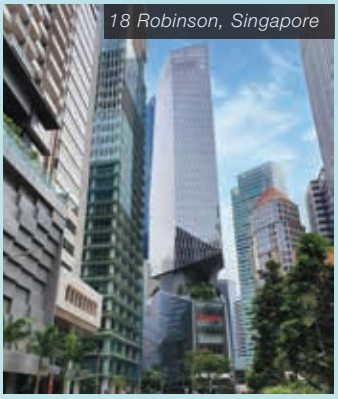
Batam Opus Bay, Indonesia

Artist's Impression

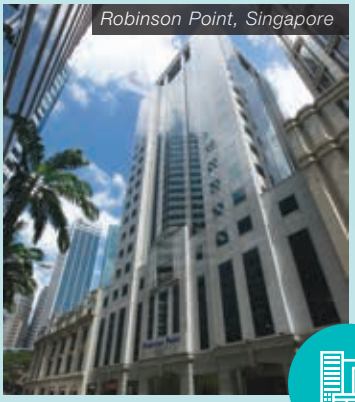

18 Robinson, Singapore

Integrated development at Sanya, China

Artist's Impression

Mont Botanik Residence, Singapore

Artist's Impression


Robinson Point, Singapore

Cluny Park Residence, Singapore

ENTERING THE NEXT PHASE OF GROWTH

CEO'S REVIEW OF OPERATIONS

In 2019, the **Group recorded total revenue of $310.7 million** as compared to $336.1 million in the previous year. **Net profit attributable to shareholders was $33.2 million**, compared to $131.3 million in the previous year.

During the year, the Group continued to expand its asset portfolio while enhancing its existing properties to bolster its recurring rental income streams.

In Indonesia, we have increased our land bank in Batam to 125 hectares for future development. A mere 45-minute ferry ride from Singapore's HarbourFront Center, we are confident of Batam's development potential into high-quality lifestyle for residents and visitors. Batam Opus Bay, our real estate community project located in Batam, Indonesia, sprawls across more than 100 hectares of lush greenery and beachfront. The planned development will comprise apartments and villas, tourist attractions, retail developments, hotels, conference facilities, international schools, and medical facilities.

We have also secured a development opportunity in the 500-hectare integrated development project in Bali, Indonesia. Tuan Sing is the lead development partner in this upcoming sustainability-based development project. Named Kura Kura Bali, it will offer a comprehensive suite of commercial, industrial, residential, healthcare and education amenities upon its completion and launch – from luxury bungalows and hotels, to retail and factory outlets. Among these offerings will be Tsinghua Southeast Asia Center, a creative cultural exchange-focused educational center which will be built on the island in partnership with China's Tsinghua University and aided by Indonesia's non-profit United in Diversity Foundation.

The Group's flagship investment property, **18 Robinson**, obtained its Temporary Occupation Permit in January 2019 and has been welcoming tenants steadily since 2Q2019. As the Group's flagship building, 18 Robinson is designed by award-winning New York-based architect, Kohn Pedersen Fox Associates in conjunction with Architects 61. This state-of-the-art building is strategically located at a key convergence point at the Robinson Road and Market Street junction, and has a diversified tenant base with a weighted average lease expiry of 3.9 years. Its automated car parking system is the first of its kind in Southeast Asia, and has garnered several awards including the MIPIM Asia Awards, BCA Green Mark Gold^{PLUS} and BCA Universal Design Mark Gold^{PLUS}.

The asset enhancement initiative at **Link@896** has progressed smoothly through 2019 and is expected to be completed by early 2020. Meanwhile, the revised scope of asset enhancement work at **Link@Langley, Perth** was finalised during the year, with work expected to commence in 2020. This is part of our regular asset enhancement initiatives to keep our properties relevant, refreshed and competitive to secure higher recurring income for the Group.

Meanwhile, our two hotels in Australia, Grand Hyatt Melbourne and Hyatt Regency Perth, continue contributing steadily to the Group's bottomline while maintaining their award-winning momentum.

In October 2019, our wholly owned subsidiary Superluck Properties Pte Ltd established a new S$500 million secured multicurrency medium term note ("MTN") programme, under which it successfully priced and issued S$200 million three-year senior secured notes. Unsubordinated and guaranteed by the Group, the Notes will mature on 18 October 2022. Priced at par, they bear a coupon rate of 2.8% per annum payable in arrears semi-annually starting from April 2020. This, together with the redemption of all S$80 million 4.5% per annum notes due in 2019 under Tuan Sing's earlier S$900 million MTN programme, which have since been fully redeemed and cancelled, produced cost benefits for the Group in terms of lowering its borrowing costs – allowing the Group to generate higher operating margins and greater shareholder value over the longer term.

The brilliance of 18 Robinson is accentuated by its shimmering glass facade

In December 2019, Tuan Sing established a new business arm, Calypso Construction Management Pte. Ltd., to provide ancillary services for the Group's projects in Singapore and abroad. This will broaden the Group's offerings of integrated real estate solutions while ensuring that its developments adhere to our high construction standards.

2019 also marked the Group's Golden Jubilee. We have proven our resilience since our inception in 1969, and have grown into a multi-disciplinary real estate development and investment company with an expansive property portfolio and talent pool. This is evident from the various accolades that we have received over the years, which further affirms our enthusiasm, dedication and confidence.

CEO'S REVIEW OF OPERATIONS

The integrated development in Sanya, China

As we embark on our next half-century of success, we work to reposition as a major regional real estate developer through our participation in large-scale integrated developments, both overseas and in Singapore.

2020 AND BEYOND – BUSINESS AND OUTLOOK

The opening months of 2020 saw the COVID-19 outbreak cast a shadow over the global economy. While the impact is confined to the short-term for now, we are cognizant of the risks that a prolonged outbreak would have on global growth prospects. At the same time, the property cooling measures introduced in 2018 will continue to cast a shadow over the real estate sector in 2020.

Despite the aforementioned, and other macroeconomic headwinds, we remain confident in our longer-term economic prospects, particularly in Southeast Asia.

The OECD expects Southeast Asia to grow at an annual rate of 5.2% between 2019 to 2023. This is backed by resilient private consumption in the region fuelled by an increasingly well-educated workforce, a wealth of natural resources, rapid urbanisation and growing infrastructure spending. Indeed, Singapore Prime Minister Lee Hsien Loong had also echoed the region's growth potential in his speech at the opening ceremony of the 50th ASEAN Economic Ministers Meeting held in Singapore in 2018, where he declared that ASEAN is expected to become the fourth largest single market in the world by 2030- just behind the United States of America, China and the European Union.

To leverage this enormous growth potential, the Group has been systematically building up its assets and capabilities in the region, so as to propel the next lap of growth for Tuan Sing. In addition, we also expect growth opportunities in tourism gateway cities, such as Batam, Bali, Sanya, Melbourne and Perth – all cities in which the Group has a presence in.

Beyond 2020, we expect the real estate environment to evolve around new urbanisation trends of healthcare, tourism, co-living, co-working and retirement housing, in good accessible locations of major gateway cities such as Singapore, Melbourne, Shanghai and Jakarta. Meanwhile, new business models and competition, extensive use of technology, and changing tenant and investor expectations will continue to redefine the commercial real estate industry.

BUILDING ON STRENGTHS

Through a combination of entrepreneurial spirit, professional excellence and in-depth understanding of the demand-supply dynamics in the regional real estate industry, the Group has embarked on a business transformation to reposition itself from a niche developer to a major regional player with a presence in commercial, residential, hospitality, healthcare and mixed-use properties in various key Asian cities across Singapore, China, Indonesia and Australia.

Leveraging on its strengths and track record in property development and investment across a diverse range of property segments, the Group intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

REPOSITIONING FROM NICHE DEVELOPER TO REGIONAL PLAYER

Building on our success, we look forward to a new era of growth as we develop more projects of superior design and deliver quality products, both locally and internationally, to generate stronger sales. The Group continues to optimise value through a diversified portfolio of investments and carry out asset enhancement initiatives for creation of stronger recurring income streams, while divesting non-core assets for better reallocation of resources.

