



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 2021

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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 2021

UNAUDITED RESULTS FOR SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

	Note	Group					
		6 Months Ended 31 December			Year Ended 31 December		
		2021	2020	Increase / (Decrease) %	2021	2020	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000		
Revenue	4	32,922	13,507	143.7	50,447	26,170	92.8
Cost of properties sold		(2,552)	(891)	186.4	(5,286)	(891)	493.3
Other operating income		1,194	1,673	(28.6)	3,641	2,788	30.6
Personnel expenses		(8,616)	(7,103)	21.3	(14,012)	(12,970)	8.0
Depreciation of property, plant and equipment	6	(2,857)	(3,132)	(8.8)	(5,242)	(5,990)	(12.5)
Other operating expenses		(11,607)	(9,151)	26.8	(19,529)	(15,593)	25.2
Profit/(Loss) from operations		8,484	(5,097)	n.m	10,019	(6,486)	n.m
Finance expenses	6	(7,642)	(9,389)	(18.6)	(17,381)	(19,119)	(9.1)
Finance income	6	1,941	1,835	5.8	3,868	4,555	(15.1)
Fair value gains/(losses) on derivative financial instruments		1,051	(51)	n.m	2,265	(2,220)	n.m
Reversal of impairment/(Impairment) of property, plant and equipment		32,250	(41,760)	n.m	32,250	(41,760)	n.m
Impairment losses on financial assets		(8,230)	(17,417)	(52.7)	(8,230)	(17,417)	(52.7)
Share of results of associated companies/joint venture companies		4,673	(549)	n.m	10,446	1,685	519.9
(Loss)/Gain from fair value adjustment of investment properties		(1,060)	55,178	n.m	(1,260)	54,584	n.m
Loss on disposal of property, plant and equipment		(3,306)	-	n.m	(3,306)	-	n.m
Gain on disposal of assets held for sale		412	-	n.m	412	-	n.m
Profit/(Loss) before tax		28,573	(17,250)	n.m	29,083	(26,178)	n.m
Income tax expense	7	(195)	(1,466)	(86.7)	(672)	(1,469)	(54.3)
Profit/(Loss) for the period, net of tax		28,378	(18,716)	n.m	28,411	(27,647)	n.m
Other comprehensive income							
<u>Item that may be reclassified subsequently to profit or loss:</u>							
Foreign currency translation		(4,860)	8,193	n.m	195	3,832	(94.9)
Other comprehensive income/(expense) for the period, net of tax		(4,860)	8,193	n.m	195	3,832	(94.9)
Total comprehensive income/(expense) for the period		23,518	(10,523)	n.m	28,606	(23,815)	n.m
Profit/(Loss) attributable to:							
Owners of the parent		17,036	1,611	n.m	18,752	(6,452)	n.m
Non-controlling interests		11,342	(20,327)	n.m	9,659	(21,195)	n.m
		28,378	(18,716)	n.m	28,411	(27,647)	n.m
Total comprehensive income/(expense) attributable to:							
Owners of the parent		11,459	9,545	20.1	20,391	(2,945)	n.m
Non-controlling interests		12,059	(20,068)	n.m	8,215	(20,870)	n.m
		23,518	(10,523)	n.m	28,606	(23,815)	n.m

