease in basis point	Effect on profit after tax $'000
31 December 2016		
– Singapore Dollar	+25	165
	–25	(165)
– Malaysian Ringgit	+25	(120)
	–25	120
– Chinese Renminbi	+25	(155)
	–25	155
31 December 2015		
– Singapore Dollar	+25	244
	–25	(244)
– Malaysian Ringgit	+25	(154)
	–25	154
– Chinese Renminbi	+25	(107)
	–25	107

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.

38. 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, based on the Group's and Company's historical information.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The Group and the Company determined 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 input tax). 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.

– During the financial year, the Group and the Company did not make any write-offs of trade and other receivables. 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.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

The loss allowance provision as at 31 December 2016 reconciles to the opening loss allowance for that provision as follows:

	Group			Company
	Trade receivables $'000	Other receivables $'000	Other non-current receivables $'000	Other receivables $'000
Closing allowance as at 31 December 2015 (based on FRS 39)	126	912	559	284
Restatements to opening retained earnings	–	1,886	1,855	–
As at 1 January 2016 (Restated)	126	2,798	2,414	284
ECL allowance	3,035	141	–	–
Exchange adjustments	22	338	(42)	–
As at 31 December 2016	**3,183**	**3,277**	**2,372**	**284**

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/marketable 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			
	2016		2015		**2016**		2015	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**68,618**	**62**	69,113	73	**813,756**	**97**	842,516	97
United Kingdom	**27,045**	**24**	1,089	1	**–**	**–**	–	–
Malaysia	**5,616**	**5**	6,779	7	**23,478**	**3**	23,747	3
China, including Hong Kong and Taiwan	**3,492**	**3**	1,027	1	**–**	**–**	–	–
Germany	**1,948**	**2**	2,350	3	**–**	**–**	–	–
Japan	**1,105**	**1**	1,364	2	**–**	**–**	–	–
Australia	**904**	**1**	3,103	3	**–**	**–**	–	–
South Africa	**281**	**–**	2,684	3	**–**	**–**	–	–
Other countries	**2,583**	**2**	6,463	7	**–**	**–**	–	–
	111,592	**100**	93,972	100	**837,234**	**100**	866,263	100

Approximately 60% (2015: 71%) of the Group's trade and other receivables were due from an associate located in Singapore.

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

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

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

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

	2016 $'000				2015 $'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:								
Marketable securities	**112,548**	**–**	**–**	**112,548**	178,282	–	–	178,282
Trade and other receivables	**112,715**	**–**	**–**	**112,715**	93,240	–	1,855	95,095
Derivatives	**313**	**551**	**–**	**864**	200	–	–	200
Cash and cash equivalents	**291,091**	**–**	**–**	**291,091**	239,325	–	–	239,325
Total undiscounted financial assets	**516,667**	**551**	**–**	**517,218**	511,047	–	1,855	512,902
Financial liabilities:								
Trade and other payables	**91,861**	**–**	**–**	**91,861**	122,688	–	–	122,688
Other non-current liabilities	**–**	**884**	**208**	**1,092**	–	251	–	251
Loans and borrowings	**438,685**	**97,905**	**115,549**	**652,139**	187,135	338,066	59,430	584,631
Derivatives	**1,114**	**374**	**–**	**1,488**	3,734	24	–	3,758
Total undiscounted financial liabilities	**531,660**	**99,163**	**115,757**	**746,580**	313,557	338,341	59,430	711,328
Total net undiscounted financial assets/(liabilities)	**(14,993)**	**(98,612)**	**(115,757)**	**(229,362)**	197,490	(338,341)	(57,575)	(198,426)

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2016 $'000				2015 $'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	**837,234**	**–**	**–**	**837,234**	866,263	–	–	866,263
Cash and cash equivalents	**99,374**	**–**	**–**	**99,374**	105,579	–	–	105,579
Total undiscounted financial assets	**936,608**	**–**	**–**	**936,608**	971,842	–	–	971,842
Financial liabilities:								
Trade and other payables	**488,715**	**–**	**–**	**488,715**	490,120	–	–	490,120
Total undiscounted financial liabilities	**488,715**	**–**	**–**	**488,715**	490,120	–	–	490,120
Total net undiscounted financial assets	**447,893**	**–**	**–**	**447,893**	481,722	–	–	481,722

Investment securities and shareholder loans to an associate held for strategic purpose are excluded from the tables above.

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

	2016 $'000				2015 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**3,450**	**3,368**	**–**	**6,818**	3,145	–	–	3,145
Company								
Financial guarantees	**300,000**	**–**	**–**	**300,000**	–	300,000	–	300,000

38. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Equity price risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by 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 54% (2015: 61%), Australia 22% (2015: 9%), China, Hong Kong 10% (2015: 9%) and 14% (2015: 21%) 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 $4,707,000 (2015: $8,818,000) higher/lower, arising as a result of higher/lower fair value changes.

At the end of the reporting period, 96% (2015: 97%) of the Group's equity portfolio classified as FVOCI consists of shares of companies in Singapore and 4% (2015: 3%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's other comprehensive income or FVOCI reserve in equity would have been $7,963,000 (2015: $7,421,000) higher/lower, arising as a result of higher/lower fair value changes.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts. At the reporting date, there was no such contract outstanding.

The commodity price risk on production cost for fuel is managed through forward commodity contracts. The terms of the forward commodity contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. At the reporting date, there was no such contract outstanding. The ineffectiveness arising from the cash flow hedge resulted in a fair value loss of $226,000 recognised in profit or loss in the previous financial year. The cash flow hedges of certain contracts were assessed to be highly effective and a net unrealised loss of $1,288,000 with a deferred tax credit of $309,000 relating to the hedging instruments was included in other comprehensive income in the previous financial year.

The following table demonstrates the sensitivity to a reasonably possible change in the commodity price, with all other variables held constant, of the Group's profit or loss net of tax and equity at the reporting date:

		Increase/ (Decrease) in profit net of tax		Increase/ (Decrease) in equity	
		2016	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
Fuel price	increased by 5%	–	(13)	–	64
	decreased by 5%	–	23	–	(64)

38. 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 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 investor, creditor 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 2016 and 31 December 2015.