While we take our core businesses of commercial buildings and residential properties to the next level, we will also be exploring new fields such as property fund management, retail warehouse, property related businesses of hospitality and healthcare.

We will seek to continue lighting the fire of motivation in the hearts and minds of all employees. We will continue to strive together as one to shape the future.

Above all, our work at Tuan Sing is more than just developing and investing in properties. At the heart of our work is the creation of a sustainable future, and financial and social value for all stakeholders. We care about the communities that we operate in, and are committed to ensuring the sustainability of these communities, whether through the provision of amenities and infrastructure, jobs creation or to inspire a new way of living.

Going forward, we will continue leveraging on our decades of knowledge, expertise and experience from trial and error to remain ahead of the times, as we continue to bring different methods and high-quality developments to the region.

William Liem
Chief Executive Officer
Tuan Sing Holdings Limited

OPERATION **SUMMARY**

Mont Botanik Residence, Singapore – A luxurious freehold development

OVERVIEW

Tuan Sing Holdings Limited is a fast-growing, diversified regional investment holding company with interests mainly in property development, property investment and hotel ownership. Over the years, the Group has developed a portfolio of strategically located real estate assets not only in Singapore but across the Asia Pacific region, establishing a reputation for delivering high quality and iconic developments.

The Group operates in four Business Segments, namely Property, Hotels Investment, Industrial Services and Other Investments.

- **Property.** This segment focuses on the development properties for sale in Singapore. Having sold most of the completed development properties in Singapore, the Group is now embarking on regional development opportunities in Sanya, China and Batam, Indonesia. Property Segment also focuses on investment properties in Singapore, Australia and China. In Singapore, the Group's ongoing development properties are Kandis Residence, Mont Botanik Residence and Peak Residence; and the Group's main investment properties are 18 Robinson (completed in 2018 and obtained TOP in January 2019), Robinson Point and Link@896 (formerly "896 Dunearn Road").
- **Hotels Investment.** This segment comprises two hotels in Australia – Grand Hyatt Melbourne and Hyatt Regency Perth – which are managed by Hyatt International.
- **Industrial Services.** Our investments in this segment include a 80.2% equity stake in SP Corporation Limited ("SP Corp"), a SGX listed company; and a 97.9% equity stake in Hypak Sdn Berhad ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene woven bags in Malaysia.
- **Other Investments.** This segment comprises a 44.5% equity interest in Gul Technologies Singapore Pte. Ltd. ("GulTech"), which manufactures printed circuit boards; and a 49% equity interest in Pan-West (Private) Limited, a retailer of golf-related products. Headquartered in Singapore, GulTech has three manufacturing facilities in China, which serve valued clients such as Visteon Corporation, Continental AG and Wistron Corporation.

PROPERTY

Kandis Residence, Singapore is scheduled to complete in 2020

Revenue for the Property segment was $109.0 million, an increase of $26.0 million or 31% from $83.0 million for the same period in the previous year. The increase was mainly driven by higher sales and percentage of completion for Kandis Residence and Mont Botanik Residence and revenue contribution from 18 Robinson which obtained its Temporary Occupation Permit ("TOP") in January 2019.

SINGAPORE PROPERTY

The Singapore property market remained resilient in 2019.

A slowdown in residential property sales was observed in the first quarter of 2019 following the implementation of cooling measures in July 2018. The measures took effect in moderating the property price increase during the year as compared to the pre-measures level as seen in the first half of 2018. However, buying sentiments improved from the second quarter onwards as private residential property sales picked up. The rebound came on the backdrop of the sustained cooling measures and uncertain economy stemming from on-going trade tensions between United States and China.

Office rental rates in the CBD continued to experience growth, albeit at a slower pace as sentiment softened due to economic uncertainties. As compared to the previous year, the average rent for Grade A CBD space was higher in 2019 as a result of tight vacancy.

The Group has completed various development projects in Singapore over the past few years, namely Seletar Park Residence, Sennett Residence and Cluny Park Residence.

The Group will continue to develop and market its development properties in Singapore:

- **Sennett Residence** features a wide choice of condominium housing (three 19-storey and one five-storey condominium block) with a total of 332 residential and three shop units, two basement car parks, roof terraces and other facilities. Occupying an area of approximately 8,664 square metres, the 99-year leasehold site is located right next to the Potong Pasir MRT station and overlooks the landed Sennett estate. TOP was obtained in June 2016 and the Certificate of Statutory Completion ("CSC") in May 2017.

- **Cluny Park Residence** is a 52-unit luxury residential development located directly opposite the Singapore Botanic Gardens. It is the one and only condominium along Cluny Park Road. Occupying a land area of approximately 4,544 square metres, this freehold development faces the Bukit Timah entrance to the Gardens. The TOP was obtained in July 2016 and CSC in October 2016.

- **Kandis Residence** provides condominium housing with full facilities. One three-storey block and three seven-storey blocks offer a total of 130 residential units, ranging from one- to three-bedroom units. Occupying an area of approximately 7,046 square metres, 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 key commercial centres along the Corridor – the

PROPERTY

Woodlands Regional Centre, the future Seletar Regional Centre and the Punggol Creative Cluster. Designed by Ong & Ong, Kandis Residence is scheduled to be completed by 2020.

- **Mont Botanik Residence** is a freehold condominium with 108 residential units, occupying a land area of approximately 4,047 square metres. It is within walking distance from 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 expected to be completed by 2021.

- **Peak Residence** (formerly "Peak Court") is a freehold residential site acquired by collective sale tender through a 70:30 joint venture with Rich Capital Realty Pte Ltd for a purchase consideration of $118.9 million. The acquisition was completed in August 2018, and the Group is targeting to launch the project in 2020. The site is located near the Novena MRT station and the upcoming Mount Pleasant MRT station along the Thomson-East Coast Line. With a land area of approximately 5,331 square metres and a plot ratio of 1.4, it will be redeveloped into 90 residential units for sale. The project is scheduled to be completed by 2022.

The Group has a diversified portfolio of investment properties in Singapore comprising the following:

- **18 Robinson** obtained its TOP in January 2019. Designed by Kohn Pedersen Fox Associates in conjunction with Architects 61, it is a 28-storey commercial building comprising office tower and retail podium and has a sky terrace level with six basement levels. The podium comprises retail, food and beverage and office spaces located on the first to seventh storey while office tower comprises 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. Situated at the northern junction of Robinson Road and Market Street, 18 Robinson comprises approximately 17,834 square metres of net lettable area.

  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 provide sweeping, all-around panorama of city vistas and marina views. The building's energy- and-water saving features are aimed at achieving and maintaining BCA Green Mark Gold^{PLUS} standards, reflecting the Group's green and sustainability initiatives. Some of the green and sustainability initiatives include the use of energy-efficient variable-speed drives in the air-conditioning system and the extensive use of LED lighting throughout the building.

18 Robinson's open-air garden leads to the 8th storey landscaped sky terrace

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 battery-powered automated guided vehicle, 18 Robinson employs a laser-guided positioning system instead of conventional automatic parking systems that require conveyor belts to transport the cars.

PROPERTY

The family-friendly rock climbing gym with boulder zone at Link@896, Singapore

- **Link@896** (formerly "896 Dunearn Road") was acquired in June 2017. It is a five-storey building located opposite the King Albert Park MRT station, 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. Currently, the building has about 17,917 square metres of net lettable area, with a mixture of retail and office tenancies. The Group intends to reposition the property through Additions and Alterations ("A&A") works which are expected to be completed by early 2020.

- **Robinson Point** is a 21-storey freehold office building at 39 Robinson Road, in the heart of Singapore's Central Business District. The building comprises approximately 12,483 square metres of net lettable area, with retail units on the ground floor. It offers 57 car park bays at levels 3 to 5.

