



HEETON HOLDINGS LIMITED
Incorporated in the Republic of Singapore
(Company Registration Number: 197601387M)

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Financial Statements
For the Six Months and Full Year ended 31 December 2023

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Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of comprehensive income For the Six Months and Full Year ended 31 December 2023

		Group					
		6 Months Ended 31 December			Year Ended 31 December		
		2023	2022	Increase / (Decrease)	2023	2022	Increase / (Decrease)
Note	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	Revenue	37,158	34,444	7.9	67,857	62,926	7.8
	Other operating income	1,128	1,921	(41.3)	2,318	3,253	(28.7)
	Personnel expenses	(11,177)	(9,754)	14.6	(21,560)	(18,736)	15.1
	Depreciation of property, plant and equipment	(2,847)	(2,572)	10.7	(5,233)	(5,012)	4.4
	Other operating expenses	(11,826)	(13,399)	(11.7)	(25,843)	(24,840)	4.0
	Profit from operations	12,436	10,640	16.9	17,539	17,591	(0.3)
	Finance expenses	(14,917)	(10,536)	41.6	(27,392)	(18,709)	46.4
	Finance income	845	2,027	(58.3)	2,891	3,845	(24.8)
	Fair value (losses)/gains on derivative financial instruments	(172)	(51)	237.3	(135)	432	(131.3)
	Fair value gain on investment security	3,198	1,111	187.8	3,198	1,111	187.8
	(Impairment)/Reversal of impairment of property, plant and equipment	(1,927)	5,071	(138.0)	(1,927)	5,071	(138.0)
	Impairment on investment in associated company	-	-	n.m	(1,660)	-	n.m
	Reversal of impairment/(Impairment) on financial assets	1,420	(4,220)	(133.6)	2,176	(4,220)	(151.6)
	Share of results of associated companies/joint venture companies	(117)	472	(124.8)	(1,139)	3,800	(130.0)
	Gain/(Loss) from fair value adjustments of investment properties	2,497	(847)	(394.8)	4,497	(2,847)	(258.0)
	Loss on sale of property, plant and equipment	-	(42)	(100.0)	-	(42)	(100.0)
	Gain on disposal of assets held for sale	-	-	n.m	-	631	(100.0)
	Profit/(Loss) before tax	3,263	3,625	(10.0)	(1,952)	6,663	(129.3)
	Income tax expense	(4,199)	(696)	503.3	(4,625)	(2,260)	104.6
	(Loss)/Profit for the year, net of tax	(936)	2,929	(132.0)	(6,577)	4,403	(249.4)
	Other comprehensive income/(loss)						
	<u>Item that may be reclassified subsequently to profit or loss:</u>						
	Foreign currency translation	(1,760)	(6,053)	(70.9)	2,290	(19,780)	(111.6)
	Other comprehensive income/(loss) for the year, net of tax	(1,760)	(6,053)	(70.9)	2,290	(19,780)	(111.6)
	Total comprehensive loss for the year	(2,696)	(3,124)	(13.7)	(4,287)	(15,377)	(72.1)
	Profit/(Loss) attributable to:						
	Owners of the Company	1,200	1,456	(17.6)	(3,180)	2,140	(248.6)
	Non-controlling interests	(2,136)	1,473	(245.0)	(3,397)	2,263	(250.1)
		(936)	2,929	(132.0)	(6,577)	4,403	(249.4)
	Total comprehensive income/(loss) attributable to:						
	Owners of the Company	(1,829)	(9,248)	(80.2)	509	(22,559)	(102.3)
	Non-controlling interests	(867)	6,124	(114.2)	(4,796)	7,182	(166.8)
		(2,696)	(3,124)	(13.7)	(4,287)	(15,377)	(72.1)

n.m. : not meaningful

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Balance Sheets As at 31 December 2023

