Having marked the Group's Golden Jubilee in 2019, we entered the new year filled with optimism. Despite COVID-19, our investment properties in Singapore and Australia, which are mainly in the office segment, has remained resilient during the pandemic. The on-going Robinson Point divestment, ramp up of tenancies at 18 Robinson and the refreshing of tenancies in Link@896 have strengthened our cash flow and improved recurring income stream. While our development properties in Singapore experienced delays, sales of our Singapore development properties and Indonesia properties continued to progress. At the same time, we continued to step up efforts to enhance existing properties to bolster our recurring income and create new income streams.

The pandemic brought a renewed focus on sustaining a resilient balance sheet with sufficient liquidity as buffer against the economic uncertainties. While the Jobs Support Scheme grants provided some cushion from the COVID-19 impact, the Group took proactive steps to preserve value and strengthened cash flow.

As at the date of this report, we are working to complete one of the most significant deals in the commercial real estate space in 2020, the divestment of Robinson Point for $500 million. The divestment is expected to complete in June 2021 and will strengthen our financial position. At the same time, we will continue to explore the monetisation of non-core businesses to optimise value creation and tighten our portfolio.

BUILDING CAPABILITIES

The pandemic had resulted in disruptions to our everyday lives. During this time, we sought to take advantage of the downtime to focus on existing asset enhancement initiatives ("AEI") to boost our asset value and position us for the eventual recovery. While asset enhancement work was impacted by the imposition of the Circuit Breaker in Singapore and the domestic lockdowns in Australia, we remain committed to the completion of these works. AEI at Link@896 has resumed and is progressing smoothly. Meanwhile, in response to the change in business environment, asset enhancement work at Fortescue Centre in Perth will be carried out in phases and upon meaningful uptake in leasing space. We have also continued the design and construction concept work for the re-development of the Grand Hyatt Melbourne complex, which will create significant value upon its completion.

With global travel restriction due to the COVID-19 outbreak, demand for accommodation in the hospitality industry has been impacted. In Australia, where we operate the Grand Hyatt Melbourne and Hyatt Regency Perth, demand has been restricted to domestic travellers and hotel quarantine business mandated by the government, as international borders remain closed. To mitigate the impact, the Group enacted cost containment measures and tapped on government wage subsidies to cushion the impact of the lower hotel occupancies. At the same time, we are exploring to convert under-utilised space to improve revenue and lower operating costs. These measures are part of our broader effort to position the hotels to operate more competitively in a post COVID-19 environment by restructuring costs, enhancing efficiency and productivity, and streamlining hotel operations and management structure.

18 Robinson, Singapore

GLOBAL OUTLOOK

2020 was undoubtedly a challenging year for the Group. The global outbreak of the COVID-19 pandemic has had profound impact on economies and businesses around the world, and Tuan Sing too has not been spared. Yet, our strong foundation, built up over many years of hard work, coupled with the resilience and perseverance of our people, have allowed us to ride through the pandemic.

As we enter the new year, the global outlook is showing green shoots of recovery. With the global rollout of vaccination campaigns having begun in earnest, and with the help of concerted health policies and government financial support, the Organisation for Economic Co-operation and Development is projecting global GDP to be lifted by 4.2% in 2021. Yet, the resurgence of COVID-19 in many countries and the discovery of new and more transmissible strains of the virus in the first quarter of 2021 provides a grim reminder that the battle against COVID-19 remains very much a work in progress and economic risks continue to persist.

While the global environment remains highly uncertain, the outlook for 2021 has improved. On the macroeconomic front, Singapore is expected to grow by 5.5% in 2021, with the pace of growth likely to be even higher if the pandemic is contained by a successful deployment of vaccines worldwide. China is expected to record growth of 7.9% in 2021, while Southeast Asia and Australia are expected to grow 5.2% and 3.7% respectively.

In Indonesia, the newly enacted Omnibus Law will ease foreign ownership restrictions and provide a boost for the property market, particularly those of the top-end residential sector. The Group owns a 125-hectare land bank in Batam and is actively developing Batam Opus Bay, the Group's upcoming integrated mixed development township project. In addition, the Group is also the lead development partner in an upcoming 500-hectare integrated development project in Bali.

FUTURE READY, MARCHING FORTH

The pandemic has accelerated some property trends and spawned new ones that may present attractive investment opportunities. Meanwhile, increased domestic consumption, productivity and urbanisation, coupled with the acceleration of e-commerce and platform-based businesses and the evolution of the traditional office landscape, will continue to fundamentally reshape the region's real estate sector.