- **The Oxley** is a freehold 10-storey mixed commercial-cum-residential building 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 first to the third storey, a tower block with residential units from the fourth to the 10th storey, and a three-storey basement car park. The Group was the developer of the building and currently owns the three-storey office space. The first and second floors are fully 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 use to all levels except for part of ground floor which accommodates shop space. It is located right next to 18 Robinson on the north-western side of 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 close to the Marymount MRT station. The Group owns three of the 24 strata units in the building. The three units are currently vacant.

AUSTRALIA PROPERTY

The Group has commercial buildings in Melbourne and Perth, which are respectively adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth.

In Melbourne, rents for retail space generally remained stable with small increases were recorded for lease incentives in order to remain competitive and fill up vacancies. In Perth, demand strengthened for office space in prime areas while the rising vacancies and soft tenant demand for retail space in prime areas continued to put rents under pressure. *(Source: Colliers Research and Forecast Report – Retail & Office Second Half 2019)*.

The Group's Melbourne investment property consists of a **Commercial Centre and a basement carpark within the Grand Hyatt Melbourne complex**. The tenancies occupy a total lettable area of 3,024 square metres, featuring a mixture of leases ranging from two to 13 years. Some of the luxury and high-end stores in the hotel's shopping complex include Chanel, Bvlgari, Paspaley Pearls and Giorgio Armani. In 2019, the Group achieved an average occupancy rate of 98% as compared with 100% in 2018.

The Group has a master lease agreement with Secure Parking for the leasing of the basement car park, which has 595 bays.

PROPERTY

Some of the high-end luxury stores in the Grand Hyatt Melbourne's shopping complex

The Group's Perth investment property consists of **Fortescue Centre, two basement levels of carpark and two vacant land plots.** Occupying a land area of 3,072 square metres, the two vacant land plots adjoin the commercial centre and carpark. Fortescue Centre is a three-level office with a total lettable area of 23,557 square metres. It faces Terrace Road and Plain Street, and overlooks the picturesque Swan River. Fortescue Metals Group, which occupies approximately 62% of the total lettable area, is a major tenant. In 2019, the Group achieved average occupancy rate of 55% as compared with 59% in 2018.

The carpark, which is outsourced to Secured Parking under management agreement, can accommodate approximately 1,018 cars.

The retail component of the commercial centre and part of the car park area are currently undergoing an 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 expected to be completed in the first half of 2021.

INDONESIA PROPERTY

In June 2018, the Group acquired a leasehold site in Batam through a 90% equity stake in two special purpose vehicles for a purchase consideration of $39.15 million. The leasehold site comprises four plots of land and spans an area of approximately 850,000 square metres or 85 hectares.

During the year, the Group secured another leasehold site in Batam through the acquisition of a wholly-owned subsidiary, P.T. Titian Damai Mandiri ("PT TDM") at a purchase consideration of $5.0 million. Under the land allocation letter from Batam authorities, PT TDM has the right to acquire approximately 401,000 square metres or 40 hectares of land in Batam.

The Group now holds a total of 1.251 million square metres or 125 hectares of land in Batam. Over time, the Group intends to develop these two adjoining leasehold sites into an integrated mixed-development township named Opus Bay. The proposed development will feature hotels with MICE facilities, retail, tourist facilities and attractions as well as residential properties.

Subject to relevant authorities' approval, the Group plans to launch Opus Bay's initial phase of the integrated township development in 2020. The project is currently at the master planning stage.

The Group continued to seek opportunities to grow its portfolio of well-located assets in tourist destinations such as Bali, Indonesia. During the year, the Group acquired a 2.26% equity interest in Goodwill Property Investment Limited ("GPI") for a consideration of US$18.5 million. GPI owns 80% of PT Bali Turtle Island Development which is a developer in Indonesia that owns approximately 491 hectares of land in Kura Kura Bali. Located at South Eastern part of Bali, Kura Kura Bali is easily accessible from popular resort destinations and is just a 15-minute drive away from Denpasar International Airport.

PROPERTY

Batam Opus Bay, Indonesia

CHINA PROPERTY

At present, the Group has no development activities in China. In March 2018, the Group divested its wholly-owned subsidiary which owns a plot of land in Jiaozhou, with a profit of $3.9 million. The Group currently has one plot of vacant land in Fuzhou for residential development. The Fuzhou Land is approximately 163,740 square metres, 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 the sea level and is an approximately 30-minute drive to the city center.

In September 2018, the Group acquired an equity interest of 7.8% in Sanya Summer Real Estate Co Ltd ("SSRE"), a Hainan-based property development company which owns the land at Hainan Sanya Yuxiu Road. SSRE had obtained the necessary approvals to develop its initial block of land of approximately 57,839 square metres, adjacent to the Sanya High-Speed Railway Station in Hainan. The Chinese government had since requested SSRE to swap a partial land area of approximately 13,354 square metres, in exchange for a piece of residential land of approximately 28,569 square metres at Hairun Road. The land exchange transaction has been completed and the development plans for the land at Yuxiu Road would feature an iconic landmark project comprising commercial, residential and retail components. The proposed development is expected to be completed progressively in three to five years.

The Group has a three-storey commercial building located at No. 2950 Chun Shen Road, Shanghai, China, occupying a land area of approximately 1,741 square metres. The leasehold building has been fully leased out, with an estimated lettable area of 2,170 square metres.

During the year, the Group determined that there has been a change in use of the leasehold properties previously held for sale in China. This has led to the transfer of certain leasehold properties from development properties to the following investment properties:

- **Six shop units within Lakeside Ville Phase III** which is situated at Qingpu district, Shanghai. The Group was the developer of the development which was completed in 2010. Occupying a total estimated lettable area of 278 square metres, these commercial areas are fully leased out as at 31 December 2019.

- **Basement commercial spaces within Lakeside Ville Phase III**, Qingpu District, Shanghai, have an estimated lettable area of 3,618 square metres. As at 31 December 2019, the basement commercial spaces have been fully leased out.

- **An underground carpark** that is located at Lane 558, Baochun Road, Minhang district, Shanghai, occupies the basement of a 17-storey building. The carpark comes with an estimated area of 2,403 square metres.

HOTELS INVESTMENT

Experience the grandeur and elegance of the Savoy Ballroom at Grand Hyatt Melbourne

Revenue for Hotels Investment Segment was $101.8 million (or A$107.2 million) for 2019, a decrease of $7.9 million (or A$1.4 million) from $109.7 million (or A$108.6 million) in the same period in the previous year. While Grand Hyatt Melbourne performed better with an increase in Revenue Per Available Room ("RevPAR"), this was offset by the weaker performance at Hyatt Regency Perth.

The Group owns two award-winning and prominent hotels, Grand Hyatt Melbourne and Hyatt Regency Perth. Details of the hospitality awards received by these hotels during the year are set out in the "Awards and Accolades" section of this Annual Report. Both hotels are managed under the Hyatt brand name, in line with the hotel management agreement with Hyatt International.

In Melbourne, there was a decline in occupancy as the market continued to combat new room supply with its robust calendar of events. In Perth, the sector continued to face more challenges from new supply as it recorded declines in Average Daily Rate ("ADR") and occupancies. *(Source: Savills – Australia & New Zealand Hotel Market Update 3Q2019)*

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/fitness club with a swimming pool, a tennis court, a basketball court and a golf driving area. Lauded as an outstanding hospitality service provider, Grand Hyatt Melbourne received a slew of awards over the years.

In 2019, it achieved an occupancy rate of 91.0% as compared to 91.4% in 2018.

HYATT REGENCY PERTH is located at the eastern end of Perth's Central Business District, offering easy access to Adelaide Terrace and Bennett Street, as well as splendid views of the iconic 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. It comprises 367 hotel rooms and suites over the upper nine levels. Facilities and amenities include four food and beverage outlets, 15 conference/meeting rooms and numerous recreation facilities, including an outdoor heated swimming pool and a fitness centre.

In 2019, it achieved an occupancy rate of 75.7% as compared to 81.1% in 2018.