	Note	Group		Company	
		31/12/2023 \$'000	31/12/2022 \$'000	31/12/2023 \$'000	31/12/2022 \$'000
Non-current assets					
Property, plant and equipment	9	401,913	372,975	371	89
Investment properties	10	222,882	217,324	-	-
Subsidiaries		-	-	41,237	24,037
Associated companies		16,570	21,193	-	-
Joint venture companies		96,406	96,766	5,000	5,000
Investment securities		4,629	1,431	-	-
Amounts due from associated companies and joint venture companies		59,535	72,397	-	-
Derivative financial instruments	8	107	331	107	331
Intangible assets		109	109	-	-
Other receivables	13	12,871	60,959	-	18,000
Deferred tax asset		1,557	-	-	-
		816,579	843,485	46,715	47,457
Current assets					
Development properties		19,188	17,389	-	-
Trade receivables		1,054	683	-	-
Other receivables	13	56,781	3,232	22,210	547
Prepayments		2,621	1,655	877	381
Amounts due from subsidiaries (non-trade)		-	-	277,420	313,237
Amounts due from related parties (trade)		65	45	1	-
Amounts due from associated companies and joint venture companies		4,683	32,742	2,205	2,186
Derivative financial instruments	8	89	-	89	-
Treasury Bills		10,586	-	10,586	-
Fixed deposits		23,371	20,160	22,506	19,852
Cash and bank balances		40,707	39,631	7,946	9,736
		159,145	115,537	343,840	345,939
Current liabilities					
Trade payables		3,572	2,744	1,607	1,452
Other payables and accruals		20,787	14,746	1,125	1,338
Amounts due to subsidiaries (non-trade)		-	-	189,206	181,178
Lease liabilities		78	297	39	-
Bonds	12	-	62,730	-	62,730
Bank term loans	11	100,338	21,334	1,176	1,176
Income tax payable		3,335	3,525	88	213
		128,110	105,376	193,241	248,087
Net current assets		31,035	10,161	150,599	97,852
Non-current liabilities					
Other payables and accruals		1,553	1,012	-	-
Lease liabilities		6,334	4,640	137	-
Amounts due to associated companies and joint venture companies		49,247	47,243	37,135	39,610
Amounts due to non-controlling interests (non-trade)		69,142	61,127	-	-
Bonds	12	53,800	-	53,800	-
Bank term loans	11	247,303	314,687	770	2,019
Deferred tax liabilities		2,133	656	154	143
		429,512	429,365	91,996	41,772
Net assets		418,102	424,281	105,318	103,537
Share capital and reserves					
Share capital	14	86,624	86,624	86,624	86,624
Treasury Shares	15	(63)	-	(63)	-
Foreign currency translation reserve		(15,538)	(19,227)	-	-
Retained earnings		353,926	358,935	18,757	16,913
		424,949	426,332	105,318	103,537
Non-controlling interests		(6,847)	(2,051)	-	-
Total equity		418,102	424,281	105,318	103,537

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed interim consolidated statement of changes in equity
For the year ended 31 December 2023

Group	Attributable to equity holders of the Company						Total Equity S\$'000
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interests	
	S\$'000 (Note 14)	S\$'000 (Note 15)	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2022	86,624	-	5,472	358,624	450,720	(9,233)	441,487
Profit for the year	-	-	-	2,140	2,140	2,263	4,403
Other comprehensive income/(loss)							
- Foreign currency translation	-	-	(24,699)	-	(24,699)	4,919	(19,780)
Total comprehensive (loss)/income for the year	-	-	(24,699)	2,140	(22,559)	7,182	(15,377)
Dividend on ordinary shares	-	-	-	(1,829)	(1,829)	-	(1,829)
Balance at 31 December 2022	86,624	-	(19,227)	358,935	426,332	(2,051)	424,281
Balance at 1 January 2023	86,624	-	(19,227)	358,935	426,332	(2,051)	424,281
Loss for the year	-	-	-	(3,180)	(3,180)	(3,397)	(6,577)
Other comprehensive income/(loss)							
- Foreign currency translation	-	-	3,689	-	3,689	(1,399)	2,290
Total comprehensive income/(loss) for the year	-	-	3,689	(3,180)	509	(4,796)	(4,287)
Treasury shares	-	(63)	-	-	(63)	-	(63)
Dividend on ordinary shares	-	-	-	(1,829)	(1,829)	-	(1,829)
Balance at 31 December 2023	86,624	(63)	(15,538)	353,926	424,949	(6,847)	418,102

Company	Share Capital S\$'000 (Note 14)	Treasury shares S\$'000 (Note 15)	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 January 2022	86,624	-	31,398	118,022
Total comprehensive loss for the year	-	-	(12,656)	(12,656)
Dividends on ordinary shares	-	-	(1,829)	(1,829)
Balance at 31 December 2022	86,624	-	16,913	103,537
Balance at 1 January 2023	86,624	-	16,913	103,537
Total comprehensive income for the year	-	-	3,673	3,673
Treasury Shares	-	(63)	-	(63)
Dividend on ordinary shares	-	-	(1,829)	(1,829)
Balance at 31 December 2023	86,624	(63)	18,757	105,318

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows For the year ended 31 December 2023