We remain confident in our ability to traverse this NEW LANDSCAPE. Our agility and nimbleness will continue to serve us well as we embark on a business transformation to reposition ourselves FROM A NICHE DEVELOPER TO A MAJOR REGIONAL PLAYER with investments in large-scale integrated developments and townships, and a presence across a diverse range of property segments in various key Asian cities across Singapore, China, Indonesia, and Australia.

In addition, we will continue to seek opportunities and explore potential partnerships and collaborations to grow our portfolio of well-located assets in tourism gateway cities, such as Batam, Bali, Sanya, Melbourne and Perth, as well as strengthen our commercial portfolio in the region.

Through this all, we are guided by the principles of good corporate governance, entrepreneurial spirit and a commitment to sustainability. These will continue to be the bedrock of our success and will enable us to generate stronger and sustainable returns over time.

William Nursalim alias William Liem
Chief Executive Officer
Tuan Sing Holdings Limited

Kandis Residence, Singapore

OVERVIEW

Tuan Sing Holdings Limited is a fast-growing, regional real estate company focused primarily on 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 development properties for sale in Singapore and Indonesia as well as investment properties in Singapore, Australia and China. Having achieved steady sales from its development properties in Singapore, the Group is now actively developing Batam Opus Bay, the Group's upcoming integrated mixed development township project in Indonesia.

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, Robinson Point and Link@896. Robinson Point is in the process of being divested pursuant to a sale and purchase agreement signed in November 2020. Completion is expected to be June 2021.

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 an 80.2% equity stake in SP Corporation Limited ("SP Corp"), a SGX listed company; and a wholly owned subsidiary, Hypak Sdn. Bhd. ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene packaging 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.

PROPERTY

Revenue for the Property segment was **$129.9 MILLION**, an increase of $20.9 million or 19% from $109.0 million for the same period in the previous year. The increase was mainly driven by the increase in occupancy at **18 ROBINSON**, as occupancy continued to improve post-completion, and the sale of apartments at Mont Botanik Residence.

SINGAPORE PROPERTY

The Singapore residential market remained resilient in 2020 despite the COVID-19 pandemic and weaker economic conditions.

Market reacted cautiously in the 1st half of 2020 with the onset of the pandemic that eventually led to the implementation of the Circuit Breaker in early April 2020. The pandemic-induced uncertainties held back purchasing decision that saw business activities coming nearly to a halt.

When the Circuit Breaker was gradually relaxed starting in June 2020, activities started to return to normalcy and interest in the residential market rebounded. Urban Redevelopment Authority's price index increased 2.2%, compared with the 2.7% increase in 2019. The year ended with new home sales of 9,982 units, a small rise of 0.7% from 9,912 units in 2019.

Office rental rates in the Central Business District ("CBD") declined by 3.1% for 2020 on weak global economic conditions. However, rents are expected to grow in 2021 with benign supply, new demand driven by the technology sector and an overall business recovery. Office space in the CBD also saw vacancy rose by 1.9% to 9.6% at end 2020, partly due to new completions and contraction in demand. With the limited supply coming onstream, vacancy rate is likely to be kept low until 2023 when the supply hikes. (Source: Urban Redevelopment Authority ("URA") 4th Quarter 2020 Median Office Rentals and Colliers Research 4th Quarter 2020)

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

- **SENNETT RESIDENCE** With direct connection to Potong Pasir MRT, this project truly has an address of convenience. It features 332 residential units in three 19-storey and one five-storey condominium block, which houses a remarkable 50-metre rooftop pool. Complete with gym, fitness station, clubhouse and 3 shop units, Sennett Residence has two final residential units left for immediate occupancy. Temporary Occupation Permit ("TOP") and the Certificate of Statutory Completion ("CSC") was obtained in June 2016 and in May 2017 respectively.

18 ROBINSON, Singapore

MONT BOTANIK RESIDENCE, Singapore

- **KANDIS RESIDENCE** Designed by Ong & Ong, this project is scheduled to be completed by 1st quarter 2021. With 130 residential units ranging from one to three-bedroom on offer, Kandis Residence is set in a tranquil enclave in the Northern corridor and a stroll away from Sembawang park which overlooks the Johor Strait. The location 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.
- **MONT BOTANIK RESIDENCE** is distinguished by a series of communal sky gardens linking two blocks of 10-storey residential towers. This 108-unit, freehold project is within walking distance from 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 1st half of 2022.