INDUSTRIAL **SERVICES**

Industrial Services Segment posted $101.4 million in revenue for 2019 as compared with $144.8 million for the same period in the previous year, representing a decrease of $43.4 million or 30%. The decrease was due to lower contributions from the SP Corporation Ltd ("SP Corp"), a commodities trading business.

SP CORP is an 80.2% owned subsidiary listed in Singapore. Its main operations are the trading and marketing of industrial commodities, such as coal, natural rubber and aluminium.

SP Corp's business activities

HYPAK SDN BERHAD ("Hypak") is a 97.9% owned subsidiary of the Group. Its main business is in the manufacturing and marketing of polypropylene woven bags in Malaysia.

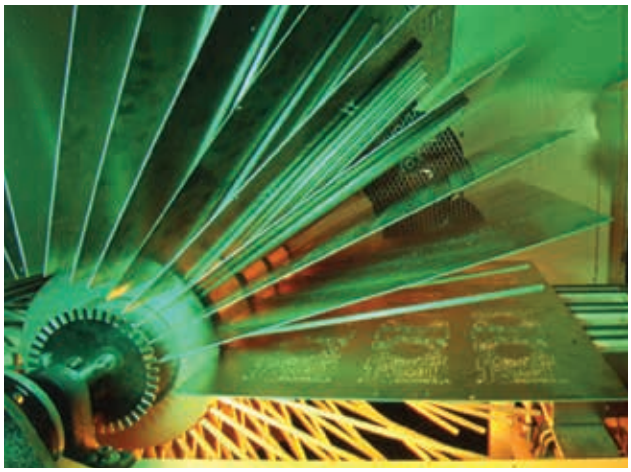
Hypak's production process of polypropylene woven bags

OTHER **INVESTMENTS**

Profit after tax in the Other Investments Segment was $21.7 million for 2019, as compared with $19.3 million in 2018.

The Group has an equity stake of 44.5% in Gul Technologies Singapore Pte. Ltd. ("GulTech") and a 49% stake in Pan-West (Private) Limited ("Pan-West"). These holdings are classified under the "Other Investments" segment. Profits in this segment are derived mainly from GulTech. In line with our strategic direction, the Group is not averse to disposing of its investments in these two businesses should the opportunity arises.

GULTECH is a respected player in the printed circuit boards ("PCB") market, serving customers in the automotive, computer peripheral, consumer electronics, telecommunication, healthcare and instrument & control sectors. It has three manufacturing facilities in China, located in Suzhou and Wuxi. Leveraging on its innovative designs and prototype expertise, GulTech continues to work in partnership with multinational customers 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.



GulTech manufactures printed circuit boards at its state-of-the-art production facilities in Suzhou and Wuxi, China

PAN-WEST distributes golf-related lifestyle products through a variety of on-course and off-course outlets and concessionaires in Singapore. Pan-West is the exclusive distributor for 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

CHINA

4 COMMERCIAL PROPERTIES
No. 2950 Chun Shen Road, Shanghai
Six shop units within Lakeside Ville Phase III, Shanghai
Basement commercial spaces within Lakeside Ville Phase III, Shanghai
Underground carpark at Lane 558, Baochun Road of Minhang District, Shanghai

1 LAND HELD FOR FUTURE DEVELOPMENT
Land in Jin-an District, Fuzhou Fujian Province

3 PROPERTIES HELD UNDER OTHER INVESTMENTS
GulTech Suzhou Factory Building
GulTech Wuxi Factory Building
GulTech Jiangsu Factory Building

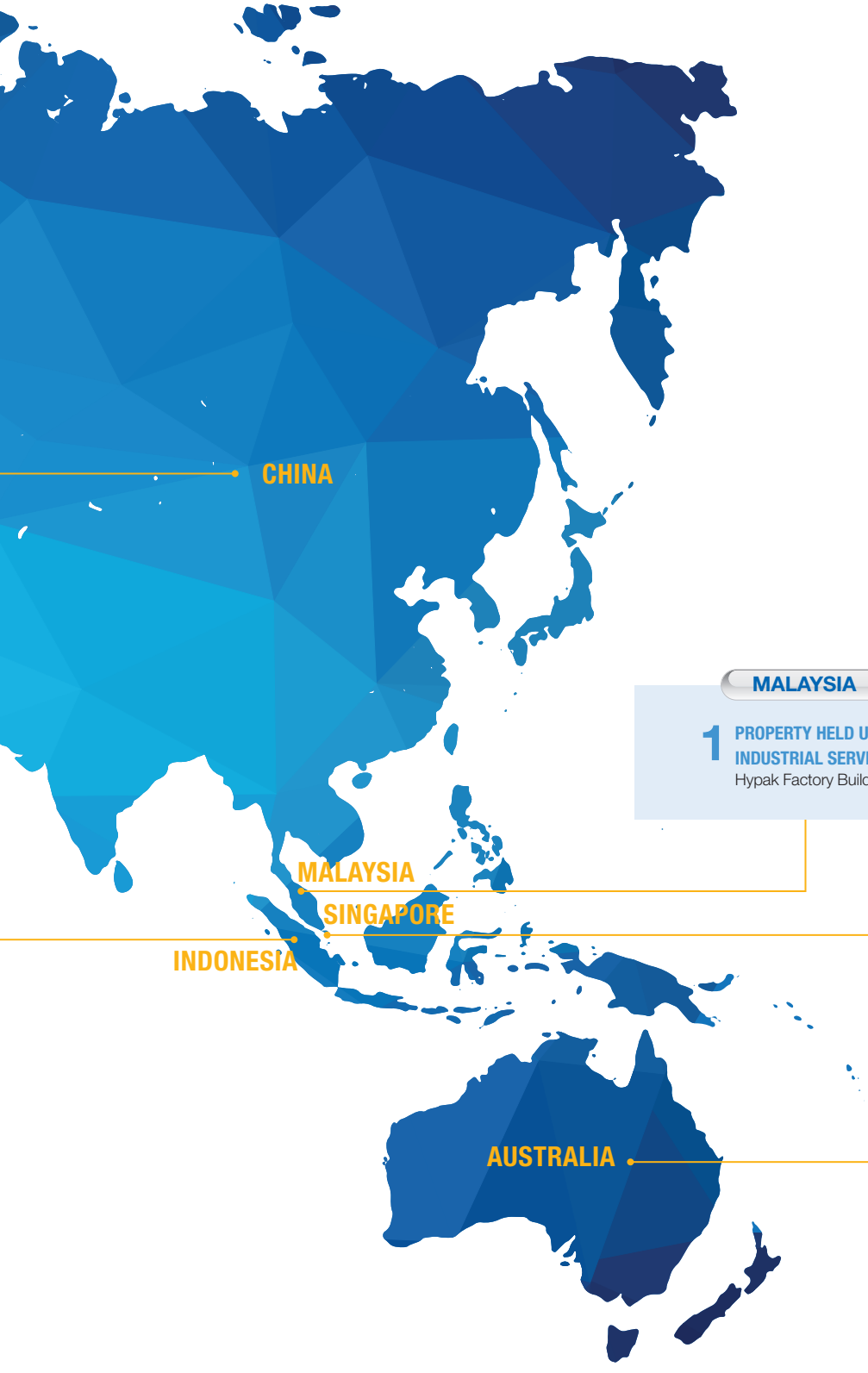
2 LANDS HELD THROUGH EQUITY INVESTMENTS IN OVERSEAS DEVELOPER
Land in Hainan Sanya Yuxiu Road, adjacent to Sanya High-Speed Railway Station
Land in Hairun Road

INDONESIA

1 PROPERTY UNDER DEVELOPMENT
Batam Opus Bay (125 hectares of land)

1 LAND HELD THROUGH EQUITY INVESTMENTS IN OVERSEAS DEVELOPER
Kura Kura Bali

PROPERTY PORTFOLIO



SINGAPORE

2 COMPLETED DEVELOPMENT PROPERTIES
- Sennett Residence
- Cluny Park Residence

3 PROPERTIES UNDER DEVELOPMENT
- Kandis Residence
- Mont Botanik Residence
- Peak Residence

5 COMMERCIAL PROPERTIES
- The Oxley, 1st – 3rd floor
- 18 Robinson
- Robinson Point
- Far East Finance Building, 11th Floor
- Link@896

