KEY DEVELOPMENTS IN 2021

The pandemic notwithstanding, we pushed hard during the year to continue the progress of several quality projects under development in Singapore and overseas. We also undertook several corporate exercises, aimed at creating value and strengthening our financial position.

In **SINGAPORE,** we obtained temporary occupation permit for Kandis Residence in March. This residential project, which was designed by Ong & Ong, is set in a tranquil enclave in the Northern corridor and a stroll away from Sembawang park which overlooks the Johor Strait. It offers 130 residential units ranging from one-to-three bedrooms.

In April, we launched the sales of Peak Residence, another development property in Singapore. This 90-unit project sits in the exclusive Thomson district on a charming peak with views of the valley beyond. It is scheduled for completion in 2024.

We also seized on an opportunity to expand and enhance the prospects for the future re-development of Link@896 along Dunearn Road by acquiring an adjacent property of 1,592 square metres for S$56 million. This enlarged site will yield a regular-shaped land parcel which is ideal for more efficiency planning with wider and improved visibility along Dunearn Road and Bukit Timah Road.

Meanwhile, in **INDONESIA**, we soft launched the sale of our 559-unit Balmoral Tower and 50 Cluny Villas in February 2021. These two residential properties are part of our flagship Opus Bay project in Batam, which is being developed in phases into an integrated township comprising residential living, with related facilities offering retail, F&B, hotel, tourist attractions, international schools and medical centres.

During the year, we also established a joint venture with a subsidiary of Mitsubishi Estate Asia to develop a property in Karawang, east of Jakarta, into an international luxury outlet mall with a leasable area of approximately 26,000 square metres. The outlet mall is envisioned to be a world class shopping destination, where visitors can revel in retail therapy set in green urban spaces. Work on this project is scheduled to commence in 2Q 2022 with a target opening date in 4Q 2023.

In **AUSTRALIA**, as expected, business at Grand Hyatt Melbourne was impacted due to intermittent lockdowns during the year. With Australia opening its borders to international travellers in February, we expect demand to pick up this year. We are also pushing ahead with the planning for the re-development of the Grand Hyatt Melbourne complex which when completed will position it as an iconic mixed-use development comprising premium office space, luxury retail and dining experience and an upper-scale hospitality business in Melbourne. In Perth, asset enhancement work at the Hyatt Regency Hotel complex has commenced in earnest and we hope to complete the project in phases over the next 2-3 years.

GLOBAL OUTLOOK

The ongoing pandemic notwithstanding, the current investment environment is characterised by abundant core capital and a flight-to-safety mindset which will benefit established key cities that continue to be an attractive destination for investors. And we are represented in some of these key cities, such as Singapore and Melbourne.

We are closely monitoring several new and growing trends in the real estate sector with a view to reposition our businesses to these changing environments and seize any new opportunities that may arise.

The Grand Outlet - East Jakarta, Indonesia

Peak Residence, Singapore

Green and sustainability are essential features for real estate assets. At Tuan Sing, we are committed to be socially responsible by incorporating sustainable elements in our new projects and existing developments.

We are also looking into how the adoption of hybrid work arrangements will impact the future of office space and people's expectations for their space at home and reposition our assets to meet those new requirements.

Another area of note is e-commerce which is expected to see continued growth coming out of the COVID-19 pandemic. This will benefit logistics real estate which will continue to see more need for space to accommodate the growth. Retail assets will also continue to be challenged by the growth of e-commerce which increases the importance of high-quality assets in good locations and unique offerings.

Kandis Residence, Singapore

HUMAN CAPITAL

We continue to invest in our human capital to build a strong management team and work force to cultivate capabilities to enable all our staff to meet future growth and its challenges. In creating a win-win work environment, we hope to allow our employees to better grow and develop their full potential within the organisation.

IT CAPABILITIES

For our residential and commercial projects, we have introduced technological improvements for SMART Homes to each new residential project, beginning with Kandis Residence to the latest Peak Residence. Community applications have been improved to promote contactless transactions, along with contactless entry using facial recognition technology in our commercial properties.

COLLABORATIONS/PARTNERSHIPS

As part of our transformation journey into a regional real estate player, the Group is constantly looking for strategic partners to complement our expertise and to expand our footprints to seize growth opportunities in key cities in China, Indonesia and Australia where we already have a significant presence.

Looking ahead, we will continue to leverage on our knowledge, expertise, networks of partners and coupled with entrepreneurial spirit, human capital, strong balance sheet to deliver high quality developments in the region and to generate stronger and sustainable returns over time.

William Nursalim alias William Liem
Chief Executive Officer

Aerial view of Opus Bay, Indonesia

Overview

Tuan Sing Holdings Limited is a regional real estate company focused primarily on real estate investment, real estate development and hospitality. Over the years, the Group has developed a portfolio of strategically located real estate assets in Singapore and across the region and has established a reputation for delivering high quality and iconic developments.

Effective from 2021, the Group reorganised its business segments by segregating the development and investment arms of the Property segment. The five business segments are: (i) Real Estate Investment; (ii) Real Estate Development; (iii) Hospitality (formerly known as Hotels Investment); (iv) Industrial Services and (v) Other Investments.

REAL ESTATE INVESTMENT

The Real Estate Investment segment focuses on the investment in properties in Singapore, Australia, Indonesia and China. The Group's main investment properties are 18 Robinson, Link@896 and The Oxley in Singapore; and commercial buildings in Melbourne and Perth, which are respectively adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth. Robinson Point in Singapore was divested in June 2021.

REAL ESTATE DEVELOPMENT

The Real Estate Development segment focuses on the development of properties for sale in Singapore and Indonesia. Having sold most of its completed development properties in Singapore, the Group has embarked on regional development opportunities in Batam, Indonesia and Sanya, China. The Group's ongoing development properties are Mont Botanik Residence and Peak Residence in Singapore and Opus Bay in Batam.

HOSPITALITY

The Hospitality segment comprises two hotels in Australia, namely the Grand Hyatt Melbourne and Hyatt Regency Perth, which are managed by Hyatt International. The two hotels are located in the prime areas of Melbourne and Perth respectively, and cater to the business and high-end tourism sectors of the respective cities they are located in.

INDUSTRIAL SERVICES

The Industrial Services segment includes an 80.2% equity stake in SP Corporation Limited ("SP Corp"), a SGX-ST listed company, and a 100% equity stake in Hypak Sdn. Bhd. ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing of polypropylene packaging bags in Malaysia.

OTHER INVESTMENTS

Other Investments segment comprises a 44.5% equity interest in Gul Technologies Singapore Pte. Ltd. ("GulTech") and a 49% equity interest in Pan-West (Private) Limited ("Pan-West"). GulTech is a printed circuit board manufacturer with three plants in China. Pan-West is a retailer of golf-related lifestyle products.

REAL ESTATE INVESTMENT

Revenue from Real Estate Investment was $52.7 million for 2021, a decrease of 4% from $54.8 million for the previous year. The lower revenue was due mainly to lower contribution from Robinson Point which was disposed of in June 2021, partially offset by higher contribution from investment properties in Singapore. Overall, the Group achieved improved occupancies and average gross rental rates for its Singapore investment property portfolio. Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT") for 2021 was $31.8 million, a decrease of 28% from $44.2 million for the previous year. The decrease was due mainly to the absence of the reversal of accruals for development costs previously capitalised in 2020.

SINGAPORE

According to the 4th quarter 2021 statistics released by Urban Redevelopment Authority ("URA"), the office rental index rose by 1.9% in 2021, reversing from an 8.5% decline in 2020. Office rents in the Central Business District are trending upwards on the back of an improving economy as well as a demand in office space driven by technology and financial firms and by tenants displaced by office assets undergoing redevelopment. The office rents rose by 0.6% quarter-on-quarter in the 4th quarter of 2021, the 3rd consecutive quarterly increase. The Group expects the upward trend in office rents to continue in 2022, underpinned by the strong rebound in economy and office demand amid the tightening supply.