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 2021

	Note	Group		Company	
		31/12/2021 \$'000	31/12/2020 \$'000	31/12/2021 \$'000	31/12/2020 \$'000
Non-current assets					
Property, plant and equipment	9	413,040	386,983	165	192
Investment properties	10	223,809	223,977	-	-
Subsidiaries		-	-	24,037	24,082
Associated companies		18,760	16,164	-	-
Joint venture companies		98,738	97,409	5,000	5,000
Investment securities		320	-	-	-
Amounts due from associated companies and joint venture companies (non-trade)		88,579	157,975	-	-
Intangible assets		109	109	-	-
Other receivables		47,480	29,412	18,000	-
		890,835	912,029	47,202	29,274
Current assets					
Development properties		20,215	35,741	-	7,067
Assets held for sale	11	17,812	4,503	-	-
Trade receivables		1,679	512	-	-
Other receivables		17,233	19,877	916	18,347
Prepayments		1,968	2,654	716	1,216
Amounts due from subsidiaries (non-trade)		-	-	359,020	337,599
Amounts due from related parties (trade)		58	17	-	-
Amounts due from associated companies and joint venture companies (non-trade)		44,135	3,174	2,178	1,170
Fixed deposits		202	14,925	-	14,765
Cash and bank balances		45,109	49,050	13,667	22,134
		148,411	130,453	376,497	402,298
Current liabilities					
Trade payables		4,624	3,822	1,644	1,726
Other payables and accruals		14,222	12,103	1,499	3,974
Amounts due to subsidiaries (non-trade)		-	-	223,104	142,207
Lease liabilities		333	443	-	-
Bonds	13	7,030	66,000	7,030	66,000
Bank term loans	12	32,215	22,627	5,176	-
Income tax payable		3,928	5,066	475	819
		62,352	110,061	238,928	214,726
Net current assets		86,059	20,392	137,569	187,572
Non-current liabilities					
Other payables and accruals		1,096	1,280	-	-
Derivative financial instruments		101	2,366	101	2,366
Lease liabilities		5,555	6,237	-	-
Amounts due to associated companies and joint venture companies (non-trade)		46,498	49,976	-	38,515
Amounts due to non-controlling interests (non-trade)		74,219	73,080	-	-
Bonds	13	63,270	70,300	63,270	70,300
Bank term loans	12	343,961	314,904	3,231	5,000
Deferred tax liabilities		707	1,397	147	11
		(535,407)	(519,540)	(66,749)	(116,192)
Net assets		441,487	412,881	118,022	100,654
Share capital and reserves					
Share capital		86,624	86,624	86,624	86,624
Foreign currency translation reserve		5,472	3,833	-	-
Retained earnings		358,624	339,872	31,398	14,030
		450,720	430,329	118,022	100,654
Non-controlling interests		(9,233)	(17,448)	-	-
Total equity		441,487	412,881	118,022	100,654

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 2021

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company					
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2020	86,624	326	347,787	434,737	3,422	438,159
Loss for the year	-	-	(6,452)	(6,452)	(21,195)	(27,647)
Other comprehensive income - Foreign currency translation	-	3,507	-	3,507	325	3,832
Total comprehensive income/(expense) for the year	-	3,507	(6,452)	(2,945)	(20,870)	(23,815)
Dividends	-	-	(1,463)	(1,463)	-	(1,463)
Balance at 31 December 2020	86,624	3,833	339,872	430,329	(17,448)	412,881
Balance at 1 January 2021	86,624	3,833	339,872	430,329	(17,448)	412,881
Profit for the year	-	-	18,752	18,752	9,659	28,411
Other comprehensive income - Foreign currency translation	-	1,639	-	1,639	(1,444)	195
Total comprehensive income for the year	-	1,639	18,752	20,391	8,215	28,606
Balance at 31 December 2021	86,624	5,472	358,624	450,720	(9,233)	441,487
Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000			
Balance at 1 January 2020	86,624	23,528	110,152			
Total comprehensive expense for the year	-	(9,498)	(9,498)			
Balance at 31 December 2020	86,624	14,030	100,654			
Balance at 1 January 2021	86,624	14,030	100,654			
Total comprehensive income for the year	-	17,368	17,368			
Balance at 31 December 2021	86,624	31,398	118,022			