1 INDUSTRIAL PROPERTY
- L&Y Building (3 strata units)

MALAYSIA

1 PROPERTY HELD UNDER INDUSTRIAL SERVICES
- Hypak Factory Building, Malacca

AUSTRALIA

2 PROPERTIES HELD UNDER HOTEL OPERATIONS
- Grand Hyatt Melbourne
- Hyatt Regency Perth

2 COMMERCIAL PROPERTIES
- Commercial Centre and Carpark within Grand Hyatt Melbourne Complex
- Commercial Centre and Carpark within Hyatt Regency Perth Complex

PROPERTY PORTFOLIO

DEVELOPMENT PROPERTIES

NAME OF PROPERTY	LOCATION	ESTIMATED GROSS FLOOR AREA/LAND AREA (SQUARE METRE)	TENURE
COMPLETED PROPERTIES HELD FOR SALE			
Sennett Residence	Singapore	33,328	99 years from year 2011
Cluny Park Residence	Singapore	6,997	Freehold
PROPERTIES UNDER DEVELOPMENT			
Kandis Residence	Singapore	10,850	99 years from year 2016
Mont Botanik Residence	Singapore	8,546	Freehold
Peak Residence	Singapore	8,209	Freehold
Batam Opus Bay Land (I)	Indonesia	849,748[(a)]	30 years from year 2004
Batam Opus Bay Land (II)	Indonesia	401,229[(a)]	30 years from year 2019
LAND HELD FOR FUTURE DEVELOPMENT			
Land in Jin-an District, Fuzhou Fujian Province	China	163,740[(b)]	70 years from year 1994

(a) Land area only.
(b) Land area only and pending renewal of expired certificate for construction site planning.

INVESTMENT PROPERTIES

NAME OF PROPERTY	LOCATION	ESTIMATED LETTABLE/ STRATA AREA (SQUARE METRE)	TENURE
COMMERCIAL			
18 Robinson	Singapore	17,834	999 years (approx 83% of the total land) from year 1884 & 1885 or 99 years (approx. 17% of the total land) from year 2013 for certain plots
Link@896	Singapore	17,917	Freehold or 999 years from year 1879
Robinson Point	Singapore	12,483	Freehold
The Oxley, 1st – 3rd floor	Singapore	2,770	Freehold
Far East Finance Building – 11th Floor	Singapore	402	999 years from year 1884
Commercial Centre and Carpark (595 lots) within Grand Hyatt Melbourne complex	Australia	3,024	Freehold
Commercial Centre and Carpark (1,018 lots) within Hyatt Regency Perth complex (including 2 vacant land plots)	Australia	23,557	Freehold
No. 2950 Chun Shen Road Property	China	2,170	58 years from year 2008
Six shop units within Lakeside Ville Phase III, Qingpu district, Shanghai, China	China	278	70 years from year 1997
Basement commercial spaces within Lakeside Ville Phase III, Qingpu district, Shanghai, China	China	3,618	70 years from year 1997
Underground Carpark of a 17-storey building at Lane 558, Baochun Road of Minhang district, Shanghai, China	China	2,403	60 years from year 2005
INDUSTRIAL			
L&Y Building (3 strata units)	Singapore	2,285	999 years from year 1885

PROPERTY PORTFOLIO

HOTELS INVESTMENT

NAME OF PROPERTY	TOTAL HOTEL ROOMS	LOCATION	LAND AREA (SQUARE METRE)	TENURE
Grand Hyatt Melbourne	550	Australia	5,776[(c)]	Freehold
Hyatt Regency Perth	367	Australia	22,754[(d)]	Freehold

(c) The land area includes the commercial and carpark components. The commercial portion occupies a land area of approximately 742 square metres.
(d) The land area includes the commercial and carpark components. The hotel operation occupies a land area of approximately 6,500 square metres.

INDUSTRIAL SERVICES & OTHER INVESTMENTS

NAME OF PROPERTY	LOCATION	LAND AREA (SQUARE METRE)	TENURE
Hypak Factory Building, Malacca	Malaysia	19,100	99 years from year 1973
GulTech Suzhou Factory Building	China	40,455	48 years from year 1999
GulTech Wuxi Factory Building	China	78,800	50 years from year 2004
GulTech Jiangsu Factory Building	China	75,500	50 years from year 2012

EQUITY INVESTMENTS IN OVERSEAS DEVELOPERS

NAME OF PROPERTY	LOCATION	ESTIMATED LAND AREA (SQUARE METRE)	TENURE
Land in Hainan Sanya Yuxiu Road (indirectly holding 7.8% equity stake in Sanya Summer Real Estate Co Ltd)	China	44,485	40 years from year 2017
Land in Hairun Road (indirectly holding 7.8% equity stake in Sanya Summer Real Estate Co Ltd)	China	28,569	70 years from year 2019
Kura Kura Bali (indirectly holding 2.26% stake in Goodwill Property Investment Limited)	Indonesia	4,910,000	Various leasehold tenure of 30 years

REVIEW OF FINANCIAL PERFORMANCE

This review is to provide readers with an insight into our financial performance, financial position, cash flow, capital structure management and treasury management as of 31 December 2019. Readers are advised to read this review together with the Statutory Reports and Accounts.

OVERVIEW

OUR FINANCIAL STRATEGY AND TARGET

Liquidity	Flexibility	Strong Metrics
To maintain adequate cash (including near cash) to support business needs and explore opportunities	To diversify source of financing with a mix of fixed and variable interest and maturity periods	To maintain cordial and strong relationship with the banking community and use non-recourse debt whenever possible
Cash and Bank Balances[1] **$172.3 million**	**Undrawn Facilities $194.0 million**	**Weighted Average Cost of Financing from Financial Institutions 2.9% p.a.**
Cash Equivalents[1] **$89.0 million**	**Secured Debt/Total Assets 0.52x**	**Cost of Notes issued** Unsecured MTN Series I: **4.5% p.a.**[2] Unsecured MTN Series II: **6.0% p.a.** Secured MTN Series I: **2.8% p.a**

1 Cash and bank balances comprise of cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents exclude encumbered fixed deposits and bank balances.

2 All unsecured Series I notes have been fully redeemed and cancelled upon the maturity date on 14 October 2019.

KEY PERFORMANCE INDICATORS

		2019	2018 (Restated)	Change
Profitability – measures ability to generate earnings				
Revenue	$'Million	**310.7**	336.1	-8%
Profit before tax and fair value adjustments	$'Million	**8.8**	22.5	-61%
Profit after tax	$'Million	**32.7**	131.4	-75%
Profit attributable to shareholders	$'Million	**33.2**	131.5	-75%
Liquidity – measures ability to meet debt obligations				
Working capital	$'Million	**223.6**	(393.9)	n.m.
Operating cash flow	$'Million	**20.5**	(93.9)	n.m.
Free cash flow[1]	$'Million	**13.4**	(212.9)	n.m.
Efficiency – measures efficiency of using fund and managing assets				
Total assets	$'Million	**2,997.3**	2,911.9	3%
Shareholders' funds	$'Million	**1,105.0**	1,088.4	2%
Return on assets[2]	%	**1.1**	4.7	-77%
Return on shareholders' funds[3]	%	**3.0**	12.7	-76%
Debt leverage – measures capital employed and financial leverage				
Total borrowings	$'Million	**1,711.3**	1,630.4	5%
Net borrowings	$'Million	**1,539.1**	1,497.4	3%
Gross gearing[4]	times	**1.53**	1.48	3%
Net gearing[4]	times	**1.38**	1.36	1%
Shareholders' return – measures wealth creation for shareholders				
– Earnings per share (before fair value adjustments)	cents	**0.4**	1.7	-76%
– Earnings per share (after fair value adjustments)	cents	**2.8**	11.1	-75%
Net asset value per share	cents	**93.1**	91.7	2%
Dividend per share[5]	cent	**0.6**	0.9	-33%
Dividend payout ratio[6]	%	**165.4**	54.3	205%
Dividend yield[7]	%	**1.7**	2.2	-23%