Facade of 18 Robinson, Singapore

18 Robinson is a premium commercial building comprising office and retail spaces situated at the prominent junction of Robinson Road and Market Street (diagonally opposite Lau Pau Sat). It obtained its TOP in January 2019. The building comprised approximately 17,738 square metres of net lettable area. Designed by Kohn Pedersen Fox Associates in conjunction with Architects 61, the premium commercial building comprises a tower from the 10th to 28th storey and a podium from the ground to 7th storey and has a sky terrace level with six basement levels. The podium comprises a mix of retail, food and beverage and office spaces, while the tower comprises mainly office spaces located on the 10th to 27th storey (save for 25th storey) and retail and food and beverage spaces on the 28th storey. The basement levels consist of one basement level of vehicular drop-off and car lift access and five basement levels of an automated guided vehicle car parking system. 18 Robinson was rated "CONQUAS Star" by the BCA under its Construction Quality Assessment System in 2020.

18 Robinson features urban windows revealing its interior functions and serves to connect with the street activities. For occupiers on all office floors, the low-iron glass facade provides a sweeping, all-around panorama of city vistas and marina views. Some of the building's energy-and-water saving features include the use of energy-efficient variable-speed drives in the air-conditioning system and the extensive use of LED lighting throughout the building, reflecting the Group's green and sustainability features.

The building also has passive energy-saving design features including a curtain wall facade system that uses low-emissivity, double-glazed insulating glass units to minimize heat gain into the building. Equipped with a fully automated carpark system that uses a battery-powered automated guided vehicle system, 18 Robinson employs a laser-guided positioning system instead of conventional automatic parking systems that require conveyor belts to transport the cars.

18 Robinson was awarded the BCA Green Mark Gold^{PLUS} rating for the numerous green features that have been incorporated into the design of the building. In March 2022, upon renewal of the Green Mark certification, the rating was upgraded from Gold^{PLUS} to Platinum. This was achieved through the fine-tuning of our existing plants to further improve efficiency.

Private event space at 18 Robinson

Link@896 (formerly "896 Dunearn Road") is a commercial building located opposite King Albert Park MRT and is situated on a part-freehold, part-999-year leasehold site of 13,089 square metres with an allowable gross plot ratio of 1.8 and a maximum permissible gross floor area of 23,560 square metres. Acquired in June 2017, it is a five-storey building comprising approximately 18,048 square metres of net lettable area, with a mixture of retail and office tenancies. The Group refreshed the tenancy mix by introducing more sports/wellness, lifestyle, retail and food and beverage tenants through additions and alteration works which were substantially completed in 2021.

In August 2021, the Group successfully tendered for a freehold site at 870 Dunearn Road which is located next to and shares the same boundary as Link@896. The acquisition is expected to complete in May 2022. Combined together, these two properties will result in an enlarged site that will yield a regular-shaped land parcel ideal for more efficiency planning with wider frontage and improved visibility along Dunearn Road and Bukit Timah Road. Evaluation for the potential redevelopment of these two properties is ongoing.

The Oxley is a freehold 10-storey mixed commercial-cum-residential building located along Oxley Rise, which lies in the prime District 9, and is just a few minutes' walk away from the entertainment, shopping and hotel belt of Orchard Road. The building includes a podium block that houses commercial premises from the 1st to 3rd storey, a tower block with residential units from the 4th to 10th storey, and a three-storey basement car park. The Group was the developer of the building and currently owns the three-storey commercial space. The first and second floors are leased out to the Group's major shareholder, while the third floor currently houses Tuan Sing's corporate headquarters.

Far East Finance Building is a 13-storey commercial building with a basement and it comprises mainly office space on all levels except for part of the ground floor which accommodates shop space. It is located adjacent to 18 Robinson along Robinson Road, near its junction with Cecil Street/Finlayson Green. The Group owns the strata unit that occupies the whole of the 11th floor.

L&Y Building is a five-storey light industrial building with a basement car park, located at Jalan Pemimpin within proximity to the Marymount MRT station. The Group owns three of the 24 strata units in the building.

REAL ESTATE INVESTMENT

Grand Hyatt Melbourne, Australia

AUSTRALIA

The Group has commercial and retail buildings in Melbourne and Perth which are adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth respectively. The Group also owns 2 land plots adjoining the Hyatt Regency Perth complex.

MELBOURNE

In Melbourne, rents for prime Collins Street retail space have generally remained stable despite the impact of COVID-19 due to the low vacancy levels and ongoing demand for luxury boutiques in this location. Further, throughout the pandemic the global luxury brands have continued to perform strongly with many continuing to see strong revenue growth which is supporting existing rental levels and continuing to sustain a close to 0% vacancy level in the immediate precinct. While there is evidence suggesting that incentives have increased across the market to counteract an increase in CBD retail vacancy and to attract tenants to commit to take new space, retail space within the immediate locality remains in strong demand and as such it is expected that current rental levels will be retained moving forward.

Commercial Centre and Carpark within Grand Hyatt Melbourne complex located at 123 Collins Street consists of three flagship luxury boutique retail tenancies fronting Collins Street, two retail tenancies fronting the Grand Hyatt Melbourne porte-cochere (with return driveway to Russell Street), a basement hospitality tenancy space and a basement carpark with 589 parking bays. The tenancies occupy a total lettable area of 3,024 square metres. Some of the luxury and high-end stores in the hotel's shopping complex include Bvlgari, Paspaley Pearls and Giorgio Armani. In 2021, the Group achieved an average occupancy rate of 98%. The Group has self-managed the carpark since October 2020.

25 George Parade In late 2020, the Group acquired an adjoining property to the Grand Hyatt Melbourne complex comprising a standalone retail area of 135 square metres on a prime landholding of 160 square metres.

The Group is evaluating to redevelop its Melbourne properties into an iconic mixed-use development comprising premium grade office space, luxury retail and dining experiences as well as upper-upscale hotel/ serviced residences.

The integrated development in Sanya, China

PERTH

The Perth market has been less impacted than the eastern states due to the early and sustained closure of the Western Australia border and the continued growth of the mining and resources sector which continues to provide demand for office space. Retail property within Perth was impacted by COVID-19 but mostly within the CBD with an increase in vacancy levels and office staff working from home.

Commercial Centre and Carpark within Hyatt Regency Perth complex located at 99 Adelaide Terrace comprises a three-level office, two basement levels of carpark with 883 parking bays and a retail component. The commercial centre faces Terrace Road and Plain Street and overlooks the picturesque Swan River. It has a total lettable area of 19,585 square metres (excluding carpark), of which 77% has been occupied by Fortescue Metal Group.

2 vacant land, 10 & 40 Terrace Road
The Group owns 2 land parcels totalling 3,072 square metres which adjoin the Hyatt Regency Perth complex and are slated for future development.

The retail component of the commercial centre and part of the car park area are currently undergoing an Asset Enhancement Initiative ("AEI"). Upon completion, it will be an iconic commercial and retail hub in the Eastern Perth CBD, which is in proximity to the Crown Casino and the Perth Optus Stadium. The proposed development is on-going and is expected to complete by the fourth quarter of 2023.

INDONESIA

The Grand Outlet – East Jakarta
The Group has established a 50:50 joint venture with Mitsubishi Estate Co., Ltd. to develop an international luxury outlet mall in Karawang – a fast growing economic hub connecting Indonesia's capital city Jakarta and third-largest city Bandung. Construction is scheduled to commence in the second quarter of 2022 with a target opening date in the fourth quarter of 2023. Upon completion, The Grand Outlet - East Jakarta will have a leasable area of approximately 26,000 square metres, featuring approximately 180 shops with a wide variety of retail offerings and dining establishments. There will also be ample car park space for 1,000 cars and 180 motorcycles.

The Grand Outlet – East Jakarta is envisioned to be a world class shopping destination, where visitors can revel in retail therapy set in green urban spaces. The outlet mall aims to offer international luxury brands that sell high-end apparels, bags and luggage, accessories and more. Beauty seekers can get pampered from a range of holistic treatments offered by beauty salons and massage services, while diners can satiate their taste buds from a variety of gastronomic delights.

CHINA

No. 2950 Chunshen Road, Minhang District, Shanghai is a three-storey commercial building occupying a land area of approximately 1,741 square metres. The leasehold building is fully leased out, with an estimated lettable area of 2,170 square metres.

Lakeside Ville, Qingpu District, Shanghai
The Group owns six shop units and basement commercial spaces which occupy a total estimated lettable area of 3,896 square metres in the development which is within proximity to the Hongqiao Airport and the transportation hub. The Group also owns two apartment units occupying an estimated gross floor area of 634 square metres. The Group was the developer of the development which was completed in 2010.