18 Robinson, Singapore

- **PEAK RESIDENCE** A rare freehold opportunity for 90 discerning owners, this site sits in the exclusive Thomson district on a charming peak with views of the valley beyond. The development exudes exclusivity, with the panoramic views offering a calming influence. Accessibility is superb as it is within walking distance to Novena MRT station, the upcoming Mount Pleasant MRT station (Thomson East Coast Line) and a minute drive to Pan Island Expressway. Launching in 2nd quarter 2021, this development is scheduled for completion in 2023.

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

- **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 17,786 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 seventh storey and has a sky terrace level with six basement levels. The podium comprises a mixed 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 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. The building's energy-and-water saving features are aimed at achieving and maintaining the BCA Green Mark GoldPLUS 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.

  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.

- **LINK@896** (formerly "896 Dunearn Road") is a commercial building located opposite King Albert Park MRT and 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 17,973 square metres of net lettable area, with a mixture of retail and office tenancies. The repositioning of the property through Additions and Alterations ("A&A") works is ongoing and expected to be completed in 2021.

- **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 12,477 square metres of net lettable area, with retail units on the ground floor. It offers 57 car park bays on levels 3 to 5. The Group has entered into a sale and purchase agreement for the divestment of Robinson Point for S$500 million. The sale is expected to complete in June 2021.

- **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 first to the third stories, 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 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.

OPERATION SUMMARY

Grand Hyatt Melbourne, Australia

Batam Opus Bay, Indonesia

Artist's impression

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.

The Group's **Melbourne investment property** consists of a Commercial Centre and a basement carpark with 589 parking bays within the Grand Hyatt Melbourne Hotel complex. The tenancies occupy a total lettable area of 3,024 square metres, featuring a range of leases ranging from two to six years. Some of the luxury and high-end stores in the hotel's shopping complex include Chanel, Bvlgari, Paspaley Pearls and Giorgio Armani. In 2020, the Group achieved an average occupancy rate of 98%.

In Melbourne, rents for prime Collins Street retail space have generally remained stable despite the impact of COVID-19. 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.

In late 2020, the group acquired an adjoining property located at 25 George Parade comprising an additional standalone retail area of 135 square metres which will be marketed for lease in 2021.

The Group's **Perth investment property** consists of Fortescue Centre, two basement levels of carpark with 883 parking bays and two vacant land plots, occupying a land area of 3,072 square metres. Fortescue Centre is a three-level office with a total lettable area of 19,064 square metres, of which 76% has been occupied by Fortescue Metal Group. The office faces Terrace Road and Plain Street and overlooks the picturesque Swan River.

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.

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 on-going and expecting to complete by 4th quarter of 2023.

INDONESIA PROPERTY

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 holding by acquiring an adjacent 40 hectares site a year later, to a total of 125 hectares. This allows for much elaborated master plan for an integrated township development named as Opus Bay.

The initial master plan of 56 hectares was conceptualized by the renowned New York-based Kohn Pedersen Fox Associates (KPF) architect in 2019, catering for a population of close to 10,000 peoples within a space of residential, retail, hotel, convention and entertainment centre.

This is followed through with detail planning for Phase 1 comprising residential apartments, villas, outlet mall and ferry terminal refurbishment, supported by reputable consultants like Ong & Ong, RT+Q, Lead8 and Park+Associates.

Sales launches for the 559-unit Balmoral tower and 50 Cluny villas are scheduled for the 1st half of 2021, with the outlet mall beginning operation during the 1st half of 2023.

In addition, the Group is the lead development partner in an upcoming 500-hectare integrated development project in 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"), located at 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.

Artist's impression

The integrated development in Sanya, China

CHINA PROPERTY

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 sea level and is an approximately 30-minute drive to the city center.

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 Hainan: the land at Sanya Yuxiu Road with approximately 44,485 square metres, which is adjacent to the Sanya High-Speed Railway Station, and the land at Hairun Road of approximately 28,569 square metres. The land at Yuxiu Road is currently under construction for an integrated development comprising commercial, residential and retail components, which would be an iconic landmark when completed in 1st half of 2023. The land at Hairun Road is under design and planning for a proposed residential and commercial development, which 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.