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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

	Group	
	2016	2015
	$'000	$'000
Share capital	**568,968**	568,968
Retained earnings	**832,222**	782,253
Other reserves	**(36,682)**	(54,057)
Equity attributable to owners of the Company	**1,364,508**	1,297,164
Non-controlling interests	**94,240**	73,049
Total equity	**1,458,748**	1,370,213
Net borrowings	**328,720**	312,342
Gearing ratio	**22.5%**	22.8%

39. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

(a) Derivative financial instruments

The Group has the following derivative financial instruments at balance sheet date:

At 31 December 2016:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	9,977	58,425	568	1,201
Contract for differences	4,585	3,839	296	187
Interest rate swap contracts	–	20,876	–	100
	14,562	83,140	864	1,488

At 31 December 2015:

	Notional Amount		Fair Value	
	Asset $'000	Liability $'000	Asset $'000	Liability $'000
Forward currency contracts	648	49,965	1	1,807
Forward commodity contracts	–	3,249	–	1,514
Contract for differences	9,258	8,993	199	413
Interest rate swap contracts	–	100,327	–	24
	9,906	162,534	200	3,758

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 investments in Japanese Yen:

(i) A loan of Japanese Yen 4.7 billion (2015: Yen 1.23 billion) has been designated as a hedge against the net investment denominated in Japanese Yen. Gain or loss on the retranslation of the borrowing is taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment. The loan is included in borrowings (note 31).

(ii) A foreign currency forward contract of Japanese Yen has been designated as a hedge against the net investment denominated in Japanese Yen. Fair value gain or loss on the foreign currency forward contract is taken to the exchange translation reserve to offset any exchange differences on the translation of the net foreign investment. The foreign currency forward contract is included in derivative financial instruments (note 23).

40. 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 fair value less cost to sell which include a control premium adjustment. Management also reviews other economic factors and market conditions to assess whether the recoverable amount as determined using this method is sustainable. Changes in the market value of the cash-generating unit could affect the recoverable amount. The carrying amount of goodwill at 31 December 2016 was $17,298,000 (2015: $17,604,000).

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at 31 December 2016 was $52,737,000 (2015: $34,434,000).

The cost of plant and machinery for tin smelting and refining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 40 years. These are common life experiences applied in such industry. Changes in 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.

In the tin mining subsidiaries, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the changes arise. Changes in the estimated economically recoverable ore reserves and resources and the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

The carrying amount of property, plant and equipment related to the subsidiary in resources business amounts to $50,252,000 (2015: $32,810,000).

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

(a) Estimation uncertainty (cont'd)

(iii) Amortisation and impairment of mining rights, deferred mine exploration and evaluation expenditures and mine properties

These require estimates and assumptions on the quantity of economically recoverable ore reserves and resources, expected future costs and expenses to produce the metal or minerals, effective interest rates, expected future prices used in the impairment test for mining rights, deferred mine exploration and evaluation expenditures and mine properties. The estimate of the quantity of economically recoverable ore reserves and resources are also used for the amortisation of mining rights and mine properties. Actual outcomes could differ from these estimates and assumptions.

	Group	
	2016	2015
	$'000	$'000
Deferred mine exploration and evaluation expenditure	**2,973**	1,935
Mine properties	**1,886**	2,138
Mining rights	**2,039**	2,367

(iv) Revaluation of properties

The Group carries its properties at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of the other properties 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, investment method, income capitalisation method/discounted cash flow method and depreciated replacement cost method.

The determination of the fair values of the properties require 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 such as vacancy rates and rental growth rates; and
– 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, years purchase multipler and rental growth.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

(a) Estimation uncertainty (cont'd)

(v) Impairment loss on investments in associates, joint ventures and unquoted investment

MSC has associates, joint ventures and unquoted investment which are principally involved in exploration, mining and processing of various minerals and metals. The impairment assessment of the Group's investment in an associate, Guilin Hinwei Tin Co Ltd. ("Guilin"), a joint venture, KM Resources, Inc. and its unquoted investment in TMR Ltd. ("TMR") are based on estimated fair value less costs to sell. These require estimates and assumptions on the net assets, future prospect or expected commencement date for commercial production. Actual outcomes could differ from these estimates and assumptions. The carrying values of Guilin and TMR had been fully impaired.

(vi) Inventories

Inventories are stated at the lower of cost and net realisable value. Significant management judgement and in certain circumstances estimate on the physical stock quantity are required to determine their cost and net realisable value.

Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where actual amount differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) 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 mine restoration plan was submitted by a subsidiary to the relevant authorities during the year ended 31 December 2013. The carrying amount of provision for mine restoration costs disclosed in note 30 is based on modifications proposed by the consultant appointed during the year ended 31 December 2015. As the mine restoration plan is still pending approval from the relevant authorities, the final amount cannot be determined at this juncture. 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.

(viii) Economically recoverable ore reserves and resources

Economically recoverable ore reserves and resources are estimates of the amount of ore that can be economically and legally recoverable from the mine properties. The Group estimates its ore reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact the carrying value of investments in associates and joint ventures, unquoted investment, mining rights, deferred exploration and evaluation expenditures, mine properties, property, plant and equipment, goodwill, provision for mine restoration costs, recognition of deferred tax assets, deferred tax liabilities and tax recoverable, depreciation and amortisation charges.

40. 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 has 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 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	
	2016	2015
	$'000	$'000
Income tax receivables	**3,611**	3,526
Income tax payable	**13,426**	2,083
Deferred tax assets	**3,731**	1,599
Deferred tax liabilities	**5,672**	5,654

(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 38(c).

41. 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.

41. 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 2016 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 15)	–	–	27,445	27,445
Investment properties (note 16)	–	–	554,337	554,337
Non-current assets held for sale (note 25)	–	–	17,464	17,464
Non-financial assets as at 31 December 2016	–	–	599,246	599,246
Financial assets:				
Financial assets at FVTPL (note 22)				
Equity securities				
Quoted equity securities	97,674	–	–	97,674
Financial assets at FVOCI (note 22)				
Equity securities				
Quoted equity securities	175,555	–	–	175,555
Derivatives (note 23)				
Forward currency contracts	–	568	–	568
Contract for differences	–	296	–	296
Financial assets as at 31 December 2016	273,229	864	–	274,093
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	1,201	–	1,201
Contracts for difference	–	187	–	187
Interest rate swap contracts	–	100	–	100
Total derivatives	–	1,488	–	1,488
Financial liabilities as at 31 December 2016	–	1,488	–	1,488

41. 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 2015 $'000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 15)	–	–	16,504	16,504
Investment properties (note 16)	–	–	606,010	606,010
Non-current assets held for sale (note 25)	–	–	17,771	17,771
Non-financial assets as at 31 December 2015	–	–	640,285	640,285
Financial assets:				
Held-for-trading financial assets (note 22)				
Equity securities				
Quoted equity securities	154,915	–	–	154,915
Quoted bonds	23,367	–	–	23,367
Available-for-sale financial assets (note 22)				
Equity securities				
Quoted equity securities	162,055	–	–	162,055
Derivatives (note 23)				
Forward currency contracts	–	1	–	1
Contract for differences	–	199	–	199
Financial assets as at 31 December 2015	340,337	200	–	340,537
Financial liabilities:				
Derivatives (note 23)				
Forward currency contracts	–	1,807	–	1,807
Forward commodity contracts	–	1,514	–	1,514
Contracts for difference	–	413	–	413
Interest rate swap contracts	–	24	–	24
Total derivatives	–	3,758	–	3,758
Financial liabilities as at 31 December 2015	–	3,758	–	3,758