UNAUDITED FULL YEAR ENDED CASH FLOW STATEMENTS

	Group	
	2023 \$'000	2022 \$'000
Cash flows generated from operating activities		
(Loss)/Profit before tax	(1,952)	6,663
Adjustments for:		
Depreciation of property, plant and equipment	5,233	5,012
Loss on disposal of property, plant and equipment	-	42
Fair value losses/(gains) on derivatives financial instruments	135	(432)
Fair value gain on investment security	(3,198)	(1,111)
Impairment/(Reversal of Impairment) of property, plant and equipment	1,927	(5,071)
Impairment on investment in associated company	1,660	-
(Gain)/Loss from fair value adjustment of investment properties	(4,497)	2,847
Gain on disposal of asset held for sale	-	(631)
(Reversal of impairment)/Impairment on financial assets	(2,176)	4,220
Share of results of associated companies/joint venture companies	1,139	(3,800)
Interest expense	27,392	18,709
Interest income	(2,891)	(3,845)
Unrealised exchange differences	(1,892)	(1,428)
Operating cash flows before changes in working capital	20,880	21,175
(Increase)/decrease in development properties	(1,038)	409
(Increase)/decrease in trade receivables	(333)	960
Increase in other receivables	(5,424)	(1,594)
(Increase)/decrease in prepayments	(906)	152
(Increase)/decrease in amounts due from related parties	(19)	12
Increase/(decrease) in trade payables	777	(1,770)
Increase in other payables and accruals	6,285	1,797
Cash flows from operations	20,222	21,141
Interest received	2,891	3,845
Interest paid, excluding amounts capitalised	(27,392)	(18,709)
Income taxes paid	(4,722)	(788)
Net cash flows (used in)/generated from operating activities	(9,001)	5,489
Cash flows from investing activities		
Additions to property, plant and equipment	(25,358)	(4,089)
Proceeds from disposal of assets held for sale	-	17,892
Dividend income from associated companies and joint venture companies	6,400	4,002
Net repayment of loan from associated companies and joint venture companies	41,434	23,333
Purchase of treasury bills	(10,586)	-
Net cash from investing activities	11,890	41,138
Cash flows from financing activities		
Repayment of lease obligations, net	30	-
Proceeds from bank loans	14,201	9,970
Repayment of bank loans	(8,672)	(22,809)
Loan from/(to) non-controlling interests	5,917	(5,476)
Repayment of bond	(8,930)	(7,570)
Purchase of treasury shares	(63)	-
Payment of operating lease	-	(338)
Dividends paid on ordinary shares of the Company	(1,829)	(1,829)
Restricted cash - fixed deposits pledge for bank facility	(1,755)	1,465
Net cash used in financing activities	(1,101)	(26,587)
Net increase in cash and cash equivalents	1,788	20,040
Effect of exchange rate changes on cash and cash equivalents	744	(4,095)
Cash and cash equivalents at beginning of year	59,791	43,846
Cash and cash equivalents at end of year	62,323	59,791
Note: Cash and cash equivalents		
	Group	
	2023 \$'000	2022 \$'000
Fixed deposits	23,371	20,160
Cash and bank balances	40,707	39,631
Cash and cash equivalents per balance sheet	64,078	59,791
Restricted cash - fixed deposits pledge for bank facility	(1,755)	-
Cash and cash equivalents at end of year	62,323	59,791

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the year ended 31 December 2023

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business is located at 60 Paya Lebar Road, #08-36, Paya Lebar Square, Singapore 409051.

These condensed interim consolidated financial statements as at and for the year ended 31 December 2023 comprised the Company and its subsidiaries (collectively, the "Group"). The Company's principal activities are in property development and investment holding. The Group's principal activities are in property development, property investment holding, hotel operations and investment holding.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements of the Group and the statement of changes in equity and balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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

The condensed interim financial statements are presented in Singapore dollars (Dollars ("SGD" or "\$") and all values in the tables are recorded to the nearest thousand ("'\$000") except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computation consistent with those used in the audited financial statements for the financial year ended 31 December 2022 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised SFRS(I) (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2023. The adoption of these revised SFRS(I) and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

2.2 Use of judgements and estimates

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

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

a) Impact of COVID-19 and global uncertainties on the Group

Despite the recovery in the hospitality segment due to the easing of COVID-19 measures in countries in which the Group operates, the Group continues to face challenges from global economic uncertainties and inflationary pressures that were aggravated by soaring commodity prices due to the Russian-Ukraine war and Israel-Hamas conflicts.

These have increased the level of judgement required across a number of key areas for the Group, in particular the recognition and measurement of the assets of the Group.

2.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2023 for investment properties that are likely to differ materially from the fair values recognised at the end of the previous financial year. The two valuation techniques adopted were the Market Comparable Approach Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return.

The independent valuers have considered the global economic uncertainty as a result of heightened macro-economic, geopolitical and supply chain risks and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the ongoing geo-political headwinds, macro-economic uncertainty, elevating inflation and rising interest costs, these may have impact on the economy and property market. Due to the unknown future impact that might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

(b) Impairment assessment of property, plant and equipment

An impairment exists when the carrying value of property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty (cont'd)

(b) Impairment assessment of property, plant and equipment (cont'd)

Management assesses whether there are trigger events indicating potential impairment at each reporting date. Where applicable, the Group considers independent valuation reports of valuation specialists to support the recoverable amounts of certain property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

Certain valuation reports obtained from the external specialist also highlighted the global economic uncertainty as a result of heightened macro-economic, geopolitical and supply chain risks and have made necessary adjustments. The valuation reports also highlighted that given the ongoing geopolitical headwinds, macro-economic uncertainty, elevating inflation and rising interest costs, these may have impact on the economy and property market. Due to the challenging economic outlook and financial market instability and future impact that these might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

(c) *Impairment assessment of interest in associates and joint ventures*

The Group has significant interests in associates and joint ventures. The Group's interests in associates and joint ventures comprise the investments and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the interest is impaired.