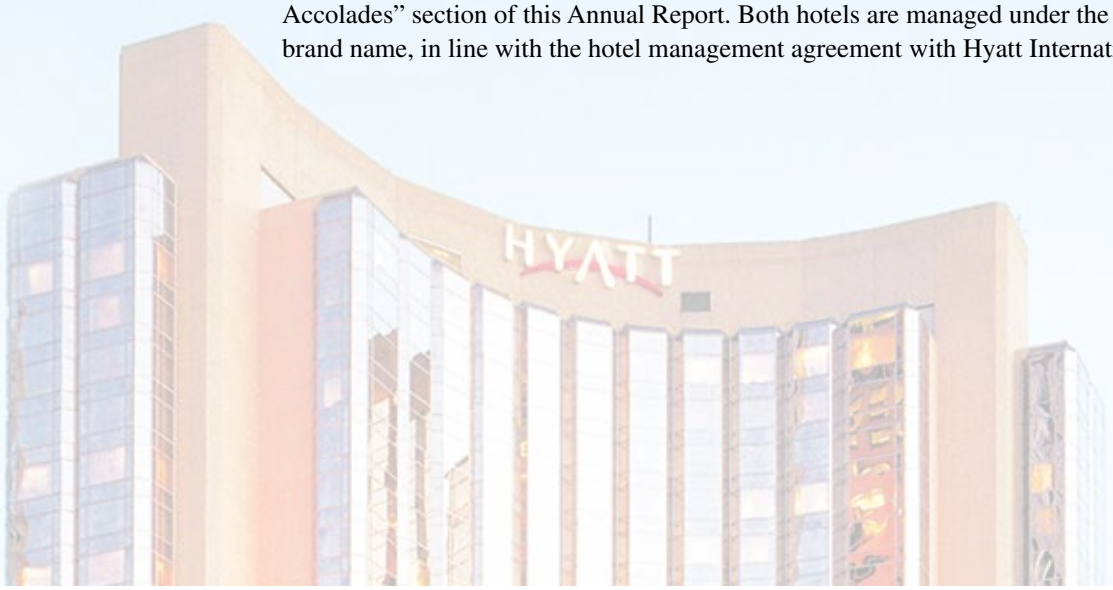
In recent years, the Group determined that there was a change in use of the leasehold properties previously held for sale in China. This has led to the transfer from development properties to the following investment properties:

- **SIX SHOP UNITS AND BASEMENT COMMERCIAL SPACES WITHIN LAKESIDE VILLE PHASE III** which are situated at Qingpu district, Shanghai and occupy a total estimated lettable area of 3,896 square metres. The Group was the developer of the development which was completed in 2010.
- **AN UNDERGROUND CARPARK** that is located at Lane 558, Baochun Road, Minhang district, Shanghai, occupying the basement of a 17-storey building. The carpark comes with an estimated area of 2,403 square metres.
- **TWO APARTMENT UNITS AT LAKESIDE VILLE PHASE III** occupying an estimated gross floor area of 634 square metres.

HOTELS INVESTMENT

Revenue for Hotels Investment Segment was **$32.8 MILLION** for 2020, a decrease of $69.0 million from $101.8 million in the same period in the previous year, mainly due to the COVID-19 pandemic.

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 over the recent years are set out in the "Awards & 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.



Grand Hyatt Melbourne, Australia

- **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 over the 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.

- **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.

As a result of the COVID-19 pandemic, Grand Hyatt Melbourne temporarily suspended its service from mid-April to mid-November 2020. As a result, it achieved an occupancy rate of 22% in 2020 as compared to 91% in 2019.

Hyatt Regency Perth has been utilised as one of the designated quarantine hotels for returning Australians by the Western Australian government since March 2020. In 2020, it achieved an occupancy rate of 50% as compared to 76% in 2019. Despite the lower occupancy, gross operating profit improved due to cost-cutting measures and the support of the JobKeeper payments.

During the year, both hotels streamlined their organisation structures and embarked on cost-saving initiatives to enhance their competitiveness in a post-COVID environment.

Both hotels continue to enjoy significant support from the domestic market. We believe, this, together with the improved management of the COVID-19 pandemic in Australia, will have a positive impact on the recovery of both hotels in 2021.

INDUSTRIAL SERVICES

Industrial Services Segment posted **$37.4 MILLION** in revenue for 2020 as compared with $101.4 million for the same period in the previous year, representing a decrease of $64.0 million or 63%. The decrease was due to lower contributions from the SP Corporation Limited ("SP Corp"), a commodities trading business. In 2020, the commodities trading business performance was adversely affected by the COVID-19 pandemic.