41. 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 2016 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Non-financial assets:				
Land and buildings (note 15)	–	–	**110**	**110**
Investment properties (note 16)	–	–	**32,314**	**32,314**
Non-current assets held for sale (note 25)	–	–	**17,464**	**17,464**
Non-financial assets as at 31 December 2016	–	–	**49,888**	**49,888**

	Company 2015 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Non-financial assets:				
Land and buildings (note 15)	–	–	124	124
Investment properties (note 16)	–	–	32,371	32,371
Non-current assets held for sale (note 25)	–	–	17,771	17,771
Non-financial assets as at 31 December 2015	–	–	50,266	50,266

41. 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, forward commodity contracts, interest rate swap contracts and contract for differences are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

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

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

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Recurring fair value measurements			
Land and buildings in Malaysia	Comparison method and depreciated replacement cost method	– Comparable price: $153 to $2,611 per square meter (2015: $163 to $2,650 per square meter)	The estimated fair value increases with higher comparable price
Investment properties in Singapore, Malaysia, Australia*, China and Japan	Income capitalisation method	– Capitalisation rate: 3.0% to 4% (2015: 3.75% to 6.5%)	The estimated fair value varies inversely against the capitalisation rate
		– Rental rate: $10.40 to $45.80 per square meter (2015: $9.80 to $52.20 per square meter	The estimated fair value increases with higher rental rate
		– Net rental growth rate: 5% to 8.8% (2015: 3.72%)	The estimated fair value increases with higher net rental growth rate

41. 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, Australia*, China and Japan	Discounted cashflow method	– Discount rate: 4.4% to 8.5% (2015: 8% to 9%)	The estimated fair value varies inversely against the discount rate
		– Terminal yield rate: 4.5% to 4.9% (2015: 4.75% to 6.63%)	The estimated fair value varies inversely against the terminal yield rate
		– Net rental growth rate: 5% to 8.8% (2015: 3.72%)	The estimated fair value increases with higher net rental growth rate
	Direct comparison method	– Comparable price: $40 to $18,800 per square meter (2015: $60 to $18,600 per square meter)	The estimated fair value increases with higher comparable price
	Investment method	– Discount rate: 7%	The estimated fair value varies inversely against the discount rate
		– Years purchase multiplier: 6.5%	The estimated fair value increases with higher years purchase multiplier
Asset held for sale	Direct comparison method	– Comparable price: $1,040 to $3,340 per square meter (2015: $1,060 to $3,260 per square meter)	The estimated fair value increases with higher comparable price

* The property in Australia has been disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

41. 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 2016 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	**Investment properties**	**Non-current assets held for sale**
At 1 January	**16,504**	**606,010**	**17,771**
Total gains for the year	**1,016**	**932**	**–**
Depreciation	**(316)**	**–**	**–**
Additions	**10,510**	**106,020**	**–**
Disposal	**–**	**(150,934)**	**–**
Exchange adjustment	**(269)**	**(7,691)**	**(307)**
At 31 December	**27,445**	**554,337**	**17,464**
Total gains or losses for the period included in **Other comprehensive income:**			
– Net surplus on revaluation of land and buildings	**1,016**	**–**	**–**

	Group 2015 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Land and buildings	Investment properties	Non-current assets held for sale
At 1 January	17,312	399,763	42,317
Total gains or losses for the year	1,702	(4,819)	–
Depreciation	(269)	–	–
Additions	3	216,777	–
Disposal	–	–	(42,317)
Reclassification	–	(17,771)	17,771
Sale of a subsidiary	–	(53,778)	–
Reclassify from non-current assets	–	74,491	–
Exchange adjustment	(2,244)	(8,653)	–
At 31 December	16,504	606,010	17,771
Total gains or losses for the period included in **Other comprehensive income:**			
– Net surplus on revaluation of land and buildings	1,702	–	–

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

D. Level 3 fair value measurements (cont'd)

(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 FRS 113 Fair Value Measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

(a) Comparison method that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

(b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

(c) The income capitalisation method that is based on the capitalisation of net rental income taking into consideration such as vacancy rates, 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 cash flow 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 investment method that is based on the determination of the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

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

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 at 31 December 2016 but for which fair value is disclosed:

	Group 2016 $'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**
Assets					
Associates	**341,822**	**–**	**–**	**341,822**	**350,754**
Liabilities					
Fixed rate bank loans	**–**	**–**	**343,905**	**343,905**	**342,311**

	Group 2015 $'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
Assets					
Associates	235,566	–	–	235,566	339,396
Liabilities					
Fixed rate bank loans	–	–	232,375	232,375	233,869

Determination of fair value

Associates

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.

42. EVENTS AFTER THE REPORTING PERIOD

(a) The Group is part of a consortium which has proposed the privatisation and delisting of ARA Asset Management Limited ("ARA") from the SGX-ST via a Scheme of Arrangement ("Scheme"). On completion of the transaction, the Group will receive cash of approximately $48.2 million and own 20.95% stake in ARA. The Group will continue to account for its investment in ARA as an associate using the equity-accounting method.

As at 9 February 2017, ARA has obtained all the regulatory approvals for its privatisation. Following the approval of the Scheme by ARA shareholders at the meeting held on 23 March 2017, ARA will be submitting its application to the Court for the Scheme to be sanctioned. The expected date of Court hearing of the application to sanction the Scheme is 31 March 2017.

(b) On 31 January 2017, an indirect subsidiary of the Company acquired two Singapore incorporated companies, Nikko AM Japan Property I-I Pte. Ltd. (now known as SRE Luxe 3 Pte. Ltd.) and Nikko AM Japan Property I-II Pte. Ltd. (now known as SRE Luxe 4 Pte. Ltd.) which own 100% trust beneficiary interest in a freehold 14 storey rental residential property in Osaka, Japan. The consideration paid is approximately $11.6 million and these two companies are now subsidiaries of the Group.

