



## HEETON HOLDINGS LIMITED

(Unique Entity Number 197601387M)  
Incorporated in the Republic of Singapore

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### RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE COMPANY'S UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2023

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The board of directors (the “**Board**”) of Heeton Holdings Limited (the “**Company**”) wishes to inform that the Company has received the following queries raised by the Singapore Exchange Securities Trading Limited on 25 August 2023 with regards to the Company’s Condensed Interim Financial Statements for the six months ended 30 June 2023 released by the Company on 7 August 2023.

The Board wishes to provide the following responses:

#### **Query no. 1:**

***In respect of the Group’s other receivables amounting to S\$69,575,000, please disclose:-***

- (i) the breakdown of the Group’s other receivables (where applicable);***
- (ii) the nature of the Group’s other receivables; and***
- (iii) the Board’s assessment of the recoverability of the non-current trade and other receivables.***

#### **Our response:**

Please refer to the breakdown and the nature of the Group’s other receivables in respect to query no. 1(i) and (ii):

	S\$'000
<i>Non-current portion:</i>	
Senior notes receivables	4,000
Promissory notes receivables	32,000
Accrued interest	4,216
Other receivables	11,674
Amount due from investee company	12,340
	<hr/> 64,230 <hr/>
<i>Current portion:</i>	
Other receivables	17,645
Accrued interest	7,165
Tender deposit	1,300
Less: Allowance for expected credit loss	(20,765)
	<hr/> 5,345 <hr/> <hr/>

Senior notes receivables are unsecured, bear interest at 3% per annum and are repayable in 2024.

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

Amount due from an investee company amounting to S\$12,340,000 relating to shareholder's loan to an investee company is unsecured, bears interest at 4% per annum, and is not expected to be repaid within the next 12 months, and is to be settled in cash.

Other receivables amounting to S\$8,300,000 are unsecured and, and bear interest at 3.50% per annum. The remaining non-current and current other receivables are unsecured, non-interest bearing and repayable within the next 12 months.

- (iii) The Board has assessed that the non-current trade and other receivables are recoverable. In making this assessment, the Board has considered 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.

**Query no. 2:**

***In respect of the Group's prepayments amounting to S\$3,423,000, please disclose:-***

- (i) ***a breakdown of the prepayments amounting to S\$3,423,000 and identify the nature of each of the prepayments; and***  
(ii) ***when the prepayments were made, and the terms of the prepayments, where applicable.***

**Our Response:**

- (i) Please refer to the breakdown and nature of the prepayments amounting to S\$3,423,000:

	S\$'000
Operating expenses of the Group	2,302
Unamortised expenses relating to the Company's Series 5 and Series 6 bonds issuance	1,111
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	3,423
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- (ii) The prepayments were mainly made within the past 12 months and expected to be amortised within the next 12 months, except for an amount of S\$981,000 relating to the Company's Series 6 bonds issuance, which will be amortised up to November 2026.

**Query no. 3:**

***Please provide reason(s) for the significant current bank term loans of S\$124,621,000 as at 30 June 2023 as compared to S\$21,334,000 as at 31 Dec 2022.***

**Our Response:**

This is mainly due to the reclassification of S\$103.27 million bank term loans that would mature within the next 12 months.

**Query no. 4:**

***Please provide the reason(s) for the trade payables and other payables and other accruals amounting to S\$22,351,000 when the Group recorded a cash and bank balances of S\$44,965,000 as at 30 June 2023.***

**Our Response:**

Trade payables, other payables and accruals of S\$22,351,000 comprise of trade payables and other payables which are normally settled on 30 to 90 days' terms. The Group will utilise the cash and bank balances or cashflows from operations towards payments of its trade payables and other payables and other accruals when they are due.

**Query no. 5:**

***Please disclose a breakdown of trade payables and other payables and accruals amounting to \$22,351,000 as at 30 June 2023. For other payables and accruals, please disclose the identity of the counterparties, the aging and nature of these other payables.***

**Our Response:**

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

	S\$'000
Trade payables	3,307
Accrued operating expenses	11,281
Rental deposits received	1,195
Other deposits received	215
Other payables	6,159
Advance rental received	194

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22,351

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Other payables are due to non-related parties and are not past due. It comprises mainly of value-added-tax payable of \$1.51 million, contractors' retention sum of \$1.16 million and hotel reservation fees received of \$1.17 million.

**Query no. 6:**

***Given the Group's significant liabilities of S\$576,437,000 and cash and bank balances of only S\$44,965,000 and noting that the Company incurred losses before tax of S\$(5,215,000) in the 6 months ended 30 June 2023 ("HY FY2023"), please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$170,655,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.***

**Our Response:**

The Group's total cash and cash equivalents as at 30 June 2023 amounted to S\$90,317,000.

The short-term liabilities of S\$170,655,000 comprise mainly bank term loans of S\$124,621,000 and bonds of S\$20,169,000. The Company will utilise the existing cash and cash equivalent for the redemption of the bonds of S\$20,169,000 due in November 2023.

The Company has commenced discussions on the terms of re-financing with the banks for the bank term loans that would be maturing within the next 12 months amounting to S\$103.27 million. Barring unforeseen circumstances, the Company expects to complete the re-financing of these loans within the next 12 months.

**Query no. 7:**

***As at 30 June 2023, the Group has significant liabilities of S\$576,437,000 and cash and bank balances of only S\$44,965,000. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.***

***(i) Please assess the Company's ability to operate as a going concern.***

***(ii) Please assess the Company's ability to meet its debt covenants (if any).***

***(iii) Please assess the Company's ability to meet its short-term obligations when they fall due.***

**Our Response:**

The Group is in a healthy net assets position of S\$420.80 million as at 30 June 2023 supported by operating assets. As mentioned in our response to query no. 6 above, the Company has commenced discussions on the terms of re-financing with the banks for the bank term loans that would be maturing within the next 12 months amounting to S\$103.27 million to ensure that the Group would be in a net current assets position.

The Group would be able to meet its short-term obligations when they fall due arising from the following sources of cash flows:

- 1) cash and cash equivalent of S\$90.32 million as at 30 June 2023;
- 2) refinancing of the bank term loans maturing within the next 12 months;
- 3) cash flows generated from operations; and
- 4) cash flows from investing activities, as a result of the completion of some development projects under the Group's associated companies.

The Company expects that the high interest rate environment may have an impact on the debt covenants. The Group has commenced discussions with the respective banks for waivers for certain debt covenants, if required.

By order of the Board

Hoh Chin Yiep  
Executive Director and Chief Executive Officer  
31 August 2023