- **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.
- **HYPAK SDN BERHAD** ("Hypak") is a wholly owned subsidiary of the Group. Its main business is in the manufacturing and marketing of polypropylene packaging bags in Malaysia.

SP Corp's business activities

OTHER INVESTMENTS

Profit after tax in the Other Investments Segment was **$24.8 MILLION** for 2020, as compared with $21.7 million in 2019.

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.
- **PAN-WEST** distributes golf-related lifestyle products through a variety of 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.

GulTech's manufacturing activities

PROPERTY PORTFOLIO

4 COUNTRIES

Kandis Residence, **Singapore**

Batam Opus Bay, **Indonesia**

Grand Hyatt Melbourne, **Australia**

Lakeside Ville, **China**

DEVELOPMENT PROPERTIES

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				
Kandis Residence	Singapore	10,850	99 years from year 2016	100%
Mont Botanik Residence	Singapore	8,546	Freehold	100%
Peak Residence	Singapore	8,209	Freehold	70%
Balmoral @ Opus Bay	Indonesia	31,830	30 years from year 2004	90%
Cluny @ 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 @ Opus Bay and Cluny @ Opus Bay.
(b) Land area only.
(c) Land area only and pending renewal of expired certificate for construction site planning.

18 Robinson, Singapore

INVESTMENT PROPERTIES

Name of Property	Location	Estimated Lettable Floor Area / Land Area (square metre)	Tenure	Group's effective equity interest
COMMERCIAL				
18 Robinson	Singapore	17,786	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	100%
Link@896	Singapore	17,973	Freehold or 999 years from year 1879	100%
Robinson Point[(d)]	Singapore	12,477	Freehold	100%
The Oxley, 1st – 3rd floor	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	Singapore	61	99 years from year 2011	100%
Commercial Centre and Carpark within Grand Hyatt Melbourne complex	Australia	3,024	Freehold	100%
Commercial Centre and Carpark within Hyatt Regency Perth complex (including 2 vacant land plots)	Australia	19,064	Freehold	100%
A single-storey commercial building at 25 George Parade, Melbourne	Australia	135	Freehold	100%
No. 2950 Chun Shen Road Property	China	2,170	58 years from year 2008	100%
Six shop units and basement commercial spaces within Lakeside Ville Phase III, Qingpu district, Shanghai	China	3,896	70 years from year 1997	100%
Underground carpark of a 17-storey building at Lane 558, Baochun Road of Minhang district, Shanghai	China	2,403	61 years from year 2005	100%
2 apartment units at Lakeside Ville Phase III, Qingpu district, Shanghai	China	634	70 years from year 1997	100%
INDUSTRIAL				
L&Y Building (3 strata units)	Singapore	2,100	999 years from year 1885	100%

(d) The carrying amount of Robinson Point has been classified as asset held for sale as at 31 December 2020.

HOTELS INVESTMENT

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

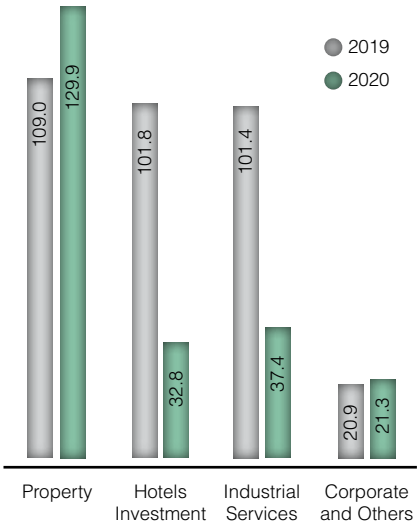
REVIEW OF FINANCIAL PERFORMANCE

28th storey of 18 Robinson, Singapore

REVENUE

Group's revenue was $196.8 million, a decrease of 37% as compared to $310.7 million last year. The overall decrease was due mainly to lower revenue from the Hotels Investment and Industrial Services segments, partially offset by higher revenue from the Property segment.

REVENUE BY BUSINESS SEGMENT ($'M)



REVENUE BY GEOGRAPHICAL LOCATION

Group's revenue was mainly generated from Singapore and Australia, contributing a combined 94% and 90% of the total revenue in 2020 and 2019 respectively.