(c) On 28 February 2017, an indirect subsidiary of the Company has entered into subscription agreement to subscribe for units in the NikkoAM-Straits Trading Asia ex Japan REIT ETF ("Fund"). The Group, together with Nikko Asset Management Asia Limited ("Nikko") will provide a combined seed capital of $42.6 million. The Fund will be listed and traded on the SGX-ST on 29 March 2017. Other 3rd party investors may subscribe to the IPO through designated brokerage houses. On the same day, an indirect subsidiary of the Company, SRE Capital Pte. Ltd. has been appointed as Nikko's investment adviser for the provision of certain investment advisory services in relation to the Fund.

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' principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 20.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd.

(c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate and investment in Far East Hospitality Trust.

(d) The segment for Others comprises Group-level corporate and treasury services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

43. SEGMENT INFORMATION (CONT'D)

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.

2016 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	495,165	18,310	–	–	–	513,475
Inter-segment revenue	–	256	–	–	(256)	–
Total revenue	495,165	18,566	–	–	(256)	513,475
Segment results						
Operating profit	22,439	39,897	1,044	5,292	–	68,672
Fair value changes in investment properties	–	932	–	–	–	932
Impairment losses	(226)	–	–	–	–	(226)
Finance costs	(4,234)	(15,144)	–	(42)	–	(19,420)
Share of results of associates and joint ventures	(475)	42,023	3,432	–	–	44,980
Profit before tax	17,504	67,708	4,476	5,250	–	94,938
Income tax expense	(5,276)	(10,202)	(226)	(655)	–	(16,359)
Profit after tax	12,228	57,506	4,250	4,595	–	78,579
Profit attributable to:						
Owners of the Company	5,698	52,748	4,250	4,595	–	67,291
Non-controlling interests	6,530	4,758	–	–	–	11,288
	12,228	57,506	4,250	4,595	–	78,579
Segment Assets	273,716	1,596,524	188,601	145,774	–	2,204,615
Segment Liabilities	166,019	574,802	–	5,046	–	745,867
Other information:						
Dividend income	–	22,031	591	2,062	–	24,684
Interest income	1,170	9,468	1,331	771	–	12,740
Depreciation	3,083	973	–	7	–	4,063
Amortisation	644	–	–	–	–	644
Other material non-cash items:						
Impairment of associates and joint venture	246	–	–	–	–	246
Reversal of revaluation deficit on property	(20)	–	–	–	–	(20)
Associates and joint ventures	11,168	514,258	113,953	–	–	639,379
Additions to non-current assets	21,230	107,908	–	–	–	129,138

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

43. SEGMENT INFORMATION (CONT'D)

2015 Operating segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	528,493	11,456	–	–	–	539,949
Inter-segment revenue	–	457	–	–	(457)	–
Total revenue	528,493	11,913	–	–	(457)	539,949
Segment results						
Operating profit	5,247	(3,154)	(63)	1,198	–	3,228
Fair value changes in investment properties	–	(4,819)	–	–	–	(4,819)
Impairment losses	(294)	–	–	–	–	(294)
Finance costs	(5,356)	(10,258)	–	(100)	–	(15,714)
Share of results of associates and joint ventures	600	25,575	2,300	–	–	28,475
Profit before tax	197	7,344	2,237	1,098	–	10,876
Income tax (expense)/credit	(2,801)	(3,398)	(225)	3,033	–	(3,391)
Profit/(loss) after tax	(2,604)	3,946	2,012	4,131	–	7,485
Profit/(loss) attributable to:						
Owners of the Company	(1,821)	4,227	2,012	4,131	–	8,549
Non-controlling interests	(783)	(281)	–	–	–	(1,064)
	(2,604)	3,946	2,012	4,131	–	7,485
Segment Assets	283,780	1,472,869	177,053	151,779	–	2,085,481
Segment Liabilities	187,723	500,120	–	27,425	–	715,268
Other information:						
Dividend income	–	23,757	636	1,014	–	25,407
Interest income	1,698	4,248	1,327	3,212	–	10,485
Depreciation	2,637	543	–	7	–	3,187
Amortisation	687	–	–	–	–	687
Other material non-cash items:						
Impairment of associates and joint venture	192	–	–	–	–	192
Impairment of available-for-sale investment securities	109	–	–	–	–	109
Reversal of revaluation deficit on property	(7)	–	–	–	–	(7)
Associates and joint ventures	26,875	430,446	101,295	–	–	558,616
Additions to non-current assets	5,061	217,059	–	–	–	222,120

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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.

2016 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Others $'000	Consolidated $'000
Segment revenue					
Revenue from external parties	4,078	497,031	9,571	2,795	513,475
Non-current assets	280,597	109,608	–	242,237	632,442

2015 Geographical information

	Singapore $'000	Malaysia $'000	Australia $'000	Others $'000	Consolidated $'000
Segment revenue					
Revenue from external parties	5,062	531,589	3,298	–	539,949
Non-current assets	283,079	92,152	136,000	154,459	665,690

Non-current assets information presented above consists of property, plant and equipment, investment properties, goodwill, other intangible assets and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from one major customer amount to $79,136,000 (2015: two major customers amounted to $176,832,000), arising from sales by the Resources segment.

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Business	Effective Shareholding 2016 %	2015 %	
Subsidiaries					
Held by the Company:					
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Investment	**100**	100	
Malayan Tin Smelting Company Sendirian Berhad ∅	Malaysia	Investment	**100**	100	
Malaysia Smelting Corporation Berhad (1)	Malaysia	Tin mining & smelting	**28**	28	(a)
STC Capital Pte. Ltd.	Singapore	Investment	**100**	100	
STC International Private Limited	Singapore	Dormant	**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 Media Private Limited ∅	Singapore	Media advertising	**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 (9)	British Virgin Islands ("BVI")	Investment	**100**	–	
Held through subsidiaries:					
STC International Holdings Pte. Ltd.	Singapore	Investment	**100**	100	
STC International (Australia) Pty Ltd (1)	Australia	Investment	**100**	100	
STC International Properties Pte. Ltd. ∅	Singapore	Property	**100**	100	
Straits Trading Amalgamated Resources Sendirian Berhad (1)	Malaysia	Investment	**100**	100	
Sword Properties Pty Ltd (1)	Australia	Trustee company	**100**	100	
Straits Real Estate Pte. Ltd.	Singapore	Property	**89**	89	
Straits Real Estate (Management) Pte. Ltd.	Singapore	Support management	**89**	89	
SRE Venture 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 2 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 3 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 4 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 5 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE China 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Capital Pte. Ltd.	Singapore	Investment	**89**	89	
ARA Summit Development Fund I, L.P. (2)	Cayman Islands	Investment	**89**	89	(b)
SDF R.E. Holdings Limited (9)	BVI	Investment	**89**	89	(c)