55 underground carpark lots at Luyinyuan, Lane 558, Baochun Road, Minhang District, Shanghai The Group owns an underground carpark occupying the basement of a 17-storey building. The carpark comes with an estimated area of 2,403 square metres.

REAL ESTATE DEVELOPMENT

Revenue from Real Estate Development was $91.7 million for 2021, an increase of 22% from $75.2 million for the previous year. The higher revenue was mostly driven by higher progressive recognition of units sold in Mont Botanik Residence in Singapore. Despite the higher revenue, Adjusted EBIT for 2021 was a loss of $8.2 million as compared to a profit of $3.1 million for the previous year. The decrease was due mainly to construction delays and higher construction costs arising from labour shortage and price hike in construction materials for residential projects in Singapore as well as higher showflat and marketing expenses related to the launch of Peak Residence in Singapore and Balmoral Tower at Opus Bay in Batam.

The Group takes pride in the high-quality premium homes it has developed over the last three decades. The attention to quality and detail, from site planning to the development of the finishes of each project, is critical to ensuring that its products exude an outstanding yet timeless appeal. The Group also prides itself in its discerning eye for identifying and selecting world-class, renowned architects for its projects. In partnership with these professionals, the Group aims to create cutting-edge architecture using breakthrough and visually exciting designs that cater to sophisticated individuals and investors, as well as to deliver products that set new benchmarks for live-work-play concept and quality living.

Peak Residence, Singapore

SINGAPORE

The Singapore residential market performed remarkably well in 2021 despite entering into the 2nd year of COVID-19 pandemic. According to URA statistics, developers sold 13,027 private residential units, about 31% more than 2020 where 9,982 units were transacted. The year 2021 ended with an increase in price index of 10.6% compared with a 2.2% increase in 2020. This buoyancy in the residential market resulted in the Government implementing a set of cooling measures in December 2021 due to concerns of price running ahead of economic fundamentals and possible rise in interest rates hurting the purchasers and economy at large.

With the reduction of unsold units islandwide since early 2019, and developers' aggressive land bidding for limited land supply, as seen in the Government land sales and private enbloc market, the Group will continue to monitor and evaluate the residential development opportunities in Singapore, albeit cautiously during this pandemic and uncertain environment.

Sennett Residence With direct connection to Potong Pasir MRT, this 99-year leasehold project truly has an address of convenience. It features 332 residential units and 3 shop units in three 19-storey and one 5-storey condominium blocks, which house a remarkable 50-metre rooftop pool, complete with gym, fitness station, clubhouse and other facilities. Designed by MKPL Architects, Sennett Residence was completed in 2016 and all the units have been sold.

Kandis Residence comprises one three-storey block and three seven-storey blocks, offering a total of 130 residential units, ranging from one to three-bedroom units. Designed by Ong & Ong, the project is set in a tranquil enclave in the Northern corridor and a stroll away from Sembawang park which overlooks the Johor Strait. The 99-year leasehold development is well-placed within the North Coast Innovation Corridor earmarked by the Urban Redevelopment Authority and lies just a short drive away from the Woodlands Regional Centre, the future Seletar Regional Centre and the Punggol Creative Cluster. The development obtained temporary occupation permit ("TOP") in March 2021 and is fully sold.

Mont Botanik Residence is a freehold condominium with 108 residential units and is distinguished by a series of communal sky gardens linking two blocks of 10-storey residential towers. It is within walking distance of the Hillview MRT Station and is surrounded by lush greenery – the neighbouring Bukit Timah Nature Reserve, Bukit Batok Nature Park and Bukit Gombak "Little Guilin". Designed by AGA Architects, Mont Botanik Residence was launched in August 2018 and is almost fully sold. The project is expected to be completed by the 4th quarter of 2022.

Peak Residence a freehold residential development sitting in the exclusive Thomson district on a charming peak with panoramic views. Accessibility is superb as it is located within walking distance of the Novena MRT station and the upcoming Mount Pleasant MRT station (Thomson East Coast Line) and is a minute drive away from the Pan Island Expressway. Designed by AGA Architects, the project has 90 exclusive residential units ranging from one-bedroom to four-bedroom units. The project was launched for sale in April 2021 and is expected to be completed in the first half of 2024.

Over the years, the Group has broadened its presence overseas by acquiring (a) 125 hectares of land in Batam, Indonesia, (b) a 2.26% equity stake in a potential mixed-development site on Kura Kura Bali in Bali, Indonesia, for which Tuan Sing is the lead development partner, and (c) a 7.8% equity stake in an integrated mixed-development project in Sanya, China. These development projects are expected to strengthen the Group's property portfolio and profitability in the future.

INDONESIA

Given its close proximity to Singapore and strong domestic airlinks within Indonesia, Batam possesses strong development potential as a locale for high-quality lifestyle destination for residents and visitors. The newly enacted Omnibus Law is also expected to ease foreign ownership restrictions of residential properties and provide a boost for the property market, particularly those of the top-end residential sector.

Opus Bay In June 2018, the Group acquired a leasehold 85 hectares site in Batam Waterfront Citty through a 90% equity stake in two special purpose vehicles. The Group enlarged the land bank by acquiring an adjacent 40 hectares site a year later, to a total of 125 hectares. The two sites are currently being developed into an integrated mixed-development township project with a dedicated ferry terminal, comprising residential living and proposed facilities such as outlet mall, food and beverage, hotels with MICE facilities, offices, tourist attractions, international schools and medical facilities as well as amusement and recreational parks.

Opus Bay is an international collaboration with world acclaimed architect firm, New-York based Kohn Pedersen Fox Associates (KPF) as the master planner, Singapore-based RT+Q Architects for the apartment buildings, Ong & Ong for the exclusive villas, Park + Associates for the ferry terminal and Lead8 for the outlet mall.

The Group soft launched the sales for Balmoral Tower and Cluny Villas in the first quarter of 2021. The 37-storey Balmoral Tower has 559 residential units, which are made up of studio, one-bedroom and two-bedroom units while Cluny Villas comprises 227 detached villas, of which 51 villas have been launched for sale.

Land in Kura Kura Bali The Group acquired a 2.26% equity interest in Goodwill Property Investment Limited ("GPI") in 2019, with the aim of seeking opportunities to grow its portfolio of well-located assets in Indonesia. GPI owns 80% of PT Bali Turtle Island Development, a developer in Indonesia that owns approximately 500 hectares of land in Kura Kura Bali ("KKB") (formerly known as Serangan Island), located at Turtle Island in the South Eastern part of Bali. KKB is easily accessible from popular resort destinations and is just a 15-minute drive away from Denpasar International Airport. The Group is the lead development partner in this integrated development. Infrastructure works for Phase 1 comprising roads, bridges, foot path, power, telecommunication and storm water have been completed, leading on to sub developments of potential projects which include retail, hotels, condotel and apartments.

CHINA

Land at Yuxiu Road and Hairun Road The Group has an equity interest of 7.8% in Sanya Summer Real Estate Co., Ltd ("SSRE"), a Hainan-based property development company which owns two plots of land in Sanya, Hainan, namely:

(i) the land at Yuxiu Road of approximately 44,485 square metres, which is adjacent to the Sanya High-Speed Railway Station. It is currently under construction for an integrated development comprising commercial apartments, hotel and retail components with close to 2,000 carpark lots and a transportation hub. When completed in the first half of 2023, this iconic landmark is expected to yield a gross floor area of close to approximately 200,000 square metres for sale or lease.

(ii) the land at Hairun Road of approximately 28,569 square metres. It is under design and planning for a proposed residential and commercial development, which is expected to be completed progressively in three to five years' time.

Land at Fuzhou The Group currently has one plot of vacant land in Fuzhou for residential development. The land is approximately 163,740 square metres and is situated in the mountainous ridge of the Shoushan Country, Jing-an District, which is a rural part of the city. The site is about 400 metres above sea level and is a 30-minute drive away from the city center.

HOSPITALITY

Grand Hyatt Melbourne, Australia

Revenue from Hospitality increased by 37% from $32.8 million for 2020 to $45.1 million for 2021 on the back of improved hotel operations in Australia largely due to Hyatt Regency Perth's quarantine business and the impact of Grand Hyatt Melbourne's contribution for the full year; Grand Hyatt Melbourne's operations were temporarily suspended from mid-April to mid-November in FY2020. Correspondingly, Adjusted EBIT improved from a loss of $6.0 million for 2020 to a profit of $1.4 million for 2021.