	2020 $'M	%
Singapore	135.9	69%
Australia	48.5	25%
China	3.9	2%
Malaysia	7.9	4%
Indonesia	0.6	*
Total	**196.8**	**100%**

	2019 $'M	%
Singapore	161.0	52%
Australia	118.7	38%
China	19.5	6%
Malaysia	8.3	3%
Indonesia	3.2	1%
Total	**310.7**	**100%**

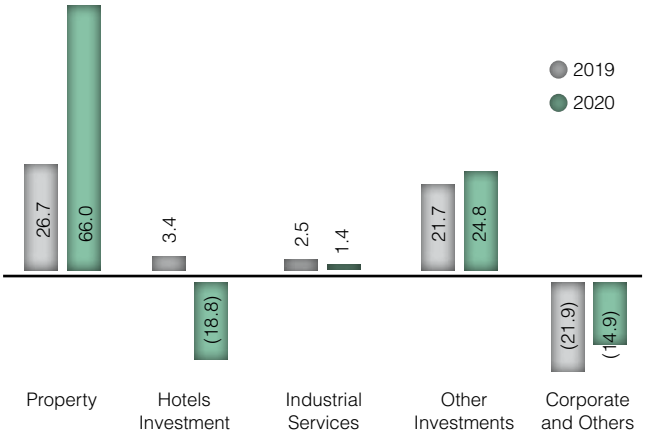
* Less than 1%

PROFITABILITY

Profit after tax increased by 79% to $58.5 million. All operating segments were profitable in 2020 except for the Hotels Investment segment.

Property segment reported higher profit mainly due to higher rental income from 18 Robinson, higher fair value gain on revaluation of investment properties and lower finance costs. The other contributor for the year was Gul Technologies Singapore Pte. Ltd. ("GulTech"), under the Other Investments segment.

PROFIT AFTER TAX BY BUSINESS SEGMENT ($'M)



PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

For the same reasons mentioned above, profit after tax attributable to shareholders increased by 78% to $59.0 million, mainly driven by the increase in Property segment.

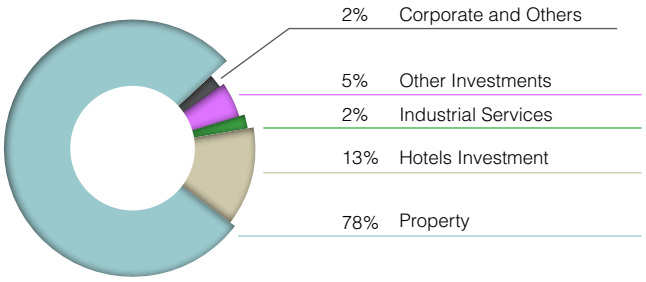
FINANCIAL POSITION

As at 31 December 2020, the Group's total assets increased by 5% or $146.4 million to $3,143.7 million as compared to $2,997.3 million as at 31 December 2019. The increase was attributable mainly to an increase in carrying amount of investment properties and asset held for sale as a result of fair value gain, an increase in cash and bank balances mainly from the deposits collected from the upcoming divestment of a subsidiary and the increase in project account balances of development properties, an 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 a decrease in carrying amount of development properties due mainly to sale of units of the development projects in Singapore.

The Group's total liabilities increased by 5% or $91.9 million to $1,970.2 million as compared to $1,878.3 million at the previous year end.

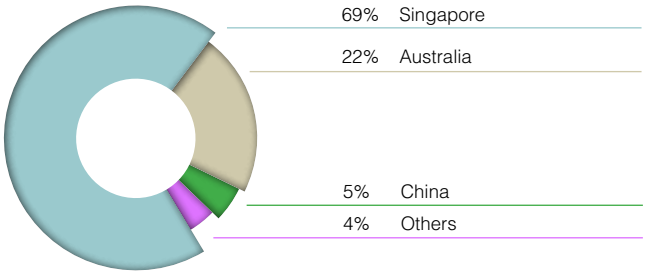
As at 31 December 2020, shareholders' funds grew by 5% or $55.1 million from last year end to $1,160.1 million. Total equity (i.e. including non-controlling interests) increased to $1,173.5 million as at 31 December 2020, from $1,119.1 million at the previous year end. The increase was mainly the result of operating profits made during the year, gain from revaluation of properties, foreign currency translation gain and after netting off Company's payment of dividends to shareholders.

TOTAL ASSETS BY BUSINESS SEGMENT (2020: $3,143.7 MILLION)



Property segment contributed 78% of the Group's total assets in 2020.