Definitions:
1. Free cash flow = operating cash flow + investing cash flow
2. Return on assets = profit after tax/average total assets
3. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
4. Gross gearing = total borrowings/total equity; Net gearing = net borrowings/total equity
5. Dividend per share = proposed first and final dividend per share and additional special dividend per share
6. Dividend payout ratio = total dividend payout/profit before fair value adjustments attributable to shareholders
7. Dividend yield = dividend per share/average share price during the year

REVIEW OF FINANCIAL PERFORMANCE

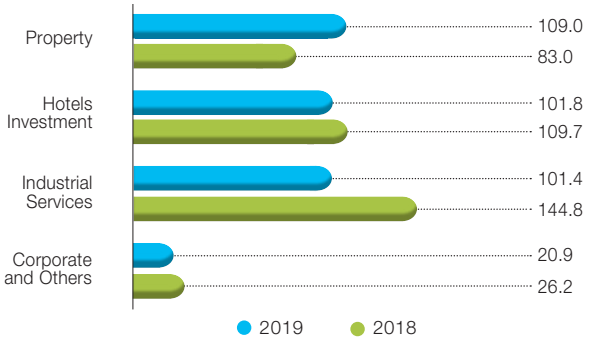
FINANCIAL PERFORMANCE

REVENUE

REVENUE BY BUSINESS SEGMENT

Group's revenue was $310.7 million, a decrease of 8% as compared to $336.1 million last year. The overall decrease was due mainly to lower revenue from Hotels Investment and Industrial Services segments, partially offset by higher revenue from the Property segment.

REVENUE BY BUSINESS SEGMENT ($'MILLION)



Industrial Services segment contributed 33% of the Group's revenue in 2019.

REVENUE BY GEOGRAPHICAL LOCATION

Group's revenue was mainly generated from Singapore and Australia, contributing a combined 90% and 91% of the total revenue in 2019 and 2018 respectively.

REVENUE BY GEOGRAPHICAL LOCATION

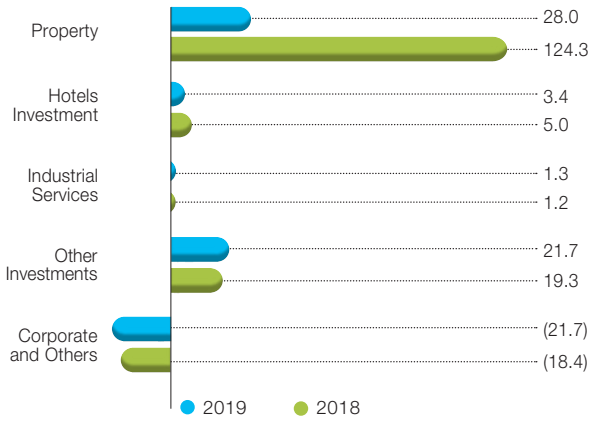
	2019		2018	
	$'MILLION	%	$'MILLION	%
Singapore	**161.0**	**52%**	179.8	53%
Australia	**118.7**	**38%**	127.0	38%
China	**19.5**	**6%**	14.5	4%
Malaysia	**8.3**	**3%**	8.5	3%
Indonesia	**3.2**	**1%**	6.3	2%
	310.7	**100%**	336.1	100%

PROFITABILITY

PROFIT AFTER TAX BY BUSINESS SEGMENT

Profit after tax decreased 75% to $32.7 million. All operating segments were profitable in 2019. Property segment reported lower profit mainly due to lower fair value gain arising from the revaluation of investment properties and higher interest expenses. The other significant contributor for the year was Gul Technologies Singapore Pte Ltd ("GulTech") under the Other Investments segment.

PROFIT AFTER TAX BY BUSINESS SEGMENT ($'MILLION)



PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

For the same reasons mentioned above, profit after tax attributable to shareholders decreased 75% to $33.2 million and was mainly driven by the decrease in Property segment.

FINANCIAL POSITION

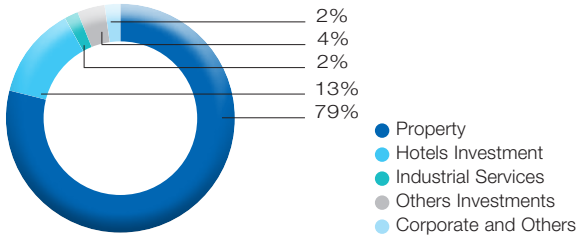
As at 31 December 2019, the Group's **total assets** increased 3% or $85.4 million to $2,997.3 million as compared to $2,911.9 million as at 31 December 2018. The increase was attributable mainly to an increase in carrying amount of investment properties as a result of fair value gain, other investment in Goodwill Property Investment Limited, increase in carrying amount of investments in equity accounted investees attributable mainly to the Group's equity share of profits from GulTech, partially offset by the Group's disposal of an investment property in March 2019.

REVIEW OF FINANCIAL PERFORMANCE

The Group's **total liabilities** increased by 4% or $69.4 million to $1,878.3 million as compared to $1,808.9 million at the previous year end. The increase was due mainly to an increase in loans and borrowings, partially offset by a decrease in trade and other payables. These additional borrowings resulted in gross gearing ratio increasing to 1.53 times (from 1.48 times) and net gearing ratio increasing to 1.38 times (from 1.36 times).

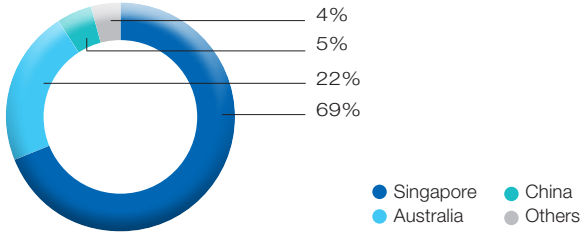
As at 31 December 2019, **shareholders' fund** grew by 2% or $16.6 million from last year end to $1,105.0 million. Total equity (i.e. including non-controlling interests) increased to $1,119.1 million as at 31 December 2019, from $1,103.0 million at the previous year end. The increase was mainly the result of operating profits made during the year, gain from revaluation of properties, but after netting of foreign currency translation losses and Company's payment of dividends to shareholders.

TOTAL ASSETS BY BUSINESS SEGMENT (2019: $2,997.3 MILLION)



Property segment contributed 79% of the Group's total assets in 2019.

TOTAL ASSETS BY GEOGRAPHICAL LOCATION (2019: $2,997.3 MILLION)



69% of the Group's total assets are located in Singapore whereas assets in Australia form the bulk of the Group's overseas assets.

SHARE CAPITAL AND EARNINGS PER SHARE ("EPS")

The number of issued ordinary shares as at 31 December 2019 was 1,186,248,411 (excluding treasury shares) as compared to 1,186,404,962 as at 31 December 2018. On 26 June 2019, 3,748,449 new ordinary shares were allotted and issued at $0.344 per share to shareholders who had elected to participate in the Company's Scrip Dividend Scheme in respect of the 0.9 cent dividend per ordinary share for the year ended 31 December 2018. Separately, 3,905,000 ordinary shares were purchased from the market under the "Share Purchase Mandate" and were held as treasury shares.

	2019	2018 (Restated)
Earnings per share (cents):		
– Including fair value adjustments	**2.8**	11.1
– Excluding fair value adjustments	**0.4**	1.7
Weighted average number of ordinary shares in issue (in millions)	**1,186.1**	1,188.8

Earnings per share, including fair value adjustments, decreased 75% to 2.8 cents, as compared to 11.1 cents a year earlier. This is mainly the result of lower fair value gain from revaluation of investment properties.