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

	Country of Incorporation	Business	Effective Shareholding 2016 %	2015 %	
Subsidiaries					
Held through subsidiaries:					
SDF R.E. Services Limited (9)	BVI	Investment	**89**	89	(c)
SDF Canberra Investments Limited (9)	BVI	Investment	**89**	89	(c)
SDF R.E. Holdings II Limited (9)	BVI	Investment	**89**	89	(c)
SDF Canberra Investments II Limited (9)	BVI	Investment	**89**	89	(c)
Chongqing Xinchuang Mall Management Co., Ltd. (1)	People's Republic of China	Real estate investment & management	**89**	89	
SRE Venture 6 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Asian Asset Income Fund (1)	Cayman Islands	Investment	**84**	88	(d)
SRE Venture 7 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Venture 8 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Australia 1 Pte. Ltd.	Singapore	Investment	**89**	89	
SRE Investment 1 (Australia) Pty Ltd (1)	Australia	Property	**88**	88	
SRE Venture 9 Pte. Ltd.	Singapore	Investment	**89**	89	
Straits Real Estate (Beijing) Business Consulting Co.,Ltd (8)	People's Republic of China	Consulting	**89**	–	
SRE Venture 10 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Japan 1 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Luxe 1 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE Luxe 2 Pte. Ltd.	Singapore	Investment	**89**	–	
SRE JHT TMK (1)	Japan	Property	**89**	–	
SRE Japan 2 Pte. Ltd.	Singapore	Investment	**89**	–	
Sword Unit Trust (1)	Australia	Property trust	**100**	100	
STC International Investment Holdings Pte. Ltd.	Singapore	Hotels & resorts management	**100**	100	
SL Tin Sdn. Bhd. (6) ß	Malaysia	Tin mining	**44**	44	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Tin mining	**55**	55	
Straits Resource Management Private Limited ß	Singapore	Investment holding	**55**	55	
M Smelt (C) Sdn. Bhd. (1) ß	Malaysia	Smelting of non-ferrous metals	**55**	–	(e)
PT SRM Indonesia (7) ß	Indonesia	Dormant	**54**	54	
Tertius Development Pte. Ltd.	Singapore	Property	**100**	100	

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

	Country of Incorporation	Business	Effective Shareholding 2016 %	2015 %	
Subsidiaries					
Held through subsidiaries:					
STC Property Management Services Sdn. Bhd. (formerly known as Straits Trading Factory Sdn. Bhd.) (1)	Malaysia	Property	**100**	–	
Associates					
Held by the Company:					
Johan Kekal Sendirian Berhad ∅ *(Accounting year ended 31 December)*	Malaysia	Property development	**45**	45	
Taiko-Straits Developments Sdn. Bhd.(1) *(Accounting year ended 30 June)*	Malaysia	Property development	**30**	30	
Associates					
Held through subsidiaries:					
Guilin Hinwei Tin Co Ltd. ß + *(Accounting year ended 31 December)*	People's Republic of China	Dormant	**19**	19	
Redring Solder (M) Sdn. Bhd. (1) ß *(Accounting year ended 31 December)*	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Limited (2) *(Accounting year ended 31 December)*	Bermuda	Asset/Fund management	**20**	20	(f)
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. *(Accounting year ended 31 December)* (2)	Cayman Islands	Investment	**36**	36	(g)
Greater Tokyo Office Fund (Jersey) L.P. *(Accounting year ended 31 December)* (3)	Jersey	Investment	**40**	42	(h)
Joint Ventures					
Held through subsidiaries:					
Coastal Coffees Pty Ltd *(Accounting year ended 30 June)*	Australia	Restaurant	**–**	50	(i)
KM Resources, Inc. (1) ß *(Accounting year ended 31 December)*	Labuan, Malaysia	Investment holding	**16**	16	(j)
Africa Smelting Corporation Sprl (5) ß *(Accounting year ended 31 December)*	Democratic Republic of Congo	Tin smelting	**22**	22	(k)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by overseas affiliates of Ernst & Young LLP.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by overseas affiliates of KPMG LLP.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by overseas affiliates of PricewaterhouseCoopers LLP.
(6) Audited by AT Konsortium.
(7) Audited by Herman Dody Tanumihardja & Rekan.
(8) Audited by SBA Stone Forest.
(9) Not required to be audited by law of country of incorporation.
ß Subsidiaries/Associates/Joint Ventures of a listed subsidiary.
ø Voluntary liquidation in progress and no audit is required for 2016.
\+ Audit is not required for this company.

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% (2015: 55%).

(b) ARA Summit Development Fund I, L.P. targets investment opportunities primarily in Australia and South East Asia. SRE Venture 1 Pte. Ltd. is currently the sole investor of this fund.

(c) These are subsidiaries of ARA Summit Development Fund I, L.P..

(d) The investment activities of SRE Asian Asset Income Fund is managed by SRE Capital Pte. Ltd..

(e) M Smelt (C) Sdn. Bhd. has not yet commenced its production during the financial year.

(f) ARA Asset Management Limited ("ARA") is incorporated as an exempted company with limited liability in Bermuda. The principal place of business is Singapore. ARA is listed on the SGX-ST.

(g) ARA Harmony Fund III, L.P. holds a portfolio of income generating retail properties in Malaysia.

(h) Greater Tokyo Office Fund (Jersey) L.P. focuses on acquiring office assets in the Greater Tokyo area, which may include Tokyo, Kanagawa, Saitama and Chiba prefectures and selected regional cities outside of Greater Tokyo.

(i) This joint venture was sold in 2016.

(j) The subsidiaries of KMR Resources, Inc. in the Philippines have ceased the mining and processing operations due to depletion of mineral resources.

(k) This joint venture is currently dormant.

UNAUDITED FINANCIAL STATEMENTS OF THE STRAITS TRADING COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 31 MARCH 2017

The information in this Appendix IV has been reproduced from the quarterly announcement of The Straits Trading Company Limited and its subsidiaries for the three months ended 31 March 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The unaudited results for the 1st quarter ended 31 March 2017 are as follow:

GROUP	Note	1st Quarter (1Q) Ended 31 March		
		2017	2016	+/(-)
		$'000	$'000	%
Revenue				
Tin mining and smelting revenue		**130,018**	136,496	(4.7)
Property revenue		**3,456**	4,037	(14.4)
Total revenue		**133,474**	140,533	(5.0)
Other items of income/(loss)				
Dividend income	A	**4,441**	7,725	(42.5)
Interest income		**3,442**	3,297	4.4
Fair value changes in financial assets		**4,440**	3,849	15.4
Other (loss)/ income		**(126)**	191	NM
		145,671	155,595	(6.4)
Other items of expense				
Employee benefits expense		**(7,310)**	(6,287)	16.3
Depreciation expense		**(1,129)**	(886)	27.4
Amortisation expense		**(153)**	(161)	(5.0)
Costs of tin mining and smelting		**(115,833)**	(122,854)	(5.7)
Finance costs		**(5,478)**	(5,214)	5.1
Other expenses	B	**(10,324)**	(5,907)	74.8
Exchange gains		**3,491**	6,011	(41.9)
Total expenses		**(136,736)**	(135,298)	1.1
Share of results of associates and joint ventures	C	**19,848**	10,506	88.9
Profit before tax		**28,783**	30,803	(6.6)
Income tax expense		**(2,765)**	(3,399)	(18.7)
Profit after tax		**26,018**	27,404	(5.1)
Profit attributable to:				
Owners of the Company		**21,946**	22,556	(2.7)
Non-controlling interests		**4,072**	4,848	(16.0)
		26,018	27,404	(5.1)

NM – Not meaningful

Notes to the Income Statement:

(A) Dividend income for 1Q2017 was lower mainly due to decrease in marketable securities portfolio.

(B) The higher other expenses were mainly due to loss on deemed disposal as a result of a decrease in shareholding in an associate.

(C) The higher share of results for 1Q2017 was largely due to marking distressed investment properties acquired by an associate to their valuations.

1(a)(ii) Statement of comprehensive income for the 1st quarter ended 31 March 2017.

GROUP	1st Quarter (1Q) Ended 31 March	
	2017	2016
	$'000	$'000
Profit after tax	**26,018**	27,404
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")	**14,751**	12,528
Share of net fair value changes in equity securities carried at FVOCI of associates	**6,662**	2,999
	21,413	15,527
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	**(220)**	2,578
Currency translation reserve	**(4,153)**	540
Shares of reserves of associates and joint ventures	**(18)**	1,293
Realisation of foreign currency translation reserve to profit or loss	**(3,023)**	–
	(7,414)	4,411
Other comprehensive income after tax for the period	**13,999**	19,938
Total comprehensive income for the period	**40,017**	47,342
Total comprehensive income attributable to:		
Owners of the Company	**36,074**	39,347
Non-controlling interests	**3,943**	7,995
Total comprehensive income for the period	**40,017**	47,342

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance sheets as at 31 March 2017

	Note	GROUP		Note	COMPANY	
		31 Mar 2017	31 Dec 2016		**31 Mar 2017**	31 Dec 2016
		$'000	$'000		**$'000**	$'000
Assets						
Non-current assets						
Property, plant and equipment		**50,879**	52,737		**133**	143
Investment properties	1	**572,983**	554,337		**31,600**	32,314
Goodwill		**16,914**	17,298		**–**	–
Other intangible assets		**6,854**	7,100		**–**	–
Subsidiaries		**–**	–		**125,237**	125,237
Associates and joint ventures		**651,811**	639,379		**2,623**	2,708
Deferred tax assets		**3,351**	3,731		**–**	–
Derivative financial instruments		**709**	551		**–**	–
Investment securities	2	**303,157**	256,179		**–**	–
Other non-current assets		**1,020**	970		**–**	–
Total non-current assets		**1,607,678**	1,532,282		**159,593**	160,402
Current assets						
Assets classified as held for sale		**17,078**	17,464		**17,078**	17,464
Development properties for sale		**–**	66		**–**	–
Inventories	3	**102,395**	119,554		**–**	–
Income tax receivables		**3,261**	3,611		**–**	–
Prepayments and accrued income		**3,124**	2,409		**167**	15
Trade related prepayments		**15,301**	13,685		**–**	–
Trade receivables		**37,579**	37,565		**22**	50
Other receivables		**83,813**	74,027	1a	**1,047,401**	837,184
Marketable securities		**106,251**	112,548		**–**	–
Derivative financial instruments		**48**	313		**–**	–
Cash and short-term deposits		**195,590**	291,091	1b	**62,123**	99,374
Total current assets		**564,440**	672,333		**1,126,791**	954,087
Total assets		**2,172,118**	2,204,615		**1,286,384**	1,114,489
Equity and liabilities						
Equity						
Share capital		**568,968**	568,968		**568,968**	568,968
Retained earnings		**829,682**	832,222		**63,686**	73,372
Other reserves		**(22,554)**	(36,682)		**(20,987)**	(19,404)
Equity attributable to owners of the Company		**1,376,096**	1,364,508		**611,667**	622,936
Non-controlling interests		**94,780**	94,240		**–**	–
Total equity		**1,470,876**	1,458,748		**611,667**	622,936

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance sheets as at 31 March 2017

	Note	GROUP		Note	COMPANY	
		31 Mar 2017	31 Dec 2016		**31 Mar 2017**	31 Dec 2016
		$'000	$'000		**$'000**	$'000
Non-current liabilities						
Provisions		**8,534**	8,644		**–**	–
Deferred tax liabilities		**5,911**	5,672		**2,691**	2,751
Borrowings	4	**328,380**	185,770		**–**	–
Derivative financial instruments		**859**	374		**–**	–
Other non-current liabilities		**1,405**	1,265		**–**	–
Total non-current liabilities		**345,089**	201,725		**2,691**	2,751
Current liabilities						
Provisions		**3,806**	3,116		**–**	–
Income tax payable		**14,002**	13,426		**83**	75
Trade and other payables		**76,059**	92,445		**577,457**	488,727
Borrowings	4	**236,322**	434,041		**70,000**	–
Derivative financial instruments		**1,478**	1,114		**–**	–
Dividend payable		**24,486**	–		**24,486**	–
Total current liabilities		**356,153**	544,142		**672,026**	488,802
Total liabilities		**701,242**	745,867		**674,717**	491,553
Total equity and liabilities		**2,172,118**	2,204,615		**1,286,384**	1,114,489

Notes to Balance Sheets:

Group

(1) The increase in investment properties was mainly due to acquisition of a residential building in Osaka, Japan.

(2) The increase in investment securities was mainly due to subscription of units in NikkoAM-StraitsTrading Asia ex Japan REIT ETF and fair value gains.

(3) The decrease in inventories was mainly due to lower stock quantity of tin inventory held.

(4) Long-term loans were drawn down to refinance borrowings due within the next 12 months.

Company

(1a) The increase in other receivables was mainly due to advances to subsidiaries.