TOTAL ASSETS BY GEOGRAPHICAL LOCATION (2020: $3,143.7 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 2020 was 1,187,489,782 (excluding treasury shares) as compared to 1,186,248,411 as at 31 December 2019. On 25 June 2020, 4,713,071 new ordinary shares were allotted and issued at $0.212 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 2019. Separately, 3,471,700 ordinary shares were purchased from the market under the "Share Purchase Mandate" and were held as treasury shares.

	2020	2019
Earnings per share (cents) :		
- Including fair value adjustments	5.0	2.8
- Excluding fair value adjustments	1.5	0.4
Weighted average number of ordinary shares in issue (in millions)	**1,186.6**	**1,186.1**

Earnings per share, including fair value adjustments, increased by 79% to 5.0 cents, as compared to 2.8 cents a year earlier.

DIVIDEND AND SHAREHOLDERS' RETURN

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

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 23 April 2021, 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 2021 in respect of the year ended 31 December 2020. For the previous year end, the same payout rate of 0.6 cent per share of dividend was made, amounting to $7.1 million consisting of a cash payment of $6.1 million and the issuance of 4,713,071 ordinary shares at an issue price of $0.212 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 Tuan Sing shares instead of cash. For the purpose of determining dividend entitlements, book closure dates have been fixed on 10 May 2021.

The Group has been declaring dividends every year since 2009. Total gross dividend payout since then amounts to $75.2 million, including the $7.1 million proposed for 2020.

DIVIDEND PAYOUT AND DIVIDEND YIELD

The proposed dividend of 0.6 cent per share for 2020 represents i) dividend payout ratio of 40.8% based on core earnings which are the net profit before fair value adjustments; ii) dividend yield of 2.1% based on dividend per share over the average share price of 28.3 cents traded during the year.

BANK BORROWINGS AND MEDIUM TERM NOTES ("MTN")

As of 31 December 2020, the Group had total bank borrowings and debt securities of $1,465.0 million, comprising:

(a) Secured Bank Borrowings of $1,396.2 million

These are borrowings mainly relating to investment properties, development properties loans and Australia's hotel properties and commercial properties loans. The secured bank borrowings includes secured MTN of $198.9 million.

Superluck Properties Pte Ltd, a wholly-owned subsidiary of Tuan Sing, 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.

(b) Unsecured Bank Borrowings of $68.8 million

Tuan Sing 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 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. Tuan Sing has fully redeemed and cancelled all outstanding Series II unsecured notes upon the maturity date on 5 June 2020. The third tranche of the unsecured notes of S$65 million ("Series III unsecured notes") were issued on 19 May 2020. They are of two years duration, unsecured, bear a fixed interest rate of 7.75% per annum payable semi-annually in arrears and will mature on 19 May 2022.

Our 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 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 2020, the profiles of the bank borrowings and MTN are as follows:

By secured and unsecured borrowings:

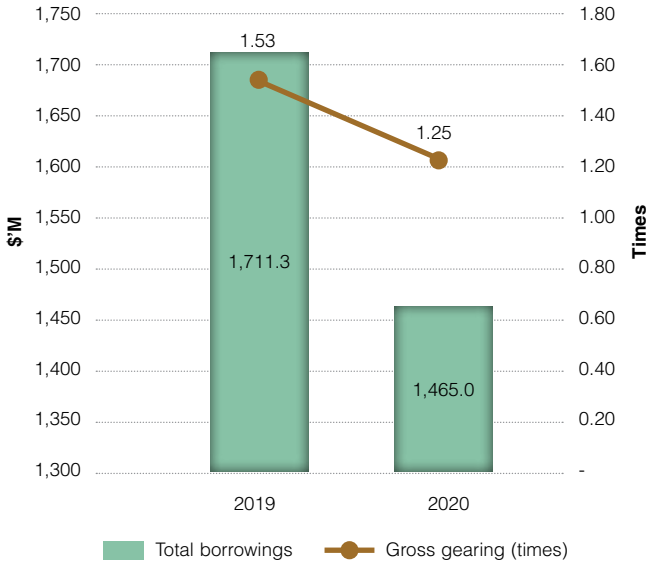
- Secured borrowings: 95% or $1,396.2 million. These are mainly secured with investments properties, development properties and Australia's hotel and commercial properties loans.
- Unsecured borrowings: 5% or $68.8 million. These are mainly the Series III unsecured notes.