The Group applies the general approach to provide for ECLs on amounts due from associates and joint ventures carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

(d) *Impairment assessment of other receivables*

The Group has other receivables from companies whom are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the receivables is impaired.

The recoverability of the receivables is dependent on the financial position, performance and cashflows of the debtors, the valuation, estimated selling price and estimated costs to complete (where applicable) of the underlying assets held by them and the debtors' ability to repay via realisation of these underlying assets held. Annually, management conducts an assessment to determine whether any indicator of impairment exists.

The carrying amounts of the Group's interests in other receivables are disclosed in Note 13 to the financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the year ended 31 December 2023

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.
- IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Group	
	FY2023	FY2022
	\$'000	\$'000
Revenue from contracts with customers	55,220	51,719
Rental income from investment properties	11,468	10,552
Other rental income	1,169	655
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	67,857	62,926
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Heeton Holdings Limited and its Subsidiaries

**Notes to the condensed interim consolidated financial statements
For the year ended 31 December 2023**

4. Segment and revenue information (cont'd)

(a) Reportable segments

Year ended 31 December 2023

	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	11,433	-	458	55,966	-	67,857
Intersegment revenue	802	-	6,686	8,755	(16,243)	-
Total revenue	12,235	-	7,144	64,721	(16,243)	67,857
Results:						
Finance income	-	-	31,235	-	(28,344)	2,891
Finance expense	(6,391)	-	(29,525)	(18,916)	27,440	(27,392)
Fair value loss on derivative financial instruments	-	-	(135)	-	-	(135)
Fair value gain on investment security	-	3,198	-	-	-	3,198
Impairment of property, plant and equipment	-	-	-	(1,927)	-	(1,927)
Impairment on investment in associated company	-	-	-	(1,660)	-	(1,660)
Gain from fair value adjustment of investment properties	4,497	-	-	-	-	4,497
Depreciation of property, plant and equipment	(21)	-	(272)	(4,940)	-	(5,233)
Reversal of impairment on financial assets	-	-	-	2,176	-	2,176
Share of results of associated companies/joint venture companies	2,419	(1,271)	32	(2,319)	-	(1,139)
Segment profit/(loss) before tax	8,573	1,922	(6,866)	(5,581)	-	(1,952)
Assets:						
Investment in associated companies and joint venture companies	92,297	4,625	-	16,054	-	112,976
Additions to non-current assets	-	-	746	24,612	-	25,358
Segment assets	246,174	46,146	1,097,312	564,636	(978,544)	975,724
Segment liabilities	161,714	25,671	999,312	306,202	(935,277)	557,622

Heeton Holdings Limited and its Subsidiaries

**Notes to the condensed interim consolidated financial statements
For the year ended 31 December 2023**

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Year ended 31 December 2022

	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	10,516	-	703	51,707	-	62,926
Intersegment revenue	813	-	5,976	8,995	(15,784)	-
Total revenue	11,329	-	6,679	60,702	(15,784)	62,926
Results:						
Finance income	-	-	34,083	-	(30,238)	3,845
Finance expense	(3,812)	-	(31,642)	(13,228)	29,973	(18,709)
Fair value gain on derivative financial instruments	-	-	432	-	-	432
Fair value gain on investment security	-	1,111	-	-	-	1,111
Reversal of impairment of property, plant and equipment	-	-	-	5,071	-	5,071
Loss from fair value adjustment of investment properties	(2,847)	-	-	-	-	(2,847)
Depreciation of property, plant and equipment	(20)	-	(210)	(4,782)	-	(5,012)
Impairment on financial assets	-	-	(4,220)	-	-	(4,220)
Share of results of associated companies/joint venture companies	2,078	2,206	(71)	(413)	-	3,800
Segment profit/(loss) before tax	2,927	3,875	(7,096)	7,222	(265)	6,663
Assets:						
Investment in associated companies and joint venture companies	92,879	5,803	1,549	17,728	-	117,959
Additions to non-current assets	-	-	685	3,404	-	4,089
Segment assets	241,676	96,580	1,055,950	534,874	(970,058)	959,022
Segment liabilities	169,142	26,316	1,007,241	273,980	(941,938)	534,741

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the year ended 31 December 2023

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue from contracts with customers

Segments	Hospitality		Corporate		Total Revenue	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets						
Singapore	-	-	232	332	232	332
United Kingdom	54,662	51,056	326	331	54,988	51,387
	54,662	51,056	558	663	55,220	51,719
Major product or service line						
Residential properties	-	-	-	-	-	-
Commercial properties	-	-	-	-	-	-
Hotel operation income	54,662	51,056	-	-	54,662	51,056
Management fee income	-	-	558	663	558	663
	54,662	51,056	558	663	55,220	51,719
Timing of transfer of goods or services						
At a point in time	54,662	51,056	558	663	55,220	51,719
Over time	-	-	-	-	-	-
	54,662	51,056	558	663	55,220	51,719

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022.