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 2021

UNAUDITED FULL YEAR ENDED CASH FLOW STATEMENTS

	Note	Group	
		2021 \$'000	2020 \$'000
Cash flows generated from operating activities			
Profit/(Loss) before tax		29,083	(26,178)
Adjustments for:			
Depreciation of property, plant and equipment		5,242	5,990
Loss/(Gain) on disposal of property, plant and equipment		3,306	(124)
Fair value (gains)/losses on derivatives financial instruments		(2,265)	2,220
Reversal of impairment/(Impairment) of property, plant and equipment		(32,250)	41,760
Loss/(Gain) from fair value adjustment of investment properties		1,260	(54,584)
Gain on disposal of asset held for sale		(412)	-
Impairment losses on financial assets		8,230	17,417
Share of results of associated companies/joint venture companies		(10,446)	(1,685)
Interest expense		17,381	19,119
Interest income		(3,868)	(4,555)
Unrealised exchange differences		1,882	322
Operating cash flows before changes in working capital		17,143	(298)
Decrease in development properties		3,600	303
(Increase)/decrease in trade receivables		(1,198)	1,161
Increase in other receivables		(7,480)	(2,328)
Decrease in prepayments		697	317
Increase in trade payables		774	1,869
Decrease in other payables and accruals		(8,379)	(5,391)
(Decrease)/increase in amounts due from related parties, net		(41)	1
Cash flows from/(used in) operations		5,116	(4,366)
Interest received		3,868	4,555
Interest paid, excluding amounts capitalised		(17,381)	(18,782)
Income taxes paid		(2,711)	(1,185)
Net cash used in operating activities		(11,108)	(19,778)

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 2021

UNAUDITED FULL YEAR ENDED CASH FLOW STATEMENTS (CONTINUED)

	Group	
	2021 \$'000	2020 \$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5,951	83
Proceeds from disposal of investment property	-	1,140
Additions to property, plant and equipment	(13,694)	(33,162)
Proceeds from disposal of assets held for sale	4,643	-
Dividend income from associated companies and joint venture companies	6,486	17,336
Net repayment of loan from associated companies and joint venture	16,906	8,231
Addition to investment securities	(320)	-
Net cash from/(used in) investing activities	<u>19,972</u>	<u>(6,372)</u>
Cash flows from financing activities		
Proceeds from bank loans	39,579	29,152
Repayment of bank loans	(1,590)	(6,744)
Loan from non-controlling interests	848	8,639
Proceeds from bond issue	-	18,550
Repayment of bond	(66,000)	(75,000)
Payment of operating lease	(546)	(337)
Dividends paid on ordinary shares of the Company	-	(1,463)
Restricted cash - fixed deposits pledge for bank facility	(1,465)	(6,302)
Net cash used in financing activities	<u>(29,174)</u>	<u>(33,505)</u>
Net decrease in cash and cash equivalents	(20,310)	(59,655)
Effect of exchange rate changes on cash and cash equivalents	181	409
Cash and cash equivalents at beginning of year	63,975	116,919
Cash and cash equivalents at end of year	<u>43,846</u>	<u>57,673</u>

Note: Cash and cash equivalents

	Group	
	2021 \$'000	2020 \$'000
Fixed deposits	202	14,925
Cash and bank balances	45,109	49,050
Restricted cash - fixed deposits pledge for bank facility	(1,465)	(6,302)
Cash and cash equivalents at end of year	<u>43,846</u>	<u>57,673</u>

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 2021

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 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

These condensed interim consolidated financial statements as at and for the year ended 31 December 2021 comprised the Company and its subsidiaries (collectively, the Group). The Company's and the Group's principal activities are in property development, 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 2020.

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 accounting policies adopted by the Group in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

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 on the Group

The World Health Organization declared a global pandemic in March 2020 as a result of COVID-19. The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide are unknown. The Group has considered the impact of COVID-19 in preparing its financial report for the year.

The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The impact of COVID-19 increases 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. The COVID-19 assumptions and considerations for the critical accounting estimates and key judgement areas of the Group are outlined in further detail in the following sections of this financial report:

- Property, plant and equipment (Note 9)
- Determination of fair value of investment properties (Note 10)

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 2021 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.

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty (cont'd)

(a) Valuation of investment properties (cont'd)

The independent valuers have considered available information as at 31 December 2021 relating to COVID-19 and have made necessary adjustments due to the COVID-19 pandemic to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 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.