The Group owns two internationally recognised, award-winning five-star hotels, **Grand Hyatt Melbourne** and **Hyatt Regency Perth**. Both hotels are managed under the Hyatt brand name, in line with the hotel management agreement with Hyatt International. The hotel management agreement for Grand Hyatt Melbourne commenced on 8 August 1996 and expires on 31 December 2022. The Group has received expression of interest from various international luxury brand operators including that from the incumbent for evaluation and consideration and will make the appropriate announcement in relation to the matter in due course. Hyatt Regency Perth's hotel management agreement commenced on 1 July 1996 and will expire on 31 December 2026. Hyatt International has the option to extend the management agreement for Hyatt Regency Perth.

Grand Hyatt Melbourne is located within Melbourne's central business district, at the "Paris End" of Collins Street, with access to both Russell Street and Flinders Lane. The internationally recognised five-star hotel, which opened in 1986 and has been extensively renovated in recent years, comprises a total of 550 guestrooms and suites over 34 levels. The hotel also features four food and beverage outlets, 15 meeting rooms, a day spa, a fully equipped health and fitness club with a swimming pool, a tennis court, a basketball court and a golf driving area. Retail space and a car park are also integrated within the Grand Hyatt Melbourne complex. The hotel achieved an average room occupancy rate of 24% in 2021, as compared to 22% in 2020. The occupancy rates in 2020 and 2021 were affected by the COVID-19 pandemic.

Hyatt Regency Perth is located at the eastern end of Perth's central business district, with three road frontages to Adelaide Terrace, Plain Street and Terrace Road. It commands expansive views of the Swan River. Completed in 1984, it features an integrated five-star hotel, office, retail, and parking complex, along with an adjacent commercial centre known as Fortescue Centre. The hotel comprises 367 hotel rooms and suites over the upper nine levels. Facilities and amenities include four food and beverage outlets, 15 conference and meeting rooms and numerous recreation facilities, including an outdoor heated swimming pool and a fitness centre. It has been operating as a quarantine hotel since March 2020. The hotel achieved an average room occupancy rate of 47% in 2021, as compared to 50% in 2020. The occupancy rates in 2020 and 2021 were affected by the COVID-19 pandemic.

The reopening of Melbourne's interstate borders since November 2021 has seen an encouraging demand for rooms due to pent-up demand from local and interstate travellers and the festive season in December 2021. With the Australia's borders opening to fully vaccinated international travellers from 21 February 2022, the Group expects demand to improve in 2022.

INDUSTRIAL SERVICES

Industrial Services posted $59.2 million in revenue for 2021 as compared with $37.4 million for the previous year, representing an increase of 58%. The higher revenue was mostly driven by higher coal prices from the coal trading business of SP Corp. Despite the higher revenue, Adjusted EBIT remained at a loss of $0.6 million for 2021, which was similar to last year's. The coal trading margin was fixed based on the quantity of coal delivered and thus SP Corp did not benefit from the higher coal prices.

SP Corp is an 80.2% owned subsidiary listed in Singapore with primary business activity of commodities trading. The commodities trading unit primarily trades in commodities such as coal, rubber, metals and other commodities and products used by manufacturers in the energy, tyre, metal and automotive industries in Asia.

Hypak is a 100% owned subsidiary of the Group. It is an industrial packaging producer and supplier of polypropylene woven bags and laminated bags in Malaysia for products such as fertilisers, sugar, chemicals, flour and feed meal. Hypak owns a 99-year leasehold industrial building in Malacca, Malaysia with a land area of approximately 19,100 square metres.

SP Corp's business activities

OTHER INVESTMENTS

Other Investments segment comprises a 44.5% equity interest in GulTech and a 49% equity interest in Pan-West. In line with our strategic direction, the Group is not averse to disposing of its investments in these two businesses should the opportunity arises.

Profits in this segment are derived mainly from GulTech. Adjusted EBIT increased by 6% from $25.0 million to $26.4 million for 2021 due mainly to higher revenue and an increase in scrap sales income following the rise in material prices such as copper.

Gultech in Wuxi, China

GulTech is a respected manufacturer in the printed circuit boards market, serving customers in the automotive, computer peripheral, consumer electronics, telecommunications, healthcare and instrument and control sectors. It has three manufacturing plants in Suzhou and Wuxi, China. Leveraging on its innovative designs and prototype expertise, GulTech continues to work in partnership with multinational clients to provide leading-edge solutions in a highly dynamic and fast-paced technological environment. Its customers include leading suppliers and manufacturers for automotive systems such as Visteon Corporation, Continental AG and Wistron Corporation.

Pan-West distributes golf-related lifestyle products through a variety of on-course and off-course outlets and concessionaires in Singapore. It is the exclusive distributor of some of the world's top golfing brands including Honma Golf, Cleveland Golf, Sun Mountain, Volvik, and High Definition Golf simulators. Pan-West is also an exclusive dealer for Asics Golf and Skechers Golf footwear in Singapore.

PROPERTY PORTFOLIO

4 countries

SINGAPORE

18 Robinson

INDONESIA

Cluny Villas in Opus Bay

Real Estate Investment

Name of Property	Location	Estimated Lettable Area / Gross Floor Area (square metre)	Tenure	Group's effective equity interest
COMMERCIAL				
18 Robinson	Singapore	17,738	999 years from year 1884 & 1885 (approx. 82% of the total land) / 99 years from year 2013 (approx. 18% of the total land)	100%
Link@896	Singapore	18,048	Freehold / 999 years from year 1879	100%
The Oxley, 1st – 3rd floors	Singapore	2,557	Freehold	100%
Far East Finance Building – 11th floor	Singapore	284	999 years from year 1884	100%
2 shop units at Sennett Residence[(a)]	Singapore	61	99 years from year 2011	100%
Commercial Centre and Carpark within Grand Hyatt Melbourne complex	Australia	3,024[(b)]	Freehold	100%
Commercial Centre and Carpark within Hyatt Regency Perth complex and 2 vacant land of 3,072 sqm	Australia	19,585[(b)]	Freehold	100%
A single-storey commercial building at 25 George Parade, Melbourne	Australia	135	Freehold	100%
A three-storey commercial building at No. 2950 Chunshen Road, Minhang District, Shanghai	China	2,170	57 years from year 2008	100%
Six shop units and basement commercial spaces at Lakeside Ville, Qingpu District, Shanghai	China	3,896	70 years from year 1997	100%
55 underground carpark lots at Luyinyuan, Lane 558, Baochun Road, Minhang district, Shanghai	China	2,403	60 years from year 2005	100%
Two apartment units at Lakeside Ville	China	634	70 years from year 1997	100%
INDUSTRIAL				
L&Y Building (3 strata units)	Singapore	2,100	999 years from year 1885	100%

(a) The carrying amount of 2 shop units at Sennett Residence have been classified as assets held for sale as at 31 December 2021.
(b) Refers to lettable area for commercial only.

AUSTRALIA

Grand Hyatt Melbourne

CHINA

Lakeside Ville

Real Estate Development

Name of Property	Location	Estimated Gross Floor Area / Land Area (square metre)	Tenure	Group's effective equity interest
COMPLETED PROPERTIES HELD FOR SALE				
Sennett Residence	Singapore	33,328	99 years from year 2011	100%
PROPERTIES UNDER DEVELOPMENT				
Mont Botanik Residence	Singapore	8,546	Freehold	100%
Peak Residence	Singapore	8,209	Freehold	70%
Balmoral Tower, Opus Bay	Indonesia	31,830	30 years from year 2004	90%
Cluny Villas, Opus Bay	Indonesia	76,716	30 years from year 2004	90%
Batam Opus Bay Land (I)	Indonesia	657,299[(a)]	30 years from year 2004	90%
Batam Opus Bay Land (II)	Indonesia	401,229[(b)]	30 years from year 2019	100%
LAND HELD FOR FUTURE DEVELOPMENT				
Land in Jin-an District, Fuzhou, Fujian Province	China	163,740[(c)]	70 years from year 1994	100%

(a) Land area only. This excludes Balmoral Tower, Opus Bay and Cluny Villas, Opus Bay.
(b) Land area only.
(c) Land area only and pending renewal of expired certificate for construction site planning.