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:				
Amounts due from associated companies and joint venture companies (non-trade)	64,218	105,139	2,205	2,186
Trade receivables	1,054	683	–	–
Other receivables	69,652	64,191	22,210	18,547
Amounts due from subsidiaries (non-trade)	–	–	277,420	313,237
Amounts due from related parties (trade)	65	45	1	–
Treasury bills	10,586	–	10,586	–
Fixed deposits	23,371	20,160	22,506	19,852
Cash and bank balances	40,707	39,631	7,946	9,736
Total finance assets measured at amortised cost	209,653	229,849	342,874	363,558
Financial liabilities measured at amortised cost:				
<i>Trade and other payables (current)</i>				
Trade payables	3,572	2,744	1,607	1,452
Other payables and accruals	19,934	14,001	391	636
	23,506	16,745	1,998	2,088
<i>Other payables (non-current)</i>				
Other payables and accruals	1,553	1,012	–	–
Total trade and other payables	25,059	17,757	1,998	2,088
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	189,206	181,178
Lease liabilities	78	297	39	–
Bonds	–	62,730	–	62,730
Bank term loans	100,338	21,334	1,176	1,176
	100,416	84,361	190,421	245,084
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	49,247	47,243	37,135	39,610
Amounts due to non-controlling interests (non-trade)	69,142	61,127	–	–
Lease liabilities	6,334	4,640	137	–
Bonds	53,800	–	53,800	–
Bank term loans	247,303	314,687	770	2,019
Total loans and borrowings	526,242	512,058	282,263	286,713
Total finance liabilities measured at amortised cost	551,301	529,815	284,261	288,801

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

5. Financial assets and financial liabilities (cont'd)

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Financial asset at fair value through profit or loss:				
Derivative financial instruments	196	331	196	331

6. Profit/(Loss) before tax

(a) Significant items

	Group	
	FY2023	FY2022
	\$'000	\$'000
Finance income	2,891	3,845
Finance expenses	(27,392)	(18,709)
Depreciation of property, plant and equipment	(5,233)	(5,012)
Fair value (losses)/gains on derivative financial instruments	(135)	432
Fair value gain on investment security	3,198	1,111
(Impairment)/Reversal of impairment of property, plant and equipment	(1,927)	5,071

(b) Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

Sale and purchase of goods and services

The following significant transactions between the Group and Company and their related parties took place during the period at terms agreed between the parties:

	Group		Company	
	FY2023	FY2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	–	–	10,878	12,580
- associated companies	673	661	–	–
- joint venture companies	630	886	–	–
Management fee income				
- subsidiaries	–	–	411	351
- associated companies	216	216	120	120
- joint venture companies	2,076	2,176	2,000	2,000
- related party	–	60	–	–
Expenses				
Management fee paid to a subsidiary	–	–	1,440	1,152
Interest expenses				
- subsidiaries	–	–	9,526	9,600
- joint venture companies	525	548	525	548
Rental paid to a related party	–	29	–	–
Rental paid to a subsidiary	–	–	283	236

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	FY2023	FY2022
	\$'000	\$'000
Current income tax	4,522	2,250
Deferred income tax	103	10
Income tax expense recognised in profit or loss	4,625	2,260

8. Derivative financial instruments

	Group and Company			
	31/12/2023		31/12/2022	
	Outstanding notional amounts	Assets	Outstanding notional amounts	Assets
	\$'000	\$'000	\$'000	\$'000
Current	50,376	89	-	-
Non-current	33,584	107	80,925	331
Interest rate swaps	83,960	196	80,925	331

The Group and the Company entered into interest rate swaps in Pound Sterling and Singapore Dollars to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. The interest rate swaps will mature between July 2024 and January 2025.

The Group and the Company has not applied hedge accounting. Fair value gains and losses on interest rate swaps are recognised in profit or loss. The fair values of interest rate swaps shown above are determined by marked-to-market values provided by counterparties. The marked-to-market values obtained are determined by reference to market values for similar instruments.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

9. Property, plant and equipment

As at 31 December 2023, the carrying value of property, plant and equipment (collectively, “properties”) mainly relating to the Group’s portfolio of hotel properties, amounted to \$401,913,000 and accounted for 41% of the Group’s total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an impairment assessment to assess if there are any indicators of impairment at each reporting date. Impairment of property, plant and equipment amounting to \$1.93 million was recorded in the year ended 31 December 2023 (31 December 2022: reversal of impairment \$5.07 million).