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 that given the unprecedented set of circumstances due to the COVID-19 pandemic on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review. The key assumptions used to determine the recoverable amount for the hotel properties are disclosed and further explained in Note 9.

(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.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the year ended 31 December 2021

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 financing and 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	
	FY2021	FY2020
	\$'000	\$'000
Revenue from contracts with customers	40,075	17,497
Rental income from investment properties	9,704	8,047
Other rental income	668	626
	<hr/> 50,447	<hr/> 26,170

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the year ended 31 December 2021

4. Segment and revenue information (cont'd)

(a) Reportable segments

<u>Year ended 31 December 2021</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	9,704	10,412	760	29,571	-	50,447
Intersegment revenue	887	-	4,572	8,393	(13,852)	-
Total revenue	<u>10,591</u>	<u>10,412</u>	<u>5,332</u>	<u>37,964</u>	<u>(13,852)</u>	<u>50,447</u>
Results:						
Interest income	-	-	34,688	-	(30,820)	3,868
Interest expense	(2,213)	-	(34,383)	(11,310)	30,525	(17,381)
Fair value gains on derivative financial instruments	-	-	2,265	-	-	2,265
Reversal of impairment of property, plant and equipment	-	-	-	32,250	-	32,250
Losses from fair value adjustment of investment properties	(1,260)	-	-	-	-	(1,260)
Depreciation of property, plant and equipment	(23)	-	(277)	(4,942)	-	(5,242)
Impairment losses on financial assets	-	(5,925)	(2,305)	-	-	(8,230)
Share of results of associated companies/joint venture companies	2,365	7,600	(88)	569	-	10,446
Segment profit/(loss) before tax	<u>4,252</u>	<u>7,105</u>	<u>(3,424)</u>	<u>21,445</u>	<u>(295)</u>	<u>29,083</u>
Assets:						
Investment in associated companies and joint venture companies	95,441	7,964	66	14,027	-	117,498
Additions to non-current assets	-	-	12,120	1,894	-	14,014
Segment assets	<u>261,523</u>	<u>140,809</u>	<u>1,104,576</u>	<u>560,088</u>	<u>(1,027,750)</u>	<u>1,039,246</u>
Segment liabilities	<u>180,675</u>	<u>38,668</u>	<u>1,111,614</u>	<u>313,117</u>	<u>(1,046,315)</u>	<u>597,759</u>

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the year ended 31 December 2021

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

<u>Year ended 31 December 2020</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	8,695	1,470	1,076	14,929	-	26,170
Intersegment revenue	850	-	3,743	7,647	(12,240)	-
Total revenue	9,545	1,470	4,819	22,576	(12,240)	26,170
Results:						
Interest income	-	-	32,745	-	(28,190)	4,555
Interest expense	(2,006)	-	(33,968)	(11,010)	27,865	(19,119)
Fair value loss on derivative financial instruments	-	-	(2,220)	-	-	(2,220)
Impairment of property, plant and equipment	-	-	-	(41,760)	-	(41,760)
Gain from fair value adjustment of investment properties	54,584	-	-	-	-	54,584
Depreciation of property, plant and equipment	(50)	-	(411)	(5,529)	-	(5,990)
Impairment losses on financial assets	(600)	-	(15,200)	(1,617)	-	(17,417)
Share of results of associated companies/joint venture companies	1,583	2,013	(30)	(1,881)	-	1,685
Segment profit/(loss) before tax	58,520	2,523	(12,045)	(74,851)	(325)	(26,178)
Assets:						
Investment in associated companies and joint venture	95,274	6,257	(18)	12,060	-	113,573
Additions to non-current assets	-	-	774	32,858	-	33,632
Segment assets	237,492	166,046	1,125,866	579,041	(1,065,963)	1,042,482
Segment liabilities	141,536	39,015	1,134,587	312,104	(997,641)	629,601

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the year ended 31 December 2021

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue from contracts with customers

Segments	Property development		Hospitality		Corporate		Total Revenue	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	10,479	1,502	-	-	365	903	10,844	2,405
United Kingdom	-	-	28,913	14,934	318	158	29,231	15,092
	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497
Major product or service line								
Residential properties	2,460	1,470	-	-	-	-	2,460	1,470
Commercial properties	8,019	32	-	-	-	-	8,019	32
Hotel operation income	-	-	28,913	14,934	-	-	28,913	14,934
Management fee income	-	-	-	-	683	1,061	683	1,061
	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497
Timing of transfer of goods or services								
At a point in time	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497
Over time	-	-	-	-	-	-	-	-
	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

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 2021 and 31 December 2020.