(1b) The decrease in cash and short-term deposits was mainly due to net intercompany advances to subsidiaries.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand:

As at 31/03/2017		As at 31/12/2016	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
92,531	**143,791**	340,518	93,523

Amount repayable after one year:

As at 31/03/2017		As at 31/12/2016	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
312,163	**16,217**	169,509	16,261

Details of any collaterals:

Secured borrowings are generally secured by mortgages on the subsidiaries' properties, other assets and shares held in subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the 1st quarter ended 31 March 2017

	1st Quarter (1Q) Ended 31 March	
	2017	2016
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**28,783**	30,803
Adjustments		
Depreciation of property, plant and equipment	**1,129**	886
Amortisation of intangible assets	**153**	161
Dividend income	**(4,441)**	(7,725)
Interest income	**(3,442)**	(3,297)
Finance costs	**5,478**	5,214
Currency realignment	**(4,124)**	(5,342)
Fair value changes in financial assets	**(4,440)**	(3,849)
Net loss/(gain) on disposal of property, plant and equipment, investment properties and associates	**4,521**	(19)
Negative goodwill from acquisition of subsidiaries	**(198)**	–
Favourable valuation adjustment on tin inventory	**–**	(3,369)
Impairment of receivables	**–**	182
Share of results of associates and joint ventures	**(19,848)**	(10,506)
Operating cash flows before changes in working capital	**3,571**	3,139
Decrease in development properties for sale	**66**	–
Decrease in inventories	**14,843**	2,532
Decrease in marketable securities	**10,168**	15,935
Increase in trade and other receivables	**(1,648)**	(10,226)
Decrease in trade and other payables	**(17,211)**	(22,977)
Cash flows from/(used in) operations	**9,789**	(11,597)
Income taxes paid	**(1,666)**	(1,396)
Finance costs paid	**(5,694)**	(4,741)
Interest received	**773**	1,099
Dividend income from marketable securities	**1,629**	4,925
Net cash flows from/(used in) operating activities	**4,831**	(11,710)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**58**	28
Cost incurred on property, plant and equipment	**(579)**	(705)
Cost incurred on investment properties	**(143)**	(1,781)
Purchase of investment securities	**(28,400)**	(14,880)
Investment in an associate	**–**	(7,851)
Return of capital from an associate	**86**	–
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	**(63)**	(174)
Net cash outflow on acquisition of subsidiaries	**(2,212)**	–
Dividend income from investment securities and associates	**3,602**	2,800
Currency realignment	**(164)**	197
Net cash flows used in investing activities	**(27,815)**	(22,366)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the 1st quarter ended 31 March 2017 (cont'd)

	1st Quarter (1Q) Ended 31 March	
	2017	2016
	$'000	$'000
Cash flows from financing activities		
Dividend paid to non-controlling shareholders of subsidiaries	**(2,503)**	(61)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**–**	2,850
Return of capital to non-controlling shareholders of a subsidiary	**(1,161)**	–
Drawdown/(Repayment) of short-term borrowings	**22,418**	(10,827)
Drawdown of long-term borrowings	**129,163**	412
Repayment of long-term borrowings	**(220,000)**	(2,068)
Currency realignment	**(300)**	1,120
Net cash flows used in financing activities	**(72,383)**	(8,574)
Net decrease in cash and cash equivalents	**(95,367)**	(42,650)
Effect of exchange rate changes on cash and cash equivalents	**(134)**	1,678
Cash and cash equivalents, beginning balance	**291,091**	239,325
Cash and cash equivalents, ending balance	**195,590**	198,353

Notes to the Cash Flow Statement:

(i) First Quarter

Net cash inflow from operating activities for 1Q2017 was mainly due to sale of marketable securities.

Net cash outflow from investing activities for 1Q2017 was mainly due to purchase of investment securities.

Net cash outflow from financing activities for 1Q2017 was mainly due to repayment of borrowings.

(ii) Significant non-cash transactions

There were no material non-cash transactions other than those disclosed in the cash flow statement.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of changes in equity for the period ended 31 March 2017

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2017	1,458,748	1,364,508	568,968	832,222	(10,178)	(672)	24,044	(49,876)	94,240
Total comprehensive income for the period	40,017	36,074	–	21,946	20,360	(511)	–	(5,721)	3,943
Contributions by and distributions to owners									
Dividend for FY2016, payable	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non-controlling interests	(2,242)	–	–	–	–	–	–	–	(2,242)
Return of capital to non-controlling interests	(1,161)	–	–	–	–	–	–	–	(1,161)
Total contributions by and distributions to owners	(27,889)	(24,486)	–	(24,486)	–	–	–	–	(3,403)
Total transactions with owners in their capacity as owners	(27,889)	(24,486)	–	(24,486)	–	–	–	–	(3,403)
Closing balance at 31 March 2017	**1,470,876**	**1,376,096**	**568,968**	**829,682**	**10,182**	**(1,183)**	**24,044**	**(55,597)**	**94,780**

Statements of changes in equity for the period ended 31 March 2017 (cont'd)

GROUP (cont'd)

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	AFS reserve	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2016 (As previously stated)	1,370,213	1,297,164	568,968	782,253	(23,922)	–	(1,811)	15,578	(43,902)	73,049
Effect of adoption of FRS 109	(3,409)	(1,859)	–	(1,286)	23,922	(24,495)	–	–	–	(1,550)
Opening balance at 1 January 2016 (As restated)	1,366,804	1,295,305	568,968	780,967	–	(24,495)	(1,811)	15,578	(43,902)	71,499
Total comprehensive income for the period	47,342	39,347	–	22,556	–	14,721	1,300	–	770	7,995
Contributions by and distributions to owners										
Dividend for FY2015, payable	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Contribution of capital by non-controlling interests	2,850	–	–	–	–	–	–	–	–	2,850
Total contributions by and distributions to owners	(13,474)	(16,324)	–	(16,324)	–	–	–	–	–	2,850
Changes in ownership interests in subsidiaries										
Dilution of ownership interests in subsidiaries that do not result in a loss of control	–	(2)	–	(2)	–	–	–	–	–	2
Total changes in ownership interests in subsidiaries	–	(2)	–	(2)	–	–	–	–	–	2
Total transactions with owners in their capacity as owners	(13,474)	(16,326)	–	(16,326)	–	–	–	–	–	2,852
Others										
Share of associate's realisation of revaluation reserve	–	–	–	438	–	–	–	(438)	–	–
Total others	–	–	–	438	–	–	–	(438)	–	–
Closing balance at 31 March 2016	1,400,672	1,318,326	568,968	787,635	–	(9,774)	(511)	15,140	(43,132)	82,346

Statements of changes in equity for the period ended 31 March 2017 (cont'd)