During the year, the Group acquired a hotel in Sapporo, Hokkaido, Japan for an aggregate consideration of approximately \$17.5 million. This transaction was accounted for as an asset acquisition.

10. Investment properties

The Group’s investment properties are held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

The Group’s investment properties as at 31 December 2023 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	69 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold

	Group	
	31/12/2023	31/12/2022
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of year	217,324	223,809
Exchange differences	1,061	(3,638)
Gains/(Losses) from fair value adjustments recognised in profit or loss during the year ended	4,497	(2,847)
Balance at end of year	222,882	217,324

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

10. Investment properties (cont'd)

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023 and 31 December 2022. The valuations were performed by Savills Valuation and Professional Services (S) Pte. Ltd., Knight Frank LLP and Knight Frank Pte. Ltd., independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the income capitalisation approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input into the income capitalisation valuation approach is the capitalisation rate of 4.65% to 6% (31 December 2022: 4.65% to 5%) per annum.

An increase in capitalisation rate will result in a decrease to the fair value of the investment property.

11. Bank term loans

The following sets out the aggregate amount of the Group's borrowings as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Unsecured	1,946	3,195	1,946	3,195
Secured	345,695	332,826	–	–
	<u>347,641</u>	<u>336,021</u>	<u>1,946</u>	<u>3,195</u>
Repayable:				
- not later than 1 year	100,338	21,334	1,176	1,176
- 1 year through 5 years	247,303	314,687	770	2,019
	<u>347,641</u>	<u>336,021</u>	<u>1,946</u>	<u>3,195</u>

12. Bonds

The Group had bond issue outstanding as at 31 December 2023 of \$53,800,000 which was unsecured and bore interest at a fixed rate of 7.0% per annum due November 2026.

The Group had bond issue outstanding as at 31 December 2022 of \$62,730,000 which was unsecured and bore interest at a fixed rate of 6.8% per annum with \$6.27 million due May 2023 and balance \$56.46 million due November 2023.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

13. Other receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Non-current portion:</i>				
Senior notes receivables	–	4,000	–	4,000
Promissory notes receivables	–	32,000	–	14,000
Other receivables	299	12,846	–	–
Amount due from investee company	12,572	12,113	–	–
	12,871	60,959	–	18,000
<i>Current portion:</i>				
Senior notes receivables	4,000	–	4,000	–
Promissory notes receivables	32,000	–	14,000	–
Other receivables	41,546	23,997	24,975	21,312
Less: Allowance for expected credit loss	(20,765)	(20,765)	(20,765)	(20,765)
	56,781	3,232	22,210	547

Promissory notes receivables are unsecured, with \$14,000,000 which bear interest at 3.0% per annum and are repayable in 2024 and \$18,000,000 which bear interest at 3.5% per annum and are repayable in 2024. (2022: \$14,000,000 which bear interest at 3% per annum and are repayable in 2024 and \$18,000,000 which bear interest at 3.5% per annum and are repayable in 2024).

Senior notes receivables are unsecured, bear interest at 3% per annum and are repayable in 2024 (2022: Unsecured, bear interest at 3% per annum and are repayable in 2024).

Other receivables (non-current) amounting to \$12,572,000 (2022: \$12,113,000) relating to shareholder's loan to an investee company are unsecured, bear interest at 4% per annum, and are not expected to be repaid within the next 12 months, and are to be settled in cash.

Other receivables amounting to \$8,300,000 (2022: \$8,300,000) are unsecured and, and bear interest at 3.50% per annum. Other receivables amounting to \$17,746,000 (2022: \$16,746,000) are unsecured, non-interest bearing (2022: 5.00% per annum) and repayable on demand. The remaining other receivables of \$15,799,000 (2022: \$11,797,000) are unsecured, non-interest bearing and repayable within the next 12 months.

Expected credit loss

The movement in allowance for expected credit losses for other receivables are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	20,765	18,505	20,765	18,505
Provision for expected credit losses	–	2,260	–	2,260
At 31 December	20,765	20,765	20,765	20,765

The expected credit losses relate to receivables from a non-related party undertaking a property development project and assessed based on the estimated realisable value from the development property of this party.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

14. Share capital

	Group and Company			
	Number of ordinary shares issued			
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
			\$'000	\$'000
At 1 January	487,734,735	487,734,735	86,624	86,624
Shares buyback ¹	(250,000)	-	-	-
At 31 December	487,484,735	487,734,735	86,624	86,624

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

¹ The share buyback was by way of market acquisition during the year with a total of 250,000 shares held as treasury shares.