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:				
Amounts due from associated companies and joint venture companies (non-trade)	132,714	161,149	2,178	1,170
Trade receivables	1,679	512	–	–
Other receivables	64,713	49,289	18,916	18,347
Amounts due from subsidiaries (non-trade)	–	–	359,020	337,599
Amounts due from related parties (trade)	58	17	–	–
Fixed deposits	202	14,925	–	14,765
Cash and bank balances	45,109	49,050	13,667	22,134
	244,475	274,942	393,781	394,015
Financial liabilities measured at amortised cost:				
<i>Trade and other payables (current)</i>				
Trade payables	4,624	3,822	1,644	1,726
Other payables and accruals	14,222	11,736	1,499	3,853
	18,846	15,558	3,143	5,579
<i>Other payables (non-current)</i>				
Other payables and accruals	1,096	1,280	–	–
Total trade and other payables	19,942	16,838	3,143	5,579
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	223,104	142,207
Lease liabilities	333	443	–	–
Bonds	7,030	66,000	7,030	66,000
Bank term loans	106,715	22,627	5,176	–
	114,078	89,070	235,310	208,207
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	46,498	49,976	–	38,515
Amounts due to non-controlling interests (non-trade)	74,219	73,080	–	–
Lease liabilities	5,851	6,237	–	–
Bonds	63,270	70,300	63,270	70,300
Bank term loans	269,461	314,904	3,231	5,000
Total loans and borrowings	573,377	603,567	301,811	322,022
Total finance liabilities measured at amortised cost	593,319	620,405	304,954	327,601

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

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

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	101	2,366	101	2,366

6. Profit/(loss) before tax

(a) Significant items

	Group	
	FY2021	FY2020
	\$'000	\$'000
Finance income	3,868	4,555
Finance expenses	(17,381)	(19,119)
Depreciation of property, plant and equipment	(5,242)	(5,990)
Fair value gains/(losses) on derivative financial instruments	2,265	(2,220)

(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 year at terms agreed between the parties:

	Group		Company	
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	–	–	12,964	12,498
- associated companies	694	645	–	–
- joint venture companies	612	1,251	–	–
Management fee income				
- subsidiaries	–	–	360	399
- associated companies	498	235	84	111
- joint venture companies	2,164	2,849	2,000	2,000
- related party	106	88	–	–
Expenses				
Management fee paid to a subsidiary	–	–	1,116	1,101
Interest expenses				
- subsidiaries	–	–	9,192	7,921
- joint venture companies	548	464	548	464
Rental paid to a related party	129	89	–	–

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

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	
	FY2021	FY2020
	\$'000	\$'000
Current income tax	559	1,655
Deferred income tax	113	(186)
Income tax expense recognised in profit or loss	672	1,469

8. Derivative financial instruments

	Group and Company			
	31/12/2021		31/12/2020	
	Outstanding notional amounts \$'000	Liabilities \$'000	Outstanding notional amounts \$'000	Liabilities \$'000
Non-current:				
Interest rate swaps	94,135	(101)	90,038	(2,366)

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 May 2022 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.

9. Property, plant and equipment

During FY2021, the Group disposed the hotel property at 28-30 Oldham Street Manchester, United Kingdom at \$5,951,000 and acquired eight office units at Paya Lebar Square, Singapore at \$11,754,000.