Hospitality

Name of Property	Location	Land Area (square metre)	Tenure	Total Hotel Rooms	Group's effective equity interest
Grand Hyatt Melbourne	Australia	5,776	Freehold	550	100%
Hyatt Regency Perth	Australia	22,754	Freehold	367	100%

(a) Land area refers to the whole development including commercial and carpark.

REVENUE

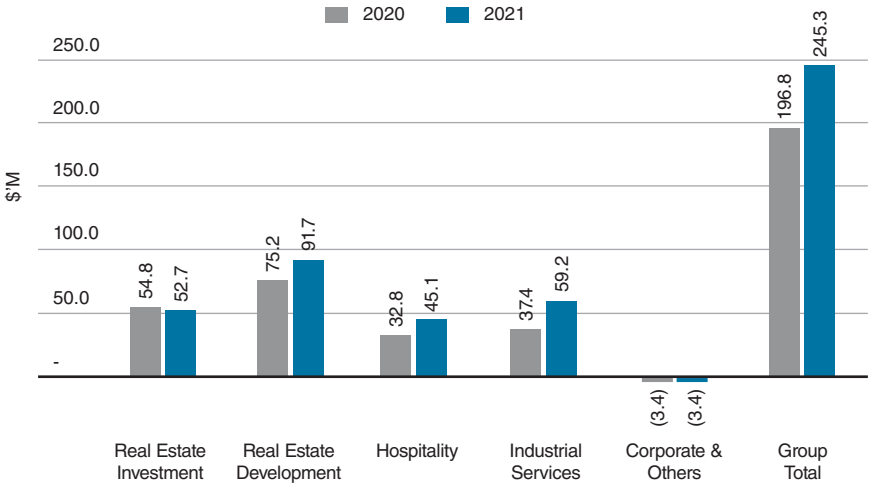
Revenue by business segment

The Group's revenue was $245.3 million, an increase of 25% as compared to $196.8 million last year. The increase was due to higher revenue from Real Estate Development, Hospitality and Industrial Services, partially offset by lower revenue from Real Estate Investment.

Revenue by geographical location

The Group's revenue was generated mainly from Singapore, Australia and China, contributing a combined 96% of the total revenue in both 2021 and 2020.

Revenue by business segment ($'M)



Revenue by geographical location	2021 $'M	%	2020 $'M	%
Singapore	140.0	57%	135.9	69%
Australia	61.3	25%	48.5	25%
China	35.0	14%	3.9	2%
Malaysia	9.0	4%	7.9	4%
Indonesia	-	-	0.6	*
Total	**245.3**	**100%**	**196.8**	**100%**

(*) Less than 1%

PROFIT PERFORMANCE

Adjusted EBIT by business segment

Adjusted EBIT decreased by 30% to $40.0 million mainly due to lower contribution from Real Estate Investment and Real Estate Development, partially offset by higher contribution from Hospitality and Other Investments.

The decrease in Adjusted EBIT was mainly due to the absence of a reversal of accruals for development costs previously capitalised in 2020 under Real Estate Investment, as well as construction delays and higher construction costs for Real Estate Development projects in Singapore and higher showflat and marketing expenses related to the project launches in Singapore and Indonesia.

Profit after tax attributable to shareholders

Profit after tax attributable to shareholders increased by 42% to $83.7 million due mainly to the gain on disposal of a subsidiary in Singapore.

Adjusted EBIT ($'M)

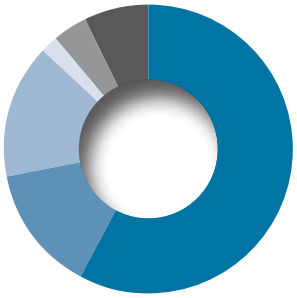
FINANCIAL POSITION

The Group's **total assets** as at 31 December 2021 decreased by 12% or $379.3 million to $2,764.3 million. The decrease was due mainly to the decrease in assets held for sale arising from the completion of the disposal of a subsidiary.

The Group's **total liabilities** as at 31 December 2021 decreased by 24% or $470.3 million to $1,499.9 million. The decrease was due mainly to the decrease in liabilities associated with the disposal of a subsidiary and net repayment of loans and borrowings.

Shareholders' equity as at 31 December 2021 increased by 8% or $90.1 million to $1,250.2 million. The increase was due mainly to the increase in revenue reserves.

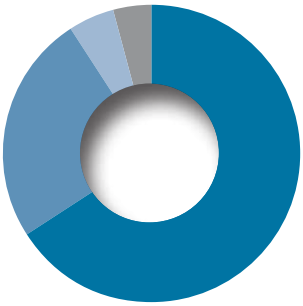
Total assets by business segment (2021: $2,764.3M)



- Real Estate Investment (58%)
- Real Estate Development (14%)
- Hospitality (15%)
- Industrial Services (2%)
- Other Investments (4%)
- Corporate (7%)

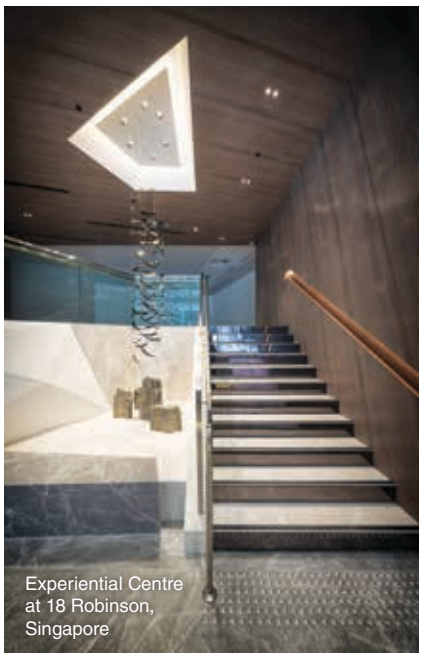
Real Estate Investment, Hospitality, and Real Estate Development contributed 58%, 15% and 14% of the Group's total assets in 2021 respectively.

Total assets by geographical location (2021: $2,764.3M)



- Singapore (66%)
- Australia (25%)
- China (5%)
- Others (4%)

66% of the Group's total assets are located in Singapore whereas assets in Australia form the bulk of the Group's overseas assets.



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SHARE CAPITAL AND EARNINGS PER SHARE ("EPS")

The number of issued ordinary shares as at 31 December 2021 was 1,201,564,603 (excluding treasury shares) as compared to 1,187,489,782 as at 31 December 2020. On 23 June 2021, 14,679,721 new ordinary shares were allotted and issued at $0.372 per share to shareholders who had elected to participate in the Company's Scrip Dividend Scheme in respect of the 0.6 cent dividend per ordinary share for the year ended 31 December 2020. Separately, 604,900 ordinary shares were purchased from the market under the "Share Purchase Mandate" and were held as treasury shares.

Earnings per share, including fair value adjustments, increased by 40% to 7.0 cents, as compared to 5.0 cents a year earlier.

	2021	2020
Earnings per share (cents) :		
- Including fair value adjustments	7.0	5.0
- Excluding fair value adjustments	7.5	1.5
Weighted average number of ordinary shares in issue (in millions)	**1,194.9**	**1,186.6**

DIVIDEND AND SHAREHOLDERS' RETURN

Dividend

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 28 April 2022, the Directors proposed a first and final one-tier tax exempt dividend of 0.7 cent per share amounting to approximately $8.4 million to be paid on 28 June 2022 in respect of the year ended 31 December 2021. For the previous year end, a dividend of 0.6 cent per share was declared; the dividend amounting to $7.1 million consisted of a cash payment of $1.7 million and the issuance of 14,679,721 ordinary shares to shareholders who opted for the Scrip Dividend Scheme.

Shareholders will continue to have the opportunity to participate in the Scrip Dividend Scheme and receive their dividend in the form of shares instead of cash. For the purpose of determining dividend entitlements, book closure dates have been fixed on 11 May 2022.

The Group has been declaring dividends every year since 2009. Total gross dividend payout since then amounts to $83.6 million, including the $8.4 million proposal for 2021.

Dividend payout and dividend yield

The proposed dividend of 0.7 cent per share for 2021 represents i) dividend payout ratio of 9.4% based on the profit attributable to shareholders before fair value adjustments; ii) dividend yield of 1.6% based on dividend per share over the average share price of 43.4 cents traded during the year.