By interest rates:

- Floating rates borrowings – 75%
- Fixed rates borrowings – 25%

By borrowing currencies:

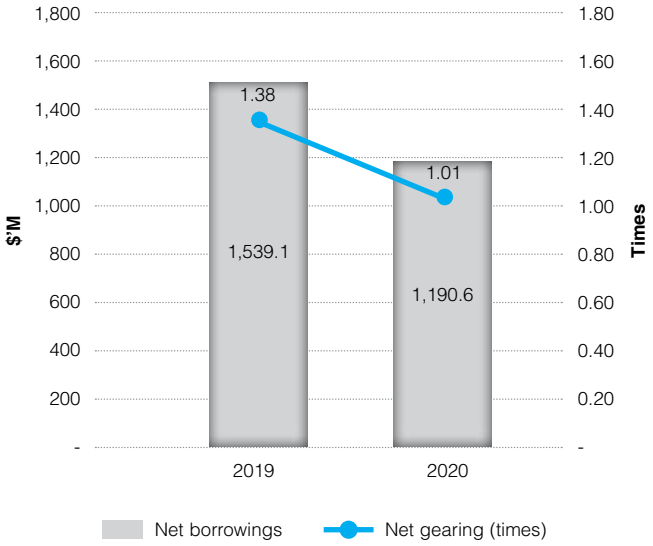
- Singapore dollar currency borrowings – 75%
- Australian dollar currency borrowings – 25%



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 2020, gross gearing ratio decreased to 1.25 times from 1.53 times last year. Similarly, net gearing ratio decreased to 1.01 times from 1.38 times last year.



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 requirements, 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. 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 arrange new financing as opportunities arise. Our consistent approach has helped us build a long-term relationship with financial institutions.

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 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 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 2020.

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 investments 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.

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

RISK PROFILE AND KEY RISKS

In view of the current COVID-19 situation, the Group has identified key risks and appropriate mitigating measures which are detailed under "Business Dynamics & Risk Factors Statement" section of this Annual Report. The Group's on-going efforts in navigating through the pandemic crisis for its key stakeholders are outlined as follows:

Employees
During the year, the Group has implemented work from home and split team arrangement, enabling employees to stay safe and remain productive. Flexible and staggered working hours are introduced to minimise the peak hour travels. The Group has also encouraged its employees to participate in online workshops and courses to make the most out of the nationwide circuit breaker period. Safe management officers are appointed at its commercial buildings, show galleries and construction sites to ensure a safe working environment is in place.

Tenants and the retail community
The Group has stepped up the cleaning and disinfection operations at its properties, such as increasing the frequency of cleaning areas with high touch points. Hand sanitisers are also provided at SafeEntry check-in counters of our commercial properties. To tide tenants through the effects of the business disruptions and declining sales, the Group has been assisting tenants in Singapore and Australia in the form of rental rebates which are in compliance with the legislations. These rental rebates have provided much needed reprieve to tenants with businesses that are affected by the pandemic.

Customers
The pandemic has presented opportunity for the Group to leverage on digitalisation in the sales and marketing of its development properties. Given the limitations of physical site visits due to safe distancing measures in place, zoom meetings and virtual tours are conducted with homebuyers to deliver a more convenient and personalised sales experience.

Business partners
Due to travel restrictions, virtual meetings and presentations are often held with overseas business partners (sub-contractors, suppliers, hotel managers) to facilitate project coordination and communication on revised operational protocols. In doing so, the Group embraces and broadens the use of technologies in the monitoring of its businesses.

Shareholders
The Group remains adaptive during this challenging period. SP Corp, a listed subsidiary of the Group, was among the first in Singapore to convene and hold a webcast Annual General Meeting ("AGM") during the circuit breaker period. In keeping pace with the rapidly changing guidelines, the Group continues to strengthen shareholder confidence and corporate accountability.

The Group performs cash flow projections in sufficient granularity to ensure that adequate level of cash can be maintained in view of the evolving COVID-19 situation. The Group has also available bank facilities to be utilised when the need arises. In achieving an optimal capital structure, the Group's objective is to provide sustainable returns to shareholders through the appropriate use of capital leverage.

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.

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. • 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 of 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, 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 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. • The Group continues to review and explore options and strategy to optimise the value of its Hotels Investment segment.

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. • 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 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 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.	• 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 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 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 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. • In making its first foray into construction management business, the Group is working towards to provide integrated real estate solutions and to reduce reliance on third party contractors in 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 until vaccine becomes widely available.	• The Group cultivates a safety-consciousness 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. • The migration of several systems to Cloud has been initiated. 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 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.