As at 31 December 2021, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties amounted to \$413,040,000 and accounted for 40% 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.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

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 2021 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	71 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold

	Group	
	31/12/2021	31/12/2020
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of year	223,977	171,976
Exchange differences	1,092	699
(Loss)/gain from fair value adjustments recognised in profit or loss during the year ended	(1,260)	54,584
Disposal of investment property	-	(1,139)
Transfer to assets held for sale	-	(2,143)
Balance at end of year	223,809	223,977

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 financial year ended 31 December 2021

10. Investment properties (cont'd)

Valuation of investment properties

At the end of every half-year, the directors review the carrying values of its investment properties carried at fair value and perform an internal valuation, where no independent valuer is involved. In assessing whether the fair values remained appropriate, the directors consider whether any movement in market data such as discount rate, capitalisation rates, changes in underlying cash flows or sales comparable would result in a material impact to the fair values of the investment properties since the end of the previous financial year. The Group will engage external independent qualified valuer whenever the carrying amounts of the investment properties are likely to differ materially from the fair values recognised at the end of the previous financial year.

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 4.50% to 5.25% (31 December 2020: 4.75% to 5.25%) per annum.

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

11. Assets held for sale

	<u>2021</u>		
	Development properties \$'000	Property, plant and equipment \$'000	Total \$'000
Group			
Cost:			
Reclassification from Development properties	5,909	-	5,909
Reclassification from Property, plant and equipment	-	11,903	11,903
	5,909	11,903	17,812

The Group's 55%-owned subsidiary, 186 Wickham Street (Residential) Pty Ltd, had entered into a Put and Call Option Deed and Deed of Variation of Put and Call Option Deed with a third party for the disposal of its development property.

The Group's 70%-owned subsidiary, Fortitude Valley (Hotels) Pty Ltd had entered into a Put and Call Option Deed and Deed of Variation of Put and Call Option Deed with a third party for the disposal of its property, plant and equipment.

In accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations*, the above-mentioned development property and property, plant and equipment were classified as assets held for sale at the end of the reporting period.

The completion of the sales is expected to be in end March 2022.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

12. 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Unsecured	8,407	5,000	8,407	5,000
Secured	367,769	332,531	–	–
	<u>376,176</u>	<u>337,531</u>	<u>8,407</u>	<u>5,000</u>
Repayable:				
- not later than 1 year	32,215	22,627	5,176	–
- 1 year through 5 years	343,961	314,904	3,231	5,000
	<u>376,176</u>	<u>337,531</u>	<u>8,407</u>	<u>5,000</u>

13. Bonds

The Group has bond issue outstanding as at 31 December 2021 of \$70,300,000 which is unsecured and bears interest at a fixed rate of 6.8% per annum with \$7.03 million due November 2022, \$6.33 million due May 2023 and balance \$56.94 million due November 2023.

14. Share capital

	Group and Company			
	Number of shares issued			
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
			\$'000	\$'000
At the beginning and end of financial year	487,734,735	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.

15. 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 financial year ended 31 December 2021

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 2021 to 31 December 2021. There are no outstanding convertible securities as at 31 December 2021 and 31 December 2020.

- 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.**

The Company did not hold any treasury shares as at 31 December 2021 and 31 December 2020. The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2021 and 31 December 2020 was 487,734,735. The Company did not issue any preference shares as at 31 December 2021 and 31 December 2020.

- 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**

There are no sales, transfers, disposal, cancellation and / or use of treasury shares during the year ended 31 December 2021.

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 accounting policies have been consistently applied by the Company and the Group, and are consistent with those used in the previous financial year except for the adoption of new or revises SFRS(I) that are mandatory for financial years beginning on or after 1 January 2021.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2021

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

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.

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					
	2H2021	2H2020	Increase/ (decrease)	FY2021	FY2020	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	3.49	0.33	958	3.84	(1.32)	n.m.
(b) On a fully diluted basis	3.49	0.33	958	3.84	(1.32)	n.m.

The above have been computed based on 487,734,735 ordinary shares in issue as at 31 December 2021 and 31 December 2020.