	Dividend			
Year	Dividend per share (cent)	No of shares (million)	Gross payout ($'000)	Cumulative payout ($'000)
2009	0.3	1,138	3,412	3,412
2010	0.4	1,146	4,586	7,998
2011	0.3	1,154	3,463	11,461
2012	0.5	1,161	5,806	17,267
2013	0.5	1,173	5,864	23,131
2014	0.5	1,176	5,881	29,012
2015	0.6	1,179	7,073	36,085
2016	0.6	1,183	7,097	43,182
2017	0.6	1,187	7,122	50,304
2018	0.9	1,186	10,678	60,982
2019	0.6	1,186	7,117	68,099
2020	0.6	1,187	7,125	75,224
2021	**0.7**	**1,202**	**8,411**	**83,635**

BANK BORROWINGS AND MEDIUM TERM NOTES ("MTN")

As of 31 December 2021, the Group had total bank borrowings and debt securities of $1,352.7 million, comprising:

(a) Secured Borrowings of $1,151.2 million (85%)

The Group's secured borrowings are applied to the financing of certain development and investment properties and certain property, plant and equipment in Singapore and Australia.

(b) Unsecured Borrowings of $201.5 million (15%)

These comprise mainly the Series IV MTN.

Tuan Sing established an unsecured S$900 million Multicurrency MTN Programme in February 2013 under which it can issue notes in series or tranches and the notes may be denominated in Singapore Dollars or other currency deemed appropriate at the time.

Tuan Sing issued S$65 million Series III notes on 19 May 2020. The Series III notes have a tenor of two years and bear a fixed interest rate of 7.75% per annum payable semi-annually in arrears. The Company purchased S$40 million of the notes on 15 October 2021 under a tender offer and redeemed the remaining S$25 million notes on 29 November 2021 at 102% of the principal amounts.

Tuan Sing issued S$200 million Series IV notes on 18 October 2021. The Series IV notes have a tenor of three years and bear a fixed interest rate of 6.90% per annum payable semi-annually in arrears.

The Group's borrowings are distributed amongst a few banks using a combination of floating and fixed interest rates of various durations depending on a number of factors. These factors include the timing the debt is entered into, the then prevailing market sentiment, the Group's view of the financial market outlook and the nature of the assets pledged. To mitigate interest rate risk, the Group monitors the trend of interest rate movements. Financial instruments are used, if they are deemed necessary, to hedge interest rate exposures.

As at 31 December 2021, the profiles of the bank borrowings and MTN are as follows:

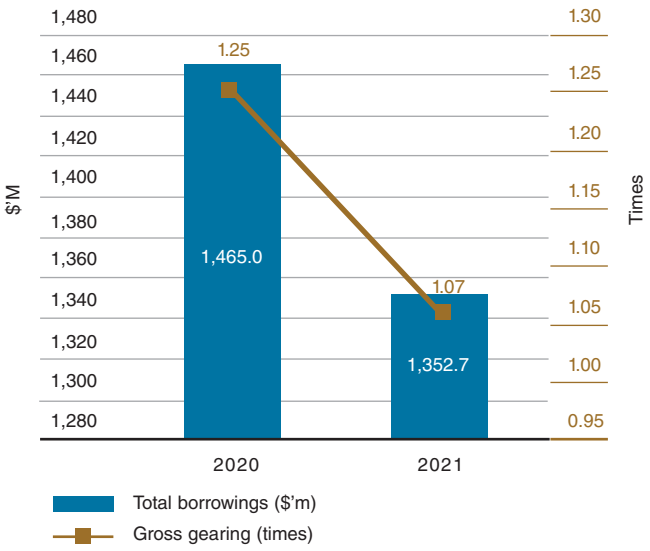
By interest rate profile:
- Floating rate borrowings – 63%
- Fixed rate borrowings – 37%

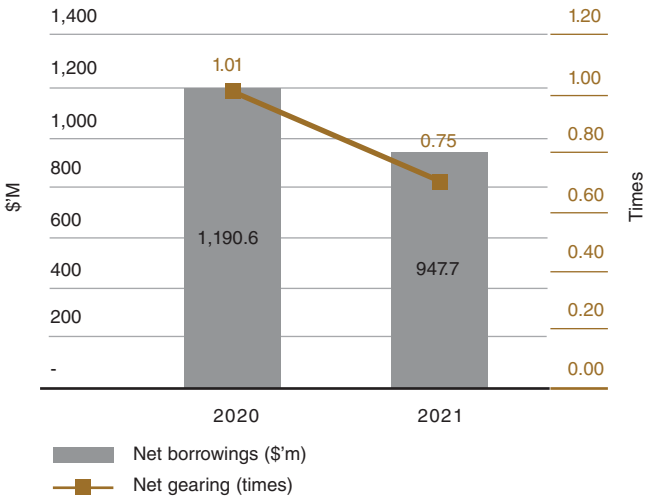
By currency profile:
- Singapore dollar borrowings – 76%
- Australian dollar borrowings – 24%

GEARING

The Group uses gross gearing ratio (total borrowings as a percentage of total equity) and net gearing ratio (net borrowings as a percentage of total equity) to measure the debt leverage. Net borrowings is defined as total borrowings minus cash and cash equivalents.

As at 31 December 2021, gross gearing ratio decreased to 1.07 times from 1.25 times last year. Similarly, net gearing ratio decreased to 0.75 times from 1.01 times last year.





TREASURY MANAGEMENT

Treasury management is carried out by the Group in accordance with established policies and guidelines, which are regularly updated to take into account changes in the operating environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans. New investments are structured with an appropriate mix of equity and debt after careful assessment of relevant risks.

The Group monitors working capital requirements and performs cash flow forecast on a quarterly basis as well as ensures the monitoring and compliance of loan covenants. The Group closely monitors relevant emerging regulations which may potentially impact the way that the Group obtains finances or introduce any operating constraints. The Group keeps abreast of the latest developments in debt markets and arranges new financing as opportunities arise. The consistent approach in treasury management has helped the Group build a long-term relationship with financial institutions.

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MANAGING RISK IN DELIVERING OUR STRATEGY

OVERVIEW OF OUR APPROACH

The Group's business environment is subject to constant and significant changes that require regular assessment of our corporate strategies. At Tuan Sing, risk management is an integrated process that supports informed decision-making throughout the Group. Our integrated approach recognises the need for clear, timely direction and decision from the Board of Directors, senior management and our business unit management (i.e. SBUs). Risk management is also embedded into day-to-day decision-making and operational activities (i.e. operational risk management).

The top-down approach (i.e. strategic risk management) involves a review of the external environment in which we operate and our risk appetite. The result will then guide our execution of our strategy. Key risk indicators have been identified for each of our principal risks and are used to monitor our risk exposure. These key risks are reviewed periodically by the Audit and Risk Committee to ensure that the activities of the business remain within our risk appetite.

The bottom-up approach (i.e. operational risk management) involves identifying, managing and monitoring risks at the "front line" level. This way, risk management is embedded in our everyday operations. Control of this process is through maintaining of risk registers by all SBUs. These risk registers are aggregated and reviewed by the CEO and CFO, with significant and emerging risks escalated for the Board and Audit and Risk Committee's consideration as appropriate. This process complements the top-down approach by helping us to identify our principal risks and ensuring that operational risks are fully considered in determining the risk appetite and the corresponding strategy of the business.

The Group's Enterprise Risk Management ("ERM") system is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that may be required to be disclosed is reported to the Board through the Audit and Risk Committee. We have reviewed the current ERM framework and are of the view that it remains appropriate for the year 2021.

MANAGE RISK IN DELIVERING OUR STRATEGY

The Group remains focused on real estate and hospitality segments to drive growth. The Group will continue to expand its real estate investment, real estate development and hospitality businesses and acquire quality and strategic locations of investments that will contribute a recurring income flow to the Group. In pursuit of corporate strategies and business goals, the Group acknowledges that it is necessary to take certain risks that the Group believes are manageable and appropriate in relation to expected opportunities. However, these should be within the Group's risk appetite by taking into consideration the assessment of macro-environment that the Group is operating in. The Group uses key risk indicators to ensure that the activities of the business are within its risk appetite.

RISK PROFILE AND KEY RISKS

The Group's key risks and appropriate mitigating measures are summarised under "Business Dynamics & Risk Factors Statement" section of this Annual Report. The Group's risk appetite and risk profile remains broadly unchanged in 2021, despite the emergence of COVID-19's new variant and resurgence of infected cases during the year.