COMPANY

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Revaluation reserve	Translation reserve
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2017	622,936	622,936	568,968	73,372	203	(19,607)
Total comprehensive income for the period	13,217	13,217	–	14,800	–	(1,583)
Contributions by and distributions to owners						
Dividend for FY 2016, payable	(24,486)	(24,486)	–	(24,486)	–	–
Total transactions with owners in their capacity as owners	(24,486)	(24,486)	–	(24,486)	–	–
Closing balance at 31 March 2017	**611,667**	**611,667**	**568,968**	**63,686**	**203**	**(21,190)**

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Revaluation reserve	Translation reserve
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2016	637,139	637,139	568,968	86,250	202	(18,281)
Total comprehensive income for the period	3,636	3,636	–	419	–	3,217
Contributions by and distributions to owners						
Dividend for FY 2015, payable	(16,324)	(16,324)	–	(16,324)	–	–
Total transactions with owners in their capacity as owners	(16,324)	(16,324)	–	(16,324)	–	–
Closing balance at 31 March 2016	**624,451**	**624,451**	**568,968**	**70,345**	**202**	**(15,064)**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2017	31 December 2016
Total number of ordinary shares in issue	**408,095,772**	408,095,772

There were no treasury shares as at 31 March 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures had not been audited or reviewed by the Company’s auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group had applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following new and revised FRS that are effective for the financial period beginning 1 January 2017:

Amendments to FRS 7 Disclosure Initiative
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
Improvements to FRSs (December 2016)
- Amendments to FRS 112 Disclosure of interests in other entities

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1st Quarter Ended 31 March	
	2017	2016
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	**5.4 cents**	5.5 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

Net asset value per share based on issued share capital at the end of:	**31 March 2017**	31 December 2016
The Group	**$3.37**	$3.34
The Company	**$1.50**	$1.53

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The following tables summarise the 1Q2017 operating results by business segments and comparables for 1Q2016.

1Q2017 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External revenue	130,018	3,456	–	–	–	133,474
Inter-segment revenue	–	25	–	–	(25)	–
Total revenue	130,018	3,481	–	–	(25)	133,474
Segment results						
Operating profit/(loss)	7,427	7,086	478	(578)	–	14,413
Finance costs	(1,037)	(4,195)	–	(246)	–	(5,478)
Share of results of associates and joint ventures	80	18,781	987	–	–	19,848
Profit/(Loss) before tax	6,470	21,672	1,465	(824)	–	28,783
Income tax expense	(2,023)	(503)	(55)	(184)	–	(2,765)
Profit /(Loss) after tax	4,447	21,169	1,410	(1,008)	–	26,018
Profit/(Loss) attributable to:						
Owners of the Company	2,376	19,168	1,410	(1,008)	–	21,946
Non-controlling interests	2,071	2,001	–	–	–	4,072
	4,447	21,169	1,410	(1,008)	–	26,018

1Q2016 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External revenue	136,496	4,037	–	–	–	140,533
Inter-segment revenue	–	64	–	–	(64)	–
Total revenue	136,496	4,101	–	–	(64)	140,533
Segment results						
Operating profit	12,335	11,557	17	1,602	–	25,511
Finance costs	(1,463)	(3,734)	–	(17)	–	(5,214)
Share of results of associates and joint ventures	116	5,288	5,102	–	–	10,506
Profit before tax	10.988	13,111	5,119	1,585	–	30,803
Income tax expense	(2,612)	(565)	(56)	(166)	–	(3,399)
Profit after tax	8,376	12,546	5,063	1,419	–	27,404
Profit attributable to:						
Owners of the Company	4,622	11,452	5,063	1,419	–	22,556
Non-controlling interests	3,754	1,094	–	–	–	4,848
	8,376	12,546	5,063	1,419	–	27,404

Note:

Real Estate – This comprises the property portfolio, investments in Straits Real Estate Pte. Ltd. ("SRE"), Suntec REIT units and ARA Asset Management Limited ("ARA").

Hospitality – This comprises the investments in Far East Hospitality Holdings Pte. Ltd. ("FEHH") and Far East Hospitality Trust ("FEHT").

Others – This comprises Group-level corporate and treasury services.

Group

The Group reported a profit after tax and non-controlling interests of $21.9 million for 1Q2017 largely contributed by its real estate segment.

Resources

The resources segment reported a lower profit after tax and non-controlling interests for 1Q2017 compared with 1Q2016. This was due to a favourable inventory valuation adjustment in 1Q2016 and a higher foreign exchange loss in 1Q 2017.

Real Estate

The Group's real estate revenue for 1Q2017 was lower compared with 1Q2016 mainly due to the absence of rental income from the office building in Australia after completion of the sale in November 2016.

The segment recorded a profit after tax and non-controlling interests of $19.2 million for 1Q2017 mainly due to marking distressed investment properties acquired by an associate to their valuations.

Hospitality

The hospitality segment recorded a profit after tax of $1.4 million in 1Q2017. The higher profit in 1Q2016 was mainly from gain on sale of a hotel.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No prospect statement was disclosed in the 2016 full year financial results announcement made on 28 February 2017.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Straits Real Estate Pte. Ltd. (“SRE”), the Group’s 89.5%-owned real estate investment vehicle, now has a geographically diverse portfolio of investments across China, Malaysia, Australia and Japan spanning different real estate asset classes. It will continue to seek out new and attractive investment opportunities in the Asia Pacific region.

On 28 February, SRE Capital, the Group’s asset management company, was appointed as Investment Advisor to Nikko Asset Management Asia Limited for the NikkoAM-StraitsTrading Asia ex Japan REIT ETF which was listed and traded on the SGX-ST on 29 March. As seed investor in the ETF, the Group stands to gain long-term recurring income and attractive risk-adjusted returns.

The privatisation and delisting of ARA Asset Management Limited (“ARA”) from the SGX-ST via a Scheme of Arrangement was completed on 12 April. The Group has received cash of $48.2 million and now owns 20.95% stake in the privatised ARA and will be the only publicly-listed entity in Singapore to hold a significant stake in ARA.

Malaysia Smelting Corporation Berhad, the Group’s 54.8%-owned resources arm, continues to face challenging market conditions as the foreign exchange, global commodity and metal prices in resources sectors are still volatile. However, it will continue to focus on operational efficiencies to seek to mitigate these challenges.

Far East Hospitality Holdings Pte. Ltd. (“FEHH”), the Group’s 30%-owned hospitality arm plans to continue to grow its businesses by increasing the number of management contracts, acquiring strategic assets, and divesting properties to recycle capital for re-deployment towards higher yielding growth opportunities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the first quarter ended 31 March 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not seek and does not have a general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the first quarter 2017 financial results to be false or misleading in any material aspect.

15. Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Aldric Tan Jee Wei
Secretary

15 May 2017
Singapore

This Announcement will be available at the Company's website at
http://www.stc.com.sg/