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	92.45	88.23	24.20	20.64

The above have been computed based on 487,734,735 ordinary shares in issue as at 31 December 2021 and 31 December 2020.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

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 as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the year ended 31 December 2021 ("FY2021") increased by 92.8% to \$50.45 million compared to \$26.17 million for the previous corresponding year ended 31 December 2020 ("FY2020"). The increase is attributed to following significant items:

- (i) increase in hotel operation income by \$14.02 million due to the easing of COVID-19 around the world. As a result of the lifting of movement and travel restrictions, our hotels have experienced increases in room occupancies and rates and corresponding revenue across locations worldwide which the Group operates in;
- (ii) increase in sale revenue of \$9.82 million from residential project, Onze@Tanjong Pagar as there was higher sales recorded in FY2021; and
- (iii) increase in rental revenue of \$1.66 million mainly due to lesser rental rebates given to tenants.

Cost of properties sold in FY2021 and FY2020 relates to residential project, Onze@Tanjong Pagar, and the increase in FY2021 is in line with the higher revenue recognised.

Personnel expenses increased by \$1.04 million to \$14.01 million in FY2021 are in line with the gradual re-opening and ramp up of hotel operations and lesser job support grants received from governments.

Depreciation of fixed assets decreased by \$0.75 million to \$5.24 million in FY2021 mainly due to disposal of Ibis Budget Bradford in UK during FY2021.

Other operating expenses increased to \$19.53 million in FY2021 from \$15.59 million in FY2020 mainly due to increase in operating expenses as a result of re-opening of our Group's hotels post the lockdown period.

Finance expenses comprised mainly interest on the bond and bank loans. It decreased by \$1.74 million to \$17.38 million mainly due to the repayment of the \$66 million bond in July 2021.

Finance income decreased by \$0.69 million to \$3.87 million in FY2021 due to decrease in interest bearing loans made to associated companies and joint venture companies.

Fair value gains on derivative financial instruments amounting to \$2.27 million in FY2021 arose from the interest rate swaps in Pound Sterling and Singapore Dollars. The fair values of interest rate swaps are determined by marked-to-market values provided by counterparties.

The Group recorded reversal of impairment losses of \$32.25 million on property, plant and equipment in FY2021 on properties held in the UK based on the current market conditions.

The Group recorded impairment losses of \$8.23 million and \$17.42 million on other receivables and amounts due from its associated companies in FY2021 and FY2020 respectively.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

Share of results from associated companies/joint venture companies increased by \$8.76 million to \$10.45 million in FY2021 from \$1.69 million in FY2020. The increase was mainly due to the following relating to associated companies/joint venture companies:

- i) Increase in rental and corresponding profits;
- ii) Higher profits recognised for development projects as a resumption of construction work post COVID-19; and
- iv) Reversal of impairment of development properties and property, plant and equipment.

The Group recorded a loss from fair value adjustment of investment properties of \$1.26 million in FY2021 mainly from 62 Sembawang Road.

Income tax expense decreased by \$0.80 million in FY2021 mainly due to lower UK taxes in FY2021.

Taking into account all the above factors, the Group recorded a net profit after tax of \$28.41 million for FY2021, compared to a net loss after tax of \$27.65 million recorded in FY2020.

Commentary on the Consolidated Balance Sheets

Property, plant and equipment amounting to \$413.04 million comprised mainly hotel properties. The increase of \$26.06 million in FY2021 was mainly due to the reversal of impairment of the UK hotels of \$32.25 million and the acquisition of office units in Singapore of \$11.75 million, offset by: -

- i) disposal of ibis Budget Bradford and 28-30 Oldham Street, Manchester in UK;
- ii) transfer of property at 29 Ranwell Lane in Brisbane, Australia to asset held for sale; and
- iii) depreciation charges.

Investment in associated and joint venture companies increased to \$117.50 million in FY2021 from \$113.57 million mainly due to the share of the results of associated companies and joint venture companies during FY2021 offset by dividends received from associated companies and joint venture companies.