NO THREAT TO GOING CONCERN

After making due inquiry, the management is satisfied that there were no risks that could threaten the ability of the Group to continue as a going concern over the coming 12 months.

Our Risk Governance & Oversight Structure

THE BOARD

- Determine strategic objectives
- Set risk appetite and parameters
- Review external environment
- Manage and monitor risk
- Assess effectiveness of risk management system
- Instil culture and approach for risk governance

AUDIT & RISK COMMITTEE

- Direct delivery of strategic actions
- Report principal risks and uncertainties
- Oversee financial reporting, operational and compliance risks
- Oversee internal and external audit processes
- Consider aggregation of risk exposures across the business
- Monitor key risk indicators and the implementation of risk mitigation plans
- Oversee the adequacy and effectiveness of the Group's risk management and internal control systems

CEO & CFO

- Implement the Company's strategy
- Strengthen the Group's risk management culture
- Ensure the overall framework of risk management is comprehensive and responsive to changes in the business
- Review the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts on a regular basis

STRATEGIC BUSINESS UNITS

- Monitor and manage operational risks on an ongoing basis
- Identify emerging risks
- Maintain risk registers which provide a framework for all relevant staff to recognise their shared responsibility for an effective management of risks on a regular and timely basis

BUSINESS & STRATEGY RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
STRATEGY RISK	
• The Group is exposed to risks associated with its overseas expansion plans. • Expansion involves the spreading of resources in setting up new business units and dealing with unfamiliar rules and regulations in foreign countries or nuances in customer service expectations. • Such expansion plans may cause management to lose focus and there is no assurance that the expansion plans will be commercially successful.	• New investment proposal is evaluated carefully to ensure that it is in line with the corporate strategy and investment objectives and that it can meet the relevant hurdle rates of financial returns. Other relevant risk factors are also considered. • Evaluation includes macro and project-specific risks analyses, due diligence and sensitivity analyses on key assumptions. Each investment proposal must be reviewed and approved by the Board. • Where appropriate, the Group will explore joint venture opportunities that allow risk and reward sharing between partners. • Interested Person Transactions ("IPT") Mandate is in place to provide the Group with added means to underpin its expansion strategy by leveraging on Interested Persons' network and its close working relationship with Interested Persons.
COMPETITION RISK	
• The relatively small size of our operations may be a disadvantage in the highly competitive property development industry. Hence, the Group may be more vulnerable to external shocks and negative occurrences specific to its operations. • Real estate markets in Singapore and in the region are changing rapidly, which means the Group has to respond swiftly and effectively – more so than other bigger players. • The hospitality industry in Australia, where our hotels are situated, is highly competitive. Any completion of new hotels or renovation of competing hotel properties would reduce the competitiveness of older or existing properties.	• The Group strives to maintain competitiveness by differentiating its products and leveraging on its brand name to set itself apart from the mass market. In recent years, the Group has also been diversifying its property portfolio across geographies to enhance the stability of its future revenue and profitability streams. • Tuan Sing is a recognised developer with proven track records and a sterling reputation associated with award-winning projects. • The Group actively works with potential business partners to submit joint-bids for new land parcels. • The Group's hotel properties offer choice locations and excellent services for their class. Long-term hotel management agreements are in place with Hyatt International which enhanced the profile of our hotel properties. • Plans are in progress to create value from existing assets through asset enhancement initiatives and redevelopment works.
INDUSTRY RISK	
• The Group is exposed to inherent risks in property development and construction business. • Adverse weather, labour shortage, poor performance by main contractors, industrial accidents, delays in obtaining regulatory approvals or business disruptions caused by a pandemic could delay the completion of projects and cause cost overruns. • The Group is exposed to the hotel industry's supply and demand cycle, which is dependent on the conditions of the hospitality and leisure industry and the state of the property market in Australia.	• Policies and procedures covering project management and procurement process of the construction management business are in place. • A pre-approved project budget is agreed to in advance so as to monitor the performance of the project team. All variation orders require approval at appropriate level. • The Group's procurement function has been strengthened to establish a robust bulk procurement database in order to achieve competitive pricing and ensure supplied materials meet the quality standards and comply with local regulations. • The Group continues to review and explore options and strategy to optimise the value of its Hospitality segment.
LEGAL AND DISPUTES RISK	
• The Group is exposed to risk of legal disputes with various counterparties. • There will be varying impacts to the Group depending on the type and severity of the legal suits / disputes.	• The Group ensures all contract documents with legal terms and conditions are properly reviewed before execution. • Any potential legal issues are brought to the attention of the Group's Legal department for advice and to formulate resolutions at the earliest opportunity. • The Group works closely with its counterparties to minimize potential disputes and achieve settlement amicably.

BUSINESS & STRATEGY RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
MACROECONOMIC & POLITICAL RISK	
• Changing macroeconomic and political conditions in countries where the Group operates could adversely affect the Group's performance, particularly when the Group ventures further into the region. • The property development business depends heavily on the continued health of the real estate market in Singapore and in the region. • Changes in government policies and regulations affect the market demand, land title acquisition, planning and design, construction hours and financing.	• The Group monitors key economic indicators and keeps itself updated regarding potential changes of policies by the authorities. • The Group remains optimistic about the medium and long-term outlook for the property markets in Singapore and in the region.
REGULATORY RISK	
• The Group is exposed to changes in prevailing laws and regulations in the countries where it operates, particularly in corporate law, competition law, consumer protection and environmental law.	• The Group works closely with advisors, consultants and local authorities so as to keep abreast of regulatory changes. • Local business units are required to apprise the head office of material regulatory developments in a timely manner.
REPUTATION RISK	
• The Group's reputation is at risk of adverse publicity if there is mishandling of transactions or events.	• The Group values its reputation and has in place an open communication programme to ensure timely and effective communication with its key stakeholders. • The Group has clearly articulated its mission statement and the guiding principles that drive its operations. • The Group has established an Investor Relations policy that has been made available on its corporate website to further strengthen its communication with stakeholders.
BUSINESS CONTINUITY RISK	
• Property and hotels investment businesses are capital-intensive and rely heavily on external financing at commercially acceptable interest rate and terms. • Property development business relies on obtaining land plots, taking projects to fruition and successfully marketing the units within a certain timeframe, while achieving profitability that commensurate with the risks involved. • Natural disasters, pandemic and other unforeseen events could cause severe disruptions to our business.	• A S$900 million MTN Programme has been in place since 2013 to allow the Group to seize opportunities at short notice, diversify its sources of funding and raise its business profile. • A portfolio of mostly freehold investment properties provides a platform of growth and generates recurring income. Existing hotel properties offer a stable income stream given its choice locations. • Business Continuity Plans are in place to minimise business disruptions.
TERRORISM RISK	
• The Group could be adversely affected by direct terrorist attacks because of its geographical footprint. • Such an event could result in damage to its properties or facilities, or cause injury or death to personnel as well as disruption in operations, thus causing financial losses to the Group.	• This is an inherent risk that the Group faces. • The Group has a disaster recovery plan in place. • Properties are protected through the implementation of various security measures. • Where appropriate, the Group obtains insurance coverage to mitigate these risks.