15. Treasury shares

	Group and Company			
	Number of treasury shares			
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
			\$'000	\$'000
At 1 January	-	-	-	-
Shares buyback ¹	(250,000)	-	(63)	-
At 31 December	(250,000)	-	(63)	-

As at 31 December 2023, the Company held 250,000 treasury shares which represents 0.05% of the total number of issued shares (excluding treasury shares).

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

¹ The share buyback was by way of market acquisition during the year with a total of 250,000 shares held as treasury shares.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

Other information Required by Listing Rule Appendix 7.2

1. Share capital

- i) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital for the period from 1 January 2023 to 31 December 2023. There are no outstanding convertible securities as at 31 December 2023 and 31 December 2022.

- ii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

Refer to note 14 on page 18 – Share capital for more details.

- iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Refer to note 15 on page 18 – Treasury shares for more details.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation consistent with those used in the audited financial statements for the financial year ended 31 December 2022 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised SFRS(I) (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2023. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons, and the effect of, the change**

Not applicable.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

6. Earnings per share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group					
	2H2023	2H2022	Increase/ (decrease)	FY2023	FY2022	Increase/ (decrease)
	Cents	Cents	%	Cents	Cents	%
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the year						
(a) On a basic basis	0.25	0.30	(16.7)	(0.65)	0.44	n.m.
(b) On a fully diluted basis	0.25	0.30	(16.7)	(0.65)	0.44	n.m.

The above are calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current year of 487,595,274 ordinary shares (31 December 2022: 487,734,735 ordinary shares).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: -
a) Current period reported on; and
b) Immediately preceding financial year.

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	87.17	87.41	21.60	21.23

The above have been computed based on 487,484,735 and 487,734,735 ordinary shares in issue as at 31 December 2023 and 31 December 2022 respectively.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee.

The Group's turnover for the year ended 31 December 2023 ("FY2023") increased by 7.8% to \$67.86 million compared to \$62.93 million for the previous corresponding year ended 31 December 2022 ("FY2022"). The increase is attributed to increase in hotel operation income due to higher occupancies of the Group's hotels in the United Kingdom.

Personnel expenses increased by \$2.82 million to \$21.56 million in FY2023 mainly due to higher manpower costs mainly as a result of inflation.

Other operating expenses increased to \$25.84 million in FY2023 from \$24.84 million in FY2022 mainly due to higher operating expenses as a result of inflation.

Finance expenses comprised mainly interest on the bond and bank loans. It increased by \$8.68 million to \$27.39 million mainly due to higher interest rate on bank borrowings and additional term loan.

Fair value gain on investment security amounted to \$3.20 million in FY2023 related to the fair value gain on the group's 8% stake in an investment security. (FY2022: \$1.11 million)

The Group recorded impairment losses of \$1.93 million on property, plant and equipment in FY2023 on properties held in the UK based on the current market conditions. (Reversal of impairment of \$5.07 million in FY2022)

The Group recorded reversal of impairment and impairment of \$2.18 million and \$4.22 million on amount due from its associated companies and other receivables in FY2023 and FY2022 respectively.

The Group recorded impairment of \$1.66 million on investment in associated company in FY2023.

Share of results from associated companies/joint venture companies was a loss of \$1.14 million in FY2023 compared to a profit of \$3.80 million in FY2022. This is mainly due to lower profit recognised for a development project after obtaining TOP and increase in finance expenses.

The Group recorded a net gain from fair value adjustment of investment properties of \$4.50 million in FY2023 mainly from Tampines Mart offset by fair value loss from 62 Sembawang Road.

Income tax expense increased by \$2.37 million in FY2023 mainly due to higher taxable profits for the year.

Taking into account all the above factors, the Group recorded a net loss after tax of \$6.58 million for FY2023, compared to a net profit after tax of \$4.40 million recorded in FY2022.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

Commentary on the Consolidated Balance Sheets

Property, plant and equipment amounting to \$401.91 million comprised mainly hotel properties. The increase of \$28.94 million in FY2023 was mainly due to the acquisition of a hotel in Sapporo, Japan and the effect of the appreciation of Pound Sterling offset by the depreciation charges recognised and impairment charges.

Investment properties increased from \$217.32 million to \$222.88 million mainly due to the net gain from fair value of \$4.50 million recognised and the effect of foreign currency exchange gains.

Investment in associated and joint venture companies decreased from \$117.96 million in FY2022 to \$112.98 million mainly due to the share of the results of associated companies and joint venture companies during FY2023 and dividends received from associated companies and joint venture companies.

Investment securities increased from \$1.43 million in FY2022 to \$4.63 million in FY2023 as a result of the fair value gain of \$3.20 million during the year.

Amount due from associated and joint venture companies decreased from \$105.14 million in FY2022 to \$64.22 million in FY2023 mainly due to repayment of loans.

Included in other receivables are mainly Notes receivables totalling \$36 million and \$11.48 million arises from the Group's loan to an investment security.

The Group has placed 6-months treasury bills amounting to \$10.59 million in FY2023.