Amount due from associated and joint venture companies decreased from \$161.15 million in FY2020 to \$132.91 million in FY2021 mainly due to repayment of loans.

Included in other receivables are Senior and Promissory Notes receivables totalling \$38.5 million (2020: \$38.50 million) following the Group's disposal of a joint venture company and a subsidiary company in prior years. \$11.48 million arises from the Group's loan to an investment security.

Fixed deposits, cash and bank balances totalled \$45.31 million in FY2021 compared to \$63.98 million in FY2020. The decrease is mainly due to funds used for the repayment of the \$66 million bond in July 2021, offset by bank borrowings.

The Group has one bond issue outstanding at the end of FY2021 of \$70.3 million at 6.8% per annum. \$7.03 million due November 2022, \$6.33 million due May 2023 and balance \$56.94 million due November 2023.

Total bank term loans and short-term bank loans increased from \$337.53 million in FY2020 to \$376.18 million in FY2021 mainly as a result of new bank term loan.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

Commentary on the Cashflow Statement

The decrease in cash and cash equivalents of \$20.31 million in FY2021 can be attributed to the following major cash inflows and outflows during FY2021:

Cash inflows:

- net cash inflow of \$10.59 million from the proceeds from the disposal of property, plant and equipment and assets held for sale;
- net repayment of loans from associated and joint venture companies of \$16.91 million;
- dividend received from associated and joint venture companies of \$6.49 million; and
- net proceeds from bank loans of \$37.99 million.

Cash outflows:

- net cash flows used in operating activities of \$11.11 million;
- purchase of office units in Singapore of \$11.75 million; and
- redemption of the \$66 million bond that was due in July 2021.

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 2021 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2021.

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 –

The COVID-19 pandemic has been the primary determining factor in global economics since its international advent in 2020, and it continues to cast a shadow over growth prospects in every country. According to October 2021's World Economic Outlook report, global growth is expected to fall from 5.9% in 2021 to 4.4% in 2022.

These considerations notwithstanding, the general sentiment in Singapore is one of cautious optimism. Figures released by the Ministry of Trade and Industry on 3 January 2022 indicate that Singapore's economy grew by 2.6% "on a quarter-on-quarter, seasonally-adjusted basis in Q4 2021, stronger than the 1.2% expansion in Q3". Barring fresh disruptions, the 2022 GDP growth is forecast at 3% to 5%, although the experience of companies will be different, depending on their business sector. The emergence of new COVID-19 variants however could prolong the pandemic and economic disruption.

The global travel and tourism industry continues to make headway on its arduous journey to recovery. Heeton's international hospitality assets have bounced back from the abyss of 2020, but it is far to go to return to pre-pandemic trading levels, predicted to return by 2024.

The Group's main focus in Singapore remains real estate development and investment. Despite the government's most recent cooling measures, the Group is optimistic about the residential sector in the longer term, and continues to participate in land tenders, recently entering into a joint venture for the development of one of the highly contested Executive Condominium development projects in the country.

Overseas, the Group continues to drive its development projects in Paro, Bhutan, Gao Bei Dian, China and Leeds, UK.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2021

The world is still in the throes of the COVID-19 pandemic and like most other organisations, Heeton is needing to be resilient and resourceful, and proactive in finding solutions to ameliorate business impact. The Group is streamlining its investment portfolio while at the same time actively seeking out new opportunities for diversification.

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?

No.

(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.

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Notes to the financial statements For the financial year ended 31 December 2021

16. A breakdown of sales

		FY2021	FY2020	Increase / (decrease)
		\$'000	\$'000	%
a)	Sales reported for first half year	17,525	12,633	38.7
b)	Operating profit/(loss) after tax and before deducting non-controlling interest for first half year	33	(8,931)	n.m.
c)	Sales reported for second half year	32,922	13,537	143.7
d)	Operating profit/(loss) after tax and before deducting non-controlling interest for second half year	28,378	(18,716)	n.m.

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 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Chairman
23 February 2022

Hoh Chin Yiep
Executive Director and CEO