FINANCIAL RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
LIQUIDITY RISK	
• Renewal or additional debt financing on favourable terms would be subject to prevailing global and local economic conditions, sentiments in credit and capital market. • The Group's property portfolio in Singapore and Australia is pledged under various mortgage loan agreements. A breach in any loan covenant could trigger various repayments at short notice.	• The Group monitors its cash and cash equivalents and maintains a level deemed adequate. • The Group manages debt financing and bond issuance proactively to ensure financing requirements are met in advance. • Cash flow projections, debt maturity profiling and bank facilities undrawn are reviewed quarterly to monitor the Group's liquidity position. • Great emphasis is placed on the timely execution of ongoing projects to ensure that a significant proportion of our property projects is sold and that cash is being realised as early as possible.
CAPITAL STRUCTURE RISK	
• An inefficient capital structure or weakness in financial management could affect the Group's ability to provide adequate returns for shareholders.	• The Group conducts regular reviews to ensure an optimal capital structure. • The Group monitors its gross gearing, net gearing ratios and their trends on a quarterly basis. • To achieve an optimal capital structure, the Group might from time to time issue new shares, obtain new borrowings, sell assets (thereby reducing borrowings), adjust the dividend payout, or return capital to shareholders.
DERIVATIVE FINANCIAL INSTRUMENT RISK	
• Market conditions could move against the assumptions the Group adopts at the time of hedging transactions, an inherent risk.	• Derivative financial instruments are used only to manage the impact of interest rate fluctuations on floating rate debts or foreign currency exposure, or to comply with certain bank covenants. • Hedging is undertaken to meet actual operational requirements, not for speculative purposes. • The Group closely monitors the impact of the macro-economic conditions.
PRICE RISK	
• Revenue and profit recognition for development properties and fair value adjustments for investment properties are lumpy. • Residential property prices and demand in Singapore and in the region are subject to rounds of government's cooling measures.	• This is an inherent systemic risk as the Group operates in the industry. • Diversify its property portfolio. • For development properties, the Group reduces the gestation period of a property launch. In addition, the Group monitors the market sentiments so as to leverage on any potential upside. • For investment properties, the Group aims to lock in major tenants with multi-year lease durations.
CREDIT RISK	
• Credit risk arises when counterparties default on their contractual obligations resulting in financial losses to the Group.	• Standard operating procedures are in place which include extending pre-approved credit terms to only credit-worthy customers and monitoring credit risk on a regular basis. • Collections are closely monitored. Major collectability issues are highlighted to all concerned.

FINANCIAL RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
FOREIGN EXCHANGE RISK	
• Exchange gains or losses might arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting or repatriation purposes.	• Natural hedging is used extensively, including matching sale with purchase or matching assets with liabilities of the same currency and amount, whenever it is practicable. • Currency translation risk is inherent for operations outside Singapore. Since it is non-cash in nature, it is not hedged.
INTEREST RATE RISK	
• The Group is exposed to interest rate fluctuations through borrowings.	• The Group keeps abreast of trends in interest rate movements. • A variety of financial instruments, including interest rates of different durations, interest rate swaps, caps and forwards, could be used to hedge interest rate risks arising in the ordinary course of business.
TAX RISK	
• The Group is exposed to vagaries of tax interpretations or changes at short notice in foreign jurisdictions. • Inter-company loans within the Group are exposed to transfer pricing risk.	• The Group monitors changes in tax rules in different countries on a periodic basis and seeks advice especially for cross-borders transactions and inter-company transactions. • Tax provisions are made in strict compliance with the rules so as to reduce under-accrual in the book of accounts. • The Group developed its Transfer Pricing Documentation Master File to provide a guideline on transfer pricing for all subsidiaries across different countries.
FINANCIAL MANAGEMENT RISK	
• Apart from the Group's policies and guidelines and the internal audit function, which has been outsourced, the Group relies on self-assessment, review and reporting process at strategic business units to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies and that the internal controls are adequate and effective. • This system may not prevent or detect all fraud or misstatements in a timely manner. • Changes in conditions or operations might cause system effectiveness to vary from time to time.	• Internal controls over financial reporting are reviewed regularly and embedded within our corporate governance structure. • On a half-yearly basis, the operating and finance heads of strategic business units report the results of their self-review in their management representation letter. • The management representation letter also serves as a platform for all strategic business units to highlight any transactions and / or events that could have material or potential financial impact to the Group.
INVESTMENT RISK	
• Higher returns are usually accompanied with higher risk and uncertainty. Therefore, the Group has to strike a balance when making an investment.	• Major investments are reviewed by the Board or its committee to ensure that they are in line with the Group's strategic focus, meet the relevant risk-adjusted hurdle rate of return, and pass other risk assessments.

OPERATIONAL RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
ALLIANCE RISK	
• The medium or long term interests of business associates or joint venture partners might not necessarily be aligned with the Group's. • Policy and personnel changes by business associates could lead to their inability or unwillingness to fulfil their obligations.	• The Group agrees with business associates in advance on well thought-out rights, duties and obligations of each party. • The Group maintains cordial working relationships with its business partners.
SOCIAL & ENVIRONMENT RISK	
• Heightened awareness among the public or environmental agencies could increase the Group's operating expenses with relation to environmental issues.	• The Group adopts environmentally-friendly practices across countries, so as to bring them in line with best practices in the market and to remedy shortcomings identified. • The Group provides eco-themed amenities and nature-inspired landscaping at its development projects. The Group is also committed to meeting green building requirements for its projects. For hotel operations, various environmental conservation initiatives are implemented. • The Group has published its Sustainability Report on the corporate website to promote stakeholder engagement.
PEOPLE RISK	
• The Group depends on steadfast service provided by good personnel for business continuity. • Succession plan execution is a challenge given the size of the Group.	• The Group provides a safe working environment in which employees can develop their careers with work-life balance so as to ensure that human capital are nurtured and retained. • Attractive award and bonuses are given to staff who performed well.
PROCESS, SOURCING & EXECUTION RISK	
• Property development projects take 3-5 years to complete. Delays in project completion and cost overruns could arise from labour and material shortage, poor performance of contractors, delays in obtaining necessary regulatory approvals, or industrial accidents, etc. • The Group relies on third-party contractors and consultants for various services. • Long-term hotel management agreements have given Hyatt International almost full discretion in the operations of the Group's two hotels in Australia.	• Operating manuals, standard operating procedures and a delegation-of-authority matrix are in place. • Project costs and project timelines are closely monitored through regular project meetings with consultants, suppliers and contractors. • Project control sheets are prepared for on-going projects and are monitored on a monthly basis. Costs overruns are analysed and highlighted to the senior management and the Board. • Regular management team meetings are held to facilitate effective project coordination and communication. • Profit sharing terms in the hotel management agreements aim to ensure alignment with the Group's risk appetite. • With the construction management business arm, the Group is working towards providing integrated real estate solutions and reducing reliance on third party contractors for its development properties.

OPERATIONAL RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
WORK HEALTH AND SAFETY RISK	
• Employees are exposed to workplace health and safety risks arising from events such as incidents in the production process or pandemics. • Business uncertainties arising from the ongoing pandemic may persist despite achieving high vaccination rates due to the spread of new variants.	• The Group cultivates a safety-conscious culture at all levels where appropriate. Such steps include the setting up of employees' safety council. • Refresher drills on fire safety, emergency evacuation and first aid responses are conducted regularly. • A disease/pandemic preparedness plan is in place to safeguard the health and welfare of employees, and to ensure quick resumption of critical business functions. • Where appropriate, the Group obtains insurance coverage to mitigate these risks.
INSURANCE COVERAGE RISK	
• Properties owned are subject to risks (e.g. war, terrorism, outbreak of contagious diseases, environmental breaches) that might not be insurable. Even where they are, the premium could be prohibitive or the financial loss might not be fully compensated for by insurance proceeds.	• The Group conducts insurance reviews with insurance brokers on an annual basis to ensure adequate and comprehensive insurance coverage.
CYBER SECURITY RISK	
• The Group's operations are exposed to disruptions to the network. • These could happen through targeted attacks by hackers, insider attacks or accidental cyber incidents. • Cyber thefts of sensitive and confidential information could lead to litigation by customers and/or regulatory fines and penalties.	• The Group adopts a holistic approach by keeping abreast of the threat landscape and changes in business environment. • The Group has in place an Information Security Policy, which covers cyber security and data protection measures. • Where appropriate, the Group obtains insurance coverage to mitigate these risks.
INFORMATION TECHNOLOGY RISK	
• The Group relies on the Information Technology ("IT") infrastructure and system functionality in order to minimise the business disruptions caused by the ongoing pandemic.	• An online IT help desk platform is readily available to employees. • Several systems have been migrated to Cloud. The objective is to manage IT infrastructure remotely while minimising security risk and cost of maintaining on-premise hardware.

COMPLIANCE RISKS

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
COMPLIANCE RISK	
• There have been rapid changes in laws, regulations and practices making compliance more complicated. • The Group's internal control systems and related framework might not be brought up-to-date in time.	• Internal controls, risk management and corporate governance frameworks, and control self-assessment processes are all in place and are reviewed on an annual basis. • A whistle-blowing policy and annual declarations by staff on ethics are in place. • External auditors are engaged for statutory audits and internal auditors are engaged to conduct operations reviews; both report directly to the Audit and Risk Committee.