DIVIDEND AND SHAREHOLDERS' RETURN

DIVIDEND

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 22 April 2020, a first and final one-tier tax exempt dividend of 0.6 cent per share, amounting to about $7.1 million, will be paid on 25 June 2020 in respect of the year ended 31 December 2019. For the previous year end, a first and final one-tier tax exempt dividend of 0.6 cent per share and an additional special dividend of 0.3 cent per share was made, amounting to $10.7 million consisting of a cash payment of $9.4 million and the issuance of 3,748,449 ordinary shares at an issue price of $0.344 per share 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 the Tuan Sing shares instead of cash. For the purpose of determining dividend entitlements, book closure dates have been fixed on 8 May 2020.

The Group has been declaring dividends every year since 2009. Total gross dividend payout since then amounts to $68.1 million, including $7.1 million proposed for FY2019.

REVIEW OF FINANCIAL PERFORMANCE

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

DIVIDEND PAYOUT AND DIVIDEND YIELD

The proposed dividend of 0.6 cent per share for 2019 represents i) dividend payout ratio of 165.4% based on core earnings which are the net profit before fair value adjustments; ii) dividend yield of 1.7% based on dividend per share over the average share price of 35.9 cents traded during the year.

CASH FLOW

FREE CASH FLOW

One of the important drivers to increase shareholder value is the generation of free cash inflow over a medium term. Free cash flow for a period is the arithmetic sum of two streams of cash flows during the period: cash generated from/used in operating activities and cash used in/from investing activities. The sources of cash from operating activities are operating profit, a change in working capital, and finance income less taxes. The avenue of cash used in investing activities could be for capital expenditure and investment.

During the year, there was a free cash inflow of $13.4 million as compared to an outflow of $212.9 million in 2018. This was due mainly to lower investing cash outflow of $7.1 million and operating cash inflow of $20.5 million. In comparison, last year's investing cash outflow and operating cash inflow were $119.0 million and $93.9 million respectively.

CASH FROM OPERATING ACTIVITIES

The cash inflow from operating activities was mainly from the operating profits, after changes in working capital and other adjustments.

CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was an outflow of $7.1 million, mainly related to payment of $25.4 million for the acquisition of financial asset designated as FVTOCI, payment of $7.1 million for the purchase of property, plant and equipment, progress payments for investment properties of $6.9 million, $5.0 million for a loan to a related party and acquisition of subsidiaries for $4.7 million in connection with the purchase of land in Batam. This was offset by proceeds of $42.0 million from the sale of an investment property.

CASH FROM FINANCING ACTIVITIES

Net cash from financing activities was an inflow of $9.8 million, mainly from net proceeds from borrowings of $98.1 million, offset by interest payments of $58.9 million, bank deposits pledged as securities for bank facilities of $18.5 million, dividend payment of $9.4 million and purchase of treasury shares of $1.4 million.

CASH AND CASH EQUIVALENTS

As at 31 December 2019, cash and cash equivalents were $89.0 million as at 31 December 2019, representing an inflow of $23.3 million since 31 December 2018.

BANK BORROWINGS AND MEDIUM TERM NOTES ("MTN")

As of 31 December 2019, the Group had total bank borrowings and debt securities of $1,711.3 million, comprising:

- Bank Borrowings of $1,358.1 million: These are secured borrowings mainly relating to investment properties, development properties loans and Australia's hotel properties and commercial properties loans.

- Unsecured MTN of $149.8 million: These are unsecured borrowings under the S$900 million MTN programme approved by the shareholders in 2013.

  Tuan Sing has established an unsecured S$900 million MTN Programme in February 2013 under which it can issue notes of various durations in series or tranches either in Singapore dollar or other currency as deemed appropriate at the time.

  The first tranche of the unsecured notes of S$80 million ("Series I unsecured notes") were issued on 14 October 2014. They were of five years duration, unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrears. Tuan Sing has fully redeemed and cancelled all outstanding Series I unsecured notes upon the maturity date on 14 October 2019.

  The second tranche of the unsecured notes of S$150 million ("Series II unsecured notes") were issued on 5 June 2017. They are of three years duration, unsecured, bear a fixed interest rate of 6.00% per annum payable semi-annually in arrears and will mature on 5 June 2020. The Group is in on-going discussions with bankers to refinance these unsecured notes.

REVIEW OF FINANCIAL PERFORMANCE

- Secured MTN of $198.3 million: These are secured borrowings under the S$500 million MTN programme approved by the shareholders in 2019.

  Superluck Properties Pte Ltd, a wholly-owned subsidiary of Tuan Sing, has established a secured S$500 million MTN Programme on 13 October 2019 under which it can issue notes of various durations in series or tranches in Singapore dollar or other currencies.

  The first tranche of the secured notes of S$200 million ("Series I secured notes") were issued on 18 October 2019. They are of three years duration, secured, bear a fixed interest rate of 2.80% per annum payable semi-annually in arrears and will mature on 18 October 2022.

- Bill payables of $5.1 million: These are in the form of trust receipts for commodities trading.

We spread our borrowings amongst a few banks using a combination of floating or fixed interest rates and of various durations depending on a number of factors. These include the timing the debt is entered into, the then prevailing market sentiment, our view of the financial market outlook, the nature of the assets pledged, if any, etc. To mitigate interest rate risk, we monitor the trend of interest rate movements. Financial instruments are used, if it is deemed necessary, to hedge interest rate exposures.

As at 31 December 2019, the profiles of the bank borrowings and MTN are as follows:

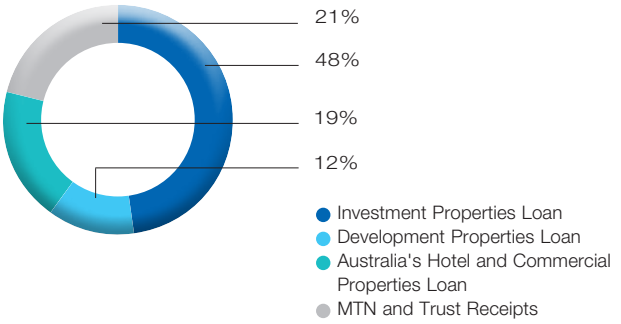
- By secured and unsecured borrowings:
  - Secured borrowings: 91% or $1,561.5 million. These are mainly secured with investments properties, development properties and Australia's hotel and commercial properties loans.
  - Unsecured borrowings: 9% or $149.8 million. This relates to the Series II unsecured notes.

- By interest rates:
  - Floating rates borrowings – 80%
  - Fixed rates borrowings – 20%

- By borrowing currencies:
  - Singapore dollar currency borrowings – 81%
  - Australian dollar currency borrowings – 19%

- By loan types:
  - Investment properties borrowings – 48%
  - Development properties borrowings – 12%
  - Australia's hotel and commercial properties borrowings – 19%
  - Medium Term Notes and trust receipts – 21%

TOTAL BORROWINGS BY LOAN TYPE



- By loan maturity dates:
  - Maturing by 2020 – 16% ($281.1 million) (This is mainly relating to the second tranche unsecured MTN of S$150 million maturing in June 2020 and other bank borrowings secured by investment properties)
  - Maturing by 2021 – 6%
  - Maturing by 2022 – 78% (This is mainly relating to the first tranche secured MTN of S$200 million maturing in October 2022 and other bank borrowings secured by investment properties and development properties)
  - Maturing by 2023 and beyond – less than 1%

CAPITAL STRUCTURE MANAGEMENT

OUR CAPITAL STRUCTURE MANAGEMENT

In managing our capital structure, we try to find a right balance between shareholders' funds and external borrowings. Leveraging may amplify the returns on shareholders' fund in both positive and negative manner. An increase in leverage may increase the risk of breach of covenants on borrowings and borrowing costs may increase as a consequence in addition to other implications.

Tuan Sing has access to different sources of financing. We monitor the financial markets and decide on the financing approach that is best suited for our business needs at the time. In making the decision, we also bear in mind the risk of concentration. Hence, we have a fairly diversified source of financing and borrow on both secured and unsecured basis. To achieve an optimal capital structure, we may issue new shares from time to time, buy back shares in the open market and cancel them, retire or obtain new borrowings, sell assets to reduce borrowings, adjust the amount of dividend payment, or return capital to shareholders.