The Group has bond issue outstanding as at 31 December 2023 of \$53.80 million, which are unsecured and bears interest at a fixed rate of 7.0% per annum due November 2026.

The increase in amounts due to non-controlling interests of \$8.02 million to \$69.14 million in FY2023 is mainly attributable to borrowings from non-controlling interests for the acquisition of property, plant and equipment and the strengthening of Pound Sterling.

Total bank term loans and short-term bank loans increased from \$336.02 million in FY2022 to \$347.64 million in FY2023 mainly as a result of new term loan.

The Group recorded a significant foreign currency translation gain of \$3.69 million mainly from its United Kingdom-based investments as a result of the appreciation of the Pound Sterling during the year.

Commentary on the Cashflow Statement

The increase in cash and cash equivalents of \$1.79 million in FY2023 can be attributed to the following major cash inflows and outflows:

Cash inflows:

- net repayment of loans from associated and joint venture companies of \$41.43 million;
- net proceed from bank loans of \$5.53 million;
- dividend received from associated and joint venture companies of \$6.40 million; and
- net proceed from in loans from non-controlling interest of \$5.92 million.

Cash outflows:

- net cash outflows from operating activities of \$9.00 million;
- placement of treasury bills of \$10.59 million
- additions to property, plant and equipment of \$25.36 million;
- net repayment of bond of \$8.93 million;
- restricted cash pledge for bank facility of \$1.76 million; and
- payment of dividend of \$1.83 million in May 2023.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the year ended 31 December 2023 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2023.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months –

According to the IMF World Economic Outlook Update in January 2024, global growth is expected to rise to 3.1% in 2024 and 3.2% in 2025. This is attributed to the projected strengthening of the U.S. economy, fiscal support measures in China, and falling inflation in most regions. However, the withdrawal of fiscal support programmes, intensification of the Russia-Ukraine war, widening of the Israel-Hamas conflict, sovereign debt distress, and a weak Chinese economy could exacerbate fragile conditions and derail the global recovery.

On the domestic front, Singapore's economic outlook remains subdued, with the Ministry of Trade and Industry forecasting GDP growth at between 1.0% to 3.0% for 2024. Growth prospects for the manufacturing, trade-related, aviation, tourism, retail, and F&B sectors in Singapore are expected to improve with the turnaround in global electronics demand and a sustained rebound in international travel. Even with the 1% increase in GST commencing on 1st January 2024, headline inflation figures in Singapore are projected to fall to 2.8%. Overall, inflation is expected to gradually moderate in 2024 which should translate into lower prices for services.

Against this backdrop, the Group continues to actively seek strategic opportunities for new business ventures. Heeton's Property Development arm participates regularly in land tenders. Owing to the rise in foreigner's Additional Buyers' Stamp Duty for foreigners to prohibitive levels, the Group is focusing on projects targeting the domestic market, usually as part of a consortium tendering for government housing schemes. Heeton's two retail malls in Singapore remain a steady and reliable source of recurring income.

The Group's hospitality division continues to face challenges, with persistent inflation which has resulted in high operating expenses and elevated interest rates. Opportunities however still abound in the hotel sector, including Japan, where Heeton's three boutique hotels are focused mainly on domestic travellers. The Group has also successfully exported its own bespoke boutique brand, Heeton Concept Hotel ("HCH") to Thailand.

Despite the macroeconomic uncertainties, the Group remains cautiously optimistic for 2024. Heeton will continue to maintain prudent cost management strategies, boost its targeted marketing efforts, and improve operating efficiencies, to drive sustainable long-term growth for the company.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Final Ordinary Dividend
Dividend Type	Cash
Dividend Amount per Shares (in Cents)	0.375 cents per share (1-Tier tax exempt)
Tax Rate	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Final Ordinary Dividend
Dividend Type	Cash
Dividend Amount per Shares (in Cents)	0.375 cents per share (1-Tier tax exempt)
Tax Rate	Nil

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable. Please refer to paragraph 8 above.

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

None.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the year ended 31 December 2023

16. A breakdown of sales

		FY2023	FY2022	Increase / (decrease)
		\$'000	\$'000	%
a)	Sales reported for first half year	30,699	28,482	7.78
b)	Operating (loss)/profit after tax and before deducting non-controlling interest for first half year	(5,641)	1,474	n.m.
c)	Sales reported for second half year	37,158	34,444	7.88
d)	Operating (loss)/profit after tax and before deducting non-controlling interest for second half year	(936)	2,929	n.m.

n.m.: not meaningful

17. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has obtained undertakings from all its directors and executive officers.

18. Confirmation pursuant to Rule 705(5)

We, Toh Giap Eng and Hoh Chin Yiep, being two of the Directors of Heeton Holdings Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the year ended 31 December 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Chairman
22 February 2024

Hoh Chin Yiep
Executive Director and CEO