Having access to flexible and cost effective financing allows us to respond quickly to opportunities. In our view, Tuan Sing has adequate sources of financing to meet our business

REVIEW OF FINANCIAL PERFORMANCE

requirement in the foreseeable future through the operating cash flow generated, divestment proceeds, if any, from low yielding or non-core assets, secured borrowings and unsecured bonds that may be issued from time to time.

OUR DEBT FINANCING

We use a combination of short and long-term debts to finance our operations. For prudence, our long-term investments are financed by long-term debts. This debt is usually in the currency as the underlying investment and repayment terms are normally designed to match cash flows expected from that investment.

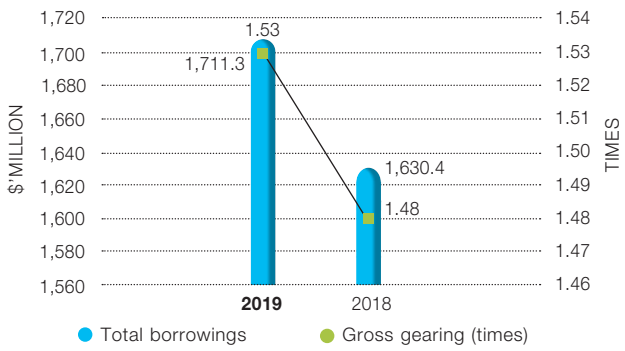
Having access to reasonably-priced financing is dependent, in part, on how our financiers view our credit ratings. Like most mid-capped companies, we do not engage the service of a credit rating agency to perform a credit rating exercise. We do however believe that we have a reputation for having good governance and high transparency. We are able to get competitive financing and at reasonably short notice because of these factors. This is particularly so when we are able to offer quality assets as pledge and show convincing income and cash flow projections for the project/loan period.

OUR GEARING

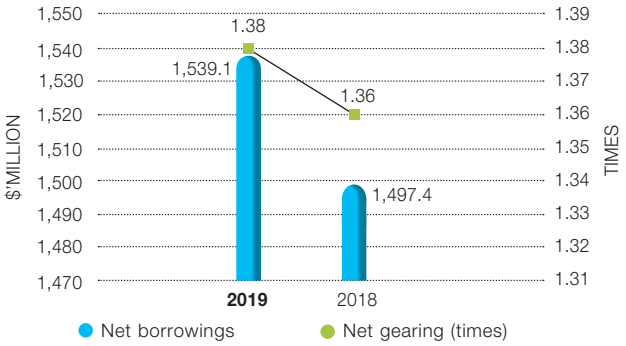
We use gross gearing ratio (debt as a percentage of total equity) and net gearing ratio (net debt as a percentage of total equity) to measure our debt leverage. Net debt is defined as debt less cash in hand and at banks.

As at 31 December 2019, gross gearing ratio increased from 1.48 times to 1.53 times. Similarly, net gearing ratio increased to 1.38 times from 1.36 times last year. This was mainly for the developments of Link@896, Peak Residence, Mont Botanik Residence and 18 Robinson.

GROSS GEARING



NET GEARING



OUR INTEREST COVERAGE RATIO

The Group's interest cover was 2.0 times as at end 2019 as compared to 3.8 times in 2018. The lower interest cover was attributable to lower profits. Borrowing costs saw an increase of approximately 6% to $50.8 million from $48.1 million last year. The increase was due mainly to additional loan drawn downs for the development of Peak Residence and the issuance of Series I secured notes of S$200 million in October 2019. However, this was partially offset by the decrease in interest expense of the unsecured Series I notes of S$80 million, which have been fully redeemed and cancelled in October 2019.

TREASURY MANAGEMENT

Treasury management is carried out by the business units in accordance with established group policies and guidelines. Policies and guidelines have been 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.

Each business unit and the head office monitor working capital requirement, perform profit and cash flow forecast on a quarterly basis. We also ensure that loan covenants are complied with and that there is a proper mix of duration and interest period for the loans. The quarterly cash flow projections are on a rolling sixteen-month basis. We closely monitor relevant emerging regulations which may potentially impact the way that we obtain our finances or introduce any operating constraints. We are kept updated of the latest development in debt markets and to arrange new financing as opportunities arise. Our consistent approach has helped us to build a long-term relationship with financial institutions.

Cash and cash equivalents and undrawn committed facilities are maintained for draw down at short notice. Maturity dates of our facilities are spread out and up to year 2024.

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 quarterly by the Risk and Audit 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 view 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 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 2019.

MANAGE RISK IN DELIVERING OUR STRATEGY

The Group remains focused on property and hotels investment segments to drive growth. The Group will continue to expand its property development business and acquire quality and strategic locations of investment and hotel properties 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 believe 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 and Risk Factors Statement" section of this Annual Report. The Group's risk appetite and risk profile remains broadly unchanged in 2019, although the evolving business environment has led the Group to closely monitor the impact on its risk landscape.

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

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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

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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

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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 DYNAMICS & **RISK FACTORS STATEMENT**

CONSEQUENCE	RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
EXTREME	* Compliance				
HIGH		* Liquidity	* Business Continuity		
MAJOR	* Financial Management	* Strategy * Investment			
MODERATE	* Derivative Financial Instrument * Insurance	* Process, Sourcing, Execution	* Competition * Industry * Cyber Security	* Reputation * Macro-economic & Political * Price	* Foreign Exchange * Tax * Interest Rate
LOW		* Alliance * People * Work Health & Safety * Terrorism	* Credit * Capital Structure	* Social & Environmental * Regulatory	
NEGLIGIBLE					

LIKELIHOOD →

RISK EXPOSURE & APPETITE TABLE

RISK LEVEL	ACTION REQUIREMENTS
EXTREME	Not acceptable: * Immediate action required * Must be managed by senior management with a detailed treatment plan
HIGH	Senior Management attention: * Senior management attention needed and management responsibility specified * Treatment plans to be developed * Must be monitored with regular frequency
MEDIUM	Tolerable: * Management responsibility must be specified * Treatment plans to be developed * Ongoing monitoring and review
LOW	Acceptable: * Manage by routine process/procedures * Consider the implementation of additional controls only if they are clearly quantifiable cost benefit * Ongoing monitoring and review
NEGLIGIBLE	Acceptable: * Manage by routine process/procedures * Unlikely to require specific application of resources

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

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.	• 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. • 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 management agreements are in place with Hyatt International for hotel operations. • 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 developments. • Adverse weather, labour shortage, poor performance by main contractors, industrial accidents or delays in obtaining regulatory approvals 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. • Reductions in room rates and occupancy levels would adversely affect the Group's results.	• Policies and procedures covering project management process 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. • Hyatt management tracks room bookings daily. Room rates are adjusted as and when necessary to optimise returns.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

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	
• 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 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 is commensurate with the risks involved.	• A S$900 million MTN Programme has been in place since 2013 to allow the Group to seize business 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.
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.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

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 all covenants are met as and when required. • Moving 16-month 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 is 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 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 creditworthy customers and monitoring credit risk on a regular basis. • Collections are closely monitored. Major collectability issues are highlighted to all concerned.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

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 the 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.	• The Group monitors changes in tax rules in different countries on a periodic basis. • 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 the 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 quarterly basis, the operating and finance heads of strategic business units report the results of their self-review in their management representation letter. • The quarterly 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.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

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 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 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 implemented its Sustainability Policy which has been published 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 heavily 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 facilitate effective project coordination and communication. • Profit sharing terms in the hotel management agreements aim to ensure alignment with the Group's risk appetite.
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.	• The Group cultivates a safety-consciousness culture at all levels where appropriate. Such steps include the setting up of an 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.

BUSINESS DYNAMICS & RISK FACTORS STATEMENT

OPERATIONAL RISKS (CONT'D)

DESCRIPTION OF RISKS	WHAT WE DO TO MANAGE THE RISKS
INSURANCE 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 losses 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.

COMPLIANCE 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 have been in place for some time. • 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.